

The Budget

Mr. Gerald Keddy: Mr. Speaker, it is a pleasure to finish my comments on Bill C-27. The PC/DR coalition has some difficulty with a number of issues with this legislation. As the natural resources critic what I find most problematic about the bill is that it does not prevent the importation of nuclear fuel waste from outside Canada.

Municipalities that have nuclear power plants within their boundaries presented a very well produced and articulate brief to the committee. None of their recommendations were taken into consideration. There is an arrogance on the part of some of the government committee members and certainly on the part of the minister that the complaints or concerns of Canadians are not taken into consideration.

It is absolutely necessary and extremely important that any waste management organization which is set up to deal with nuclear fuel waste and the advisory board that goes with it be completely open, transparent and accountable. In order for this process to be accountable, it has to be open to access to information. However, this process is not open to access to information. The difficulty is that Atomic Energy Canada Ltd., which is a crown corporation, puts \$2 million a year into the organization with an initial investment of \$4 million and still there is no access to information even though federal dollars are going into it.

When we reviewed the bill at committee, we tried to change that by introducing amendments. The PC/DR coalition introduced a number of amendments, as did the Bloc, the New Democratic Party and the Alliance Party. All of the opposition parties introduced a number of amendments. One amendment by the Alliance and one amendment by the PC/DR coalition were accepted.

The purpose of committee stage is to look at legislation, to review and understand that legislation and, not just for opposition members but for all members sitting on the committee, to offer constructive changes to the legislation. The amendments we brought forth were not accepted. They were never looked at.

It is not just on this legislation that the amendments were not looked at; we could go back over a long list of government legislation. One example is the anti-terrorism bill. Closure was forced on that bill. We did not have time to debate the issue in the Parliament of Canada and the very next day the Liberal government did not have enough speakers to continue the debate on Bill C-27.

The problem is not going to go away. Many of us may disagree on how to deal with it, however I think we would all agree that we have to deal with nuclear waste. We cannot pretend it is going to go away by itself because it will not. We have to deal with it in a timely fashion. However the process in place not only is not being done in a timely fashion as it is two years, but it does not have openness, it does not have accountability and it does not have parliamentary review. It is not open to access to information.

•(1555)

It is obvious the government was not listening to committee. It was not listening to the opposition members of parliament. Nor was it listening to its own government backbenchers on committee, who simply should not be there to sit on committee for 10 days and on the 11th day when the vote is taken be moved out so someone who does not know anything about the issue can come in and vote the

government party line. That is an abuse of process. That process has been abused for far too long in this place.

I listened to the member who spoke before I did. If we look around the world, without question the dependence on nuclear power is going to continue, especially in third world countries with burgeoning populations. Therefore, the issue of nuclear fuel waste is going to continue. We have to find a way to deal with the issue fairly quickly.

The issue should not be, as the bill allows, for on site management of nuclear fuel waste for perpetuity. That is one of the options that could be recommended by the waste management organization. That is one of the options it could choose. It may decide to store nuclear fuel in Canada at sites on surface for perpetuity.

I would suggest that is a mistake. It is part of the legislation that has been poorly crafted and hurried through parliament when it simply did not have to be. We have a much greater responsibility than that.

It is the same difference here. There is a budget coming down, but there are no surprises. The budget has been leaked. We have a nuclear waste management bill that the opposition members are not satisfied with. A bill on terrorism was passed. It was hurried through parliament and will have to be corrected. We passed an immigration bill and now there is another bill before the House to correct the mistakes in the first one. It is one thing after another.

Surely the government should figure out what its agenda is and what specific legislation it plans to pass. The government should let the committees do their job and craft legislation that comes to the House in a manner that we can improve on, if needed, or we can pass it with reasonable debate. Instead, parliament is not doing its job. We are not able to do our job. We continue to have a government that uses closure like a hammer: no more debate; debate is finished, and it forces closure.

I repeat that the issue with Bill C-27 which I find most problematic is that it does not prevent the importation of nuclear fuel waste into Canada. The bill should specifically prevent the importation of nuclear fuel waste. If Ontario Hydro, Hydro-Québec, New Brunswick Power or Atomic Energy of Canada Limited chose to build a reactor in another country, there is nothing specific in this legislation that prevents them from bringing back that nuclear fuel waste for deposit in Canada.

•(1600)

The Speaker: Order. It being four o'clock p.m., the House will now proceed to the consideration of Ways and Means Proceedings No. 10 concerning the budget presentation.

* * *

[Translation]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

Hon. Paul Martin (Minister of Finance, Lib.) moved:

That this House approves in general the budgetary policy of the government.

The Budget

He said: Mr. Speaker, I am tabling the budget documents, including notices of ways and means motions. The details of the measures are contained in the documents, and I am asking that an order of the day be designated for consideration of these motions.

I am also announcing that the government will be introducing bills at the earliest opportunity in order to implement the measures announced in this budget.

Before I begin, I would like to express the government's appreciation to the people of Canada who have given of their ideas and insights. I also want to thank the many committees and task forces of our caucus who, throughout the year, have worked so closely with us in the lead-up to this budget.

And, finally, I would like to thank the Standing Committee on Finance, whose hearings have framed the national debate and whose report has provided us with valuable input again.

