

Government Orders

We are cutting back the \$7 billion of transfer payments over a two-year period. We do not do this with alacrity because we know how important expenditures in these areas are. If anybody thinks we can cut the deficit without cutting in this area, they are wrong.

Under this new regime there will be a combination of the three programs, the CAP, the EPF for post-secondary education, and the EPF transfers for health, into one transfer payment instead of the two; combining the two into one, called the Canada health and social transfer.

We have not touched equalization. In the bill we have mandated the Minister of Human Resources Development through mutual consent with the provinces to develop principles and objectives for social assistance and post-secondary education.

Members of the opposition and many Canadians who appeared before us said that if we continue on the trend established in the budget for the next two years we will run out of cash payments. There will be no more cash payments to the provinces. In some cases it will be after 4 years; in some cases maybe after 11 or 12 years.

How can the federal government have any voice? How can we have any voice if we do not have cash? This is why our committee recommended in the future there must be a cash component. What will this do?

• (1620)

For the first time where we have very few standards today the provinces will have a major voice in determining the standards applied.

Because the amount of the cash transfer under the Canada health and social transfer is to diminish by \$7 million over two years, people say we will have less clout with the provinces to force them into national standards, objectives, shared principles or whatever.

The object is not to force the provinces into anything. We have said we want the minister to sit down with them and develop through mutual consent. That means talking with them about the principles they want. This does not mean we are imposing them.

In the future, supposing we agree on shared principles or objectives, we will still need some money as part of the cash transfer to the provinces to enforce standards such as with the Canada Health Act which we are not touching. This is why we went beyond the budget and did something which a finance committee has not done in the past to my knowledge. We not only reported Bill C-76 back to the House but we did so with an additional report, report 16 of the finance committee wherein we said that in future years future Ministers of Finance—we know it will be this one for a long time, many decades perhaps—must have a cash component in order to ensure the standards under the

Canada Health Act or new standards developed with the consent of the provinces are enforced.

Another concern related to the most disadvantaged economically, those at the bottom of the heap, those who do not have jobs, single parents whose children are living in poverty, those who are not working and the working poor, those referred to as the ones who get welfare or social assistance which were part of the Canada assistance plan in the past.

In the Canada assistance plan we matched transfers but we are no longer doing it. It is all combined in one payment. We heard a tremendous amount of testimony from the National Anti-Poverty Organization, from community groups such as the one here in Ottawa working with the poor, giving them health care and other assistance through a number of volunteers, many right across the country.

The federal government is cutting its transfers to provinces that are not the neediest, those with the least political clout, the provinces that will stop giving them the money. We have no control now over whether the provinces give support to the needy. If they do, we will match it.

When the finance committee set out last fall to prepare for the budget, we reported we would have to make massive cuts. We said we did not want these cuts to be made on the backs of the poorest because they are already down and out. They are the ones who in many cases cannot stand more cuts.

This is why in our report to the House of Commons we urged the finance minister and particularly the Minister for Human Resources Development when he talks to the provinces to make sure the most in need are not the ones who are cut out of the programs, children in poverty, the working poor and the others who are not there.

• (1625)

We heard testimony from the National Anti-Poverty Organization that according to its best estimates only about 3 per cent of those who are on welfare today are abusing the system. Even if its figures were twice what it us they were, are the abuses of a few people sufficient to bring down our wrath on all of the people?

We have to be very careful when we are making these cuts that we have our priorities straight and that we do not prejudice those who are already the most vulnerable, those who are most deserving of our support in what we consider and always want to consider to be a compassionate and caring society.

Because we are combining the two or three transfers into one, even though it is smaller there will be greater economic clout in the short term to enforce standards that might be agreed to and to protect the five principles of the Canada Health Act.