

*The Budget**[English]*

STARRED QUESTIONS

Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC): Mr. Speaker, if Starred Question No. 154 could be made an order for return, this return would be tabled immediately.

The Speaker: Is that agreed?

Some hon. members: Agreed.

[Text]

*Question No. 154—**Ms. Tina Keeper:**

Which First Nations did the Department of Indian and Northern Affairs identify as having used Zonolite Attic Insulation and for each of these First Nations, how many houses were insulated with Zonolite Attic Insulation?

(Return tabled)

[English]

Mr. Tom Lukiwski: Mr. Speaker, I ask that all remaining questions be allowed to stand.

The Speaker: Is that agreed?

Some hon. members: Agreed.

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COMMITTEES OF THE HOUSE

HEALTH

The House resumed consideration of the motion.

Hon. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, this is a very important issue and I know the hon. member has said so himself. However, to play politics and to be partisan with it is not worthy of the hon. member or the government.

This is an issue on which the Department of Health tabled a report in 2003. Work had been going on. There was money in CIHR to do research. There was work being done through Indian and Northern Affairs to deal with at risk societies, especially aboriginal people. There were already programs in place. There were in fact lots of programs that were being done with regard to public awareness.

To suggest that nothing was done and that suddenly within the space of 11 or 12 months the government pulled a rabbit out of a hat is playing politics with the work and is playing semantics. The work had started. The Canadian Medical Association had been spending its time developing the kinds of protocols and diagnostic tools about which we were talking, and that took time.

However, what I would like to speak to is the issue of labelling, and this is a very significant issue. I do not know if everyone in the House realizes that distillers, when they send their bottles of alcohol from Canada to California, they put labels on them, but those labels are not there for Canadians.

The hon. member from Mississauga makes a very strong point that this is an issue that we should move toward. We should be labelling because there is no better way of getting the message out

than when somebody picks up a bottle to pour a drink and reads that this is going to harm her child.

Most people do not read the posters and brochures. Therefore, I suggest this is a worthwhile cause and he should support it.

• (1600)

Mr. Steven Fletcher: Mr. Speaker, I encourage the hon. member to speak to her own colleagues, who have already rejected the labelling of alcohol bottles, that it is not in itself effective. What we need is a comprehensive strategy.

I also find it ironic that the member talks about partisanship. It is the member previous who brought this into the partisan realm and refused to reflect on 13 years of Liberal mismanagement. Even by the own member's math, something was brought forward in 2003, but they had already been in government for 10 years. Even using the member's own logic, nothing was done for 10 years.

This government is working very hard to fix the terrible legacy of the previous government when it comes to issues of fetal alcohol syndrome disorder and so on. In budget 2006 this government dedicated \$3 million to help deal with this issue, and that was in our first few months. We did more in our first few months in office than the previous government did in a decade in office, and that is a fact.

As we move forward, I look forward and I hope that all parties will rally around the government to deal with fetal alcohol syndrome disorder, as it is truly a terrible disease and 100% preventable.

[Translation]

The Speaker: It is my duty to interrupt the proceedings on the motion at this time. Consequently, the debate on the motion is deferred to a future sitting.

[English]

It being 4 p.m. the House will now proceed to the consideration of Ways and Means Motion No. 14 concerning the budget presentation.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

Hon. Jim Flaherty (Minister of Finance, CPC) moved:

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

He said: Mr. Speaker, I wish to table the budget document for 2007, including notices of ways and means motions. The details of the measures are contained in these documents. I am asking that an order of the day be designated for consideration of these motions. I also wish to announce that at the earliest opportunity the government will introduce bills to implement the measures in this budget.

Canada is strong today and we have a plan for an even better tomorrow. This budget is about helping families. It is also about achieving our country's full potential and showing a modern, ambitious and energetic Canada to the world.

The Budget

Today, we reduce the tax burden on working families, again. Today, we act to preserve our environment. Today, we move to improve our health care system. Today, we crack down on corporations that have avoided paying their fair share. Today, we take historic action to restore fiscal balance in our country.

We build from a foundation of strength. Our unemployment rate is the lowest in 30 years. Our fiscal fundamentals are the strongest in the G-7. We are paying down over \$22 billion against the national debt. That is \$700 for every man, woman and child in Canada. Our taxes are lower. Our budget is balanced.

