

Government Orders

costs make up much of the government's operating budget. Any measure to control the deficit must take these costs into account.

[English]

Many public servants in my riding are affected by this freeze. Like them I feel the pinch the government has applied in making this applicable to all members and to all members of the public service. I do not think there is a member in this House who has not had some comment from a constituent about the freeze. It is regrettable but it is a necessary part of the government's fiscal program.

Next, this bill provides for changes to regional transportation subsidies under the Atlantic Region Freight Assistance Act, the Maritime Freight Rates Act and the Western Grain Transportation Act. Some brief background perhaps would be helpful.

Under the first two acts, government payments defray part of the cost of certain freight shipments in the four Atlantic provinces and the Gaspé region of Quebec. Payments to the railways under the third act help reduce the transportation costs paid by western grain producers.

The budget proposed to reduce these subsidies by 5 per cent. This legislation takes that action. As well, it implements the 10 per cent reduction announced by the previous government for 1995-96 and subsequent years, a reduction not yet implemented in legislation.

This saving is in keeping with the overall reduction being made in most federal grants and contributions. It is important to remember that during the pre-budget consultations a constantly repeated suggestion was to reduce subsidies to business. This measure honours that advice. The 5 per cent cut to these subsidies announced in the February budget will save in the order of \$40 million annually.

The bill also confirms a reduction in transfers under the Public Utilities Income Tax Transfer Act. These transfers return to provincial governments most of the federal business income tax paid by privately owned utilities.

• (1320)

In 1990 the federal budget established a ceiling on PUITTA transfers. Then in 1992 a 10 per cent reduction was imposed for 1993-94 and 1994-95. This legislation confirms last year's budget announcement which extended both of these measures beyond 1994-95.

Finally, this bill implements a measure to provide flexibility to the CBC. We propose to give the CBC authority to borrow up to \$25 million subject to case by case approval by the Minister of Finance. As well the granting of this borrowing authority will be reviewed in two years' time.

This borrowing authority will allow the corporation to operate more efficiently. It will give the CBC the flexibility to take advantage of investment opportunities that promise a healthy return. It supports the government's pledge to provide this

important national institution with a more stable funding environment.

[Translation]

Mr. Speaker, as you can see, the bill before us today is an essential element of this government's program to put Canadians back to work. This bill would ensure that our budget goals translate into concrete results. It is based on the advice we received from every region of the country. It outlines our overall socio-economic situation and meets the challenges facing us. In short, it proposes measures to create jobs and revive the economy, measures to reduce the deficit and bring the debt under control, and measures to overhaul and sustain a social safety net all Canadians are proud of.

[English]

By taking this action this bill, as with the budget announced by the Minister of Finance, builds a solid foundation for success. It is one based on frugality, on fairness and on a clear focus on the future.

With that in mind I urge all members of the House to join the Minister of Finance, his cabinet colleagues and members on this side of the House in supporting this bill.

Mr. Paul E. Forseth (New Westminster—Burnaby): Mr. Speaker, in one part of the hon. member's speech he specifically mentioned a freeze on the general percentage grid increase.

There is a contract in place and the movement within the grid, the annual increments, should be honoured and the savings made elsewhere. We can support the broad general percentage increase. However we believe the increment freeze itself within that grid will increase disparities rather than relieve them. Will the hon. member comment more specifically on the rationale for the general freeze as well as for the freeze on the increments within a grid?

This is particularly disturbing to the RCMP. I understand there was a meeting in Surrey, British Columbia of over 800 members of the RCMP. They were very upset that promises were being broken. Certainly within its structure the RCMP is given a budget and rules to live by and therefore cannot do much about it.

We are saying that the breaking of a promise or a contract to honour the increments within an overall framework needs to be addressed even though we agree with the broad approach of a spending freeze.

Mr. Milliken: Mr. Speaker, I am surprised to hear my colleague from the Reform Party talk about the virtues of undoing any of the freezes the government has put in place, given that party's obsession with deficit reduction.

The government chose the freeze as the method of dealing with this problem. It was not because it was going to be a popular method or an easy sell to the public servants, the members and the senators who are affected by the freeze. The government chose this option because it was very concerned if it did something else, it would result in substantial layoffs in the