

*Oral Questions***ORAL QUESTION PERIOD**

[English]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS**FEDERAL PAYMENTS TO PROVINCES FOR HEALTH AND EDUCATION**

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Minister of Finance. Yesterday the Minister proposed to his provincial counterparts that the six and five formula be applied to the federal cash transfer payments for health and post-secondary education, in other words, a cutback of almost \$700 million from what these payments would otherwise have been. This in effect would amend the Federal-Provincial Fiscal Arrangements Act which was passed just a year ago. Will the Minister assure the House that no change will be made in the fiscal arrangements for health and post-secondary education unless it is in the form of an amendment to the Fiscal Arrangements Act to be brought before the House and debated separately?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am pleased to inform the hon. lady that she is misinformed. At no time was there any discussion about modifying, in any way, shape, or form the payment formula for health expenditures. Contributions by the federal Government under the health programs will continue exactly as before. In that regard, whoever informed her was misinformed. I am happy to clear up this situation quite categorically. The discussion between the Ministers of Health will continue on this program, discussions that were undertaken in the last year. As far as the formula payments are concerned, they are going to continue exactly as they are.

As far as the payments for post-secondary education by the federal Government are concerned, the Hon. Member knows that many Provinces have set very strict limits to any increases in their payments to post-secondary education. I have indicated that I am considering the possibility of increasing our payments for post-secondary education by 6 and 5 per cent over the next two years. This would represent, next year, an increase of \$256 million in the payments that the federal Government would make to the Provinces. In addition, the federal Government is also considering reallocating resources so that there will be more funds going to young people in all areas, particularly in the area of training, in order that they will be better equipped to deal with the job market in the next decade.

REQUEST FOR DEBATE ON AMENDING LEGISLATION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the question that I put to the Minister of Finance has still not been answered. I asked whether he would assure the House that any change to the Fiscal Arrangements Act would come before the House by way of amendments to that Act and be debated as a separate measure. That was the question I asked.

May I ask him at the same time, since he indicated that there will be cutbacks in post-secondary payments to the Provinces, from what they otherwise would have been, to assure us specifically that no change in the fiscal arrangements relating to that program will be made that will result in unequal per capita transfer payments being made to any of the Provinces?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am sorry if I did not answer the first question by the hon. lady, but there were several points that were wrong in her preamble. I took too much time answering the preamble and forgot the final question.

Miss MacDonald: I understand you forget a lot.

Mr. Lalonde: If the hon. lady would put a straight question, she would get an immediate answer. If she would not go around beating the bush, putting all kinds of wrong information in her questions, she would get answers to her questions.

Mr. Nielsen: You did it to the Prime Minister. You misled all of us.

Mr. Lalonde: I want to tell the hon. lady that if the payments for post-secondary education were to be increased by only 6 and 5 per cent, this would imply a change in the Fiscal Arrangements Act. Obviously no such thing would take place without coming before Parliament and having the Act amended accordingly.

As far as the second question that she raised is concerned, the formula is based on the per capita grants. I have not heard any suggestion that the system of per capita grants would be modified. No consideration is being given to changing the payment per capita formula that exists at the present time.

As I indicated, discussions took place with the provincial Finance Ministers concerning the advisability of increasing the payments for post-secondary education to the Provinces by 6 and 5 per cent over the next two years.

● (1420)

GOVERNMENT POSITION ON EDUCATION GRANTS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I am sure the Minister understands that the per capita payments are in fact based on a process of equalization between the tax points and the cash payments. Therefore, if there is a straight six and five cutback to the Provinces in the cash payments, it could result in an unequal payment to the "have not Provinces". That is what I wanted him to make sure he dealt with, so that that would not happen as far as the have not Provinces are concerned.

I would also like the Minister to tell us why, at a time when enrolments are increasing in universities, and when many young people are being forced back into the universities because of the high unemployment rate, the Government is taking the unusual step of reducing what would have been its payments in post-secondary education, causing tremendous hardship in this field.