

The Budget

• (1350)

The many changes that have taken place in the world during the last year have made it possible for this government to alter certain areas of expenditures and internal structure within our Armed Forces.

The budget addresses the recommendations made by the defence review last September which redefines our defence policy. The budget cuts defence spending by \$2.2 billion over the next five years while still providing security at home and maintaining our commitment to NATO.

These strong measures have been necessary. In this budget the Minister of Finance has used sound judgment. There are no huge giveaways and no major new initiatives to increase our debt; just good, strong, solid common sense on how to get the most benefits for our tax dollars.

This budget also promises stability and shows signs of recovery for our economy. Because we have been prudent the budget offers incentives and benefits in areas where Canadian families interact with the government.

The Minister of Finance has found ways to encourage families concerning their financial situations. He has made changes to our tax system that will ensure that Canadian taxpayers will have their personal income taxes cut through a reduction in the surtax.

This budget has provided assistance where it is most needed. Lower income families and children will benefit. There will be one monthly child benefit that will not be subject to tax. Children under the age of 18 will be eligible. The new benefit will include a new earned income supplement of up to \$500 per year for low income working families with children. This benefit will provide as much as \$144 per month or \$1,733 per year per child.

The child care expense deduction takes on a new look as it increases to \$5,000 for each child under seven and \$3,000 for other eligible children.

The need for a fairer and more consistent tax treatment where common law and married couples are treated the same has long been evident. The minister in this budget has found the necessary formula.

The introduction of a home buyers plan allows Canadians to use their existing RRSPs up to \$40,000 per couple to buy or build a principal residence. Some people may say it is an unwise move to use retirement money to invest in a home. I say the Minister of Finance has very wisely added some restrictions that will ensure funds initially put aside for retirement will be paid back.

The limit for lifetime capital gains exemption has been changed. It is still \$100,000 but some of the rules have changed. For instance, capital gains accrued on real estate after February 1992 will no longer qualify for this exemption. Gains accrued prior to March 1992 will qualify.

Canadians should note that this restriction does not apply to real estate used in an operational business. It does not affect the \$500,000 exemption for small business or qualified farm property. Principal residences will continue to be fully exempt from taxes on capital gains.

The manufacturing and processing industry has experienced a very difficult time during this economic slowdown. The budget will provide the incentive and ability needed to put this industry back on a stable footing in a very competitive marketplace through reducing the manufacturing and processing tax rate from 23 per cent to 22 per cent as of January 1, 1993 and 21 per cent as of January 1, 1994.

Ms. Catherine Callbeck (Malpeque): Mr. Speaker, I listened with interest to the hon. member. She indicated that the budget was prepared for the people of Canada.

In this country we have 1.5 million unemployed people. The unemployment rate in my province is over 16 per cent. That is a very serious situation but it is a situation that this government has not addressed. It is not dealt with in the budget because there is simply no plan to get people back to work.

I want to ask the hon. member who as I said has indicated that the budget is prepared for the people of Canada, what hope is offered in the budget for the 1.5 million unemployed people in this country?

Mrs. Feltham: Mr. Speaker, in 1984, when we looked at the problems this government would encounter over the next number of years, we had to make a decision on what this government would look at as far as fiscal responsibility was concerned.