In looking to the future, we take inspiration from our country's magnificent past. Canada is great because Canadians made it great. The people who built this country worked hard to realize their vision. They set us on a bold course to greater hope and opportunity. They had a passion for the free, prosperous and welcoming country they called Canada. We stand on their shoulders. We live in the Canada they forged.

● (1605)

[Translation]

Hon. Jim Flaherty (Minister of Finance, CPC): We feel a debt of gratitude to our ancestors who fought for our freedom. Who built this country with their hands and their hearts.

Canada is a powerful idea. We are a modern nation that stands up for Canadian values in this world.

[English]

We are prosperous and compassionate, aspirational and welcoming, independent and strong.

Today we take the next steps in building a Canada that we will be proud to pass on to our children and grandchildren, a modern Canada ready to take its rightful place in the world, a Canada where people can realize their dreams and live in prosperity and peace. To that end, I am honoured to be tabling our government's second budget today.

Let me share just some of the proposed budget initiatives with the House which will result in a stronger, safer, better Canada. Let me speak first about a better Canada.

The first step to making Canada even better tomorrow is to restore the fiscal balance in this country today. Our Prime Minister has shown great leadership on this issue, not defending turf, not engaging in parochial politics, but acting in the best interests of Canadians.

[Translation]

There has been a lot of talk about fiscal balance. But what is it really about?

It is about better roads and renewed public transit. Better health care. Better-equipped universities. Cleaner oceans, rivers, lakes and air. Training, to help Canadians get the skills they need. It is about building a better future for our country.

And that means getting adequate funding to provincial and territorial governments. We get that. The provinces get that. Canadians get that. Almost everybody gets it.

So we are taking action. Through this budget, we are delivering an historic plan worth over \$39 billion over seven years to restore fiscal balance in Canada.

Our plan is based on principles: accountability through clarity of roles and responsibilities; fiscal responsibility and budget transparency; predictable, long-term fiscal arrangements; a competitive and efficient economic union; and effective, collaborative management of the federation.

● (1610)

[English]

Here is what the plan includes.

We are keeping our commitments on equalization. We are returning equalization to a principled formula based program. We are maintaining the benefits of the offshore accords as requested by the governments of Nova Scotia and Newfoundland and Labrador.

As we promised, every province will be better off under the new plan. Under the new plan, provinces will get the greater of the amount they would receive by fully excluding natural resource revenues or by including 50% of natural resource revenue.

A fiscal capacity cap will provide fairness by ensuring that equalization payments do not result in a receiving province ending up with a fiscal capacity higher than a non-receiving province. Equalization receiving provinces will receive an additional \$1.5 billion this year, an increase of \$1.9 billion since we took office, to ensure all provinces can continue to invest in roads and infrastructure, post-secondary education and health care.

We have also agreed to renew and strengthen the territorial formula financing program by \$115 million this year to ensure the territories can take advantage of the extraordinary opportunities in their futures.

[Translation]

There is more to restoring fiscal balance than restoring equalization.

That is why we are also keeping our commitment to restoring equal, per capita cash allocations in other transfer programs for the provinces.

Starting in 2007-08, we will put the Canada social transfer payments on an equal per capita cash basis to support post-secondary education, social assistance and social services equally in all provinces. We will increase the CST by \$800 million for post-secondary education in 2008-09, and by 3% per year afterwards. Funding for post-secondary education will rise to \$3.2 billion in 2008-09, a 40% increase—an additional \$16 billion investment in our future over seven years.

We are also committing to move the Canada health transfer to an equal per capita cash basis when the current arrangement expires in 2014.

*The Budget**[English]*

We will also invest \$250 million more per year to create child care spaces with the provinces beginning in 2007-08. This is on top of the \$850 million invested annually in early childhood development and child care.

We are providing \$500 million a year for labour market training in 2008-09, that is \$3 billion over the next six years, to ensure Canadians get the skills training they need for the future.

And we are keeping our commitment to Canada's future by improving Canada's infrastructure.

●(1615)

[Translation]

Starting this year, each province and territory will get base infrastructure funding of \$25 million per year, and additional cash on a per capita basis. We are making an unprecedented investment in Canada—\$16 billion in new funding, for a total of \$33 billion over the next seven years. We will also make additional investments in national, growth-oriented projects like the Asia-Pacific Gateway, to which we are now committing \$1 billion in federal funding.

