

Health Care

half years cannot in any way be construed as a move on the part of the federal government to retreat by stages from its responsibility in health care financing. We are attempting to introduce a substitute to the rigid forms of agreements that now exist. There is no question of the federal government retreating in any way from the well-established principles of the existing program, or of reducing its over-all role in the health care field.

Mr. Stanfield: Except financing.

Mr. Lalonde: I heard the Leader of the Opposition (Mr. Stanfield) refer to financing and I am coming to this. I should like to say a word about the proposals we put forward. It seems that some people, including the Leader of the Opposition, have found these a little bit complex. I will try to make them a little more simple.

What are the features of this formula? The first is a federal per capita contribution to provinces which would replace existing financial arrangements and which would escalate in relation to the growth in the economy with some adjustments that will be shown. The second is that the per capita contributions would begin in 1974-75 and essentially would be based on shareable cost for the fiscal year 1972-73. These base year costs would be adjusted upwards to reflect the introduction of an optometric benefit, unemployment insurance and, where appropriate, special adjustments for particular provinces.

The third is that the base year per capita payment would be escalated through 1973-74 with reference to the GNP plus one per cent. Contributions to provinces, of course, would also take into account population changes. The fourth would be a levelling of provincial per capita payments to a uniform national average over a 10 year period, a thrust fund totalling \$640 million to be allocated to the provinces on a per capita basis and to be available to provinces during 1973-74, to be used at the time they want, after discussion and agreement with us, obviously. There would be provision for additional federal contributions to provinces in instances where provincial health spending would grow more rapidly than the rate of growth in federal payments, and a guarantee to provinces against the loss of federal contributions under the Canada Assistance Plan in instances where a province changes the basis for its support to health related services.

These are the basic features of the financial proposal that has been offered to the provinces. In addition, the federal government has assured the provinces that it will maintain its role in the co-operative development of standards, in the development and promulgation of health educational and promotional materials and in the provision of consultative services as required. Obviously, I do not need to spend time here in saying that the intention is to continue the broad range of services that the Department of National Health has been providing to Canadians in various forms for many years. So, the formula is not really complex, but it is not really simple, either.

An hon. Member: It is confusing.

Mr. Lalonde: Some people may be looking for simplistic solutions to these problems.

Mr. Grafftey: It is a bureaucratic nightmare.

[Mr. Lalonde.]

Mr. Lalonde: The present system would be even more complex than this system. What we are offering here is a solution which will certainly not only streamline the system but make it much more effective.

What about the estimated financial implications of this proposal on the basis of current projections of present shareable costs? The federal contribution under the present proposed formula would be greater by \$1.1 billion over the next six years than under existing arrangements, and this is on the basis of the present projection of costs over the next six years. Out of this \$1.1 billion I have mentioned the provinces would have available the thrust fund I have mentioned of \$640 million. That fund would be provided to assist the provinces in reorganizing their health care systems and, in particular, to assist them in developing and introducing more economical methods of delivery care.

We firmly believe that the provinces will benefit considerably through a new financing arrangement such as we have proposed because the increased flexibility in the use of the federal contribution, combined with the innovation that will be possible through the use of the thrust fund, should enable provinces to reduce the rate of escalation in costs without impairing the quality of service. As will be noted, the proposed new formula includes no provision for the financing of new major programs. In this regard, I think you will agree that most provinces would object to the federal government taking an initiative in the development of new services or programs prior to the rationalization of the health care system and thereby releasing some funds from the existing programs that could be used for new programs. But this not excluded in the future.

• (1250)

The start of new programs like denticare or pharmacare is not excluded even on the basis of shared-cost programs. I would refer the hon. member to the statement made by the Minister of Finance on September 14, 1966 to the meeting of the ministers of finance in Ottawa in which it was said that most Canadians expect the federal government to retain some vehicle to bring about new country-wide social and economic advances in the future. He was referring to the cost-shared program. A constitutional paper was prepared for the constitutional conference entitled "Federal-Provincial Grants and the Spending Power of Parliament". There again it was clearly indicated that the federal government would remain in the area of shared-cost programs, but that this would have to be done on the basis of a clear consensus among the provinces. So, what we have here is a formula which, according to our calculations, —and there is always an element of risk; there is no absolute guarantee—would provide over the next six years an amount of over \$1 billion more than the present formula would provide for improving the health services in this country.

I must say I was rather surprised and disappointed to read a report in the press of a statement by the Leader of the Opposition (Mr. Stanfield) while he was in Vancouver. I am glad he could make it back for the end of this week. On Wednesday, the day after our proposal was made at the conference in Ottawa, he rejected totally the proposal and called it all kinds of names. I would have thought he might have taken the trouble to have at least read it rather than