port and part of sea transport, as well as labour relations in the Canadian public service.

If I may, I would like to focus my remarks on the part of Bill C–76 dealing with transfers to the provinces. I will let my colleagues address other important aspects of Bill C–76 during this debate but, if I may, I would like to focus my presentation this morning on the important issue of transfers to the provinces.

As members know, Bill C–76, as announced in the budget speech by the Minister of Finance, provides for the elimination in 1996–97 of two federal transfer programs. The first program, commonly called the Canada Assistance Plan or CAP, is the federal government's contribution to the various social assistance programs implemented by the provinces. This contribution amounts to 50 per cent of the social assistance budget in most Canadian provinces.

The second transfer program to be eliminated, commonly called EPF or Established Programs Financing, is the federal government's contribution to the cost of provincial health care and post–secondary education.

Starting in 1996–97, Bill C–76, which derives from the finance minister's budget speech, would replace these two programs with a single payment called the Canada Social Transfer.

There is a snag, however. Before giving the money to the provinces, the federal government would slash the funds historically allocated to the Canada Assistance Plan, health care and post–secondary education. One might say that, in the next few years, the federal government will make cuts to this proposed single payment, this block funding, to the provinces.

It will cut transfers to the provinces by $7 billion over the next three years. I would put it to you, as we have repeatedly said before and as we can never say often enough, that this so–called reform of federal transfers is just a plot to offload onto the provinces deficit problems that the Minister of Finance is unable to solve.

In 1996–97, the cuts in transfers will be distributed among the provinces according to each province's share of transfers for Established Programs Financing and the Canada Assistance Plan. Under clause 15 in Part V of Bill C–76, Quebec will be deprived of more than $650 million as of next year.

In 1997–98, the Canada Social Transfer—imagine calling it a social transfer—will be distributed among the provinces according to criteria to be negotiated. Although technical, the distribution criteria are crucial for the financial future of the Canadian provinces, and Quebec in particular.

Although my demonstration may appear technical, I urge you, Madam Speaker, to pay attention because it is of paramount importance in helping us understand the smoke screen, the fraud, the sham that is the reform proposed by the Minister of Finance.

If the criteria established to determine how this fund will be distributed among the provinces, if the method of distribution remains the same as it is today, Quebec will have a $1.2 billion shortfall in 1997–98. I put it to you that this is not likely to happen since, according to the Minister of Human Resources Development, the method of distribution may be changed because, for example, Ontario—which elected a large number of Liberal members—demands such changes. Ontario, the wealthiest of Canadian provinces, feels discriminated against under the current distribution criteria because it does not receive a share consistent with its demographic weight within Canada.

• (1045)

In spite of what it may have been saying since the tabling of the budget, the federal government wants to change the allocation criteria of the fund, which was originally targeted for social assistance, health and post–secondary education, and use the demographic weight of the provinces as the primary criterion for allocating these moneys. In other words, Ontario, which has the largest population, would get the largest share, even though it is also the richest province. We keep asking the Minister of Finance and the Prime Minister about this issue, and neither one will deny the intention to split the Canada Social Transfer according to the population criterion.

If this is the case, and if our fears are founded, the result would be catastrophic, particularly for Quebec's public finances. Such a system might also be unfair. Indeed, if the population of a province is the criterion used, as suggested by the Minister of Human Resources Development and not denied by the Minister of Finance or the Prime Minister, Quebec would absorb 41.7 per cent of the total reduction in provincial transfers, in 1997–98.

If this allocation criteria is used, Quebec's shortfall will go up from $1.2 billion, based on the current allocation system, to close to $2 billion in 1997–98. Quebec's public finances would already suffer a loss in 1997–98. The federal government is saying to the Quebec government: it is your problem; we did not have the guts to assume our responsibilities, but you do it. A shortfall of $2 billion is not peanuts.

Two billion dollars. And the government has the nerve to imply that it might not be the case. The members opposite do not deny anything, yet we are told that this might not be the case. Even if the current criterion is maintained, there will be a $1 billion shortfall. If you use the population as the allocation criterion for this federal money, that shortfall climbs up to $2 billion.