[*English*]

We meet today at a time of global turbulence. A time when character is tested, perseverance is tried and values reaffirmed.

Just three months ago tomorrow, terror touched our continent and changed our world. Today, we deal with its economic consequences, but this was first and foremost a human tragedy, measured in lives taken, families destroyed and fears awakened.

In the aftermath of the terrorist attack, Canadians are understandably concerned about their own security and that of the nation. We have struggled to explain to our children what we ourselves must seek to understand. At the same time, we have felt the comfort of reaching out to others. We experienced the reassurance of family and faith. We have recognized our vulnerabilities, but as well we have rediscovered our strengths and, as a nation, we are more united today than ever.

[*Translation*]

Just three months ago tomorrow, terror touched our continent and changed our world.

Today, we deal with its economic consequences, but the hardest thing to overcome will be the human tragedy that shook us and that continues to haunt us to this day.

However, as a result, we have rediscovered our strengths and, as a nation, we are more united today than ever. Let us be clear: we did not look for such confrontation with terrorists. But let it be known that we will not shy away from this challenge, nor will we use half-measures to deal with it.

[*English*]

Prior to September 11, the global economy had begun to slow down. However, the terrible events of that day made matters much worse and introduced a new level of uncertainty into the economic outlook.

The focus of this budget, therefore, is dealing with this uncertainty and managing through this period of global weakness. Its timeframe is the year ahead. Specifically this budget does four things.

First, it provides the necessary funding for the security measures to deal with the threat we face.

Second, it recognizes the vital importance of an open Canada-U.S. border to our economic security.

Third, it supports Canadians through difficult times while continuing our long term plan to build for the future.

Fourth, it provides Canadians with a full and open accounting of the nation's finances.

Before addressing these matters in detail, let me say that although we are going through a difficult period, thanks to the hard choices that Canadians have made in recent years our economy is inherently strong.

It is because of this that today's budget is able to confirm that we will provide the full \$23 billion of increased health care and early childhood funding announced in September of last year.

We will implement the \$100 billion in tax cuts announced last year. We will fully finance the national security package. We will pursue our long term plan to invest in the future. Based on the average of private sector forecasts, we will do all of this without going back into deficit.

● (1605)

[*Translation*]

This is the payoff of our prudent approach, but it is equally the result of the tenacity of Canadians. After all, an economy is not about statistics or spreadsheets. It is a measure of individual enterprise and effort.

At times, this means demonstrating courage in the face of adversity, composure in the face of challenge. But Canadians have always shown that strength. It is for this reason that we face the future with confidence.

The global economy began showing signs of weakness early this year. As a result, the International Monetary Fund reduced its forecast for global growth, reflecting the situation in the United States, persistent difficulties in Japan, poorer prospects in Europe and a marked decline in several emerging countries. Indeed, for the first time in 25 years, we were in the midst of a slowdown that was happening concurrently in every major market of the world.

It is in this context that the events of September 11 significantly worsened the state of the U.S. economy. Commerce was hurt by stock markets that closed, air traffic that stopped, shipments that were delayed and investments that were postponed.

As a result, economists have now substantially reduced their outlook for U.S. growth this year, to reflect the current recession in that country.

At the same time, they believe this weakness should be relatively short lived. If they are right, we should see a recovery in the U.S. beginning by the middle of next year. If, on the other hand, U.S. consumer and business confidence erode further, that would have economic and fiscal consequences for us all.

The Budget

• (1610)

[English]

In turning to the state of the Canadian economy, it is important to remember how connected we are to the world. More than 40% of our economic activity is generated by exports and these have been hit hard by the global slowdown, particularly by the downturn in the United States. This was reflected in our weaker performance in the first half of this year. Following the terrorist attacks, Canada was affected severely by delays and disruptions at the U.S. border, reminding us of the vital importance of keeping an open flow of people and products between our two countries.

Tourism, airlines and aerospace particularly have been affected. This has been compounded by the difficulties faced by Canada's softwood lumber industry and many parts of our agricultural industry. As a result of all of this, our economy contracted in the third quarter. In part reflecting recent declines in full time employment, most analysts expect weakness to continue into the fourth.

Clearly, these developments will have a significant impact on the kind of economic growth we can expect next year.

To assess this, as in the past, we have consulted some 19 private sector forecasters to obtain their best estimates of the economic outlook. Based upon that survey, we then consulted with the chief economists of Canada's major chartered banks and three leading forecasting firms to discuss the most recent numbers and their implications for this budget's economic and fiscal projections.

On average, forecasters anticipate growth of 1.3% this year, down dramatically from 4.4% last year. For next year they predict 1.1% growth, but with a stronger second half as exports recover, confidence is rebuilt and consumers and businesses respond to the substantial declines in both interest rates and taxes.

That being said, given the extent of global uncertainty we can take nothing for granted. Therefore the government, while very confident for the medium and the longer term, will remain cautious in its planning.

A key part of reducing uncertainty is restoring a sense of personal security. Today we are introducing a comprehensive set of measures to that end. Our purpose is clear. It is to keep Canadians safe, to keep terrorists out and to keep our borders open.

There is no doubt that September 11 forced us to deal with a struggle we did not start in a world we did not create. Canadians have been confronted with a new kind of threat at home and to protect them we must respond in new kinds of ways. This is not a classic conflict between states. Our adversaries seek not to win territory but to disrupt our economy, not to deploy troops but to divide our society, not to control our resources but to undermine our freedoms.

