50 per cent help in operating costs the provincial government has said it would cost it extra tax dollars to make up that 50 per cent cost because of the 1972 plateau that was established when the act was passed.

In order to do that kind of catch-up financing, the provincial government would have to throw in the extra dollars to make up the 50 per cent of the operating costs. I say again that this is not fair to a province like British Columbia which is experiencing that kind of growth.

The same is true for Fraser Valley College which is about three years old. The province has to kick in the extra money to finance the operating expenses of that college. This year Northern Lights College in Dawson Creek is facing the same kind of dilemma.

The 1972 Federal-Provincial Fiscal Arrangements Act is being very prejudicial in light of the experience of these colleges. I ask that the Secretary of State take a serious hard look at the disparity that exists because of the fiscal arrangement of this legislation. I hope he will seriously consider a readjustment of the arrangement in order to include those colleges which come on stream later in the life of the province, the educational experience of a province, and provide some kind of equitable arrangement so that new colleges that come on stream will also benefit by the 50 per cent operating costs arrangement that is supposed to be provided by the provisions of the act.

Miss Coline Campbell (Parliamentary Secretary to Secretary of State): Mr. Speaker, I welcome the opportunity to speak to the matter raised by the hon. member. He is suggesting that the 15 per cent ceiling which exists on the annual rate of increase in federal payments under the post-secondary education provisions of the Fiscal Arrangements Act is having an adverse effect on certain post-secondary institutions which are facing high rates of increase in enrolments.

The post-secondary education fiscal transfer involves two distinct aspects. The first of these is a formula for determining the amount of money to which a province is entitled that is, the value of the federal contribution. The second is a mechanism for actually transferring funds to the provincial government. The value of the federal contribution to a province is based on 50 per cent of eligible operating expenditures of post-secondary institutions in the province, subject to the floor provision and the 15 per cent limitation on the annual increase in total federal expenditures under the program.

The mechanism for transferring funds to a province involves two components, the federal "revenue reduction" and residual cash "adjustment payments". The revenue reduction relates historically to a transfer of personal and corporate income tax points to each provincial government as part of the 1967 arrangements developed by the federal government for supporting post-secondary education in Canada. It also includes, where applicable, equalization and revenue guarantee payments associated with the value of the tax transfer. This part of the legislation is administered by the Department of Finance. To the extent that the revenue reduction is insufficient to meet the total value of the federal contribution to a province, the Secretary of State's department makes cash adjustment payments to provide for the difference. I should stress here that these payments to the provinces are totally unconditional as to the purposes for which they may be spent.

The program has just entered its tenth year of operation. During the first nine years of the program, the total value of the fiscal transfer to all provinces, that is, the combined value of the federal revenue reduction and the residual adjustment payments, has exceeded $8 billion. Of this amount approximately $4.5 billion was in the form of the revenue reduction and approximately $3.5 billion has been paid by the Department of the Secretary of State as adjustment payments. Given these magnitudes, I think it is reasonable to conclude that the substantial growth and development which have occurred in the field of post-secondary education in Canada over the past decade simply would not have approached the same degree without the federal support program.

As can be seen from my description of this program there is no link between the 15 per cent ceiling on the annual rate of growth in the aggregate value of the federal contribution to the provinces and the funds made available to individual institutions by the governments of the provinces. Given that the funds transferred to the provincial governments are entirely unconditional as to the purposes for which they may be spent, the decision as to the amount of financial support the government of each province chooses to provide to the various post-secondary institutions in the province is one which rests exclusively with each provincial government.

I am clearly not in a position to comment on the manner in which the various provincial governments may choose to provide financial support for post-secondary institutions in their respective provinces.

I trust, Mr. Speaker, that these comments clarify the question raised by the hon. member.

Motion agreed to and the House adjourned at 10.28 p.m.