

*Government Orders*

of opportunities for the future of the country, for its economy and for the next generation.

• (1040)

They also said they did not want to sacrifice hard earned progress which made this the best nation in the world in which to live for the immediate gains on the debt and deficit. That is a difficult balance but it is a balance the budget and the legislation implementing it manage to achieve.

The people in Ottawa West and all Canadians told us they wanted the budget to be fair. They believe no group in society should disproportionately bear the brunt of the necessary cuts in government spending. We have delivered on that and it is being implemented in the budget.

Greater fairness in the tax system was the message from my constituents in Ottawa West, and also to close some of the loopholes. We have done that. We have increased the corporate rate of tax so corporations are again starting to pay a fair share of taxes. The capital tax imposed on banks is one element of that fairness.

Through a number of such measures we have avoided an increase in personal income tax which Canadians very clearly said they did not want because they already feel their dollars are stretched to the limit.

This is the first time I have had a chance to respond to people in Ottawa West on the specific measures they raised with me prior to the budget and tell them their voices and the voices of other Canadians clearly made an impact. They asked that we not tax their RRSP savings, and we did not. They asked that we not tax health and dental plan benefits, and we did not. They asked that we not touch the income of seniors, and we did not. We did say that Canadians living outside of Canada who are earning a high enough income should not continue to receive their entire old age security. They should be treated the same as seniors who are living in Canada and paying taxes here.

I can honestly report back to the constituents of Ottawa West that the views they expressed to me most strongly have been respected in the budget.

For a number of my constituents the changes we have made in government spending will have a negative impact. These are primarily people who work for the public service. It is not easy to say that of the 45,000 jobs to be cut in the public service, 15,000 of those over the next three years will be lost in this region.

However, through the bill and through other measures the government is taking extraordinary steps to make sure the number of people who will actually lose a job through this major

process is reduced to an absolute minimum. We fully expect that at least 60 per cent of the downsizing will be achieved through the early retirement incentives through regulation and the early departure incentives done through the legislation today.

Through various training and placement programs that will be put in place there will be various flexibilities about how people manage their time if they know their particular position will be affected. I want to send a very clear message that at the end of three years, through all of this, at least 86 per cent of the federal public service will still be in place, will still be working. There is no question it will be a dramatically changed workplace and I hope a dramatically improved workplace as we stop trying to ask a shrinking number of people to do everything and accept our responsibility as a government of deciding what programs to continue and what programs to stop. It will be a very difficult three years.

Canadians will know exactly where the government is headed, what programs we think are important and we will have the resources to carry out those programs well on behalf of Canadians.

• (1045)

I express my appreciation to the business community, local politicians in the area and many other people throughout the national capital region who have come together as a community to put in place programs that will assist people, whose jobs in the public service are affected, to remain in the community and to work in the community.

They are one of the great strengths of our region. That very talented workforce will provide further economic diversification and help to build a stronger economic future. I say to them honestly that their members of Parliament and their local community are 100 per cent committed to assisting them in continuing to be employed here and in continuing to make this their home.

[*Translation*]

**Mr. René Canuel (Matapédia—Matane, BQ):** Mr. Speaker, I listened with great interest to the comments made by the hon. member. She said repeatedly that the budget was tough. It is very tough indeed. To try to reduce the deficit to pay off our debt is very laudable. We must do it.

I represent the rural riding of Matapédia—Matane, where I recently met with some local groups. In my region, unemployment matched with employment security is the norm for 35 to 40 per cent of workers. I discussed the budget with these various groups. The students did not understand. They told me: "How can we possibly pay more for post-secondary education"? They do not accept that.