

10 per cent to 11 per cent. That is another issue and another area in which the Budget is cruel to the people of northern Ontario.

We on this side of the House recognize the importance of rural post offices to the communities they serve. They provide valuable services which go well beyond the delivery of mail. Yet rural post offices which were previously threatened by closure are again threatened by closure under the Budget. Most small communities in northern Ontario such as Nipigon, Red Rock, Dorion, Pass Lake, Gull Bay, Armstrong, and Hurkett rely on their rural post office. In small-town and rural Canada, as it is in small-town and rural northern Ontario, perhaps the only presence of the Government in those small communities is either the post office or a VIA Rail station, and the Government cannot take those away from rural Canadians.

Does the Government realize that in remote areas the costs are much greater? The Budget will reduce the disposable income of all Canadians, but it will particularly hurt those who live in the North. The impact will be felt most in isolated, rural, and small-town regions. Those people will now have to shoulder increases in personal income surtax from 3 per cent to 5 per cent, and sales tax increases from 12 per cent to 13.5 per cent.

If that was not enough of a burden, young families in our communities, those who wish to buy homes for the first time, not only face higher interest rates, mortgage rates, and insurance rates, but with the imposition of another tax, construction materials will be raised from 8 per cent to 9 per cent which will further delay their ability to purchase homes.

Transportation plays an integral role in the unity and the prosperity of northern Ontario. Yet the cruel Budget threatens those essential services. The Budget calls for substantial cuts to VIA Rail's continuing operating and capital subsidies for the coming year. It is a paradox that when the Budget was handed down, the National Transportation Agency was holding hearings throughout Canada, costing millions of dollars, to find out the future viability of VIA Rail. While that is being done the Budget is presented which tells all Canadians where VIA Rail is going and what its future will be.

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Those subsidy cuts will lead to a reduction in the quality of service, the abandonment of certain routes, numerous lay-offs, and certainly lower maintenance standards. This is being pursued by the Government because it fails to realize the importance of passenger service. It fails to realize that the passenger service is integral to the history and the development of our country. Instead of exploring options to modernize and improve the passenger rail system, the Government has condemned VIA Rail to a slow and painful death before our very eyes.

I represent a riding that was once represented by a very great Canadian by the name of Clarence Decatur Howe. Among Mr. Howe's many accomplishments as a Member of the House and serving Canada, especially during the Second World War, was being a founding person in Trans-Canada Airlines, now Air Canada. We are proud of Mr. Howe in the riding of Thunder Bay—Nipigon. It was a sad day when the Government announced in the Budget that it would now privatize the remaining 55 per cent of Air Canada.

I can say with complete assurance that it was Mr. Howe's dream that we would have a national airline in Canada that was owned by Canadians to equalize the delivery of air transport to all Canadians regardless of where they lived. In reading that particular segment of the Budget, it was a sad day for Air Canada, a sad day for Canadians, and a sad day for a great Canadian by the name of Clarence Howe.

The Budget shows all too well the Government's real and actual commitment toward social programs. The Budget tells us that the Government has chosen not to proceed with the promised \$4-billion child care program. This is a cut in our social programs. Individuals who earn more than a set amount will no longer receive old age pensions and family allowances. This constitutes a further cut to the social programs that we were told would not be cut.

As of January 1, 1990, the Government will terminate its \$2.9-billion contribution to the Unemployment Insurance Program. Instead, employers and employees will have to pay for this through increased premiums. This is a further cut in our social programs.

As a result of the Budget, transfer payments to the provinces will be further reduced by 1 per cent. In 1986 those payments were cut by 2 per cent. We all know the benefit of transfer payments to the provinces. In Ontario