

Federal-Provincial Fiscal Arrangements Act

the Budget Papers published in May, 1985, one would find there no indication of a reduction for the fiscal year 1986-87. This shows that the Government was probably planning at that time to introduce changes at the end of the normal five-year term, that is, on April 1, 1987.

The Government waited until the Annual First Ministers' Conference, which was held on November 28 and 29, 1985, in Halifax, to make the formal announcement of specific changes and of the date on which they would take effect.

Why did the Government change its mind between the May 1985 Budget and the November 1985 Halifax Conference and decide to move the date ahead? To understand that move by the Government, we have to recall that this period coincides with the Government's decision to reimburse the uninsured depositors of the two failed banks, as a result of which the Government, I suggest, realized that it would not be able to achieve the deficit reduction objective it had set for itself. After bungling the bail-out of the Canadian Commercial Bank and the Northland Bank, the Government had to find the money somewhere to make up for its poor handling of that banking situation. It can therefore be argued that the depositors of the bankrupt banks were reimbursed, at least in part, by funds which would otherwise have been used to enhance the quality of our educational system and our health care services.

Finally, it should be noted that the February 1986 Budget pretty well ignored this new measure despite the fact that it is to take effect, if the House makes the mistake of approving it, on April 1, 1986.

Let me again stress, as has already been stressed in this debate, that the only reason offered by the Government to justify this cut-back is the effort which all Canadians and all provinces must make, so the Government claims, to reduce the federal deficit. The Minister of Finance (Mr. Wilson) has acknowledged that he is transferring part of his deficit to the provinces, but he has argued that this transfer is a problem of lesser importance than that of the deficit. In other words, this heartless Government is cutting health care for seniors and for middle and lower-income Canadians and making it impossible for tens of thousands of middle and low-income young people to go to university. That does not matter so long as the Government can reduce the deficit. How cruel, how misguided and how wrong! Certainly, if one is concerned about the deficit, economic growth and the greater revenues which come from that, and having a more efficient, productive and healthy population, that is a better way of tackling the deficit, if it must be tackled at all, than by cutting \$8 billion from moneys the federal Government had promised to the provinces. That was money which was going to be spent, and which would have been spent, to improve post-secondary education and health care, if not just to maintain existing standards for millions and millions of Canadians in every province.

● (1730)

The record is clear. Beginning with this Bill, the Government has acted unilaterally, without consent of the provinces,

and has failed to respect the tradition of federal-provincial agreements. The EPF Program is administered under a federal Act and we have to admit that technically speaking, it can be changed by the federal Parliament unilaterally without the formal consent of the provinces. However, the tradition has been to renegotiate, and I stress the word "renegotiate", these fiscal arrangements every five years.

This Act was amended for the first time in 1982 and the provincial Governments expected to be able to renegotiate shortly the new arrangements that would take effect as of April 1, 1987. The Conservative Government has thus failed to respect the long-standing tradition and has unilaterally announced amendments that would take effect a year ahead of the normal date of expiry of the agreement. No wonder that, when the federal Government announced its intentions at the federal-provincial conference, the representatives of the provinces unanimously rejected the federal proposal.

The premiers rejected the proposal, whether they were members of the Conservative Party or of other Parties. They rose to say that what the federal Government was doing was wrong. It was adding to the burden of the provinces the effort of the federal Government to cut the deficit. It was adding to the burden of the provinces the desires of the federal Government ahead of the responsibilities of the provinces to their populations; in effect, the same populations about which the federal Government should be concerned when it comes to maintaining and improving standards of health care and post-secondary education.

Once again, let us look at what the provinces will have to do as a result of the cuts in transfers of funds required by the provinces, cuts totalling \$8 billion by 1991-92. What are the alternatives the provinces have? As a result of these cuts, the provinces will be forced to increase taxes as one alternative. Another alternative is to increase deficits and another would be to rethink priorities and cut back on services accordingly.

The Conservative Government might well be forcing provinces to reduce the number of hospital beds. The Conservative Government, through this legislation, might well be forcing the provinces to restrict the number of students who are admitted to universities and colleges across the country. The Conservative Government, through this legislation, might well be forcing the provinces to increase fees paid by consumers of provincial services. This might cause provinces to increase or institute hospital user fees and might force provinces to increase or institute tuition fees at universities and other post-secondary education institutions. Whatever method is adopted by the provinces, it is the individual taxpayer who will bear the cost of the cut-backs, and that without any benefit whatsoever accruing to the individual Canadian and his or her family.

It is very clear why we moved this motion. When we look at the evidence, we find that the Conservative Government broke its promise to consult with the provinces before doing anything like this. It broke its promise to develop and implement a new kind of harmony with the provinces. Instead, it has caused