As a result this campaign is not being waged in a traditional fashion. It is being fought not just with bombs, but with intelligence operations, police actions and bank controls. The struggle may be long but it is one that will be won.

Quite simply, we need to know our enemy better, anticipate threats sooner and take action faster to stop them. Intelligence and policing are vital. We must know who poses a threat, where they are and what they aim to do.

To ensure that we have the best possible information, this budget commits new resources to the Canadian Security Intelligence Service, CSIS. Indeed, we will provide the agency with the largest increase in its history.

Furthermore, we will increase substantially the resources available to the RCMP for anti-terrorist activities.

Next we will enhance controls at all points of entry into Canada. We will beef up security at our ports and seaways. We will increase the number of patrols off our coasts and provide better tools and technology to intercept potential terrorists before they reach our shores.

• (1615)

These efforts will begin well beyond our borders. We will place more immigration control officers abroad to gather intelligence and prevent criminals and terrorists from obtaining travel documents or using fraudulent documents to enter Canada.

We will tighten controls in our refugee system so that only those truly in need enjoy the privilege of our welcome. To that end, we will increase resources so that enhanced security checks can be done on claimants as soon as they arrive.

Finally, we will provide more resources to the Immigration and Refugee Board to shorten the waiting time for hearings, to reduce the backlog that already exists and to send back those who do not deserve to stay.

That being said, however, Canada has always welcomed those seeking a new life in a new land and this will not change. The measures I have just announced will not affect legitimate refugees or immigrants. What will change and what must change is our ability to identify and exclude those who come to Canada fraudulently for whatever reason.

The recent events in the United States have awakened us all to the need to protect ourselves against unconventional weapons. Whether the threat is chemical, biological or nuclear, we must increase our ability to respond. In the event of an unconventional attack, the first on the scene will inevitably be local emergency personnel who need to be skilled in recognizing and in responding to different hazards. We will help to provide that training.

Furthermore, these local authorities must be supported by specialists capable of responding quickly and effectively. We will therefore enhance the highly specialized response capacity of both our Canadian forces and the RCMP.

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Finally, we will provide new equipment and we will improve the capacity of our laboratories to detect and identify biochemical hazards.

[Translation]

Terrorists cannot carry out their activities without access to substantial financial resources. Without money, they cannot buy weapons, train personnel or establish cells in foreign lands. We have frozen the assets of suspected terrorists and improved our capacity to track suspect transactions. This budget builds on those efforts, with additional resources to help starve terrorists of the funding they need.

Important as these steps are, however, we recognize that the actions of individual countries are not enough, that we need co-ordinated action across the international community. We were pleased, therefore, that the 183 nations of the International Monetary Fund agreed in Ottawa to Canada's proposed action plan to combat the global financing of terrorism.

[English]

At this point let me now raise another very important aspect of the fight to protect our way of life and our values. Since September 11, there have been increased concerns over acts of intolerance within our own country. Individuals have been targeted because of the colour of their skin or the practise of their faith. If ignored, intolerance can threaten the fabric of our nation and we must answer it. It can divide our communities and we must stop it. That is why the government will provide new funding aimed at fostering respect and promoting our values, values which have allowed us to welcome so many to Canada who have enriched us so very much.

While our country has one of the safest air systems in the world, the attacks on the World Trade Center and the Pentagon have awakened new concerns and require a new response. It must be comprehensive in nature. It is a response that only the national government can provide.

● (1620)

[Translation]

Today, therefore, we are announcing that the Department of Transport will set rigorous new national standards for security in airports and on board flights originating in Canada. The government is creating a new air security authority to put these standards into effect. To ensure that the same level of security is available right across the country, the government will act in six key areas

First, it will provide armed undercover police on Canadian aircraft.

Second, it will provide rigorous screening of both passengers and their carry-on luggage with more security personnel who will be better trained.

Third, to uncover explosive materials in passenger baggage, it will employ new, sophisticated detection systems.

Fourth, it will provide enhanced policing under federal authority at airports to respond to possible security threats.

Fifth, the government will help pay for new, secure cockpit doors on Canadian passenger aircraft.

And sixth, we will tighten access to aircraft by creating improved security zones at handling facilities and on airport tarmacs.

[English]

Taken together, these airport and airline security measures will cost \$2.2 billion over the next five years. To finance them, we will introduce a new security charge to be paid by air travellers, the primary users of the enhanced security measures. For travel in Canada, the charge will amount to \$12 each way.

Finally, just as we are moving to enhance Canadian security here at home, so too we are joined in the war against terrorism abroad. At this moment, 2,000 men and women of the Canadian forces are defending freedom on distant shores. They carry our cause and they have our prayers. This budget therefore provides the funding needed for their participation in Operation Apollo. It is a significant commitment. Indeed, Canadian forces constitute the third largest contingent of any nation.

In summary, the measures I have announced today for improved intelligence, additional policing and security officers, more rigorous enforcement of our refugee and immigration policies, enhancements to our capacity to respond to bioterrorism and safer air travel amount to \$6.5 billion over the next five years. This includes, as well, \$1.2 billion for the Department of National Defence and its agencies. This is in addition to the \$3.9 billion increase in funding for national defence announced since 1999 and which is now starting to come on stream.

