

Main Estimates

Others, such as grants for hospital and medical care, social assistance and post-secondary education, are made with the understanding that provincial governments will maintain those essential services.

These payments to the provinces are an essential component of Canadian federalism. They are a fundamental premise to Canadian unity. The government and, to a degree, parliamentarians on both sides of this House are frequently criticized for the level of federal expenditures. But the fact that right off the top about 20 per cent, this year almost \$10 billion, of our resources simply pass through the federal treasury to the provincial governments for these governments to spend, is a fact that is not generally recognized.

These transfer payments occasionally give rise to some recrimination from the provinces, particularly the wealthier ones, which argue that they introduce an element of rigidity in their expenditure planning. Yet so far no one has been able to come up with a workable and equitable alternative.

Tax transfers alone will not do the trick, since they would mostly transfer tax revenues to the wealthier provinces and violate the government's commitment to the principle of equal access to basic services for all Canadians, wherever they may live, in whatever province they dwell.

I must point out as President of the Treasury Board that the so-called rigidities of transfer programs to the provincial governments are not in fact one-sided. These programs give rise to a built-in growth factor in federal outlays which must be taken into account in assessing the extent to which the federal government has managed to restrain its own expenditures. In the 1978-79 main estimates, which I am tabling today, for example, federal payments to provincial governments under six major programs will increase by almost \$2 billion, about 46 per cent of the increase in our total spending. In other words, were it not for this provincial dimension in federal outlays, the projected rate of growth in our main estimates in 1978-79 would be about 4.8 per cent rather than 9.3 per cent.

One of the reasons why provincial governments will be in a position to ease, or at least increase only moderately this year, the burden on provincial taxpayers is that the federal government will continue to transfer more than one fifth of its resources to these governments.

A still higher proportion of federal outlays will finance a variety of direct payments to individual Canadians; more than \$10.3 billion, or 21 per cent of total expenditures during the next fiscal year. These payments supplement the incomes of millions of Canadians, senior citizens, growing families, workers temporarily unemployed or acquiring new skills, native citizens and veterans. These payments are largely spent on food, shelter and other basic necessities. In other words, old age pensions, family allowances and other federal payments to individuals finance a significant element of private consumption in Canada. Furthermore, the steady growth of private consumption is required, as we all know, to stimulate business activity, production, and employment.

[Mr. Andras.]

Accordingly, both current economic considerations and general concern for the well-being of Canadians have led the government not to propose changes in statutory provisions that require an additional \$926 million this year be provided to maintain the value of social benefits and to extend those benefits to the growing number of Canadians eligible for them in 1978-79.

Had we chosen to propose changes so as to hold at current levels the aggregate value of payments to individuals as well as transfers to the provinces, the increase in main estimates this year could have been limited to a mere 2.7 per cent. Let there be no illusion that social benefits could have been transferred overnight into tax benefits, because that simply is not so.

There is nothing sacred about social programs. They have been revamped before, and they will no doubt be revamped again. We have resolved that, in this area as in others, spending restraint will be implemented to the benefit of Canadians and not to their detriment. This means that restraint in social programs must at all times take into account the real needs of Canadians as well as general economic conditions.

I would like now to draw the attention of hon. members to further evidence of the government's commitment to restraint, namely, its over-all policy on manpower requirements and compensation for the public service in 1978-79.

First, I am pleased to announce that for the second consecutive fiscal year the increase in authorized man-years subject to Treasury Board control will be held at six tenths of 1 per cent. This represents an increase of 1,848 man-years, for a total authorized level of 325,120.

● (1522)

I point out that authorized man-years are decreasing in 18 departments and agencies, while 18 others have been allocated the same number of man-years as in the fiscal year 1977-78. Additional man-years have been authorized for 33 departments and agencies. These increases are concentrated in a few labour-intensive and generally service-oriented government operations, such as the Post Office, the Department of Public Works, the Department of National Defence, Correctional Services and the RCMP.

It should be noted that the six tenths of 1 per cent increase in federal Public Service manpower requirements will be only one quarter of the projected growth of the Canadian labour force in 1978-79. Despite impressions to the contrary, our records during the past ten years show that the Public Service growth trend has remained below that of the labour force. I am able to announce for the fourth consecutive fiscal year that the total number of senior personnel man-years in the departments and agencies under Treasury Board man-year control will remain at the same level.

This freeze is being extended for a second consecutive year to a key component of the senior personnel categories, the senior management complement, which is comprised of senior executives and officers in equivalent positions. As in the past, provisions have been made for a measure of flexibility in the