

Supply

cuts and resources adjustments were decided, as evidenced by Mr. Martin's budget for 1995.

It all goes to show that the government is committed to cutting expenditures, streamlining operations and making drastic changes in terms of program availability and delivery. In a word, we are determined to redesign the federal administration.

[English]

Beyond the program review savings, measures already included in the main estimates are cost recovery measures which will generate new non-tax revenues, initiatives which require prior legislative approval, and other changes announced in the 1995 budget which simply were not finalized on time for inclusion in these estimates. In the latter cases the savings will be achieved through the lapsing of appropriated funds.

Let me give some examples of the types of changes resulting from the program review exercise. Government departments will focus on their core responsibilities. Federal and provincial overlap will be reduced, which is something a number of people have been asking for. Technological improvements will create efficiency gains. Costs of services will be recovered by new or increased fees charged to those who directly benefit from the services. Where feasible, similar programs will be merged to improve efficiency.

[Translation]

By concentrating our efforts in key areas of responsibility and improving program delivery patterns, we will be able to carry out the most significant downsizing of the federal public service since World War II.

If and when all the decisions made following the program review are implemented, the public service workforce could be reduced by as many as 45,000 positions over the next three years.

The President of the Treasury Board has prepared a set of options to ease the transition for affected employees as part of a program that is fair both to the people involved and to Canadian taxpayers.

[English]

The bottom line is that these main estimates are \$3.5 billion higher than those for 1994-95. However, as I just explained, some of the increase is actually overstated due to the program review savings not yet incorporated into these figures. Even so, at first glance any increase seems inconsistent with our major expenditure reduction efforts.

It must be noted though that the bottom line change is principally the result of an \$8.5 billion increase in public debt charges, to \$49.5 billion. The rising interest and servicing costs on the debt more than outweigh the significant savings achieved

through the program review and previous expenditure reduction measures. This underscores our acknowledged need to live within our means and the need for continuing deficit reduction aimed at moving us in the direction of declining debt charges.

• (1645)

Program spending excluding public debt charges is \$114.4 billion or \$7 billion less than the 1994-95 estimates level. This is an important figure. By 1996-97 the impact of the program review savings will result in a decrease of 10.8 per cent relative to the 1994-95 level. By 1997-98 that decrease will amount to an impressive 19 per cent reduction in program spending.

[Translation]

Public debt charges come under statutory spending, that is to say expenditures already approved by Parliament. Statutory spending for fiscal year 1995-96 amounts to \$166.2 billion, or approximately 71 per cent of the main estimates. This is a \$4 billion increase over the 1994-95 main estimates. Besides public debt charges, statutory spending also includes the main transfer payments to Canadians for old age security, the guaranteed income supplement, spouse's allowance and unemployment insurance.

[English]

In addition, statutory spending includes federal transfers to the provinces under the fiscal equalization program, the Canada assistance program and established programs financing, providing assistance to Canadians for health care, post-secondary education and social assistance.

Established programs financing assistance to the provinces and territories takes two forms: cash transfers of about \$9.1 billion form part of these main estimates. Beyond that amount a further \$12.6 billion worth of tax transfers do not appear in the main estimates.

The total consolidated budgetary main estimates, both statutory and voted, of \$164.2 billion can be categorized into 11 sectors. Of these, spending in three sectors comprise over 76 per cent of the total estimates: social programs excluding the federal contribution to provincial and territorial social spending account for 30.6 per cent, public debt charges amount to 30.2 per cent, fiscal arrangements with the provinces and territories represent a further 16 per cent of the total. The balance or about 24 per cent is spread between defence, general government services, natural resource based programs, foreign affairs and international assistance, industrial, regional and scientific technological support, justice and legal programs, heritage and culture and the transportation sector.

Social programs comprise the largest area of federal spending at \$50.2 billion in 1995-96. This does not include an additional