

Government Orders

financial capability: In financial terms, can we afford all of the resulting programs and activities?

[*English*]

I can briefly summarize at this point that we undertook an unprecedented review of government activities because this government believes first and foremost it is crucial that we get our own house in order. As we have seen, this budget focused on cutting spending, not on raising taxes. Second, we began from the premise that the priorities of the government must reflect the priorities of Canadians. We did not want a blind slash and burn exercise.

The approach we took in our program review was guided by three fundamentals: one, its fundamental objective to sustain growth and job creation; two, its fundamental challenge to get the economy right; and three, its fundamental requirement to refocus government on priority roles.

• (1035)

Program review encompassed about \$52 billion worth of government spending. The result is that over the next three years program spending will decline by almost 19 per cent, more than \$16 billion. Some departments will see their spending cut in half.

The Department of Transport over three years will be cut by 50 per cent. The Department of Natural Resources over the same three years will be cut by 49.8 per cent. The public service will be reduced by 14 per cent, 45,000 positions over three years.

Program review will lead to long lasting structural change in what the government does. These are not, as my hon. colleague the Minister of Finance stated Monday, the phoney cuts we saw so often in the past, measures that pretended to define a slower rate of increase in spending as actual cuts.

The cuts in this budget are real cuts in real dollars. They were accomplished by refocusing government programs on basics, eliminating overlap and duplication, improving the efficiency of our operations and shifting market interventions away from direct subsidies. Let me give some examples.

In the past, agricultural subsidies have been tied to specific commodities which resulted in a large number of programs. The emphasis will now shift from income support to income stabilization.

Fisheries and oceans will focus its resources on science and regulation to ensure conservation and sustainable fish stocks. We will discuss with the provinces the possibility of eventual devolution of freshwater fisheries management.

Finally, assistance to business will be considerably reduced. Assistance will shift to repayable loans.

In many departments there will be fundamental change in how programs and services are delivered. For example, an immigration fee will be charged to newcomers and sponsors will have to provide financial guarantees.

Environment Canada will concentrate more on science and policy and finding new ways to deliver services. Environmental protection remains a priority in order to ensure the health and safety of Canadians. Pollution prevention will become a priority in partnership with the provinces, territories and industries.

[*Translation*]

A large number of specific measures are based on a common philosophy and foundation.

For example, we have taken important measures in this budget to substantially reduce business subsidies offered under all government programs. Subsidies will be reduced by close to 60 per cent over a three year period. Some programs will be discontinued or drastically reduced. For example, we will be eliminating the transportation subsidies offered under the Western Grain Transportation Act, the Atlantic Region Freight Assistance Act and the Maritime Freight Rates Act.

Some programs will be restructured or merged, for example, regional development organizations will be more geared to the needs of small and medium size businesses. Some activities will be transferred to other public administrations. For example, several responsibilities concerning inland waters will be turned over to the provinces; recreational harbours will be divested to municipalities; the forestry and mining development agreements with the provinces will be revoked, since the provinces have indicated that development of these resources falls under their jurisdiction; the operation of airports will be transferred to local authorities.

Some activities will be commercialized or privatized: the remainder of the government's share in Cameco and Petro-Canada, Canadian National, the Air Navigation System, Canada Communication Group. Cost recovery and user fees will be implemented for some services.

• (1040)

Treasury Board will put in place a new spending management system which will improve the management of public funds.

[*English*]

The program review has allowed us to put our house in order in order to tackle the challenges of the next century. It fundamentally changes not only what we do but how we do it. The program review allows us to restore fiscal health to the nation's