

The Budget

Mrs. Barbara Sparrow (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I am pleased to take a few minutes today to participate in this debate on the budget.

First, I would like to congratulate the Minister of Finance for staying the course and continuing to cut government expenditures, for lowering the deficit and most important for cutting personal income tax. It was a prudent approach.

• (1140)

The minister resisted the demands to spend more, to use the fiscal and tax measures to stimulate the economy. The member for Vegreville travelled about the country, from coast to coast.

He visited and talked to experts, to agencies, to his provincial counterparts and to the people. He talked to the taxpayer because there is only one taxpayer. He talked to the consumer, Canadians from all walks of life. He listened and he listened, and he took the ideas, the advice and the concerns. After much in-depth thought and planning he responded.

This budget cuts spending to cut taxes and boost economic growth. It also ensures deficit reductions for 1992 and beyond. This government remains on course in the direction that we have set over the past seven years. The tough measures that we have taken in the past are starting to pay off.

In personal income tax cuts the surtax will be reduced by 1 per cent in July 1992 and another 1 per cent January 1993. This move will put over \$500 million back into the economy this year and more than \$1.2 billion next year.

The home buyers plan allows RRSP withdrawals up to \$20,000 for a person to buy or build a home. The borrowed funds must be repaid within 15 years in annual instalments. The property may be a house, a condominium or a share in a co-operative unit located here in Canada. The plan will be available for one year.

This budget also encourages initiative, productive investment and growth by reducing the tax burden on manufacturers and processors. We will provide new support for research and development and more generous financing for small business.

Now the manufacturing and processing tax rate will drop from 23 per cent to 22 per cent in 1993 and down to 21 per cent in 1994.

Another important area is the capital cost allowance on equipment for those specific areas, manufacturing and processing. It will increase from 25 per cent to a 30 per cent write-off. The new support for research and development will be \$230 million over five years.

Government spending is going to be cut by \$1 billion in 1992-93 and by \$7 billion over the next five years. We will save \$2.2 billion on defence spending over the next five years. Also, cuts to departmental operating budgets are going to save \$150 million next year and each year after that.

Travel and departmental communications budgets, ministerial salaries and the salary of the Prime Minister will be cut.

To streamline the operations of government 46 agencies, boards, commissions and advisory bodies are going to be eliminated, consolidated, deferred or privatized.

Canadians want less government and they want better service. We have to make it easier for business and individuals to deal with the government and that is just what we are going to do.

The deficit for 1991-92 is forecast at \$31.4 billion and that is up from our target which was \$30.5 billion. It is true, the recession has played havoc with the accounts. The budgetary revenues for this year and next year are down approximately \$4 billion and \$7 billion respectively from our projections. This sends an even stronger message for tighter controls and more government cutbacks.

The Minister of Finance did not cave in to the demand to spend, spend, spend which we just heard from the previous speaker. That would be truly disastrous.

When we formed the government in 1984 we designed our first budget around a plan called an agenda for economic renewal. This was the framework for a gradual reduction of the deficit and cuts to expenditures. We should have acted more aggressively during the buoyant years and I accept that, but we have continued to follow the guidelines that were established in 1984 and they are producing results.