

The Budget

funding used by the provinces according to their particular priorities.

However, the fine print, which the opposition and the provinces conveniently overlook, will show also that the federal government provides additional support over and above the EPF, support of \$11 billion through tax transfers. Therefore, federal EPF transfers to the provinces for 1990-91 total about \$21 billion. That is 5.5 per cent higher than it was last year. Where is this crushing blow that the provinces are talking about?

Ontario, for example, will receive transfers under EPF and CAP of \$9.3 billion in 1990-91. That rich province of Ontario that squawks all the time, that spends like a drunken sailor, is going to get \$9.3 billion from the federal government. That is up from \$9.1 billion last year. In the year 1991-92 it will increase to about \$9.5 billion.

In addition to this, there is nearly \$8 billion in equalization payments which go to the poorer provinces. This is primarily used by those provinces for health care and post-secondary education, but these payments are unaffected by the budget. In fact, they have nearly doubled since 1984. If we are attacking those most in need, how is it that federal spending on native and Inuit programs has nearly doubled since we came to office in 1984?

• (1220)

On page 76 of the budget, in the second paragraph, it indicates that in 1984-85 there was \$1.4 billion spent on Indian Affairs and Northern Development. That has grown to \$2.3 billion in 1989-90. How is it, I ask again, that the total of important federal payments for the services Canadians need is rising by 5.5 per cent? How is it that expenditures for health care, education and other social assistance for natives has not been constrained? I think we can easily see why the nation's richest provinces—notably Ontario—are the ones that do the complaining.

The Prime Minister and the Minister of Finance are asking them to spend responsibly for a change and to share in some of the difficult decision-making that is required to put the country on a sound fiscal footing. This is the basis for their complaint. In one major program, the Canada Assistance Plan, the federal government provides funding on a fifty-fifty cost-sharing

basis to the provinces for social services—essential welfare and similar services. The rate of growth for the CAP assistance to the rich province of Ontario in the last few years has been increasing at an average of 14 per cent per year.

The government has controlled its program spending to 3.5 per cent for five years now. The federal government was leading all the provinces, whose profligate spending was at 9.6 per cent or higher in the last three and a half or four years. We are asking the provinces to control their spending, to reduce the pressures on inflation, to reduce the pressures on the tax dollars. We have held the growth of payments such as CAP for the province of Ontario, and also for the other rich provinces of British Columbia and Alberta, down to 5 per cent. So we are asking them to control their spending and keep it down to 5 per cent instead of the 14 per cent rate that Ontario had been spending at in the last few years.

That is why Queen's Park is squawking. They have not been able to manage their finances for the last three or four years without massive infusion of federal funds at a time when federal resources are becoming scarce. They thought that the federal treasury was an infinite source of cash; cash for life. Well, it is not, and we are asking them to tidy up their government spending habits.

This government, this Prime Minister and this Minister of Finance have acknowledged reality. It comes down to the fact that Ontario will only be affected by this lid on CAP if it chooses to increase its spending on social assistance at a rate of more than 5 per cent this year. If it does so, then we are saying they should pay the costs. If it does not, then they will have it within their own budget.

To further point out the absurdity of this complaint it must be stated that all other provinces, those not as fiscally strong as Ontario, B.C. and Alberta, will continue to have open-ended, unrestrained access to CAP funding to meet any growth in expenditures eligible for cost sharing under CAP.

Important funding continues to be transferred to the provinces. It continues to grow. The difference in this budget is that the provinces which are in the position to absorb a reduced rate will be asked to do so. There have been no cuts in payments made directly to people. In fact, these have increased, as I pointed out, by about 7 per cent.