

*Government Orders*

The inability to access financing has also been cited by small business groups as an area of major concern. To this end the government has announced it will be working with the banks to devise meaningful performance benchmarks for small business financing. It is expected this process will be completed by the fall of this year. This will make loans more accessible to small business which in turn will generate job growth.

The government has further demonstrated its commitment by maintaining tax preferences for small business such as the \$500,000 lifetime capital gains exemption for small business shares and a lower tax rate on the first \$200,000 of income.

These measures in conjunction with measures to reduce the paper burden should ensure continued job creation through the small business sector.

I wish to speak on a topic closely intertwined with my home province of Newfoundland, changes the budget will bring about in the Department of Fisheries and Oceans.

I congratulate the Minister of Finance on maintaining his commitment to the TAGS program. Under the budget the total funding of the program remains at \$1.9 billion over five years, including the \$1.7 billion of new funding announced last year. This funding is to help Atlantic Canadians to adjust to the devastation in the ground fishery, a situation over which they have no control.

Atlantic Canadians are a proud people. Given the opportunity, they would much rather work than receive government assistance.

The funding is meant to help them to adjust to the sad reality that the ground fishery has been mismanaged and overfished by foreign vessels. Again the minister, through his commitment to this funding, has ensured that the most vulnerable in our society are protected.

• (1230)

Other measures such as the merging of the coast guard with the Department of Fisheries and Oceans will enable Canada to strengthen its conservation efforts even more outside the 200 mile zone at a time when it is most needed.

In summary, I am pleased to pledge my full support for this budget. It shows that the Liberal government can do more than simply talk about deficit reduction. By setting reasonable targets for deficit reduction and then meeting them, this government has earned the trust and respect of the people of Canada. More important, this budget has managed to reduce the deficit largely through expenditure reductions while ensuring that those in society who are most vulnerable are protected.

While it is not with any great pride that many of these expenditure cuts were introduced, it was out of necessity to

ensure that our economy stays on the road to recovery and our social system can remain sustainable in the future.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I am pleased to comment and ask a question.

Almost all of the Liberal members, including the hon. member who just spoke, keep patting themselves on the back for having attacked the deficit. Indeed, the announced deficit is targeted to go down. However, the fact is that interest rates are going up and the total interest payments are going up because our total indebtedness is still so very high.

Many Canadians do not know that with this budget, total government expenditures are actually destined to increase by some \$2 billion in this budget.

We need to lean into the debt and the deficit. It is my opinion, which I believe is one shared by most Canadians, that time is of the essence. The longer we wait the greater our interest payments grow. Even if the Minister of Finance and the government of the day meet their goals, we expect the interest payments will have reached a minimum of \$50 billion per year by the time this Parliament is finished.

We need to recognize that of that \$50 billion per year, a great proportion is sent out of the country in the form of interest payments to those international lenders who have loaned us money. It totally removes that available cash for providing government programs.

The Liberals keep speaking of providing these programs and not wanting to give them up. That is admirable and is a wonderful goal, but our interest payments are making it less and less possible to continue funding those programs. As a matter of fact, if we do not get a hold of it real fast our social funding will disappear in deference to the requirements to pay the interest.

I would like the hon. member to respond to the statement on the speed with which we are attacking the deficit. She will probably say that they are doing great. But specifically, how does increasing annual interest payments from \$40 billion to \$50 billion help our social program funding?

**Mrs. Payne:** Mr. Speaker, I thank the hon. member for his question.

As the hon. member knows, many factors have influenced our budget ever since it was brought down a month ago. These factors will continue to have influence. However, he is also well aware that over the last two years we have met our budget targets through the efforts of the minister. I am sure that effort will continue. Yes, we are concerned with rising interest rates. I am sure that is no secret to the hon. member as the minister has spoken on that a number of times.

I do not believe and I am sure the hon. member, based on some of the statements he has made earlier in this House, is very well