

## New federal financing idea for social service contributions

Before becoming Minister of State for Federal-Provincial Relations in the recent Cabinet changes, former Health and Welfare Minister Marc Lalonde proposed a major change in the federal financing of social services.

In letters sent on September 15 to provincial welfare ministers and to territorial commissioners, Mr. Lalonde called for a switch to "block financing" from the cost-sharing method now used.

Under cost-sharing arrangements, contributions by the Federal Government are based on a fixed percentage (about 50 per cent) of actual program costs. This system is the present basis of the social service legislation introduced in the House of Commons in June 1977.

Since the introduction of this legislation, Mr. Lalonde said, it had become apparent that a more flexible arrangement was necessary.

Some provinces have proposed more provincial flexibility and autonomy and simpler administrative procedures than is possible under the proposed social service legislation.

"I believe it is important to respond positively to these proposals — especially at this time when new working arrangements are necessary between the federal and provincial governments," the Minister said.

He added that since federal contributions to health services were made through block financing, it had become an increasingly more attractive idea to extend the principle to social services since the two areas were so closely related.

Under the proposal, federal contributions to the provinces for social services would be based on a formula and not on actual expenditures.

If the proposal is accepted by a consensus of the provinces, the Federal Government would seek to implement the new arrangements by April 1, 1978.

For the first year the cost to the Federal Government of block funding is estimated at \$707 million.

The highlights of the block-funding proposal include:

— federal contribution for 1978-79 and onward would be determined by a formula and paid to the provinces independent of their actual expenditures on

social services;

— block financing is being offered for those social services and activities agreed upon in June 1976 at the Federal-Provincial Conference of the Ministers of Welfare, and subsequently included in the proposed Social Services Act;

— the existing cost-sharing arrangements in respect of the income maintenance provisions of the Canada Assistance Plan will be retained in order to continue to provide more funds to provinces with higher unemployment rates and greater assistance expenditures;

— based on current projections of the rate of growth, the national average *per capita* contribution which will be \$22 in 1977-78 would rise to a projected \$70 *per capita* in 1987-88 under the new system.

A levelling factor in the block-funding formula would determine the actual federal contribution, so that after ten years all provinces would be at the national *per capita* average.

## Sweden/Canada nuclear agreement

The Governments of Canada and Sweden recently signed a nuclear co-operation agreement in New York.

The agreement, signed at the Permanent Mission of Canada to the United Nations by Secretary of State for External Affairs Don Jamieson, on behalf of the Government of Canada, and by Minister of Foreign Affairs Karin Söder, on behalf of the Government of Sweden, will permit nuclear co-operation and trade between the two countries. The safeguards commitments in the agreement, including the application of the inspection system of the International Atomic Energy Agency (IAEA), meet international standards and Canadian and Swedish safeguards policy.

Under the terms of the accord, identified nuclear exports, including nuclear technology in physical form, shall only be authorized on the basis of an understanding between the two governments that:

"(1) the items supplied or items produced with these, including subsequent generations, will not be diverted to any non-peaceful or explosive purpose;

"(2) the retransfer of items supplied and items produced with these including subsequent generations of nuclear material only be done with the consent of the parties;

"(3) the enrichment and reprocessing of nuclear material supplied, or nuclear material produced with items supplied, only be done with the consent of the parties;

"(4) these undertakings are verified primarily through the inspection mechanisms of the International Atomic Energy Agency;

"(5) IAEA safeguards and other mechanisms of bilateral verification for aspects of guarantees where the IAEA system is not applicable, be in place for the life of the supplied item or for items subject to these guarantees, produced from these items; and

"(6) adequate guidelines providing for the physical security of materials be in place to protect the supplied items from threat of diversion."

## Passport to retirement



Miss Cécile Leclerc, an employee of the Passport Office of the Department of External Affairs, recently retired. On behalf of Prime Minister Trudeau, Under-Secretary of State for External Affairs, Allan Gotlieb presents her with a certificate acknowledging 35 years of exceptional dedication to the Public Service. Miss Leclerc, known to "thousands" of passport applicants, has issued passports to, among other well-known citizens, Governors-General Massey, Vanier, Michener, Léger, and Prime Ministers King, St. Laurent, Diefenbaker, Pearson and Trudeau.