

bonds, earnings which go either into the prize pool or to small interest payments to purchasers, are normally much less than the return on normal market bonds or savings bonds. Usually, the interest return on lottery bonds is less than that on funds borrowed offshore, and in many cases those funds borrowed by the Government earn less than what could be yielded in other ways.

Not only are lottery bonds inefficient but they would very likely detract from sales of Canada Savings Bonds. This would be the case particularly for people with modest incomes, the people who should be encouraged to cultivate good savings habits rather than gambling habits.

I would like to point out another area that we have not yet looked at in detail, and that is, that under the Budget of February 15 and beginning in 1985, changes will be made to the registered retirement savings plans so that an individual could carry forward his credits from one year to the next until in 1988, I believe, and he would be able to set aside in excess of \$15,000 a year. This can be done whether it is in cash or carried forward in credits up to an amount that is 18 per cent of his annual income.

I would suggest that a proposal such as the one made by the Hon. Member would take away from that advantage. Nothing has been mentioned as to whether or not the moneys invested in these bonds would be income tax deductible like the money invested in registered retirement savings plans. We could be adding one hardship on to another for the people who can least afford it.

When considering the problems involved in managing the public debt, lottery bonds have other drawbacks. They are open-ended and can be cashed after one year. There is no control over the amount to be sold. The Government might well feel that enough lottery bonds were outstanding and that it did not wish to raise further funds in this manner. However, it is not very easy to turn a lottery on and off.

Another problem with lottery bonds is that they are normally cashable at the option of the holder. As the Hon. Member pointed out, this could be done after one year. As Hon. Members know, that is the case with Canada Savings Bonds. A substantial porportion of government debt is in the form of savings bonds, and there has been concern about the fact that such a large share of government debt is subject to the option of being cashed on demand. The lottery bond scheme would create one more type of government debt obligation that would similarly be subject to being cashed on demand.

Another concern raised by this proposal, to which I think the House should pay careful attention, is the question of whether or not we really want to fund important services to the public on the basis of earnings from lotteries. I have already touched upon the issue of the regressive nature of lottery fund raising. It is a form of taxation which totally ignores the principle of relating taxes to an individual's relative ability to pay.

I think we should also be concerned about the proper control of government expenditures. In the case of most government

#### *Bonus Bond Draw*

run lotteries, the return on the lottery after payment of prizes and expenses is normally earmarked for particular kinds of expenditures such as those I mentioned earlier. It is often earmarked for some particular area of government services to the public or for supporting amateur sports, health care, research or perhaps cultural activities. The result is that the level of funding for those earmarked services does not depend on a careful judgment of relative priorities in our society. The amount of financial support in these areas is simply governed by how successful the lottery may be.

This might become less important if there were all kinds of financial resources available to Government. However, that is not the case. At a time of large budget deficits, can we really justify some further major step in the direction of abandoning government control over the allocation of federal spending?

In his earlier Order Paper resolution regarding this issue, the Hon. Member for Winnipeg-Assiniboine suggested that the funds from lottery bonds be earmarked to increase federal support for provincial programs of health care, post-secondary education and other programs through the established programs financing plan. I am somewhat alarmed by the thought of going this particular route because under the Canada Assistance Plan, the Government of Canada already pays up to 50 per cent of those costs. The federal Government's share toward post-secondary education in the Province of Ontario has increased to approximately 58 per cent, and the province's share has decreased to only 21 per cent, with the students paying the other 21 per cent.

Does the Hon. Member suggest that the federal Government should increase its share of the cost of post-secondary education so that the provinces may decrease theirs even more? I do not accept that argument, Mr. Speaker. I think the provinces should pay their own share, particularly when they receive the revenues from provincial lotteries, Loto Canada, Wintario and the like. I think they should be directing more of this income toward that goal. I firmly believe that if we are to have a system of taxation in Canada that is fair to everyone, the provinces must carry their load as well. They must not decrease their share and complain at the same time that the federal Government is cutting back on its share.

The programs to which I have referred are major programs of vital importance to the welfare of all Canadians. The Government has already recognized this fact by increasing federal transfers to the provinces for these purposes, even though the federal Government does not have jurisdictional control over these programs as they are administered by the provinces. I think the provinces should carry more of the financial responsibility in that regard. That decision to increase transfers was made in a rational way with due consideration to all the other priority claims on available government finances.

Do we want to continue to decide on the funding of such important programs in such a haphazard way? I believe we must proceed in a very responsible way. If we abdicate this responsibility, do we want to leave these programs at the mercy of the vagaries of the lottery market?