

tioned are still in force and eligible for the advantage of this program. Anything after that date, February 19 last, is not entitled to this arrangement.

The third important aspect of the bill has to do with the Established Programs Financing Arrangements. I suppose that, as is the case with the CAP, we are all familiar with the Established Programs Financing Arrangements. This is a policy under which the federal government makes grants which go to the general field of post-secondary education and to health programs. These grants are made on a per capita basis and they are equal to all provinces. Since 1977 the provision of these grants has been unconditional. They are no longer attached to specific federal rules with respect to what the provinces must do with them when it comes to their treatment of post-secondary educational facilities and the hospital programs that are within their province and within their sphere of the Constitution. So, while the federal government makes a grant to these things, the fact is that the provinces may, and do, establish their own priorities, and the federal contribution is limited to the money which is made available.

Under Bill C-69, the per capita grant, which is equal for all provinces, and to which I have referred, is fixed at today's level for the next two years. However, remember that the population aspect of this policy is the capital grant times the number of people in the province. That makes up the total that is transferred. There is no attempt to control the numbers, insofar as these calculations are concerned, with respect to population. So, while the per capita grant is fixed for two years, the fact that populations continue to grow will mean that provinces will continue to receive more actual dollars than they do at the present time. In other words, their receipts under this new arrangement will continue to grow, although, quite obviously, not to the same extent as they otherwise would.

Hon. Sidney Buckwold: What about provinces that have a decline in population, like mine?

Senator Roblin: I wish I had a comforting answer for you, but I do not know that I do. Perhaps that is something we could examine in committee, because I see what my friend is saying and it certainly is unsatisfactory in that case.

Senator Buckwold: I would appreciate that, because it would mean that a province that has lost population—which happens because of economic conditions—is going to suffer that much more. I was hoping there would not be any decline.

Senator Roblin: I think my friend is right when he talks about the Established Programs Financing situation with respect to population, but when you look at the total amount that is being transferred by all the other grants to, for example, the Province of Saskatchewan, the province will still be considerably better off even after this particular plan goes into effect than it was before. So, while it is not a complete answer, it is some solace, I hope, to think that the actual number of dollars they receive will not decline even when this bill comes into effect, as I hope it will. Even under the provisions of Bill C-69, the Established Programs Financing grants will continue

to grow. In the country as a whole, they will grow by 2.8 per cent this year and by 3.4 per cent in the year to follow. After that, the program is terminated and the old situation that we have now, the status quo, is reinstated.

I should like to point out, though—and I think this is important in considering the overall financial impact of these measures—that the equalization transfer to provinces is not affected by this bill. Provinces will continue to receive equalization to the extent that they are entitled to do so. Seven of the low-income provinces do get equalization, and their equalization is not affected by this bill and will, in fact, continue to grow at a considerable rate. It is estimated that it will grow about 6 or 7 per cent this year and about 7.5 per cent next year. Honourable senators can see that that important element of equalization in the country is not touched by the measures in this particular bill.

I will refer briefly to the fourth matter included in the bill, having to do with the Public Utilities Income Tax Transfer. At the present time there is a refund of the federal income tax to privately-owned public utilities. The vast majority of the money goes to the Province of Alberta, because that is the only province that has much in the way of privately-owned public utilities, although there are some in other provinces. Under Bill C-69, for the next two years these refunds will not exceed the refund they received in the last fiscal year. The refunds amounted to approximately 95 per cent of the total taxes payable during for the last fiscal year. It is estimated—and I stress it can be no more than an estimate—that under Bill C-69 this figure will decline to approximately 90 per cent. It is still a major refund, but not as high as it was before.

● (1540)

As an aside, I should say that in the last budget in the province of Alberta they did away with some of these tax concessions they had given to the privately-owned utilities in that province. So I do not expect that this measure will come as much of a surprise to them.

I think I should close by trying to present to the Senate the rationale behind what is going on here. Why does national policy necessitate the adoption of a bill like Bill C-69? I think the answer is pretty clear: an effort to get control of and reduce the budgetary deficit. It is an effort to reduce the pressure of paying for the public debt and the burden of interest costs, because I think that in this house, if nowhere else, there should be a keen appreciation of the unsatisfactory character of the size of the public debt and the size of the interest burden that the country is bearing. I think the public does understand, and they have a sound perception of this problem as well.

But I have to admit that when it comes to acting, even on a matter as imperative as this, those whose interests are affected—and there is always somebody's interests affected—are not willing to volunteer to accept their share of the costs that are imposed.

I am not complaining about that, because I think that is human nature. We would be surprised if it were anything else.