

Estimates

● (1630)

The statement which I am about to make bears a close resemblance to some of the material which has appeared in a number of newspapers. It is somewhat with a sense of *déjà vu* that I approach this task, but I insist that I should not be subject to any copyright infringement.

Mr. Baker (Nepean-Carleton): Dispense with the statement.

An hon. Member: Carry on.

Mr. Johnston: If I may, I will shorten the statement to a number of points in which members of the House will be interested.

For the first time, the estimates are contained in two parts. Part 1, entitled the "Government Expenditure Plan", is the new document of which I spoke when I tabled information on the new form of the estimates several weeks ago. Part 2 is the traditional blue book.

I would point out that the updated expenditure plan to 1983-1984, set out in part 1 of the estimates, provides for the same total spending level in 1981-1982 and the future years as was envisaged by my colleague, the Minister of Finance (Mr. MacEachen), in his budget last October. The expenditure plan I have tabled today reflects a more detailed costing of departmental programs, as a result of the review leading to preparation of these main estimates because the material was not available at the time of the budget. I should note the detailed spending plan is based on the same set of assumptions about the Canadian economy as were presented in the budget. Further, the fiscal plan presented in October provided specifically for the adjustments of detail which have been reflected in these estimates.

Total spending of \$67.6 billion in 1981-1982 is 12.8 per cent higher than last year's level. This rate of growth, while somewhat higher than over the past few years, is below 1980-1981 growth. Total spending is forecast to increase by about 10 per cent in the two planning years beyond 1981-1982. I would stress that these increases meet the government's continuing commitment to expenditure restraint. In the budget, the government reaffirmed its commitment to keep the growth in spending to less than the trend in the economy as a whole, and this spending profile set forth in these main estimates honours that pledge.

It is important for members to place the spending plans of this government within the context of the government's continuing commitment to restraint adopted in 1975. You will recall that government spending in the 1974-1975 period increased over the previous year by 28 per cent at a time when inflation was approximately 11 per cent. From that time on, major reforms have been progressively implemented to give effect to a rational policy of restraint to approach spending cuts with what I call the carving knife rather than the meat axe. It is in this spirit that we have initiated and carried forward the improvement in management practices and controls through the office of the Comptroller General. It is in this spirit that we have introduced the new policy and expenditure

management system. It is in this spirit that we have tightened up administrative practices so as to effectively address the problem of cost overruns on Crown projects, and it is also in this spirit that we have consistently, over the past several years, held the increase in authorized person-years to less than 1 per cent. In other words, our objective has been, and continues to be, to ensure that the taxpayers' dollars spent by the federal government are well spent, and that taxpayers receive value for money.

Last week, as members know, the President of the United States announced cuts in direct spending of \$41.4 billion from the U.S. federal budget which will now be in the range of \$700 billion for the fiscal year beginning October 1, 1981, this together with a proposed tax cut totalling 30 per cent by mid-1984. The President has also proposed reforms to reduce regulation and red tape, as well as major changes in the depreciation allowances for business and industry to expedite modernization and research and development.

The U.S. administration has embarked upon what we in Canada already know to be a difficult, painful, and often frustrating exercise. And I cannot help but point out, when considering the President's program, that what the U.S. government proposes to do for three years we have been doing for the past seven.

Mr. Blenkarn: Nonsense.

Mr. Johnston: Specifically, and this is for the hon. member for Mississauga South (Mr. Blenkarn), the indexation of personal exemptions and personal tax brackets introduced in 1974 has had the effect of reducing the revenues of this government in 1980-1981 alone by \$7.5 billion. I might add these are the numbers which appeared in the budget of the then minister of finance, the hon. member for St. John's West (Mr. Crosbie), in December, 1979. Moreover, the changes in depreciation allowances and the new proposals for research and development proposed by President Reagan, bring the U.S. federal tax system in this area very much in line with the one we have enjoyed in Canada for many years. And as far as regulatory reform is concerned, designed to reduce both the cost of government and the cost to the private sector, we are rapidly moving ahead with work programs across the federal government to achieve exactly the same objectives as those proposed by President Reagan. I announced those measures some time ago.

I can assure you that we will continue to apply the policy of fiscal restraint within the parameters and within the philosophy that I have outlined. Let me now turn to a brief review of the highlights of the 1981-1982 estimates.

The 1981-1982 main estimates provide for budgetary expenditures of \$64.6 billion which is 11.6 per cent higher than budgetary expenditures in 1980-1981. The 1981-1982 main estimates also provide for loans, investments and advances of just over \$1 billion. Total reserves of \$3.6 billion have been included in the expenditure framework for 1981-1982 to cover adjustments to statutory and voted programs as well as new initiatives the government might wish to undertake during the