

*Government Orders*

public hearings Canadians were committed to the reality that we had to find a new way of doing things.

• (1610)

In the budget bill before us, Bill C-76, we have really attacked what in the past have been three sacred cows in Canadian government. The first is the western grain transportation subsidy, which for all of this century has given an incredible subsidy to grain farmers in the west to help them get their grain to market and to help them be competitive in what is really a dirty international market wracked and plagued by subsidies of enormous quantities in many countries.

It will not be easy for our prairie farmers. There are transitional provisions to help ease the burden and help them find ways to bear some of the brunt of the burden. It is not easy for us to have to say that this can no longer be the way we do business.

The second sacred cow we have had to gore is our public service. We have had to cut 14 per cent of our public service, or 45,000 public service jobs over the next three years. This is not easy for us. Those of us who have been in government for a long time realize that we are fortunate to have a highly competent public service, with people who could be earning much more in the private sector but who feel they have a pride in actually serving their government.

This tradition was built up in Canada over this century, a position of great pride in our public service. Names that come to mind are the Robertsons, the John Holmes, and people who gave Canada a name internationally because of their intelligence and their commitment. They were the ones who got us into international peacekeeping. We can find individuals like this in every department.

For us to say we have to cut them, let us say to our public servants that we recognize that maybe they do not deserve it. They do not. We recognize they have made a great contribution to our country, and it is with heavy hearts that we have to put 45,000 people on the street.

There are a couple of ways you can do it. We went through a program review. Every program was looked at to see if it could be eliminated or whether it could be done better elsewhere or whether it was really necessary in order to eliminate expenditures and bring down the deficit.

The normal way to go about making the cuts is that all those people in a program that is axed would be asked to leave the public service. There are severance packages. We are contributing a large amount of money to ease the burden of transition from public to private life. However, we would be losing many very competent public servants if that were the way we were to proceed. From a management point of view it is quick and certain. After we on the finance committee listened at length to

many of the public service unions we thought there might be a better way. We learned from them that there are people in many departments who might want to take the early retirement package and leave the public service, even if their program or department was not going to be axed.

The concept of substitution came out. The government tried to negotiate with the public sector unions and they almost had an agreement on how all the cuts could be made on a voluntary basis. At the last minute the agreement did not come about.

• (1615)

In listening to the witnesses we determined it would be very important to approximate some type of voluntary substitution program. Those who wanted to avail themselves of the early retirement package could, and people could switch from one department to another.

We were told all of these 45,000 jobs could be replaced on a voluntary basis and we therefore have encouraged the ministers and the finance committee to do that recognizing that in many cases this might not be practical. We have also asked the public sector unions to work with the minister in not only the promulgation of the guidelines for alternates but also in their carrying out.

The minister has been very responsible in responding to these entreaties on our behalf and the unions. From what I understand we are to have a much more humane and practical way of downsizing the public service than if we took the easy way out. It may take longer but we will have public servants who want to stay in the public service.

The third sacred cow we have had to take on is transfer payments to the provinces. By way of brief background, under the current regime that has existed up until now we have four types of transfer payments from the federal government to the provinces. One is for equalization to the poorer provinces to give them a certain level of public service. In the budget we have not cut any of these equalization payments.

The second type of equalization payment is under the Canada assistance plan from the federal government to match the funds put forward by provinces to deal with Canadians who are in need or who suffer from disabilities, the most disadvantaged and the poor. The province establishes the program and we match its funding. There are very few controls or strings over this money right now.

The third area is established programs financing which has two components. One is for post-secondary education where there are no federal strings attached whatsoever. The second is for health. We have a number of strings on this. The Canada Health Act says a province has to meet the five criteria of the Canada Health Act or else we can cut back the funding.