Canada and the United States have agreed that we cannot close our borders to commerce in the hope of closing our countries to risk. Our two way trade is the source of millions of jobs in both countries. While it is well known that most of our exports go the United States, what is less well known is that fully 25% of American exports come to Canada. We are its largest market. Indeed, the Canada-United States border is a compelling illustration of economic interdependence. We are sovereign and separate nations but we are also the closest of neighbours; our relations are intertwined, our economies linked.

Our challenge, therefore, is to create a border that is open for business but closed to terror. This means going beyond the simple restoration of things as they were before September 11. It means we must create the most modern, sophisticated border possible using state of the art technology to speed legitimate traffic while stopping those who would do our countries harm. Our American partners share this goal and have agreed to work with us to build what the Prime Minister has described as a seamless but sovereign border.

To these ends therefore, first, we will speed up the implementation of pre-screening and pre-clearance programs that will allow frequent travelers and commercial shipments to move more quickly and easily from one country to another.

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Second, we will introduce state of the art detection equipment to intercept firearms and explosives.

Third, we will establish new, integrated border enforcement teams to work in co-operation with U.S. federal, state and local agencies.

All told, these new border initiatives will cost \$650 million over the next five years.

In addition, if we are to create the most modern border in the world, we must invest in the physical infrastructure which supports it: first class road access, new truck processing centres and intelligent transportation systems that pre-clear vehicles. We will do whatever is required to move ahead as quickly as possible on this initiative and we look forward to doing so in partnership with the provinces, the municipalities and the private sector. To put this into effect, we are announcing today a \$600 million program to fund infrastructure projects to facilitate cross-border trade in all parts of the country.

• (1625)

The measures announced so far this afternoon flow initially from the need to address the challenges arising out of September 11. What I should now like to do is to set out a series of investments which, while providing important stimulus also in a time of economic slowdown, focuses as well directly on the need to advance the long term economic plan that we have set in train to build for the future.

This is crucial because our economic success, our ability to create jobs, will be determined first and foremost by the degree to which we demonstrate an understanding of the great currents that are shaping the world of tomorrow. These are to be seen in the transforming impact of new technologies that are to be secured from strong economic fundamentals and they are to be seized by focusing on the ingenuity and the innovation of our people.

From the beginning, the government has pursued a long term plan which speaks to these priorities and which lays the foundation for strong and durable growth. Indeed, since balancing the books, almost 70% of our new spending has gone to health care, education and innovation.

[*Translation*]

In terms of health and early childhood development, last year the Prime Minister reached a historic, \$23 billion accord with the provinces which will lead to, among other things, an increase in the number of doctors and nurses, providing new MRI machines, a better use of technology and improved health care.

As a result of this agreement, an additional \$2.8 billion will flow to provincial governments for health this year, rising to \$3.6 billion next year and more than \$4 billion the year after that.

Secondly, since 1994, the Canadian Institute for Health Information has been developing the tools to advance health policies, improve health practices and strengthen our health system. To enable the Institute to continue its work, this budget provides \$95 million in funding for a further four years.

Finally, in the 1999 budget, we created the Canadian Institutes of Health Research. These are breaking down the barriers between disciplines through 13 new institutes that are revolutionizing

research in areas such as aging, cancer, diabetes, arthritis and women's health.

To continue to build momentum, this budget provides the Institutes with an additional \$75 million per year.

Even more important, this will bring their total funding to \$561 million next year—double what we spent in this area just four years ago.

• (1630)

[*English*]

Knowledge is to the information age what steam was to the industrial age: It is the fuel which drives it; the energy which sustains it. In the first budget following the elimination of the deficit, the government made a major commitment to skills and learning. We introduced the Canadian opportunities strategy, which was based on the simple premise that, regardless of income, people who wanted education should have that chance.

This is particularly important now. When times are tough and people are hurting, we must provide every opportunity to Canadians to upgrade their skills. Therefore, in order to encourage Canadians to pursue educational opportunities under EI programs we will introduce two new incentives. First, we will extend the education tax credit to individuals receiving EI assistance for post-secondary education. Second, we will provide a tax deduction for people who receive EI assistance to obtain adult basic education. Furthermore, the budget enhances Canada's study grants for students with disabilities by increasing the maximum grant for the exceptional costs associated with their disabilities from \$5,000 to \$8,000.

Unions and many members of our caucus have asked us to change the EI rules with respect to apprentices. Currently in order to qualify apprentices must wait two weeks each time they leave the workforce for classroom training. Today we will change that so they are subject to only one waiting period during their course of study.

In addition, again as recommended by many in caucus, to assist apprentice vehicle mechanics we will provide a tax deduction for the extraordinary cost of mechanics' tools.

Canada's 29 sector councils are industry led partnerships bringing together workers, employers and educators in a new hands-on approach to skills development. From textiles to tourism to biotechnology, these councils are examining what skills are needed today and what skills will be needed tomorrow. They are developing training programs and pointing workers toward emerging job opportunities. They are producing needed results, so we will expand the network quickly to include other strategic sectors and, over time, we will double the funding for these councils to \$60 million.

