now, on top of the cuts already mentioned, and in spite of the rising costs and risks, the federal government is paying less each year in real value, and an ever-dwindling proportion of the costs, to support our health and social programs. This is because the "cash floor" of the CHST is eroding each year at the rate of inflation.

In addition, whenever a province's income tax revenues increase, the federal government cuts about one quarter of that amount out of the province's share of funding for health and social services, under an arcane and little understood formula that even the federal auditor-general and the National Forum on Health have described as misleading.

There are several possible solutions. 1) An escalator could be added to the CHST — for example, tying it to growth in national GDP or to the growth in federal revenues in order to help the CHST keep pace with inflation and rising provincial expenditure pressures. 2) Tax room could be transferred to the provinces so that, through their own taxes and a revitalized Equalization program, each province could have the resources they need without the insecurity of changing federal funding regimes. 3) Alternatively, tax fields could be realigned between governments, to ensure that provinces with the responsibility to deliver social programs have the resources to meet their obligations to Canadians.

Only when we have resolved the fiscal imbalance will provinces be free of the risks of unilateral federal cuts, and will taxpayers have clear lines of accountability for results.

Working toward a new vision of Canada

Canadians value their social programs. They want to see them sustained for future generations. It is often said that what distinguishes Canadians is the compassionate and caring nature of our society, which is reflected through our social programs. Alberta is seeking a new partnership with the provinces and the federal government to protect and sustain our social programming for future generations.

We need to make adjustments for the benefit of all Canadians. We need to clarify roles and responsibilities for social programs; to renew our fiscal arrangements to ensure adequate, predictable funding; and to collaborate with other governments so that Canadians, wherever they live, have access to reasonably comparable programs at reasonably comparable levels of taxation.

Through these actions we can work toward a new vision of Canada and we can build a stronger, more meaningful social union — maintaining our common bonds as Canadians.

The Honourable **David Hancock**, Q.C., is the Minister of Intergovernmental and Aboriginal Affairs and Deputy Government House Leader for the Government of Alberta. This paper was developed in cooperation with officials of Alberta Intergovernmental and Aboriginal Affairs.

by Camille Thériault

NEW BRUNSWICK'S PERSPECTIVE ON THE SOCIAL UNION

Le Nouveau-Brunswick estime que le gouvernement fédéral doit jouer un rôle de premier plan en matière de planification, de financement et de gestion de l'union sociale canadienne. Par ailleurs, ce rôle de première importance peut s'accorder avec les objectifs poursuivis par les provinces et les territoires. La clé de tout le processus est la souplesse. Le financement est un autre élément important. Le gouvernement fédéral doit être disposé à s'engager résolument par un financement adéquat et stable des programmes sociaux. Il doit rétablir le financement des principaux programmes sociaux, comme les soins de santé, avant d'envisager la mise en place de tout nouveau programme.

New Brunswick has traditionally played a role of nation builder and intends to continue to do so as our province actively participates, with the other provinces, territories and the federal government, in the negotiation of a Framework Agreement for the Social Union.

This work is crucial as such an agreement will increase the level of cooperation between governments and result in better services for New Brunswickers and Canadians.

The National Child Benefit is an excellent example of the opportunities that better cooperation can entail. When governments work together on a common goal to design a program, Canadians benefit. This program, developed jointly by the two levels of government, also allows provinces to be flexible in its delivery. Such collaboration recognizes the unique nature of the various provinces and territories and reduces unnecessary waste by removing the overlap and duplication between programs that are often found when services are offered by more than one level of government. Not only do we, as government, become more efficient in meeting our objectives, but Canadians are given access to comparable social programs from coast to coast.

New Brunswick believes in this brand of collaboration, but we need to do more.

For more than a decade, we have worked tirelessly in New Brunswick to get our provincial finances in order. New Brunswickers have had to endure difficult times, but we understood the challenge and the importance of living within our means. From a position of ballooning deficits, we have recorded our third surplus in a row for fiscal year 1997-98 and have started to make modest payments on our debt. More recently, in the face of huge reductions in transfers from the federal government, we have had to carefully scrutinize where we have been spending every dollar. Departments have become more efficient and become more creative in program delivery. This exercise has been necessary and has reaped many benefits. But the need to restore funding for our social programs, especially health care, is pressing. The Saskatoon conference confirmed this fact as all provinces and territories called on the federal government to renew its commitment to health care and to reinstate the $6.2 billion annually that was taken out of transfers to the provinces. This is critical. Provinces and territories, especially the smaller jurisdictions, need more money to be able to continue providing the current levels of health care.

