

*Federal-Provincial Fiscal Arrangements Act*

In a great part of my riding there are only dirt roads—dirty, rotten, filthy dirt roads. People in those areas cannot paint their homes on account of the dust. If one visits these places at some times of the year one will find one's car bogged down to the axle in mud. And this is 1986! The other major problem is with respect to water and sewer services. Since this is an area which falls under provincial Government responsibility, the capital resources were not there to make water and sewer services available to all of the communities in Newfoundland, or even to half of them. Not even half of them have water, running water, community water systems. What we are doing in this respect is using the Canada Works Program of the federal Department of Employment and Immigration and local initiative programs to put in small water systems.

A funny thing happened when the Tories took over. We have all heard that Tory times are tough times. Now those tough times are really repeating themselves. What happened was that the new program brought in by the Minister of Employment and Immigration was said to shift the emphasis from the project on which one was working to training people to perform a particular job. The Minister of Employment and Immigration has stood up in the House and said that many times. This has ended the financing on a regular basis year after year of these community water systems, places such as Whales Gulch, Newville, Davidsville, and Indian Cove in my riding. I have 200 communities in my riding and those are only four of them.

I was talking to people from those areas just yesterday. They told me that there are two phases under the ground. In other words, \$100,000 has been spent each year under the ground, and then it has stopped. That is because the Tories took over and because the programs no longer qualified for funding. The provincial Government claims that it cannot put the money in because it does not have it to put into those particular communities. Sometimes when we are talking about things in this Chamber, which some Members find absolutely important, I have extreme difficulty relating to the subjects, because I have to deal every day and every night on the phone with these types of problems.

In answer to the Hon. Member's question, yes, the provincial Government will simply turn around and decrease its expenditures in those areas which affect capital expenditures. I would predict, if the truth be known, that over the years this will be the result in terms of road construction and water and sewer services. Those two services would be affected.

• (1340)

The Government is shifting the financial burden. The provinces are not receiving enough to maintain the very little they have. There is only one university in Newfoundland. There are three or four universities in Nova Scotia, and in New Brunswick there are universities in Fredericton and Sackville. There is only one university in Newfoundland and I would suggest that there are fewer hospitals as well.

Now that the province's budget is being decreased further, it will have to make up the money from other capital expenditures without increasing the taxes. As you know, people who live in Newfoundland pay higher taxes than those who live in any other province. Some people think Quebec has the highest taxes, but they are wrong. In Newfoundland, the provincial tax take is the highest of any province of Canada. Sales taxes are higher and so are every other kind of taxes. The Government cannot afford to increase the taxes so it would shift the burden from another absolute necessity to this absolute necessity.

**Mr. Dan Heap (Spadina):** Mr. Speaker, I am glad to have another opportunity to speak against this Bill. I wish to remind Hon. Members who are present and those who might be watching t.v. in their offices as well as the public of the words of the Hon. Member for St. John's West (Mr. Crosbie) who said that this is a deplorable piece of legislation. Of course, he did not say that this year. The Hon. Member for St. John's West was then speaking in opposition and was attacking a Liberal Bill.

The fact is that the Government, through the Minister of Finance (Mr. Wilson), is carrying out a very simple program. It plans to reduce the federal contribution to health and post-secondary education in order to force the provincial Governments to spend more. Of course, Members speaking on behalf of the Government will say that the money is being increased. They would not dare claim that the increase keeps up with either rising costs of health and post-secondary education or with rising federal revenues because of course it does not.

To say that the Government is paying as much as or more than it paid a few years ago is entirely beside the point. When costs, taxes and federal revenues are rising, universities and medical services need increased revenues just as much. Health care and post-secondary education are not luxuries, they are necessities. The Government has decided to cut to about one-third the increases needed by these services just to keep pace with their own increased revenues and the increased costs of the services.

This is not a new idea. It is not a new discovery made by this Government. It is only copying what the Liberal Government did before it and what it condemned roundly at the time. The Minister of Finance got quite indignant and sounded as if he believed what he was saying when he condemned the Liberal Government for doing what he is doing now. Others on that side said the same.

When the Minister of Finance was in opposition, he said that the Liberal Government wanted to shift the problem over to the provinces and to shift the deficit problem at the federal level down to the provincial level. Of course, he was not alone in voicing that opinion. His colleagues, including the Minister of Employment and Immigration (Miss MacDonald) and the Hon. Member for Mississauga South (Mr. Blenkarn) all said the same thing.

Now that the Minister of Finance has crossed over to the right-hand side of the Speaker, he is adopting the very same