To help municipalities with their infrastructure needs, we are also extending our gas tax funding to 2013-14.

To support important environmental initiatives with the provinces, we have created a new, \$1.5-billion Canada ecotrust for clean air and climate change.

[English]

The actions taken in this budget will restore fiscal balance through long term, fair and predictable transfers.

The long, tiring, unproductive era of bickering between the provincial and federal governments is over.

[Translation]

The long, tiring, unproductive era of bickering between the provincial and federal governments is over.

[English]

There are values and beliefs that unite us, that make us proud, and that embody what it means to be Canadian.

To achieve a better Canada, we must invest based on those values and beliefs.

First, we help the vulnerable and we aspire to help one another.

Second, we take pride in the spectacular beauty of our country and aspire to preserve it.

Third, we cherish the universality of our health care system and aspire to strengthen it.

Fourth, we are a caring people and aspire to support people who need our help.

This budget makes our values and beliefs stronger. Canadians are a caring people. We offer a helping hand to people who find themselves out of work. Yet, social assistance programs can produce unintended consequences.

In Canada, too many people feel trapped on welfare.

A single mother with one child who takes a low income job can lose almost 80¢ of each dollar she earns. That is because of higher taxes and reduced benefits for things like drug and dental coverage. Some people call this the welfare wall.

It is time to help people over the welfare wall and on to a better, more prosperous life for themselves and their families.

The budget will invest more than \$550 million a year to establish the working income tax benefit known by the helpful acronym as WITB. I hope members will appreciate that in my role as the member for Whitby—Oshawa. It is easily remembered.

Helping people achieve a better life for themselves and their families, that is our Canada, voilà notre Canada.

For many years, I and others, who are members of the House, have worked with parents of severely disabled children. Parents of children with severe disabilities face emotional strains and financial hardships that can, at times, be overwhelming. They worry about how they will take care of their children in the future.

They need our help. Based on our expert panel's recommendations, we will invest \$140 million over the next two years to establish a registered disabilities savings plan, similar to an RESP.

Compassion and understanding for persons with disabilities and their families, that is our Canada, voilà notre Canada.

The second point is that we take pride in the spectacular beauty of our country and aspire to preserve it. From the majestic peaks of the Rocky Mountains to the rugged shores of Newfoundland and Labrador, many of the most beautiful places on earth are in Canada.

How fortunate we are to call this vast, beautiful country our home. We must preserve and protect it.

In total, budget 2007 invests \$4.5 billion for environmental initiatives.

We are investing \$225 million with the Nature Conservancy of Canada to protect up to 2,000 square kilometres of ecologically sensitive land.

We are dedicating \$30 million to safeguard the Great Bear Rainforest on the central coast of British Columbia.

We are dedicating \$10 million over two years to conserve ecologically important lands in the Northwest Territories, which will protect an important part of our boreal forest.

We are strengthening enforcement of environmental protection laws by increasing the number of enforcement officers by 50%.

●(1620)

Protecting the natural beauty of our majestic land, that is our Canada, voilà notre Canada.

Canada has one of the largest supplies of fresh water on the planet and beautiful oceans on three sides of our vast country. We cannot take these resources for granted.

The Budget

We must protect our precious lakes, rivers and oceans. That is why we are announcing our new national water strategy.

This comprehensive initiative will improve water quality in places such as the Lake Winnipeg basin, the Great Lakes basin and Lake Simcoe.

All Canadians deserve safe, clean drinking water.

We will provide a tough regulatory framework and standards for drinking water on first nations reserves.

We will also work with provinces and municipalities to improve municipal sewer and water facilities.

Our national water strategy will also help support the sustainable development and protection of our oceans. It creates nine marine protected areas, including Sable Island on the east coast, the Scott Islands on the Pacific coast and Lancaster Sound in the eastern Arctic.

Our national water strategy will provide funding for our Coast Guard to buy and maintain six new vessels.

Fresh, clean water, that is our Canada, voilà notre Canada.

We want clean water. We also want clean air.

We are taking action. We are introducing a program that provides rebates to people who buy fuel efficient or alternative fuel vehicles. We will also sponsor initiatives that take old, polluting cars off the road and introduce a green levy on gas guzzlers.

