

*Main Estimates*

actually be smaller, in absolute terms, than in any of the preceding four fiscal years.

Needless to say, a great number of highly commendable proposals to expand and improve federal programs has to be sacrificed or postponed. In fact, the Main Estimates for 1977-78 include financial provisions for only one major new program, namely, the employment strategy to be implemented in the course of the new fiscal year by my colleague, the Minister of Manpower and Immigration (Mr. Cullen). Yet the Treasury Board has been able to restrain the growth of expenditures in a socially-progressive way, without distorting government priorities and without unduly impairing the ability of departments and agencies to deliver to all Canadians the essential public goods and services they expect from their federal government.

To achieve these goals, I asked, I expected, and I obtained the co-operation of the public service; I will ask for and anticipate receiving it again this year.

It would have been too much to expect ministers and departmental managers, concerned as they are about the effectiveness of the programs they administer, to enjoy the cut of restraint; but I must commend them for having accepted it all, if not with equanimity, at least with a good measure of stoicism and fairly restrained protest.

To avoid any misunderstanding about our expenditure policy, I emphasize that the \$45,120 million figure for total spending projected for 1977-78 includes all budgetary and non-budgetary outlays by all federal departments and agencies for the 12 month period beginning on April 1, 1977.

**An hon. Member:** What about supplementaries?

**Mr. Andras:** It includes the anticipated supplementaries.

It includes not only the Main Estimates of \$44,142 million which I am tabling today, but also reserves of \$1,850 million for the supplementary estimates which may have to be tabled in the course of the fiscal year; and the aggregate of these two figures has been adjusted to take into account the customary lapses in credits voted, which are conservatively estimated at \$872 million.

The Main Estimates proper include \$41,145 million for budgetary outlays, the bulk of which will finance programs which are essentially redistributive in nature.

Many Canadians still have the notion that the money they pay in taxes to the federal government serves mainly to finance huge bureaucracies and remote agencies. Yet the operating and capital expenditures of all federal departments and agencies are expected to account in the coming fiscal year for less than one third of budgetary estimates, namely, \$12.9 billion; and this includes the \$3.8 billion required for National Defence.

I hardly need to remind hon. members that public servants, like other Canadians, spend most of their income on consumer goods, and that the federal government as my colleague the Minister of Supply and Services (Mr. Goyer), can attest—is the largest single customer of Canadian industry; so that what

we will spend on goods and services during the coming fiscal year will sustain, as in previous years, output and employment in the country's private economy.

But the point I wish to make, Mr. Speaker, is that almost 69 per cent of the budgetary expenditures forecast for 1977-78 will not really be "spent" by the government, in the sense that these moneys will not be used to pay the salary of public servants, or to build new federal buildings, or to buy furniture, paper clips and typewriters for government offices, tanks or planes for the Armed Forces, uniforms for the RCMP, and so forth.

Over \$26 billion worth of so-called government "spending" will actually be paid back to individual Canadians in the form of social security payments, grants and subsidies, or transferred to their provincial and municipal governments, or used to pay interest to government bond holders, the vast majority of whom are Canadians. Therefore the federal government will directly plough back into the Canadian economy more than two-thirds of tax revenues and borrowings required to finance its budgetary expenditures during fiscal year 1977-78.

The same can be said of the \$3 billion dollars required for non-budgetary outlays. These will be used to make investments in Crown corporations and to extend loans or advances to various departments and agencies such as the Central Mortgage and Housing Corporation, the Export Development Corporation, the Federal Business Development Bank and the Farm Credit Corporation. Consequently the bulk of the federal government's non-budgetary outlays will indirectly finance private expenditures such as housing, business and farm investment, or exports of goods and services.

I should point out that the 1977-78 Main Estimates include for the first time all non-budgetary items which are expected to be made under existing legislation, as well as those which must be included in appropriation bills.

In conclusion, Mr. Speaker, I would like to draw the attention of hon. members to a further dimension of the Main Estimates, namely, the manpower requirements of the public service during the next fiscal year. You will recall that my predecessor announced in the fall of 1975 the government's determination to curb and eventually stabilize the growth of the federal public service. The percentage increase of authorized manpower resources was reduced to 4.1 per cent in 1975-76; and the ceiling on public service growth was drastically lowered to 1.3 per cent in 1976-77.

A thorough review of manpower requirements in departments and agencies has enabled the government to project the growth of the public service at a still lower level in 1977-78—in effect, virtually to stabilize it. We have set the maximum level of authorized man-years in departments and agencies under Treasury Board Control at 323,272 in the new fiscal year—an increase of 2,081 man-years, or about six-tenths of 1 per cent, over the 1976-77 Main Estimates level. This is close to the "zero growth" target which has been suggested by some in recent months; but it has been achieved through successive assessments and reassessments of just what minimal manpower requirements were in each department or agency, rather than