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In the same vein, if Canada is to seize the tremendous opportunities of tomorrow, we must develop the next generation of business leaders today. To this end, the government will make new investments, building on existing initiatives, to enable young entrepreneurs to receive mentoring, work experience and financial support to turn their ideas into reality.

• (1635)

[*Translation*]

The early years in children's lives are critical to their growth and well-being and lay the foundation for their learning, work and other endeavours.

Last year, therefore, the federal government reached a landmark agreement with the provinces and territories to foster early childhood development right across Canada. This agreement was signed by the Prime Minister.

In the spirit of this agreement, we will build on existing federal programs, with a particular focus on first nations children on reserves.

It is, indeed, the quality of life of children today that will lead the first nations to a better future tomorrow.

That is why we will enhance initiatives such as the head start program and intensify efforts to reduce the incidence and effects of fetal alcohol syndrome. And we will do more to support children facing learning challenges in school.

All told, this budget will provide an additional \$185 million over the next two years to help aboriginal children receive the best possible start in life.

Creating new knowledge and bringing the products of that knowledge to market are keys to success in the new economy.

But breakthroughs do not happen by chance, they happen through sustained and dedicated effort.

Research today is the source of new jobs tomorrow. That is why the government has made substantial investments to make Canada a leader in the new frontiers of knowledge.

In 1997, we created the Canada Foundation for Innovation to increase the capabilities of our universities, colleges and hospitals to carry out world-class research.

This year alone, the foundation will provide \$300 million to institutions, large and small, to support state of the art research infrastructure in areas such as health, the environment, natural sciences and engineering.

Next year, more than \$480 million in grants will flow from the CFI which, combined with the leveraging from its partners, will support over \$1 billion in new research infrastructure in Canadian universities.

Furthermore, to attract the best researchers from around the world, and retain the best in Canada, we established the Canada research chairs in budget 2000.

Last year, we provided funding for 400 such chairs. That will double to 800 this year and rise to 1,200 next year.

When the program is fully implemented in 2004-05, there will be some 2,000 new research chairs in Canadian universities.

[*English*]

The success of the Canada research chairs program will be measured by the quality of people that it attracts.

Take, for example, Dr. Deborah Zamble, a Canadian who stayed in the United States to do post-doctoral work at the Harvard Medical School. Thanks to the program she is now back home at the University of Toronto. The same holds true for Dr. Neil Adames at the University of Alberta who came back from Washington University School of Medicine. Both are among the hundreds of world-class researchers who are finding new opportunities in Canada today and who are ensuring that their country will be at the leading edge of the world's scientific breakthroughs tomorrow.

As we have just seen, helping Canadian universities to build and operate top rank research facilities has been a key priority of the government for some time. In previous budgets we provided substantial assistance to help meet the direct costs of research. However, many have told us that more help is now needed with respect to the indirect costs of research. We agree.

That is why, last year, the government announced \$400 million in additional funding for the CFI to support grants toward the operating costs of the research infrastructure it finances. It is also why, when we designed the Canada research chairs program, we did so to cover the total costs of research.

Looking ahead, we will work with the university community on ways to provide ongoing support for indirect costs that are both predictable and affordable. To that end, in this budget we are announcing a \$200 million payment this year immediately to help bridge the gap.

As we know, basic research is the foundation upon which all applied research builds. That is why in past budgets we have provided additional resources for basic and applied research in the natural sciences and engineering as well as the social sciences and humanities, through their respective granting councils. In this budget, we continue to go further. We will increase their funding by 7%.

In the 1998 budget, Canada staked its claim to becoming the world leader in high speed network technologies with the creation of CA*Net3. Today, to stay on the cutting edge, this budget provides \$110 million to build and operate CA*Net4, which will benefit research organizations across the country, particularly many of our smaller universities and community colleges.

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Looking ahead, as we indicated in the Speech from the Throne, we will work with Canadian industry, the provinces, communities and the public on private sector solutions to further broadband Internet coverage in Canada, particularly for rural and remote areas. More planning is required to properly achieve our commitment, particularly given rapidly changing technology, and as a consequence we will shift our target to the end of 2005.

In looking at possible outcomes, it is our expectation that the best approach could very well be to expand the highly successful SchoolNet and community access programs to ensure broadband access. Therefore, not only are we extending these programs to 2003-04 at an annual cost of \$40 million, we are also setting aside \$35 million a year for three years thereafter to support such broadband expansion.

The fruits of research must become a source of jobs for all Canadians, not simply the source of ideas for others. We must not lose momentum now. In order to build critical mass in emerging fields of knowledge, the National Research Council is building new technology centres, including the e-commerce centre in New Brunswick, the Advanced Aluminum Technology Centre in Quebec and the National Institute for Nanotechnology in Alberta. To support NRC technology centres elsewhere in Canada and to create the clusters necessary for success in the knowledge economy, this budget will increase the requisite funding by \$40 million per year.

• (1640)

There are few in our country who have embraced innovation with more energy than those in the agricultural community. Recent years, however, have been difficult for many farm families, particularly those dependent upon grains and oilseeds.

That is why the Minister of Agriculture and Agri-Food is working with his provincial and territorial colleagues, as well as with major farm groups, to create a new, integrated and financially sustainable agricultural policy. It is why the Prime Minister formed the caucus task force on future opportunities in farming.

Today the government reaffirms its commitment to this process of renewal and confirms that we will provide our share of the long term, predictable funding that will support this new approach to agriculture.