Environmental measures in this budget will improve the air we all breathe. They do not involve any accounting sleight of hand or complicated purchases of energy credits from distant countries like Russia.

Clean air, right here, that is our Canada, voilà notre Canada.

Third, we cherish the universality of our health care system and aspire to strengthen it.

The people of Saskatchewan have contributed much to Canada, but perhaps nothing as fundamental to our Canadian fabric as the concept of universally accessible health care.

Our government is providing a total of \$2.6 billion in new health care investments as well as an increase in health transfers. This means our government will transfer \$44 billion in health care funding to the provinces and territories in the next two years.

The time has come to modernize our health care system.

Canada needs electronic health records. They will help our health providers to be more efficient, improve the quality of care provided, and reduce the chance of medication error. This all adds up to reduced wait times.

We are investing \$400 million to help fund ehealth initiatives and up to an additional \$600 million to reduce wait times.

A modern, cutting edge health care system, that is our Canada, voilà notre Canada.

• (1625)

[*Translation*]

A vaccine exists today that helps prevent cancer of the cervix. This budget provides \$300 million to provincial and territorial governments to enable them to introduce cervical cancer immunization programs.

Let the day come when people look back on this cancer as a disease we have conquered—in the same way we do polio today. Promoting women's health. That is our Canada.

[*English*]

That is our Canada.

Health care, of course, goes beyond physical well-being. We must reach out in practical and compassionate ways to those struggling with mental illness. The funding provided in this budget will establish and support a Canadian mental health commission to lead the development of a national mental health strategy.

I am very pleased to announce that the hon. Michael Kirby has agreed to serve as chair of this important commission. Respect and dignity for people with mental illness, that is our Canada, voilà notre Canada.

The fourth point is we are a caring people and aspire to support people who need our help. Canadians are generous. When it comes to determining what good causes to support, we believe individual Canadians can make that decision far better than government.

Last year's budget improved incentives to make donations of securities to public charities like hospitals and universities. The response from Canadians has been overwhelming: at least \$150 million in donations of securities for hospitals and health care, more than \$50 million for education and more than \$20 million for the arts. In budget 2006 we promised to explore developing a similar incentive for donations of securities to private foundations. We did. Now we are expanding this program to encourage donations to private foundations as well.

• (1630)

[*Translation*]

There are stockpiles of pharmaceuticals for fighting diseases like AIDS and tuberculosis that are going unused. There are also people in Africa and developing countries around the world who need these medicines.

That just does not make sense.

That is why this budget includes a tax incentive for donations of pharmaceuticals to developing countries.

Giving generously to others. That is our Canada.

[*English*]

Budget 2007 is creating a better Canada by helping the vulnerable, preserving our environment, strengthening our health care system and helping Canadians contribute to those in need.

The Budget

Last fall we launched a long term economic plan for Canada called "Advantage Canada". It was designed to improve our quality of life and to make Canada a world leader for today and future generations.

Advantage Canada promotes five competitive economic advantages we need to succeed in today's global economy: a fiscal advantage, a tax advantage, a knowledge advantage, an entrepreneurial advantage and an infrastructure advantage.

It all starts with a fiscal advantage. We are lowering our national mortgage by \$9.2 billion, on top of the \$13.2 billion we have put against the debt since we were elected.

In last November's update, I promised Canadians would benefit directly from debt reduction. They will. Through our tax back guarantee, lower debt will mean lower interest payments which will mean lower taxes.

Let me be clear. Every dollar saved from lower interest payments will be returned to Canadians through personal income tax reductions. More money staying in Canadians' pockets and less money lost to interest payments, that is our Canada, voilà notre Canada.

I hear it in the hockey arena, in the coffee shops and from people on the street that taxes in Canada are way too high. It is true. I know that as finance minister and as the father of three teenage boys.

Parents across Canada struggle daily with the challenge and the expenses of raising a family. They work hard, they play by the rules and they try to teach their children right from wrong. They hope for a tomorrow that is a bit better than today. With higher costs of living, housing and energy, it is not easy. We need to make it more affordable for people to have children and to raise them.

There were many personal tax relief options we could have pursued in this budget. We made a choice. We chose to support hard-working families.

In budget 2007 we are creating a working families' tax plan. This plan has four components. First, for families with children it creates a brand new \$2,000 per child tax credit for children under 18 that will help families to get ahead.

