

continue however sharing the cost of provincial child care services under the Canada Assistance Plan, and will take any action needed during its term to reach its child care goals.

A number of other cuts were announced in the Budget. They deal with the machinery of state, corporate subsidies and payments to Crown corporations. Altogether, these reductions, once implemented, will contribute some \$2.5 billion to our debt control program. Finally, our expenditure review committee will continue to sit to make sure that the Government keeps its expenditures well under control.

• (1610)

Our careful management of Government resources, which are your resources, will also apply to other sectors. Regional development expenditures will remain a Government priority. In fact, they will be increased by as much as 35 per cent over the next five years compared to the past five years. The increase, however, will vary from one year to the next, in order to make possible long-term sustainable development financing.

Moreover, the Government will continue its privatization program by selling its remaining interest in Air Canada, by selling two former divisions of Atomic Energy of Canada Limited and by reviewing more actively the case of some corporations which could be turned over to the private sector.

[English]

Our earlier efforts to make Canada Post self-sufficient have succeeded. Not only did it make a profit last year, it will start paying dividends to the Government, and the scheduled two-cent increase next January in the price of a first-class stamp will be reduced to one cent. These efforts to make sure tax dollars are spent wisely would not be complete unless transfers to individuals were also examined. Canada's social safety net is important to all of us. It must be preserved and made secure for now and the future. This means that the priority purpose of programs like Old Age Security and family allowance must be to assist lower and middle income Canadians, not subsidize those with higher incomes. This is why the Budget proposed to use a tax system to recover these payments from high income taxpayers. Those with individual net incomes greater than \$50,000 will repay these benefits at the rate of 15 per cent. This measure will only affect about four per cent of those who receive old age

*The Budget—Mr. Larrivée*

pensions and about 14 per cent of those who receive the family allowance, and it will be phased in over three years.

[Translation]

Whoever is eligible will continue to receive a cheque. With this payback mechanism, the needy will keep all their benefits, while the affluent will reimburse part of them depending upon their income.

On the other hand, this Budget will increase some taxes. High income taxpayers will help correct the imbalance between the Government's revenues and its expenditures, so that the present generation will finance today's programs and help bring the debt under control. Altogether, these measures will make it possible for total revenues to reach levels attained prior to the 1970's when Finance Minister John Turner lost control of the deficit.

The revenue increases provided for in the Budget will help more than expenditure reductions bring the debt under control. Expenditure restraints by themselves could not lessen a debt threat which is much too important and serious. The new tax measures are designed to get more out of affluent taxpayers who have the means to pay more.

A new tax will be levied on major corporations in Canada with capital in excess of \$10 million. This new tax will ensure that all large corporations will pay at least a minimum tax every year. This new tax will not apply to small-and-medium-sized businesses, but an amendment to the corporate income surtax will increase their tax rate to 12.8 per cent. These two measures will increase revenues from corporate tax by more than 7 per cent, which will represent nearly one billion over the first year.

Taxes and duties on cigarettes will be increased by \$4 a carton, with proportional increases on other tobacco products, as suggested by a number of health organizations. The excise tax on gasoline will be increased by 1c. a litre, and then by another cent in January 1990.

[English]

On the personal tax side, the existing surtax will be increased by two percentage points starting July 1. An additional three per cent surtax will be applied to high income taxpayers with incomes in excess of \$70,000. These measures ask those who can to contribute more.