

*The Budget**[English]*

We could mention a lot of examples that have proven to be really fruitful in this process. Spending by fisheries and oceans will fall \$210 million over three years. We have found that there are more officials than there are active fishers. Transport will move from being an operator of the transport system to a role of regulator and policy maker.

There has been a large question raised in the minds of the public about subsidies to business.

[Translation]

In fact, business subsidies will be cut in every department. The reduction will affect agricultural and transportation subsidies that were established decades ago.

[English]

Overall the budget will cut subsidies in half, from \$3.8 billion to \$1.5 billion by 1997-98.

We will also do other measures on cost recovery, for example in dealing with immigration issues.

On the question of provincial transfers, we are taking action to reform the provincial transfer system. We think that our innovations will create a system that is more sustainable and more responsive to community needs.

In the last budget, to set the stage to show ourselves to be supportive of each of the provinces, we renewed equalization for five years. There is no change in that commitment in this budget.

For 1996-97, the other major programs, established programs financing for health and education and the Canada assistance plan, will be converted into a single, consolidated block transfer called the Canada social transfer.

[Translation]

It is a matter of converting the Canada Assistance Plan to the block funding system already used for EPF, thus allowing the provinces to innovate according to their priorities.

However, the budget also makes it clear that the principles in the Canada Health Act must be adhered to. And there is no change to the principle that the provinces must provide social assistance services without minimum residency requirements.

[English]

The introduction of the CST will see total provincial transfers reduced by \$2.5 billion next year and the year after that by \$4.5 billion. This means that the total of all major transfers to provinces in cash and tax points will be 4.4 per cent lower next year than it is today.

By comparison, the drop in federal spending will be 7.3 per cent. To put it in another perspective, the reduction by the

second year will equal only about 3 per cent of all provincial aggregate revenues. We have hit ourselves harder than we are hitting anybody else.

There are two other issues which are still outstanding: unemployment insurance and support for the elderly. I will touch on them very briefly.

[Translation]

Sometime this year, the Minister of Human Resources Development will be tabling legislative proposals to put in place, based on the best features of the UI program, a reformed program the emphasis of which will be on assistance rather than dependence.

● (1220)

[English]

This reform will take place in 1996 and will reduce the size of the program by a minimum of 10 per cent. For 1996-97 this means the reform will secure savings of \$700 million. I will choose another time to speak about the payments to the elderly.

This may be a difficult budget in some ways but the optimism with which Canadians received it last night and today shows that we are on the right track and that we have the support of the country.

[Translation]

Mr. Jean-Paul Marchand (Québec-Est, BQ): Madam Speaker, I listened with interest as my hon. colleague sang the praises of the latest budget, saying that this may be the opportunity we were looking for to act aggressively to put our fiscal house in order. But would he agree with me that this budget did not come down very hard on the banks and family trusts?

All banks are asked to pay over the next two years is about \$100 million. This is really not very much when you think that banks are the businesses that have turned the largest profits over the past five to ten years. Last year alone, the Royal Bank's net profit was \$1.2 billion. And this is just one bank.

In addition, by deferring changes regarding family trusts to 1999, or five years down the road, the wealthiest segment of our society will have ample time to find another place where to put their money away to avoid any form of taxation. Considering that the government could have brought in perhaps as much as \$1 billion from these trusts alone, does the hon. member really think that his government took firm and fair action?

Mr. Walker: Madam Speaker, the hon. member raised two issues on which I would like to comment. First, with respect to family trusts, we have removed all tax advantages related to these trusts and reduced the allowed deferral under the 21-year rule. We are beginning immediately to take action on family trusts.