could be sought. The expenditure figures in the fiscal forecast I am tabling are based upon the main estimates but contain, in addition, cost increases that have occurred since December in programs contained within those estimates, together with an allowance for the expanded guaranteed income supplement.

The current forecast of the over-all fiscal position will also provide Parliament with background information for the consideration of new borrowing authority which I shall be seeking shortly. With respect to the outcome for fiscal 1979-80, preliminary information suggests that financial requirements, excluding foreign exchange transactions, were $10.4 billion. That is $500 million lower than in the preceding fiscal year. The total outlays are expected to amount to $53.1 billion called for in the December, 1979, budget, although this estimate could still be subject to significant revision.

Revenues are lower than in the December forecast by some $300 million. The various increases in that budget which were not put into effect would have boosted revenues by close to $600 million. But corporation income tax revenue grew somewhat faster than expected in December and provided a partial offset. The projections for 1980-81 are based on economic assumptions for 1980 to which I shall refer shortly.

● (2020)

Revenues are projected to increase by 13 per cent after taking into account all the tax measures which I have just reintroduced. The expenditure projection includes the $35 per month increase in the guaranteed income supplement to needy old age pensioners.

On the basis of these assumptions, total outlays in 1980-81 are projected to increase by 13.7 per cent to $60.4 billion. This high projected growth in expenditures in 1980-81 is largely accounted for by the very high growth in the cost of two major existing expenditure programs, public debt charges and oil import compensation.

Mr. Andre: Surprise! Startling surprise!

Mr. MacEachen: Since the budget of December 11, 1979, increases in interest rates and the higher deficit now projected have resulted in an upward revision in public debt charges of the order of $500 million. Higher international oil prices have raised the projected level of oil import compensation programs by some $1.5 billion. While the December budget forecast contained some allowances for contingencies, the bulk of these revisions required additions to the forecast expenditure total. This fact, together with the increase in the guaranteed income supplement, basically accounts for the difference between the $60.4 billion total outlays I am now projecting and the $58.4 billion projected in the December budget.

Increases in the debt charges and oil import compensation costs would, of course, also have faced the previous government and almost certainly would have required it to allow expenditure growth to exceed the 10 per cent target it announced in December.

The projected increase in outlays of over 13.5 per cent is a good deal higher than I would like to see. The blended approach to oil pricing, which it is the government's intention to introduce, will allow a reduction in federal oil import compensation payments from the level assumed in deriving the $60.4 billion estimate of total outlays.

Mr. Hnatyshyn: A fraud.

Mr. MacEachen: In addition, we will exercise very tight control over discretionary government spending.

Some hon. Members: Oh, oh!

Mr. MacEachen: Financial requirements, excluding foreign exchange transactions, are projected to be $11.7 billion in 1980-81. This represents an increase of more than $1 billion over 1979-80 and is substantially higher than the $8.2 billion forecast in the December, 1979, budget. By far the largest factor in the difference vis-à-vis the December budget is the absence of the massive increase in the gasoline excise tax.

Some hon. Members: Hear, hear!

An hon. Member: We still pay for it.

Mr. Beatty: Just charge it, Allan.

Miss MacDonald: Borrow Broadbent's credit card.

Mr. MacEachen: Madam Speaker, I would like it well understood that these are projected expenditures—

Mr. Epp: And that will go up.

Mr. MacEachen: —and financial requirements as I assume my responsibilities as Minister of Finance. I have thought it important to provide the House with an early and accurate accounting of the current state of affairs.

Mr. Dick: Give us a budget.

Mr. MacEachen: I would further like it to be understood, however, that these projections do not in any way constitute the expenditure plan or the planned financial requirements of this government for fiscal year 1980-81.

Mr. Stevens: When do we see this?

Mr. MacEachen: Implementing blended oil pricing could alone reduce both expenditures and financial requirements by as much as $1 billion.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. MacEachen: I shall consider what further expenditure and revenue changes may be necessary when I put together my budget.

Some hon. Members: Oh, oh!

An hon. Member: That's what you are giving us tonight.