• (1645)

[Translation]

Just as we are investing in our prospects at home, we must also recognize that we have obligations beyond our borders, to those most in need.

Indeed, the Prime Minister has led the way in making African development a centrepiece of the G-8 summit Canada will host in June.

As a caring people, Canadians know that hunger knows no creed, and misery, no religion.

To help reduce poverty, provide primary education for all and set Africa on a sustainable path to a brighter future, this budget establishes a new \$500 million Africa fund.

Furthermore, in the context of our international obligations to people and countries in need, we also must help those most directly affected by the war in Afghanistan, the Afghan people themselves. To provide them with aid and comfort, food and clothing, this budget commits \$100 million.

And finally, we will provide \$400 million in further international assistance. That will bring our total new commitment in this budget to \$1 billion over three years.

[English]

A modern economy must have the basic infrastructure to support it. Whether it is highways, urban transit or fishing harbours, Canada must have the physical infrastructure it needs to succeed.

Investments in infrastructure will stimulate job creation in the short and medium terms and make the economy more productive and competitive in the long term. These are things that must be done and now is the time to do them.

We recognize that the costs of these projects are often enormous, beyond the capacity of any one level of government. A prime example is Canada's bid for the 2010 Olympics. We know that British Columbia will provide a magnificent setting and we share the hopes and dreams of the people of Whistler and Vancouver. That is why we are pleased to announce at this point that we will provide the funding requested to support their bid, and if their bid is successful, we will do more.

We also recognize that our great cities are too important to our economy, to our quality of life and to our signature as a nation, to leave them in strained circumstances. We recognize as well that the same reasoning holds true for smaller, rural or remote municipalities, all of which are hard pressed to foster the economic development they need to offer their young people a future in their own communities.

That is why in budget 2000 we announced a new program, in partnership with the provinces and municipalities, to rebuild and renew the country's infrastructure. The federal contribution is \$2 billion, which should begin to flow in a substantial way in a matter of months, as will the \$600 million for highways announced at the same time.

Today, in order to maintain the momentum that is now underway, I am pleased to announce that we are creating a new foundation, one that finances important projects across Canada that are beyond the capacity of the existing programs that I have just mentioned, large scale projects such as urban transportation, major intercity highways and major sewage projects.

The Budget

The new entity, to be called the strategic infrastructure foundation, will work with municipal and provincial governments, as well as in promoting partnerships with the private sector, to meet the essential infrastructure needs of the 21st century. The Canadian government will commit a minimum of \$2 billion to this new foundation.

When we speak of infrastructure, we speak not only of the building blocks of trade and commerce but of the foundation stones of a society. Housing is a basic need of every Canadian, seniors and young families alike, and meeting that need must be the responsibility of us all.

In many of our urban centres, there is a shortage of affordable rental housing. There are also problems with housing in remote areas. To address these problems, the government announced the commitment of \$680 million over five years to affordable housing. We are pleased that a framework agreement has now been reached with the provinces and territories and look forward to construction beginning as soon as possible.

● (1650)

[Translation]

In budget 2000, we announced a number of initiatives aimed both at improving our environment and at developing innovative technologies.

Two of those initiatives, the \$25 million green municipal enabling fund and the \$100 million green municipal investment fund, have already spawned more than 100 projects.

These projects chart new ground in areas as diverse as energy and water savings, urban transit, waste diversion and renewable energy. These funds are improving the quality of our life and securing our position as a leader in environmental technology.

We would like to congratulate the Federation of Canadian Municipalities both for its initiative and for its management of these Funds. Today, as a result, we are announcing that we will double our contribution to both funds.

[English]

Across Canada, as in most countries, contaminated land lies unused and unproductive. Such sites, known as brownfields, may have the potential for rejuvenation, bringing both health and economic benefits to local communities. Therefore, responding to the government, the National Round Table on the Environment and the Economy has agreed to develop a national brownfield redevelopment strategy in order to ensure that Canada is a global leader in remediation.

Finally, recognizing that there are few things more basic to life than the quality of the air we breathe, and in order to reduce greenhouse gases that contribute to climate change, this budget will fund a new long term program to provide incentives for the production of wind power, a key source of tomorrow's renewable energy.

Before reporting on the state of the nation's finances, let me touch on one final but very important area. All of us recognize the vital importance of small and medium sized businesses to the creation of jobs and growth in our economy. In past budgets, we have

introduced a number of measures aimed specifically at addressing their major concerns and we do so again today.

Earlier, I set out an extensive program to facilitate our important cross-border trade with the United States. While those measures will benefit all Canadians, more can be done to ensure the ongoing growth of our small business sector.

Therefore, first, to make it easier to get goods across the border, where volume dictates we will establish small business desks which will offer personalized assistance. Second, we will put in place new systems to enable smaller businesses to prepare, file and pay their import declarations over the Internet. Finally, to improve their cashflow in the face of the economic slowdown, we will allow small and medium sized businesses to defer their corporate tax installments for January, February and March of 2002 for a period of six months. This will defer, without interest or penalty, some \$2 billion in taxes for small businesses.

Let us now turn to the finances of the nation.

It has been our practice to establish a contingency reserve in each of our projections of some \$3 billion to guard against the unexpected. It has also been our practice to use it, when not needed, to pay down debt.

