

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I rise on a question of privilege. I heard hon. members across the floor from me commenting that I was being disrespectful to the Governor General in not standing up when the President of the Treasury Board (Mr. Andras) announced that he had a message from His Excellency, signed by his own hand. I submit that estimates are concerned with the raising of money, and my not standing does not carry any implication whatsoever of disrespect for the Governor General or others. If other hon. members wish to stand up because the cabinet is asking for money, that is their business, but my not standing should not be interpreted as disrespect for the person of the Governor General.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the main estimates of federal expenditures for fiscal year 1977-78, which I am tabling today, should dispel any remaining doubts about the government's determination to restrain the growth of federal outlays and to ensure, with the co-operation of other levels of government, that the trend in total public spending does not rise more quickly than the trend in the gross national product. This essential goal of the government's expenditure policy was unequivocally restated by the Minister of Finance (Mr. Macdonald) in his budget speech last year.

My colleague indicated at that time that our target rate of increase for total federal outlays, in fiscal year 1976-77, had been set at a maximum of about 14 per cent, while our forward planning for fiscal year 1977-78, beginning April 1, was based on a growth rate of the order of 11 per cent.

Today I am able to inform the House that increases in both forecast expenditures for the current fiscal year ending on March 31, and planned expenditures for the new 1977-78 fiscal year, are expected to be lower than the targets announced by the government last year.

First, as a result of the relentless monitoring and control of spending plans exercised by the Treasury Board throughout the fiscal year, the most recent forecast indicates that total federal expenditures in 1976-77 will be less than the \$42.2 billion projected by my predecessor last February. As a result, the percentage increase in total spending to be recorded in the current fiscal year is likely to be lower than the government's target of 14 per cent, and also lower than anticipated GNP growth.

I emphasize that, when I speak of total spending, I really mean total spending—all budgetary outlays and all non-budgetary financing, both statutory and non-statutory, included in the main estimates, supplementary estimates A, B and C, as well as any other supplementary estimates which may be tabled before the end of the fiscal year 1976-77.

Second, I am able to announce that federal expenditures are expected to be about 7 per cent higher, in fiscal year 1977-78, than the level of spending planned for 1976-77. That percentage increase will be marginally higher if, as currently forecast, we manage to hold expenditures in the current fiscal year below the target figure of \$42.2 billion.

Main Estimates

The 1977-78 expenditure plan adopted by the government therefore provides for total federal expenditures of approximately \$45.1 billion. Hon. members will note that the plan aims at an over-all percentage increase considerably lower than the 11 per cent target posted last May by the Minister of Finance. Barring unforeseen developments in general economic conditions, the growth of federal spending will be cut almost by half; it will have been cut for the third consecutive fiscal year; and it will be lower than the rate of growth in the country's GNP.

In other words, the main estimates for fiscal year 1977-78 reflect current concerns in Canada about public spending trends. It responds to these concerns in a responsible manner. If I were at liberty to put a label on the bluebook, Mr. Speaker, I would call it responsible and responsive.

Two factors account for this achievement. One is the government's decision, after consultation with the provinces, to propose new financing arrangements for hospital insurance, medicare and post-secondary education—programs launched jointly, several years ago, by the federal government and the provinces, and which are now well established.

While the new arrangements involve the transfer of tax revenues for the federal treasury, they also reduce substantially federal statutory payments to provincial governments by approximately \$970 million in fiscal year 1977-78.

The other factor which explains why the government has been able to best its own spending target for the coming fiscal year is summed up in one word: restraint.

It is no secret, Mr. Speaker, that the review screening and pruning of departmental spending plans which started a year ago and ended barely three weeks ago—much later than usual—has been conducted with a rigour almost without precedent. It has been a tough year for the Treasury Board, a tough year for its secretariat, and a tough year for all federal departments and agencies.

"Vingt fois sur le métier remettez votre ouvrage", the French rhetorician Nicola Boileau instructed poets, a couple of centuries ago. Although there are few poets on the Treasury Board, I can assure you that on more than a couple of occasions since last spring we instructed our officials to put spending plans once again through the grinder.

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The results of these successive and detailed reviews of departmental submissions are now self-evident: the dollar increase in planned federal expenditures for the new fiscal year is \$3 billion—\$2 billion less than the dollar increase forecast for 1976-77, almost \$3 billion less than the increase recorded in 1975-76, about \$3½ billion less than in 1974-75, and \$1½ billion less than in 1973-74.

In other words, Mr. Speaker, despite much lower but still significant inflation, and despite the ever-increasing demands for federal services caused by population growth and the continuing expansion of the Canadian economy, the increase in planned federal expenditures during the coming fiscal year will