

The Budget

priorities, together with more efficient, streamlined services will yield substantial permanent savings.

[English]

We must also continue to improve the unemployment insurance program, building on the substantial reforms that were introduced in last year's budget.

As has been emphasized so often by the minister of HRD, we need to move away from passive support, away from dependence, toward active assistance, toward independence. In essence, a key job for UI in the future must be to help Canadians stay off UI.

Later this year the minister intends to table legislation that will build on the best elements of unemployment insurance to create a fundamentally reformed program that addresses the needs of our population. It is Canada's workers and Canada's businesses that pay for UI. The program of the future must be one they can afford.

Canada's strong economic performance and the UI reform which the government intends to have in place no later than July 1, 1996 will reduce the overall size of the UI program by a minimum of 10 per cent.

This overall reform combined with improvements in the administration of the UI program will secure savings for taxpayers of \$700 million in 1996-97.

[Translation]

Improved employment conditions are rapidly eliminating the deficit in the unemployment insurance account which had reached almost \$6 billion in 1993. With no increase in premium rates, the surplus in the account will be allowed to rise above \$5 billion through to the end of 1996. This surplus will be maintained and used as a buffer to mitigate unemployment insurance premium rate increases during periods of slow economic growth. The result of these measures will be an unemployment insurance program that does much better at investing in people, and will lead to lower, more stable unemployment insurance premium rates that will encourage the creation of jobs.

[English]

We will never secure the kind of structural change that we need without reforming the system of transfers to the provinces.

This budget sets out some key parameters. Let me be very clear. As we go forward, we are unequivocally committed to a co-operative approach. That is why, to provide predictability, we said in last year's budget that we would not change the system of major transfers before 1996-97. That is a commitment this budget maintains.

It is also why in March of last year, as one of the first acts of this government, we renewed the equalization program for five years. We are not changing it now.

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However, some changes in other transfers are needed, changes that will address two fundamental requirements. The first is a system of transfers that is more effective in meeting contemporary needs. The second is a system that is financially sustainable.

[Translation]

Concerning the first requirement, we believe that the restrictions attached by the federal government to transfer payments in areas of clear provincial responsibility should be minimized.

At present, transfers under the Canada assistance plan come with a lot of unnecessary strings attached. The provinces are clearly responsible for designing and delivering social assistance programs. The current cost sharing method no longer helps us to implement these programs as effectively as possible and in tune with local needs.

So we are prepared to address those issues by funding CAP in a similar way as we fund the existing EPF transfers for health and post-secondary education.

As a result, the core rationale for the present segregation of the three transfers into separate categories disappears. Therefore, we are combining all three into a single consolidated block transfer, called the Canadian social transfer, beginning in 1996-97.

Provinces will now be able to design more innovative social programs—programs that respond to the needs of people today rather than to inflexible rules.

[English]

However, flexibility does not mean a free for all.

There are national goals and principles we believe must still apply and which the vast majority of Canadians support. Our goal must be to combine greater flexibility with continued fidelity to these principles.

The conditions of the Canada Health Act will be maintained: universality, comprehensiveness, accessibility, portability and public administration. For this government, those are fundamental.

In addition, we will maintain the existing principle that provinces must provide social assistance to applicants without minimum residency requirements.

Furthermore, the Minister of Human Resources Development will be inviting all provincial governments to work together on developing, through mutual consent, a set of shared principles and objectives that could underlie the Canada social transfer.