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the financial stability of the fund and contemplate any such changes.

• (1600)

Where did the suggestions for these changes come from? As it turns out, the proposal to accumulate a reserve in the UI account came from the House of Commons committee which studied this issue and whose members recognized the necessity of maintaining a stable account through the economic cycle. They recognized the need to have money set aside in case of a downturn in the business cycle and the consequent need for higher UI payouts should this occur. For this reason they made a recommendation to keep a reserve against that possibility. This is what the term insurance reserve is all about. It is a matter of prudent fiscal management and has nothing whatsoever to do with deficit reduction.

This is not to say that our government has lost any of its firm resolve to deal with the deficit and debt situation we inherited. We remain firmly committed to the objective set out by the Minister of Finance. We are meeting our deficit reduction targets through operating efficiencies and other spending cuts. We expect to make significant savings with the new employment insurance act. How can this be? There are some very practical ways this could occur.

The first is that we are reducing the cost of premiums for both employers and workers. We are restructuring the system of benefits as we come to grips with a program whose costs have doubled from around \$8 billion in 1982 to over \$16 billion this year. We are introducing a number of new administrative efficiencies which will reduce the overhead costs of operating the unemployment program and will result in a more decentralized program delivery system.

These are important measures for western Canadians and in fact for all Canadians. Reducing premiums means that western Canadians will pay less for the benefit program and will receive more back for every dollar they contribute. This will reduce the amount of cross-subsidization of the program by western Canadians.

These are big changes. Of course sometimes big changes need a time of transition. For this reason government is committed to ensuring that in special needs areas, for example, where unemployment rates are higher than 12 per cent, those areas will receive transitional assistance during adjustment to the reforms.

In addition, the family income supplement will mean that low income parents on unemployment insurance could collect up to 80 per cent of their previous earnings. An important aspect of this new measure is that it treats the family as a unit for

unemployment insurance purposes and not as a set of individuals.

We know that the best way to reduce costs in the unemployment program is to get people working again. It is not for nothing that the new program is called employment insurance. The new employment insurance program introduced last Friday contains a set of employment benefits that have been described as pro work. Some \$800 million of the savings from unemployment reforms will be reinvested in these measures which are designed to help unemployed workers re-enter the workforce.

Western Canadian provinces will also have full access to the employment benefit measures. The objective of these employment benefits is to improve incentives to work and to reduce dependency on the EI system.

The new employment benefits include well targeted, results oriented measures such as wage subsidies, earning supplements, self-employment assistance, job creation partnerships and loans and grants to help workers improve their skills. Use of these employment measures will be tailored to meet specific labour market needs and priorities as determined within a decentralized context. The emphasis will be on flexibility, common sense and practical experience.

In addition, the future service delivery and decision making will take place as close to the local level as possible. Local skills and expertise will be used working in partnership with other levels of government, community groups, educators and others from the business community and labour organizations.

This new approach to unemployment assistance is based on the idea that effective programs can be designed and delivered in the region that will use them. Ottawa does not have to make all the decisions. It is based on our belief that people want to work. They do not want to draw UI time after time. With the new employment insurance program, we are giving them the tools to get back to work.

Other sceptics may ask whether this innovative approach will work in western Canada. The answer is it already is. The human resources development department has undertaken a number of pilot projects in western Canada which are based on this model.

There is a job creation partnership project in the area of tourism in Medicine Hat. Twenty-six seasonal or displaced workers became involved in a project jointly funded by the federal department and the city of Medicine Hat to help the city plan for an expansion of its tourism industry.

• (1605)

In the area of business start ups, in my home city of Saskatoon there is a self-employment assistance project which has helped 17 entrepreneurs start new businesses. A number of these people have in turn hired new workers.