Here is an example of what it will mean. A single earner family with two children with an income of \$37,000 per year will save \$620. That is a 23% reduction in their federal taxes.

That is money families can use to buy new shoes or clothes for their children, or save for a new computer, or even to buy a new pair of hockey skates, just like I did yesterday with my wife, Christine, for our son John.

●(1635)

Second, we are ending the marriage penalty for single earner families through an increase of the spousal and dependant amounts to the same level as the basic personal amount. It is good public policy to encourage commitment and marriage, not penalize it. That is what we are doing.

[*Translation*]

Third, parents across this country are struggling with the costs of post-secondary education. We are helping parents save for their children's education by strengthening the RESP program.

[*English*]

Fourth, seniors on a fixed income are often forced to make choices to get by. We are helping seniors by raising the age limit for RPPs and RRSPs from age 69 to age 71. These measures build upon the tax relief provided under our tax fairness plan. It increased the age credit amount to benefit low and middle income seniors. It also allowed pension income splitting for pensioners beginning this year. Together, these actions put \$1 billion a year back into the pockets of Canadian seniors who earned and deserve every penny.

This government has introduced a total of nearly \$38 billion of tax relief, benefiting hard-working Canadians for this and the next two fiscal years.

Our tax advantage is about more than personal income tax relief. It is also about providing an advantage to our businesses as well. Our House finance and industry committees heard about how valiantly Canadian manufacturers have weathered the perfect storm of a high dollar, low costs, international competition and an economic slowdown in the United States.

For personal income tax relief, we chose to focus on helping families. For corporate tax relief, we chose to help Canadian manufacturers succeed by focusing on our capital cost allowance system.

Generally, Canada's capital cost allowance system allows businesses to write off their investments in manufacturing and equipment over roughly seven years. Accelerated capital cost allowances permit a faster write-off to encourage economic investment and to create jobs. It is time to support our manufacturers through a dramatic new capital cost allowance incentive.

From now until the end of 2008, we will allow manufacturers to completely write off their new investments in equipment over a two year period, resulting in \$1.3 billion in tax savings for our job creators over the next three fiscal years. This is like a shot of adrenalin for our manufacturers. It will help Canadian businesses invest in new technology and better compete on the world stage.

Canada's job creators also need modern technology to be more efficient and they need buildings that allow them to grow. Changes we are also making to the capital cost allowance system will shorten the write-off period for computers and non-residential buildings.

The Budget

Our world is changing. Improving our capital cost allowance system also means striking the right balance. For oil sands and other industries, we will be phasing in accelerated capital cost allowances to promote promising new technologies, green technologies like carbon capture and storage. It follows that we are balancing this by phasing out the accelerated capital cost allowance for general investment in the oil sands by 2015.

The watchword for Canada's new government when it comes to taxes is fairness. Tax fairness means paying one's fair share, regardless of where a company is registered or where a head office is located.

We improved the fairness of our tax system in our last budget and in our tax fairness plan. We are taking new steps today.

● (1640)

Step one: we are putting an end to the use of tax havens, where corporations borrow in Canada to fund business operations abroad, then use the interest deductions to offset Canadian income.

This is a practice that has resulted in Canadian taxpayers indirectly subsidizing the foreign operations of multinational corporations and paying the price in reduced business activity and job losses here in Canada.

No more. The interest expense on debt incurred to acquire shares of a foreign affiliate will no longer be deductible.

Step two: we are providing the Canada Revenue Agency the funding it needs to detect tax avoidance through offshore tax havens to ensure that every company pays its fair share of tax.

Let me add that if creative tax planners find other loopholes, we will close those loopholes as well.

The free ride is over. Everyone is going to pay their fair share.

Tax fairness for everyone. That is our Canada. Voilà notre Canada.

Add it all together and, in a little over a year, we have announced tax relief worth \$3.6 billion for Canadian businesses for this and the next two fiscal years.

We recognized in Advantage Canada the need for a knowledge advantage so that Canadians can compete more successfully in our modern global economy. We set a bold goal but an achievable one: to have the best educated, most skilled and most flexible workforce in the world.

● (1645)

[Translation]

Actions we are taking today will help build that workforce tomorrow.

First of all, we are investing over \$1.3 billion in new money for science and technology research.

Secondly, we are dramatically increasing financial support for post-secondary education.

