

*Supply*

be a block fund like EPF. This means that amounts transferred will no longer be determined by provincial spending decisions as under cost sharing.

The new system will be more fiscally sustainable. When the Canada health and social transfer is fully implemented in 1997-98, the total of all major transfers to provinces will be down by about \$4.5 billion from what would have been transferred under the existing system.

This is significant action but to put it into perspective, the reduction will equal about 3 per cent aggregate provincial revenues. Furthermore, the Canada health and social transfer is not merely more sustainable but also more efficient. It will bring real benefits for both levels of government.

The Canada health and social transfer continues the evolution away from the requirement to obtain federal government approval in areas of provincial responsibility, which has been a source of entanglement and irritation in federal-provincial relations.

[*Translation*]

From the provinces' point of view, the new system will include fewer conditions on the use of transferred money.

From now on, there will be no more rules on the kinds of expenditures that can be cost-shared and those that cannot. Provinces will be completely free to use innovative means in the context of social security reform, and they will have more flexibility to set their own priorities.

[*English*]

Let me offer some concrete examples of what this greater flexibility could entail in practice. There would be no need for provinces to submit claims for federal approval and no need to draw up lists of provincial laws, welfare agencies and the like. This will bring significant administrative savings.

The move from CAP cost sharing to block funding will also mean that policies and programs could be designed to better integrate social, health, education and labour market programming.

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Further, provinces can use simpler, less intrusive methods of establishing eligibility for income support and services such as an income test. In this way federal funds will assist a wider range of people with disabilities to live independently, based on a variety of personal and employment criteria.

[*Translation*]

A less stringent implementation of needs tests could also help provinces make income support and non monetary benefits more

widely available to low wage earners or people who try to stop depending on welfare and to enter the labour market.

That way, federal money could be used to support the AP-PORT program in Quebec and other income supplement projects geared to low income families and workers.

[*English*]

By moving from the needs test, provinces could also provide integrated prevention programming to a broader cross section of children and families. For instance, federal funds could support community or school nutrition programs which are not currently eligible for CAP because they are not needs tested.

The flexibility I have just described—the flexibility to spend as effectively as possible—paves the way for better design and more affordable social programs for Canadians. Each province will be able to emphasize the programs and services that work best for its own unique circumstances.

It is important to emphasize this enhanced flexibility does not mean a free for all. The Canadian health and social transfer maintains an important federal role in social programs.

First, the federal government will continue to provide substantial funding to provinces in support of health and other social programs. Individual provinces will receive amounts ranging from about 20 per cent to about 40 per cent of their total revenues.

Further, the principles of the Canada Health Act will continue to be enforced. Canadians have made it very clear this is extremely important to them. Seventy-seven per cent of Quebecers believe these new principles are important to them also.

Also, there will be no change in the principle that provinces must provide social assistance without minimum residency requirements.

[*Translation*]

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 new Canada health and social transfer.

The official opposition would like us to believe that this whole process is nothing but a plot to underhandedly impose new conditions, methods or penalties on the province of Quebec.

[*English*]

Frankly, that is absurd. Let me emphasize again the only standards contained in the legislation introduced in the Canada health and social transfer are the Canada Health Act provisions and the social assistance mobility condition. These are not new and they have not been changed. Compared to the status quo there are fewer legislative social assistance conditions in this