

Education and Health Contributions Act, 1977, EPF was changed once more. This amendment reduced the growth in the total transfer to the provinces beginning in 1987-88 by 2 per cent, but guaranteed its continuation on an equal per capita basis. It also provided that if the growth in the total transfer was less than inflation, the Minister would have the discretionary authority to make a special adjustment payment, which would have the effect of guaranteeing that the growth in the transfer would not be less than inflation.

There is, however, one exception. This statute establishes a ceiling on the special inflation adjustment to prohibit any province from receiving more than it would have been entitled to under the previous legislation. As a result of this change, the provincial governments can expect to receive \$5.7 billion less in the five-year period 1986-87 to 1990-91 than they had expected under the previous legislation. For the post-secondary education portion, this will amount to approximately \$1.6 billion.

Table 2.8
Projected Growth of EPF Transfers
1986-87 to 1990-91 under Bill C-96
(\$ millions)

Year	Cash		Tax Points		Total		Cash as a % of Total
	\$	%	\$	%	\$	%	
1986-87	9,045	6.4	7,684	10.3	16,729	8.1	54.1
1987-88	9,219	1.9	8,481	10.0	17,700	5.8	52.1
1988-89	9,381	1.8	9,299	10.0	18,680	5.5	50.2
1989-90	9,533	1.6	10,143	9.1	19,676	5.3	48.4
1990-91	9,757	2.3	10,928	7.7	20,685	5.1	46.5
TOTAL	46,935		46,535		93,470		

Source: Department of Finance, *Amendments to the Federal-Provincial Fiscal Arrangements Act (Bill C-96): An Explanation*, May 1986.

We said earlier in this chapter that with the changes made to the legislation in 1982, any reduction in the growth of the EPF transfer would reduce the growth in the cash payments, leaving the tax yield unchanged. The changes made in 1986 highlight this. Table 2.8 shows that the 2 per cent reduction in the growth of the EPF transfer will have