Third, we are providing new funding for skills training. The result will be that any Canadian who needs training should be able to get training.

[English]

Fourth, we are providing the greatest number of scholarships ever granted to our graduate students through the Canada graduate scholarships program. These prestigious awards are worth \$17,500 per year for master's students and \$35,000 annually for doctoral students for up to three years.

To recognize the outstanding contributions of Canadians who have made a real and lasting impact on our lives, we plan to dedicate these prestigious scholarships to the memory of Sir Frederick Banting and Dr. Charles Best, Alexander Graham Bell, and Joseph-Armand Bombardier.

We are not just funding scholarships. We are helping to create the next generation of leaders, young Canadians who will make us proud, make Canada strong, and make the world a better place through their achievements.

Finally, in addition to creating a future generation of leaders, we are also investing in leading research institutions.

Budget 2007 sets aside the funding necessary to make that happen and will help fund leading edge institutions like the Life Sciences Research Institute in Nova Scotia, l'Institut national d'optique au Québec, the Perimeter Institute in Ontario, the Canada School of Sustainable Energy in Alberta, and B.C.'s Brain Research Centre, among others.

Small businesses and entrepreneurs are the motors of our modern economy. That is why we are looking to achieve an entrepreneurial advantage. That includes a plan to strengthen our capital markets, helping Canadian entrepreneurs access the money they need to grow.

Creating an entrepreneurial advantage also means supporting our two million small businesses. They work hard. They create jobs. They make our country work.

The last thing they need is excessive government red tape and needless regulation to slow them down.

This budget contains a package of initiatives to help Canada's small businesses.

For example, we are reducing the number of annual tax filings and remittances for more than 350,000 small businesses. For some smaller businesses, the number of tax filings and remittances could drop from 34 to as few as 10, a 70% decrease.

We will reduce the business paper burden by 20% by November 2008, following the excellent example of the Government of British Columbia. The hon. Secretary of State for Small Business and Tourism will lead this effort.

In addition, farmers, fishermen and -women and small business owners all stand to benefit from the first increase in the lifetime capital gains exemption in nearly 20 years. We are increasing this capital gains exemption to \$750,000 from \$500,000, effective today.

I would like to acknowledge the leadership of the Canadian Federation of Independent Business in championing this reform and the effort to reduce the business paper burden by 20%.

The Budget

In today's knowledge economy, a strong economy and clean energy are not mutually exclusive. One of the goals set out in Advantage Canada is for this country to become a green technology leader.

Budget 2007 includes \$2 billion in incentives for renewable fuel production over the next seven years. The results will be a fresh energy supply, new jobs in our growing Canadian renewable fuels sector, including biofuels, and cleaner air.

This initiative will mean new opportunities for our agricultural products and support for our agriculture industry in the process.

Canada's farmers feed not just our country, they feed the world. It is time we provided the kind of support that these decent, hard-working people of integrity deserve, so we are providing \$1 billion in new direct assistance to farmers through this budget and we are replacing the top tier of the CAIS program with a new savings account plan.

Over the last two budgets, we have delivered \$4.5 billion in new assistance to Canada's farmers.

We have heard from farmers. We have listened to them. We have acted.

• (1650)

[Translation]

In planning for the future, this budget looked to the history of this country to help us to achieve an infrastructure advantage.

From Sir John A. Macdonald's national railroad, to Louis St. Laurent's St. Lawrence Seaway, to John Diefenbaker's vision of the north, transportation and infrastructure have connected our great country. United us. Shaped who we are.

[English]

Today there are new opportunities to connect our nation, including those made possible through the new \$1.5 billion Canada ecotrust for clean air and climate change.

For example, the construction of an east-west hydroelectricity grid will deliver cleaner energy, strengthen our economy and build on our position as the world leader in the production of the cleanest form of energy in the world: hydroelectric power.

This budget also builds Canada with more than \$16 billion in infrastructure funding. Federal funding for infrastructure over seven years will be \$33 billion, the largest such investment in Canadian history.

Budget 2007 takes concrete action to lower taxes and position Canada for global success as we take initial steps to implement Advantage Canada, our long term economic plan.

I have spoken about building a better Canada and a stronger Canada. These alone are insufficient. We must also make Canada safer.

Canada is admired the world over as a safe, law-abiding society. We must keep it that way.

