

Government Orders

contributions. We will continue to match eligible spending on social assistance in these provinces, dollar for dollar.

For the three wealthier provinces, CAP contributions will also continue to grow but to a limit of 5 per cent annually. Even with the growth ceilings outlined in this bill, we estimate that during the five-year period in which the CAP ceiling will be in place, federal CAP contributions to all provinces are expected to grow from \$6 billion in 1990-1991 to more than \$7.3 billion in 1994-1995.

CAP contributions to these provinces will continue to grow at a rate that is even faster than the growth in total program spending by the government. As I am sure all members are aware, we have introduced legislation to restrain the growth in most areas of our program spending to 3 per cent annually after 1991-1992.

The three affected provinces are those best able to share in the restraint necessary to build a stable fiscal foundation for this country's economy. Each of these provinces face interest costs that are considerably less than those of the federal government. These costs represent a much lower percentage of provincial spending.

For example, the national debt I mentioned earlier in my remarks now stands at over \$400 billion, equal to almost 60 per cent of the country's Gross Domestic Product. Interest payments will consume 33 cents of every dollar of federal revenue in 1991-1992.

In contrast, the combined debt of all the provinces is expected to total about \$113 billion for 1991 or 16 per cent of the Gross Domestic Product and provincial debt payments will represent about 11 cents of every dollar of provincial revenue. In particular, these changes are estimated to be 11.6 per cent of every revenue dollar for Ontario, 8.3 cents of every dollar for Alberta and 4 cents of every dollar for British Columbia.

The actual financial impact of the 5 per cent ceiling on the affected provinces will vary with its level of spending. We estimate that social assistance spending in Alberta has grown less than the 5 per cent limit placed in 1990-1991. Consequently we expect that federal contributions will continue to match the growth in Alberta spending dollar for dollar for that year. The total federal

contribution will be about \$530 million. For 1991-1992, the federal contribution will reach some \$565 million.

However for British Columbia and Ontario, the growth ceilings will come into play limiting CAP transfers. Federal contributions to British Columbia will still top \$715 million for 1990-1991. For 1991-1992 they will grow to more than \$750 million. Ontario will receive for the fiscal year 1990-1991 about \$2 billion, roughly one-third of the federal CAP contribution. For 1991-1992, Ontario will receive \$100 million more for a total of \$2.1 billion.

By taking the measured step contained in this bill, we are seeking to live within our means and the means of the guy who pays the bill, the Canadian taxpayer, while still ensuring that those most in need are fully protected. The financial discipline that we are asking for is essential if we are to further reduce inflation and interest rates. It is only in this way that we can strengthen the economic upturn that has already begun.

The fiscally responsible approach we have taken is the only way that we can generate productive long-term jobs and ensure renewed, sustainable prosperity. It is the only way to bring down inflation and to create a positive environment in which all Canadians can confidently plan for their future. It is only by ensuring a prosperous Canada with a sound financial foundation that we can maintain a strong social safety net for Canadians in need.

I would also like to point out that there is a review of all major federal transfers to provinces currently under way with an eye to improving their effectiveness and tailoring them to the changing needs of the 1990s. On the fundamentals to this discussion, I am sure there is already full agreement. The permanence and success of Canada's social programs depend on wealth and prosperity of the country as a whole. I need not remind my fellow members that prosperity cannot be legislated.

I am sure that all members of the House agree that the best assistance for Canadians in need is meaningful, permanent jobs. Job creation through sound economic management has been a priority of this government from day one.

The government's restraint efforts are even now showing results. The economy began to turn upward in the second quarter of last year and continues to grow, albeit slowly. We are expecting a growth rate of about 2.7