

*The Budget*

[English]

**Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue, Lib.):** Mr. Speaker, I would like to inform the House that I will be sharing my time with the hon. member for Davenport.

Many Canadians are concerned with Canada's future prosperity and with maintaining our quality of life. The finance minister's February 27 budget is a key element in maintaining prosperity and Canada's way of life.

The budget is a plan that will bring this country into the 21st century. It demonstrates our commitment to reshaping government to meet the needs of Canadians and to deliver on our promise to get our fiscal house in order. It supports our primary economic objective to sustain growth and job creation by cutting our deficit. It demonstrates our commitment to fiscally responsible government.

I will not make any bones about it; I believe that the budget is tough, very tough, but fair. The budget is tough but fair both in what it does but also in what it does not do.

Like many members of Parliament, I took advantage of the finance minister's opening up of the budget process. The government held the widest and most open prebudget consultations ever held. To ensure that my constituents had their say, I held two prebudget meetings in my riding of Essex—Windsor. The actions of the finance minister proved that this was not a cynical exercise. My constituents and many Canadians asked the finance minister to tackle the deficit in real terms. That is what this budget does.

This government is the first government in years to set deficit reduction targets and to meet those targets. Let me reassure the House that the deficit will be brought under control and our deficit targets will be met. The government has shown that it has the resolve and commitment to Canada's long term future to do what is necessary to meet our targets.

By 1996-97 Canada's deficit will be at 3 per cent of gross domestic product. That is \$24.3 billion. If the economy keeps growing, and it will, this figure may be even lower. The bottom line is close to a cut of \$7 in spending for every dollar for new revenues over the next three years.

To ensure fairness, both business and individuals are being asked to share the load. Recognizing that individuals' income taxes have increased over the last decade at a much faster rate than corporate taxes, the budget includes measures to address that inequity.

The large corporation tax rate will rise from .2 per cent to .225 per cent, an increase of 12.5 per cent. The corporate surtax, which is currently 3 per cent of the basic corporate tax rate, will

increase to 4 per cent. There will also be changes made to strengthen Revenue Canada's ability to enforce the law and ensure that all Canadians pay their fair share of taxes and to reduce unfair competition for businesses that do play above board, that play by the rules.

Banks and trust companies are also being asked to contribute further toward deficit reduction during the next year and a half. They will contribute \$100 million through a special tax on deposit taking institutions.

Big business has often stated that it does not need or want the level of assistance it receives from the federal government. Accordingly, the government has listened and taken these claims at their word. We will reduce spending on subsidies for big business by close to 60 per cent over the next three years.

However, the government, unlike the last one, realizes that a successful tackling of the deficit requires a two track approach, as was advocated in our red book. To eliminate the deficit, the government must also create a climate that creates jobs.

This budget recognizes that small and medium sized businesses are the cornerstone of Canada's economy. They are the number one job creator. To further help small business we intend to work with Canada's banks and trust companies to establish clear rules so that small business loans are easier to get.

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In my prebudget consultations many of my constituents recommended Canada re-examine our commitment to foreign aid in view of needs in Canada. The government has done this and will reduce foreign aid by 20 per cent over the next three years for savings of over \$500 million.

Many of my constituents also questioned the need for so many agencies, boards and commissions. As a result of the government-wide review of these government bodies, decisions have been made affecting 120 of them: 73 of these will be closed, 47 will be streamlined and restructured. The result will be 665 fewer government in council positions, fewer ministerial appointments and savings of \$10 million a year.

In my prebudget consultations my constituents had many suggestions on what action the government should not take. Do not eliminate RRSPs, they said, and we did not. Do not increase personal income taxes. We did not. Do not introduce a health or dental tax benefit. We did not. Do not eliminate capital gains exemptions for farmers and small businesses. We did not. Do not introduce a tax on casino winnings. We did not.

I have said that this budget is tough but fair. Many of the reviews have also been tough but fair. A Windsor *Star*, editorial of February 28 stated: "What we can applaud in the budget is the vow to create a smaller and smarter government. The 14 per cent reduction in the civil service over the next three years combined