He said: I rise today to speak on third reading of Bill C-20. As everyone knows, this bill implements the measures announced in the February 1991 budget by the then minister of finance.

Bill C-20 implements several spending restraint and deficit control measures. It affects the Federal-Provincial Fiscal Arrangement Act, the Public Utilities Income Tax Transfer Act and the Unemployment Insurance Act.

Before I discuss the details of the bill let me, at the outset thank all those who participated on the committee for their work, their suggestions and their useful comments.

I listened this morning very carefully to the comments of my colleagues from both opposition parties. The legislation should be understood in the broad context of the government's over-all economic agenda. Measures proposed in the February budget set out in the plan for economic recovery are essential to restore strong, continuing growth that leads to the renewed prosperity that Canadians want.

The key to recovery is lower interest rates. It requires reduction in expectations and in inflation. Part of this comes from putting government finances firmly on course to a balanced budget and by restraining the operations of government. The budget plans for economic recovery support these goals through further tough discipline and government spending, deficit reduction and control of the government's operating costs.

The Minister of Finance today in Question Period mentioned that he is in the process of having pre-budget consultations with the broadest cross section of people in our country from all walks of life. I shared those pre-budget consultations with him last week in Toronto and they were represented by many groups.

All of those groups are experiencing in most instances financial problems at this period of time as they come through a recession. They sent one message loud and clear from those consultations and that was to stick to what we are doing, we are on the right track and we will be proven right. Interest rates are coming down and inflation is down at an annualized rate now that is beyond the goals that were set by the Government of Canada.

• (1550)

They said that we are on the right track. For heaven's sake do not backtrack. That came loud and clear. There were other suggestions from many of the groups which made representations on how we can improve the situation economically. There were suggestions for the upcoming 1992 spring budget, but generally that was the theme that came through loud and clear.

This bill talks to those policies we are implementing to ensure that we stay on the right track and to ensure that the young people coming behind us are not going to be paying all our bills. We will start making a dent in that huge debt that has been built up over a number years.

The measures before us today have important implications for federal-provincial fiscal arrangements and in particular the major transfers to two provinces.

I listened today to some figures that were thrown out by the opposition parties. I am not sure where they got the figures or what inflation rate they were basing their figures on. We heard a wide range of figures thrown around today all of which are hypothetical and all of which are added or subtracted. They are primarily added or embellished on by the opposition. We are not sure where the accuracy of them can be found.

Today the federal government provides about $37 billion in financial support to provincial governments. There are three major transfer programs. The Established Programs Financing or EPF, equalization and the Canada Assistance Plan referred to as CAP. They account for over 90 per cent of all federal transfers to provinces or more than $34 billion for 1991-92.

That is a lot of money. That is about 20 or 25 per cent of the program spending that goes to the provinces. Bill C-20 which we are debating in third reading helps to bring the growth of federal-provincial transfers into line. I emphasize that it is the growth, not reductions, of these transfers that is being brought into line with the current fiscal realities by introducing limits to the growth of payments under the EPF. I think it is very important to understand that they continue to grow, maybe not at the rate the New Democratic Party or the Liberal Party or even the Conservative Party would like to see. It is especially not at the rate the provinces would like to see but within the fiscal realities that we are dealing with we believe they are realistic.