This year, faced with the circumstances of the global slowdown and the unforeseen security requirements flowing from September 11, we have had to use portions of the contingency reserve for this year and the next two years. As a result, the contingency reserve for the four months remaining of this year will be \$1.5 billion. Given the projections for the economy, any such reserves at this year's end will not be used to pay down debt but will be used to finance the strategic infrastructure foundation and the Africa fund.

That being said, I can now confirm that we will balance the budget this year. This will be the fifth year in a row, something Canada has not seen in 50 years.

For 2002-03 the contingency reserve will be \$2 billion. For 2003-04 it will be \$2.5 billion. With these reserves as buffers, I can also confirm that if current projections hold, or even using the average of the four most pessimistic private sector growth forecasts, we will balance the budget or better next year and the year after that for a total of seven balanced budgets in a row.

● (1655)

[Translation]

I can now confirm today that, despite the world economic slowdown and the effects of September 11, Canada will balance the budget this year, the fifth year in a row, something we haven't seen in 50 years.

Under current projections, we will balance the budget next year and the year after that for a total of seven balanced budgets in a row.

The Budget

This budget reflects the decisions we have made in the face of this present uncertainty. They demonstrate our determination to help Canadians through this difficult period. Our choices also reflect a clear-eyed assessment of what we can and cannot do.

We cannot turn around the American economy. What we can do is provide support for Canadians to come through the storm—and we are doing so.

First, by putting our fiscal house in order and by meeting our inflation targets, we made it possible for monetary policy to provide significant stimulus through lower interest rates.

As a result, the Bank of Canada has been able to reduce short term interest rates by 3.5 percentage points, with half of this decline coming since September 11. This means real dollars in the pockets of Canadians. To a family seeking a mortgage of \$100,000, it means annual mortgage payments are \$2,200 less than they were a year ago. To a small business, with a \$250,000 bank loan tied to the prime lending rate, it means annual payments are about \$9,000 less than they were a year ago.

[*English*]

Next, we have provided major stimulus through lower taxes. In budget 2000 we introduced the largest tax cut in Canadian history. Last October we accelerated that plan. This year lower federal taxes alone have put \$17 billion back into the pockets of Canadian families and businesses. By next year the value of the tax cuts will grow to \$20 billion. This is significant stimulus and it is already working its way through the economy.

For instance, for a two earner family of four with a combined income of \$60,000, these tax cuts mean \$1,000 in savings this year, an 18% reduction. In less than three years their taxes will fall by 34%.

A one earner family of four earning \$40,000 will pay about \$1,100 less in taxes this year, a saving of 32%. By 2004 this family will pay almost \$2,000 less in tax, a 59% reduction.

Finally, the stimulus being provided through the strategic investments announced in this budget or coming on stream this year will amount to some \$9 billion this year, rising to \$11 billion next year.

When we put this spending together with the tax cuts, and not even counting the benefits of the lower interest rates, they provide a total stimulus of almost \$26 billion or 2.4% of GDP this year, or \$31 billion, 2.8% of GDP next year. This provides enormous stimulus to the Canadian economy and it does so in ways consistent with our long term plan for the future.

Managing the economy through tough times means striking the right balance. This budget does that. It provides vital support at a critical time but it does not go so far as to jeopardize either the progress of our past or the prospects for our future. It builds on the strong fundamentals Canadians have worked so hard to achieve; for just as we must face our challenges squarely, so we must understand our strengths fully.

The fact is that we face the current slowdown in much better shape than we did the last one in the early 1990s. At that time the budget

had been in deficit for two decades. Today we are posting our fifth consecutive surplus budget. In the mid-1990s our debt to GDP ratio hit 71%. By next year it will fall below 50% for the first time in 17 years.

In the mid-1990s, 36 cents out of every tax dollar went to debt servicing. Today that number has been reduced to 23 cents. Indeed, in the last four years we have paid down nearly \$36 billion in debt, \$17 billion last year alone, relieving Canada of almost \$2.5 billion annually in debt servicing charges.

In the early 1990s, Canada had a large current account deficit and our foreign debt was rising. Today we have a large current account surplus and our foreign debt has fallen from 44% of GDP to roughly 20%.

Prior to the 1990s, Canada had a poor record on inflation. Today we have a decade long track of hitting our inflation targets.

In the early 1990s, our fiscal credibility was low, resulting, despite problems in the economy, in short term interest rates of over 13%. Today, short term interest rates have fallen to about 2%, their lowest levels in almost 40 years.

Finally, in the early 1990s a number of Canadians had serious concerns about the sustainability of our retirement income system. Today the Canada pension plan is secure and on a strong footing, as confirmed by the independent actuarial report that was tabled this morning.

What is important in all of this is that what we have accomplished as a people in recent years will not only help us ride out the current storm, it puts us in a position to take full advantage of the economic recovery when it comes.

• (1700)

For this reason, we will not let the events of September 11 shake us from our course. The history of our country is one of great achievement, of looking beyond the problem of the moment to the opportunities ahead. Every generation has contributed to this record. Now it falls to us to prepare for a better tomorrow.

