

Government Orders

House to order. That is why I would prefer to let the debate proceed and again recognize the Minister of State for Finance and Privatization.

• (1600)

[*English*]

Mr. McDermaid: Mr. Speaker, I would not want to limit debate in this House and that, of course, is what we are doing. Is that not right?

My hon. friend from Kingston and the Islands is sitting there agreeing with me most vociferously, and I appreciate that very much.

In carrying on I want to talk about the bill which is before us which amends the Federal-Provincial Fiscal Arrangements Act to extend the February 1990 budget's per capita freeze on EPF transfers for a further three years to 1994-95.

However, it has no effect on transfers in the current fiscal year or the next. EPF transfers will continue to grow with population increases in each province. This is the largest single transfer program that the federal government has. It transfers \$20 billion in 1991-92 to the provinces. It is provided to all provinces on an equal per capita basis and increases annually with each province's population.

Historically these transfers were made to help the provinces in the area of health care and post-secondary education. However, provinces are able to use these transfers according to their own priorities. That was a decision that was made, as hon. members pointed out today back, I believe, in 1977.

There are a great number of university presidents. There are a great number of those in the health care system who accuse the provinces of not in fact applying the money to those areas for which they were intended. If we go back to that type of thing, I am sure that will be one of the things that will be studied between the provinces and the federal government.

There, of course, has to be an accounting system, a check, and so on and so forth on that type of thing. I believe that when it was changed in 1977 it was done for a very good reason. Because they are examining the transfers, the methods of transfers, tax points versus cash, et cetera, that will be one of the things that will be looked at.

To the critics of the extension of the EPF freeze I want to say this, Mr. Speaker. For decades the Government of Canada has provided large and growing financial support to the provinces. As a matter of fact, while deficits were going up federally some of the provincial governments were balancing out their budgets on what they received from the federal government. I think that is fair to say.

Almost \$37 billion in federal transfers are now simply too large to exempt from our expenditure restraint program. If 25 per cent or 30 per cent of your budget is going to the provinces in the form of these transfer payments then they are part of the expense problem of the federal government.

If in fact they are part of the problem, then they have to be part of the solution. I think that goes without saying.

In working to get down our deficit, we have to control these transfers to the provinces in a realistic way. So the transfers are affected. I think many people would agree with that.

I listened to my colleagues from the NDP again today complaining that medicare money was going to fix roads, and for uses by provincial governments other than for what they were intended. That was the claim made today. I have heard that many times from people across this country who are concerned about transfers to the provinces.

If that is the case and if the federal government has to rein in its expenditures, if the Canadian people, the constituents in Brampton, the constituents in Don Mills, the constituents that I meet everywhere, are saying that we have to cut back on expenditures and 30 per cent of expenditures are transfers to the provinces, then they must participate.

At the same time the provinces should cut back on their expenditures as well. They have many areas where they can cut back which would not detrimentally affect medicare or would not detrimentally affect post-secondary education.

They too have a responsibility for trimming the fat from their operations. To give provinces credit, I believe that in the last couple of years most of the provincial governments have realized that and have done that. They have made some tough decisions as well and have started to cut back.