

## GOVERNMENT ORDERS

[English]

### FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS ACT

#### MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that Bill C-96, an Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, be read the third time and passed.

**Mr. Keith Penner (Cochrane—Superior):** Mr. Speaker, we certainly have before the House a major piece of legislation in Bill C-96. This is not in any sense a small housekeeping item. It is a major Bill.

I think all Hon. Members are aware that Bill C-96 will have a significant negative impact on the provinces and their education and medical care programs. It has been repeated often enough, but the figure is so large and alarming that I do not think it can be said too often, that between now and 1992, the federal Government will be transferring to the provinces \$8 billion less than it would have if the present fiscal arrangements program had been maintained.

Let no Hon. Member believe that this Bill is a deficit-reducing measure because it is not. It simply transfers part of the Government's deficit to the provinces. The Minister of Finance (Mr. Wilson) has acknowledged that that is the case. He has said that the impact of a runaway federal deficit is far greater than the problem of shifting the deficit to the provincial level. I would like to ask my hon. friends who support the Government if they can concur in that conclusion. Is it a fact that the transferring of the deficit to another jurisdiction which will therefore have to take action with respect to education and health care, creates less of a problem than the problem we now face?

I know from speeches made by Hon. Members of the Government side in the past that there are many Hon. Members who would not accept that conclusion. Certainly, the Premier of Ontario, the Hon. David Peterson, said directly to the Prime Minister (Mr. Mulroney) when he met with him and the other First Ministers that he has not solved the national problem but has only transferred the national problem to the province. At that same meeting the New Brunswick Finance Minister said that from his point of view it was unreasonable for the federal Government to think that provinces which have already taken difficult measures to deal with their financial situations can also be expected to absorb a part of the problem at the federal level. That statement was made by Mr. John Baxter, Minister of Finance for New Brunswick. He went on to say that it was essential that the burden of the deficit be spread fairly across the country, in all regions of Canada. The New Brunswick Minister of Finance also indicated that what the federal Government was doing

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with Bill C-96 did not ensure such fairness in the sharing of that burden.

• (1510)

The argument being made in respect of Bill C-96 is that it is not a fair way to deal with a very serious national problem. The New Brunswick Legislature, of recent date, went so far as to pass a resolution in respect of Bill C-96. I would suspect—and this would require some parliamentary research—that this is a fairly rare occurrence in the legislatures of Canada. However, in that legislature it was resolved that the Legislative Assembly of New Brunswick request the Government of Canada to reconsider its unilateral decision and restore the Established Programs Financing to the level agreed to in 1982.

I notice that a good friend of mine is present in the House, the Chairman of the Standing Committee on which I serve, the Hon. Member for Wetaskiwin (Mr. Schellenberger). In the past he has considered carefully this very same problem. I should like to refer to something he said in a similar debate of a few years ago. He said: "We do not solve the problem of budgetary deficits by fighting with one another as to who will spend the dollars in order to provide the service". I agree with the Hon. Member. I have always found him to be a reasonable man who had carefully thought out solutions to serious problems. In that case his comments certainly indicated great clarity.

I should like to repeat my first point, that the federal Government is taking its problem and transferring it into the regions of the country; it is giving its problem to the provinces. I am not at all sure in what way it can feel good or satisfied about that action. In fairness, we know that all provinces will have to bear the burden, but it is not being borne equally. All provinces, but mainly the poorest of them, will have to do one of several things—increase taxes, increase their own deficits, cut services, charge user fees, reallocate funds within their own budgets, or any combination of these.

My second point is that the Government of Canada, with the introduction of Bill C-96, is acting unilaterally. It is doing so without the consent of the provinces. The Government has failed to respect a well established tradition, that is, the tradition of respecting federal-provincial agreements.

In the days when the Party opposite was the Party of opposition, we heard much about how it disliked confrontation with the provinces and how it would bring in a new regime of co-operation. Bill C-96 is not a very good demonstration of that. Mr. Peterson of Ontario said to the Prime Minister: "You cannot call this a cut; you could call it a breach of faith". He went on to say: "You can call it breaking a promise", which is true. In its successful bid for power in 1984 the Progressive Conservative Party promised that it would respect federal-provincial fiscal arrangements. That promise was stated and restated.

However, apart from promises, agreements, and arrangements; apart from the devilish difficulty with which we are