

**Senator Perrault:** It was a narrow and short-sighted attitude which said that the provinces could distribute these funds more efficiently than could a federal government. They did not say to the provinces that they would withdraw in exchange for a pledge that the provinces would use Loto for medical research to fight multiple sclerosis or cancer and other diseases, or for sports and cultural development. They said, "Let's make a deal."

What kind of deal was it? The Conservative government handed over a plan which realized \$200 million in a three-year period and in exchange made a deal with the provincial governments for \$24 million indexed to exit from lotteries and let the provinces take over. The provinces virtually licked their chops and slavered at the financial prospects, and well they should have because the revenues which have poured into their coffers since that time have been, literally, enormous.

Coveting the success of Loto Canada, the provinces had initiated their own lotteries in 1976, and, with this deal with the Conservative government of 1979, they were well on their way to acquiring revenues of record proportions. Honourable senators, I will give you those figures in a moment.

Again, unbelievably, the Tory government yielded to provincial demands. They allowed Loto Canada to be taken over. In return, they received \$24 million which was indexed, that is, less than 50 per cent of the net yield for the lottery. They said that they were doing this because they wanted to inspire federal-provincial co-operation! In return, they agreed to a pittance in comparison with lottery yields of today.

When a new Liberal government was established in 1980, the Tory agreement with the provinces was not breached, but efforts were made to re-establish the federal government in the area of sports pools as distinguished from lotteries.

We had this commitment to Calgary which had to be honoured. We felt that people should support the Calgary Games voluntarily and so the commitment was given that \$200 million would be contributed to Calgary from non-tax sources.

The provinces were not very happy about the Sports Pool. Legislation was passed in Parliament—I am sure honourable senators will recall this—legitimizing and adopting the pool idea and allowing the alternative of a special plan, if necessary, to meet the \$200 million commitment to the Calgary Winter Games.

The provinces were furious despite the fact that they were, by then, rolling in their lottery-derived wealth.

The magnitude of the lottery treasure hunt can be measured in part by recent 12-month statistics which indicate that \$1.8 billion worth of lottery tickets were sold in Canada in the last 12 months; with \$700 million net going to the provinces. This is the federal government that states that the previous Liberal government was imprudent and had not left any money behind. The fact of the matter is that the official opposition helped clean out the till if, indeed, the till is short of cash. It was an imprudent measure to abandon the national lottery field and to give them all to the provinces at a time when there were human needs all over this country.

[Senator Marshall.]

Do you think the federal government would be talking in terms of de-indexing senior citizens' pensions if they had an extra \$700 million to spend today? Of course not. The government has opted to give almost all of the lottery funds to the provinces who, in some cases at least, have taken these funds along with certain block funding and misdirected them in certain ways. Honourable senators, it is known to you that some provinces are paying not 50-50 but zero per cent of the financing of higher education in this country because provisions for federal funding are so imprecise that it has permitted them to do so.

Yet, the government persists in its claim that, when they took power last fall, the federal treasury was bare. Apart from the absurdity of the claim, the fact is that they and the 1979 government entered into imprudent deals like the abandonment of Loto and so deprived the federal government of revenues to which it was entitled to apply to human needs in this country. An extra \$700 million today could do an enormous amount to help those in need, yes, including the athletes, medical research, culture and the rest.

The government claims that Sports Pool was a failure. I was never the minister responsible for Sports Pool. The cabinet responsibility was assigned after I left. I think some mistakes were made in its implementation, but let me tell you that the concept was a sound one. It has been very successful in some countries. In my view, it should not have been implemented without the full co-operation and agreement of the sports affected, and I said so at the time.

**Senator Nurgitz:** It was opposed by all the sports.

**Senator Perrault:** Yes, and it should not have been implemented in the form it was without the support and co-operation of the sports affected. I reiterate that there were ways to overcome that problem.

Sports Pool was, primarily, a victim of provincial hostility. Sports Pool was barred from lottery terminals and lottery centres. Most of them were administered by Conservative governments working hand-in-glove with the Official Opposition here in Ottawa. The plan was to keep the federal product out of all the terminals in Canada, and in that way the Sports Pool could be deprived of revenue and forced to close down. That was the tactic. There was no question here of giving Canadian consumers any kind of choice.

The ultimatum was delivered to countless dealers across the country: "Either you get out of Sports Pool or we are going to close you down. You won't handle any of our products again." They got out of Sports Pool.

The decision was made mostly by these provincial governments of Tory persuasion to protect their lucrative minority rights. They said to the consumer that they did not care whether they wanted Sports Pool or not; they were not going to allow it to be handled in their provinces.

What do we have now? An agreement that is not as good as the one negotiated by the previous government one year ago.

One year ago, when there was a Liberal government in office, we had a deal to have the provinces provide \$100