The federal government must be prepared to commit to adequate and stable funding for social programs. It must also restore funding for core social programs.

Besides the funding issues, there are also important considerations of program design and the establishment of priorities for government spending on social programs.

New Brunswick agrees with the Canadian Policy Research Networks (CPRN) which stated, in a July 1998 news release: "The federal, provincial and territorial governments must agree on how the interdependence between governments can be managed in a way that helps define the vision that Canadians have of caring for one another."

Much good work is being done. New Brunswick is committed to working cooperatively with all levels of government to ensure that New Brunswickers and Canadians continue to enjoy the same level of basic social services that they have come to depend on, and which help define us as a nation. How we treat each other expresses our values as Canadians, and we are justified in being proud of that tradition. In no way should this be threatened. New Brunswick welcomes the opportunity to improve our relationship with the federal government in order to provide better services for our citizens.

New Brunswick supports Section 7 of the Calgary Declaration which states:

Canada is a federal system where federal, provincial and territorial governments work in partnership while respecting each other's jurisdictions. Canadians want their governments to work cooperatively and with flexibility to ensure the efficiency and effectiveness of the federation. Canadians want their governments to work together particularly in the delivery of their social programs. Provinces and territories renew their commitment to work in partnership with the Government of Canada to best serve the needs of Canadians.

It is our hope that the Social Union Framework will strengthen the federation and put into effect this principle expressed in the Calgary Declaration.

Factors which have influenced the present discussions on the Social Union

As we approach the next century, Canadian governments at all levels are looking for ways to improve their ability to provide services. This intention is provoked by several factors. Taxpayers are looking for their governments to spend their money wisely. Taxpayers also want government services to be provided in an efficient manner and in a way that they receive the most service for the least cost. In short, our citizens expect value for their money.

On the one hand, taxpayers have become used to a certain level of social programs. On the other hand, provinces have been hit with substantial reductions in federal funding for those same social programs. These reductions came after many years of fiscal restraint at the provincial level and other reductions in federal funding which had necessitated a streamlining of provincial spending. Federal monies need to be restored to the provinces in order to support these essential social services. We also need to maximize efficiencies in the federation by cooperating with the federal government in providing services and removing overlap and duplication. There may, in this country, be

more than one level of government, but there is only one taxpayer.

New Brunswickers are not concerned by which level of government is responsible for the delivery of a certain social program. What they really care about is that they, or their loved ones, have access to the best available services when and where they need them.

Governments have a responsibility to ensure they have the resources required to provide the social services that Canadians have come to expect. That is why provinces and territories are asking the federal government not to make unilateral decisions about social programs.

The introduction of the CHST and the cancellation of the last pan-Canadian shared-cost program (CAP) have changed the way in which decisions on social programs are made. We have evolved to this position.

The Social Union Framework Agreement is a way to keep the federal government involved, but in a more organized and predictable fashion.

The framework agreement negotiations are the culmination of three years of provincial/territorial leadership in shaping the national agenda for social policy renewal. In shaping this agenda, provinces and territories have been united in a common purpose aimed at achieving the following objectives:

- showing Canadians that governments can work together to address their social needs;
- making the federation more efficient and effective by clarifying governments' roles and responsibilities, reducing overlap and eliminating duplication;
- securing adequate and stable funding for social programs; and
- preventing federal unilateral action in areas of provincial jurisdiction through the use of its spending power.

At the 1997 First Ministers meeting, the Prime Minister agreed to negotiations with the provinces and territories for a Social Union Framework Agreement. Such an agreement will demonstrate how the federation can be strengthened without constitutional amendments.

Why do we need a Social Union Framework?

The federal government has an important role to play in the social union. For many Canadians, it funds a large portion of the bill for social programs, and Ottawa also has a role in working with provinces and territories to establish parameters within which basic programs are provided. It also has an important role to play in the redistribution of resources.

Harvey Lazar, writing in *Canada: The State of the Federation 1997* (The Institute of Intergovernmental Relations), notes the continuum of organizational models for a federation. At one end of the spectrum, the federal government makes all decisions on a unilateral basis, while at the other end the roles and responsibilities of each level of government are clearly defined. I believe that the answer is found through collaboration. These negotiations on the Social Union Framework will define the nature and scope of collaboration between governments, in the area of social policy, for Canada.

