

Government Orders

province, much like the premier of British Columbia has done.

Mr. Kempling: Kick them out.

Ms. Hunter: Believe me, we are working very hard to do that very thing.

My hon. colleagues who have worked on the committee studying Bill C-69 have put forth some very worthwhile amendments based on our belief that the Government of Canada has to live up to its contractual and constitutional responsibilities by consulting with the provinces prior to any changes to the Canada Assistance Plan. I think it only makes sense when we are talking about the whole constitutional crisis we have now. A little consultation could have averted a lot of this.

We are not talking just about the Constitution. We are talking about the way the government should be structured and the way its members should be talking to one another.

In conclusion, British Columbia is being doubly punished both by the federal government and by the provincial government. I hope that at the provincial level they will turf the Socreds out in the next provincial election and I hope that at the federal level I hope they will do the same thing to this government.

Mr. Pat Sobeski (Cambridge): Madam Speaker, it is a pleasure to stand here today and speak about Bill C-69, which was introduced in the House of Commons on March 15, 1990. The purpose of the bill is to implement key aspects of the expenditure control program affecting the statutory programs proposed in the February 20 budget by the finance minister.

The first thing I would like to talk about is the seriousness of the federal debt situation in relation to the provinces. One illustration of the seriousness of the federal deficit is the size of the federal debt charges in relation to those of the provinces.

For the fiscal year 1989-90, 35 cents of every revenue dollar collected by the federal government went to cover the cost of servicing the public debt. That left 65 cents for program spending before we got into adding to the deficit.

As a point of reference, back in 1968, the cost for servicing the debt was 12 cents of every tax dollar, which left the then Trudeau government 88 cents to use on program spending.

By comparison, debt charges last year in Ontario were 11 cents for every dollar of revenue collected. In British Columbia it was about 4 cents. In Alberta it was 8 cents. In Quebec it was 18 cents. In Atlantic Canada, 15 cents out of every revenue dollar, about one-half the rate of the federal government, went to debt servicing.

Despite our very difficult fiscal situation, the federal government continues to provide significant and growing assistance to provinces in the amount of over \$35 billion. These make up a significant part of the revenues to provincial governments, ranging from a high of 46 per cent in Newfoundland to a low of just over 20 per cent in Ontario.

To give an overview, total federal transfers to the provinces, territories and municipalities again will exceed \$35 billion in 1990-91. This includes cash transfers of \$24 billion and tax transfers of some \$11 billion. About 90 per cent of the over \$35 billion in federal transfers involves three large programs: Established Programs Financing, \$20 billion; equalization payments of some \$8 billion; and the Canada Assistance Plan, over \$5 billion.

Controlling the debt through deficit reduction is necessary to maintain social programs and a high standard of living for Canadians. If transfers to provinces were exempted from our government's efforts to reduce the deficit and control public debt, other federal programs would have to bear more restraint.

The size of the transfers to the provinces make them difficult to ignore. Again, \$35 billion represents almost one-quarter of federal program spending. From the provincial point of view, federal transfers make up anywhere from 30 per cent to 45 per cent of the revenue to the less wealthy provinces and 20 per cent to the richer provinces.

These transfers have grown at an average rate of 5.8 per cent over the last five years, much more than the average annual growth in program spending of 3.6 per cent. Therefore, transfer payments cannot be ignored if further progress is to be made to reduce the deficit and get the public debt under control.