There is no miracle here. This will be achieved primarily because of the way we govern ourselves in this period of global uncertainty, dealing with current needs while avoiding the mistakes of the past, preserving our ability to pursue our long term plan to invest in people, to reduce taxes, to reduce debt, to invest in a stronger economy and a fairer society.

The Budget

● (1705)

[Translation]

Canadians remember the hard choices of the 1990s as we worked to pull ourselves out of deficit.

We will not play fast and loose with the finances of the nation.

We will not place on our children and our children's children a burden they should not have to bear, a mortgage they should not have to pay.

[English]

Let us look at what we have accomplished as Canadians these past few years. We have eliminated a crippling deficit and increased the child tax benefit. We have re-indexed the tax system to benefit low income Canadians while paying down massive amounts of debt. We have cut taxes while investing in our children, education, research and health care.

Let there be no doubt that the plan which brought these benefits will see us through the current downturn. It will prepare us for the recovery ahead. It is a plan that sees policy as the means, but better lives for Canadians as the end, that understands the current of fundamental change and positions Canadians to turn that change to their advantage. It is a plan that knows that in a world where technology has made every nation a neighbour, only a few will lead the way and that Canada must be among them.

That is what this budget is all about. It is about dealing with the present so we can seize the future. It is about resolving to work together as never before, renewed in purpose, confident of our course and guided through changing times by unchanging values. It is a budget anchored in the knowledge that as a country we have only begun to scratch the surface of what we can do but that so much more awaits us, and that an even stronger and more prosperous future is within our grasp.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, we waited 652 days for that. There is no doubt that this was a budget, as the Prime Minister's Office said, written by the Prime Minister and not the finance minister. Last week his communications director said:

This budget will be written by one person. It happens to be the Prime Minister of Canada, not the Minister of Finance.

The director went on to say that the Prime Minister was not happy about the way this budget was being put together.

That is absolutely clear by the way this budget fails to hit the mark in terms of the two expectations that Canadians had: the expectation that this budget would address the need for national security and economic security.

Some hon. members: Oh, oh.

The Speaker: Order, please. The Chair has to be able to hear the remarks of the hon. member for Calgary Southeast. A little order, please. The hon. member for Calgary Southeast has the floor.

Mr. Jason Kenney: Mr. Speaker, they have about as much respect for dissent as they do for taxpayers. It is absolutely clear in the budget that the government does not appreciate what Canadians do. On September 11 our holiday from history ended. Canadians

understood from that moment, and since that time, that top priority of a national government must be to provide adequate resources for our national defence and to defend the security and safety of Canadians.

The budget provides only \$300 million over five years in capital expenditures for the Department of National Defence at a time when the auditor general says that department will require at least \$1.2 billion, and when the Conference of Defence Associations says at least \$2 billion per year. The Minister of National Defence should be ashamed of himself for not having demanded at the cabinet table that we support our military men and women.

The budget will not even bring the budgets of the RCMP and the CSIS intelligence agency up to the levels of 1994 prior to their having been slashed. The budget does not provide the resources that Canadians demand and expect and which we need at the front line of our national defence and our national security.

In terms of economic security, the budget is an abject failure. The finance minister does not even recognize or admit or acknowledge that he has led Canada into a recession. What is his solution? It is next year to increase the tax on jobs, the combined payroll tax, by 6%. Instead of creating jobs, this budget and fiscal approach will kill jobs. The Liberals did not get their priorities straight.

Just when Canadians realize that now more than ever we must reduce the enormous debt burden, which has caused the lowest level of our currency in its history and which continues to be a drag on our disposable income and wealth as a nation, there is not one single red cent devoted to debt reduction in the budget, not a dollar. In fact the finance minister had to cook the books and move his own goal posts in order to come up with figures to suggest that he would not be in deficit. He has eliminated the prudence factor. He has cut the contingency factor in half. He has not allocated a dollar from either of those accounts to debt reduction. They are on the very fine edge of a deficit within the next two years.

The Liberals found more money for the culture department than for agriculture. Zero for agriculture and hundreds of millions for the CBC. Why is it that they have their priorities so wrong?

● (1710)

[Translation]

While the government is bringing us back to the edge of the precipice, the Liberals are already announcing that they would spend potential surpluses on artificial job creation programs and aid to Africa instead of reducing the debt.

The Liberals say they have invested in security. So how do they explain that not one cent is going into the basic national defence budget? The auditor general said recently that they needed \$1.3 billion to maintain the status quo. The Liberals are contributing \$1.3 billion, but over five years instead of one.

The Budget

[English]

The budget fails to reflect the priorities of Canadians. It fails to get priorities straight. It is a huge wasteful budget. If this were a movie, it would be known as "2001: A Waste Odyssey" with a 9.2% increase in program spending next year, the largest spending increase since 1979 when this Prime Minister was a disastrous Minister of Finance.

Tomorrow I and my colleagues will be elaborating on the reasons for moving an amendment to the motion on this budget to condemn the government for having failed to get its priorities straight at a time of economic and security urgency; for having failed to put resources

where they belong, at the front edge of our fight for national security; and for having failed to restore economic security to the country. We look forward to that debate. At this time I move:

That the debate be now adjourned.

(Motion agreed to)

The Speaker: Pursuant to Standing Order 83(2) the motion is deemed adopted. Accordingly the House stands adjourned until tomorrow at 10 a.m.

(The House adjourned at 5.15 p.m.)