Canadians faced with their own financial difficulties and priorities are demanding not only that their governments work together and collaborate closely when they are involved in the same areas, but that governments be accountable for the money they spend. New Brunswick started three years ago to publish performance indicators for all its program areas. Other provinces are now involved in similar exercises. Both orders of government have expressed willingness to provide a report card to taxpayers, but the current practices in the federation have resulted in blurred roles and responsibilities. In our reporting to taxpayers, is the federal government being held accountable for the lack of resources for health care?

Social programs have evolved over many decades and jurisdictional responsibility for many program areas is not clearly defined. Many programs fall within the "muddle in the middle," programs that are not the full responsibility of either one or the other jurisdiction. This is why it is important for governments to define their individual roles and responsibilities as clearly as possible then set up a framework with processes for managing the interdependence between them.

New Brunswick supports a strong role for the federal government in planning, funding and managing Canada's social union. We believe this is essential to maintaining a common and unifying dimension to social programs across the country. But we also believe that a strong federal role is still compatible with the achievement of the objectives of provinces and territories.

A key element will be flexibility. That is, to ensure that any new partnership between the federal government and provinces and territories is flexible enough to enable the federal government to address the different needs and circumstances of all Canadians and their governments.

Another key element is funding. This is especially true for provinces in the Atlantic Region. The federal government has a critical role to play in ensuring provinces and territories have the necessary revenues to meet their constitutional responsibilities with respect to the provision of social programs. The federal government must be prepared to commit to adequate and stable funding for social programs. It must also restore funding for core social programs such as health

care before considering new program expenditures.

Since I became Premier in May, New Brunswick has embarked on province-wide consultation exercises with our citizens. Over the next several months, thanks to the Social Policy Renewal process, New Brunswickers will be asked to participate in the development of a social policy vision for their province. This endeavour's objective is to define what type of society our citizens wish to see over the next several years and what type of social programs will be required to support that vision. This consultation on social programs and the negotiations for a framework agreement on the social union are linked, and I look forward to the results of both of them.

Conclusion

New Brunswick's main objective is to secure the social programs now offered to its residents for both the medium and long term. To do this will require not only a reinvestment of money from the federal government, but also increased cooperation between the two levels of government.

It would not be in the best interest of Canadians to exclude the federal government from social programs. On the contrary, the Social Union Framework Agreement is a way to keep the federal government involved, but in a more organized and predictable fashion. It defines the presence of the federal government in social programs and will provide for more stability, predictability, cooperation and accountability for social programs and ultimately for the people who rely on these programs.

Social programs that reflect the diversity of Canadians, and which are the product of the collaboration of governments over a long period of time, are important to all of us. I am pleased with this exercise to negotiate a Social Union Framework Agreement. It tells me that we not only want to protect the social programs of this country, but we intend to work together to improve the level of cooperation between governments. It also tells me that we have a willingness to deal effectively with the diversity of the various parts of the country. The main focus is the well-being of Canadians. Governments have recognized the need to improve the way they do business together. New Brunswick welcomes the invitation and will do just that.

The Honourable **Camille Thériault** is Premier of New Brunswick.

by Kelvin Ng and David R. Sloan

REFORMING CANADA'S SOCIAL UNION: THE TERRITORIAL PERSPECTIVE

Les gouvernements du Yukon, des Territoires du Nord-Ouest et du futur Nunavut ont les mêmes responsabilités et les mêmes pouvoirs que leurs contreparties provinciales pour ce qui est d'offrir des programmes et des services sociaux à leurs citoyens. La prestation de ces programmes et services dans les territoires est une tâche particulièrement ardue, compte tenu des coûts élevés de cette prestation dans des collectivités rurales et isolées, des besoins particuliers des citoyens autochtones et du rôle des gouvernements autochtones dans la formulation et l'administration des programmes et des services sociaux. De l'avis des territoires, le cadre de travail d'une union sociale ne peut dissocier, d'une part, la responsabilité d'offrir des programmes et des services et, d'autre part, les accords fiscaux qui permettent d'offrir ces programmes et ces services à un niveau comparable.

In recent years, Canada's northern territories have come to be recognized as legitimate participants in a variety of intergovernmental forums where issues of national significance are considered by federal and