reduced and the operation of the system can become even more effectively controlled by the provincial administrations.

The established programs financing arrangement is a major step toward increasing provincial flexibility in the administration of health care programs. Under the new arrangements the federal government will continue to pay a substantial proportion of the costs of medical care and hospital insurance. But, by providing a financial contribution that is not tied to the provincial program expenditures, several very important program and administrative objectives will be achieved.

First, provinces will be able to achieve greater efficiency in the use of their health care resources. No longer will provincial health priorities be influenced toward health care delivery forms that are covered by shared-cost programs. Whether or not a provincial dollar is spent on home care, acute care or physician's services will no longer influence the size of the federal contribution. Thus provinces will have the flexibility required to develop the most appropriate, but also cost-efficient, health care delivery system.

We have heard arguments, Mr. Speaker, from provincial ministers and from some hon. members opposite, that our terms are not flexible enough. These arguments usually come from the same people who want much higher levels of guarantees of revenues under the terms of our proposed agreements. Now of course, complete program flexibility together with very high levels of guarantees is an impossible request for any responsible federal government to meet. The result could be program anarchy together with very high costs—the worst of both worlds. Similarly we cannot keep a careful rein on expenditures while providing very high flexibility for to do so would be to encourage different provinces to pick and choose different pieces of a complete array of services. Once again the result would be no real guarantee for all Canadians of a reasonably uniform standard of services. We have, therefore, opted for a reasonable level of guarantees together with fully adequate, but by no means infinite flexibility in program design.

Second, the established programs financing arrangements will facilitate a streamlining of the federal-provincial administrative structures thereby eliminating administrative steps which are no longer essential. Examples would include federal auditing of provincial plans or protracted discussions about the shareability of specific provincial expenditures.

Third, and I view this as being of considerable importance, it will facilitate a gradual redirection of energies at the federal level toward other aspects of health care such as health standards, research, and manpower planning, as well as toward social services and the primary prevention of health problems.

[*Translation*]

Within these general comments concerning the flexibility of the new agreements and the greater administrative discretionary powers of the provinces, I would like to give some explanation of the basic requirements of the hospital insurance and Medicare plans. Even if federal-provincial administrative mechanisms will no longer be as complex and if the federal contribution will no longer be based on the cost of provincial programs, the financial share of the federal government will continue to be related to the implementation in provincial medicare programs of the following objectives: the globality of the guarantee concerning services, universal application to the whole population, transferability of benefits among provinces and service availability not restricted by excessive user fees, and finally, non-profit administration by a public agency.

These basic objectives are well established in the present system and all provincial governments understand them well. Keeping them will therefore not really impede the flexibility of the provincial programs and the new financial arrangements. To facilitate the introduction of the new financial arrangements in the case of hospital insurance and medicare, it is necessary to amend certain aspects of the Hospital Insurance and Diagnostic Services Act and the Medical Care Act. These amendments are contained in Bill C-37 now before us.

The changes required come within three categories. First, the financing formulas established under the Hospital Insurance and Diagnostic Services Act and the Medical Care Act will no longer apply after March 31, 1977. Then, we shall have to make minor changes to the type of information required from the provinces. Until now, the provisions concerning this point in the Hospital Insurance and Diagnostic Services Act and the Medical Care Act were based on the existence of cost-sharing formulas.

In the future, we will need more general information so that the federal government can supervise the application of the basic requirements of these programs, produce the statistics required at the international level, exchange comparable information between the provinces and proceed to the planning and assessment of the national system of health with the cooperation of the provinces. Finally, those changes will be introduced to facilitate amendments to the provincial programs. For example, the federal Minister of Health will not be required to agree officially with amendments concerning the registration of hospitals and authorized costs. However, we will always need the information that the provinces can give us on such matters. As concerns particularly the basic requirements of the health programs, the legislation concerning hospital insurance and medical care will remain unchanged. Next year we hope to have the cooperation of the provinces to establish a single legislation on health insurance which will cover both the hospital insurance and the medical care programs, and which will provide an integrated legislative structure determining the federal government's role as regards health care.

• (2030)

[*English*]

I would like as well to comment on the initiative being taken by the federal government to provide an additional contribution to the provinces to assist them in the provision of supplementary health care schemes. The per capita transfer for the extended health care services will assist provinces in the development and provision of new health care services that are appropriate given the health problems of their particular clientele and which are cost-efficient as compared with more