

*Government Orders*

I would like to say a few words now about the Established Programs Financing. Historically these transfers were undertaken to assist the provinces to carry out their responsibilities in respect to health care and post-secondary education. Since 1977 provinces have been able to use these transfers according to their particular priorities rather than in the more restricted fashion required by the previous cost-sharing arrangements.

As a contribution to deficit reduction and debt control for this year and next year, per capita EPF transfers to the provinces will be held constant. This is one feature of Bill C-69. Under Bill C-69 total EPF transfers will continue to grow with provincial population, or about 1 per cent nationally. This measure will reduce federal cash transfers by \$870 million in 1990-91 and by \$1.5 billion in 1991-92.

Equalization payments represent the second largest transfer program. It totals about \$8 billion a year. The equalization program provides provincial governments with sufficient revenues to enable them to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. This year seven provinces are receiving equalization: the four Atlantic provinces, Quebec, Manitoba, and Saskatchewan.

Strong growth in over-all provincial revenues, together with strong economic growth in Ontario, has substantially increased these payments from \$5.5 billion in 1984-85 to over \$8 billion in the current year.

That brings us to the effect of Bill C-69 on the province of Ontario where the riding of Cambridge is located. The Established Programs Financing to Ontario will be limited to the same per person levels as in 1989-90 for the next two fiscal years.

In addition, however, the growth of social assistance transfers to Ontario under the Canada Assistance Plan will be limited by a 5 per cent cap on the growth of these payments. Ontario will only be affected by the lid on CAP if it chooses to increase spending on social assistance by more than 5 per cent. If it does so, it should bear the extra cost, as it is more able than the federal government to afford them.

• (1700)

Despite these limitations on the transfer growth, transfers to Ontario under the EPF and CAP are

expected to rise from \$9.1 billion in 1989-90 to \$9.3 billion and \$9.5 billion in 1990-91 and 1991-92 respectively. While these increases are less than they were projected to be prior to the budget, they still represent annual growth of more than 2 per cent in each year.

Federal support for Ontario is going to continue playing a strong role in the provincial fiscal picture. In the next two years, the major federal transfer programs will make up more than 20 per cent of the total Ontario revenue. On a per capita basis, the federal transfers are expected to amount to \$956 for each Ontario resident in 1990-91 and \$963 in the subsequent fiscal year.

One could characterize this as very generous treatment on the part of a jurisdiction, the federal government, that is paying 35 cents on every revenue dollar toward covering the debt charges toward another, the province of Ontario, that pays only 11 cents per dollar toward its debts.

In conclusion, every time the Tories talk about cutting spending, we are criticized. Every group in every region and every opposition member pleads for exemptions. But as long as the country remains largely indifferent to the fiscal bind, which is a legacy of the 1968 through 1984 period, the political risks of attacking the problems remain great.

However, this current government is following, a consistent, comprehensive and far-reaching economic plan that started when this government took office in November, 1984. This plan is directed at creating productive jobs and a higher standard of living through sustained non-inflationary ways.

We hope to accomplish this first by continuing action to eliminate the deficit and reverse the growth of public debt, and second, by putting in place fundamental changes to the economy in order to free private initiative and eliminate the inefficiencies caused by government intervention.

**Mr. Stan J. Hovdebo (Saskatoon—Humboldt):** Madam Speaker, I appreciate the opportunity to speak on this bill. This is the kind of bill that gives us an indication of what are, or perhaps I should say what are not, the priorities of this government.

This bill indicates whom the government thinks should bear the burden for its deficit reductions. You, Madam Speaker, are a compassionate person. If you were the person responsible for this bill, you would have those