We cherish our safety and security. Reading stories of carjackings, home invasions or reckless and random murders in our cities upsets all of us, because that is not our Canada.

Many serious crimes link back to the drug trade. Grow ops or meth labs are being found in residential neighbourhoods. Gangs distribute these drugs. Then innocent people get hurt as a result of gang warfare.

That is unacceptable. Today we are launching a new national anti-drug strategy to combat the use of illegal drugs.

We are also providing funding to protect our most precious asset, our children, from online sexual exploitation and to assist investigators in suspected cases of human trafficking.

In addition, the government will put in place a plan to combat white-collar crime that includes attracting and retaining the best qualified police and other expert resources to the RCMP's integrated market enforcement teams.

• (1655)

[Translation]

We have a long tradition of reaching outside our borders to those who are less fortunate.

We will increase our foreign aid by nearly \$900 million over the next two years, consistent with our commitment to double international assistance by 2010-11.

[English]

Canadians are a peace-loving people. We are all proud of the role Canada plays across the globe restoring and protecting the peace. Yet those who would harm us and harm those we protect do not share our values. They do not want the peace we protect. They disregard human rights. They shatter people's lives forever.

Our history has shown that we are at our best protecting others when our forces are strong and our soldiers are supported, when our soldiers can count on their government as much as their government counts on them.

It was 1917. Entire villages had been destroyed in northern France and Belgium. Our enemy was entrenched, ready and confident. On that cold spring morning, tens of thousands of Canadian soldiers, men from places like Amherst, Nova Scotia; Calgary, Alberta; Lachute, Quebec; and Wallacetown, Ontario came to win back freedom. In one of the most dramatic battles of the first world war, those brave Canadians succeeded where other nations had tried and failed. Canadians had taken Vimy Ridge by afternoon. More than 3,500 of them made the ultimate sacrifice. The respect Canada earned on April 9, 1917 endures 90 years later.

The Budget

This brings me to our brave veterans and soldiers serving Canada today and what this budget will mean for them. It includes \$60 million to increase the field operations allowance for soldiers and five new centres for veterans to help Canadian Forces members and their families deal with stress injuries related to their military service.

• (1700)

[*Translation*]

We will create the position of Veterans' Ombudsman to ensure that the services delivered by the Department of Veterans Affairs meet the service standards set out in our new Veterans' Bill of Rights.

We will fund improvements to services for veterans.

[*English*]

In proposing these measures, we are ever mindful of the torch being passed from yesterday's veterans to today's heroes. Many Canadians who have been to the Netherlands know the warm greeting of an elderly person whose eyes say "thank you" to this day.

Canadians helped liberate the people of the Netherlands in World War II, bringing a new beginning to that country. Let our generation do the same for the people of Afghanistan.

The need is most urgent for Afghan women. Years of Taliban oppression left women hurt and their spirits broken. We must help them. We are helping them.

[*Translation*]

Our Prime Minister recently committed \$200 million to the reconstruction efforts in Afghanistan. Mr. Speaker, this budget confirms that funding.

Our work is already paying off. Close to 5 million children, one third of them girls, have been enrolled in schools.

By creating a civil society, opening schools and medical clinics, and helping enforce the law, we are not only fighting terrorism, we are bringing new hope.

[*English*]

By creating a civil society, by opening schools and medical clinics and helping enforce the law, we are not only fighting terrorism, we are bringing new hope to the people of Afghanistan.

Mr. Speaker, I have gone on almost as long as it seems.

We in this House are the stewards of the greatest country in the world. As I stand in this historic chamber I cannot help but think of the generations to come. Our actions today will create the Canada they will enjoy tomorrow: a Canada with a standard of living and quality of life that are second to none; a beautiful country with clean water and fresh air, free of debt with a flexible, well-educated, modern workforce; a welcoming, prosperous land that attracts aspiring people who seek opportunity and peace for themselves and their families; a model society, a shining beacon in what can be a dark world.

What will future generations say of us and of our actions? Let them say that we had the courage, the commitment and the confidence to bring Canada to its rightful place on the world stage.

Let them say that we strengthened Canadian values and beliefs. Let them say that we opened the doors to new opportunities and a better life. Let them say that we never settled for second best, that we had the conviction to make the right choices. Let them say that we helped families pay down their debts, helped their children through school, helped them purchase their own homes and realize their dreams. Let them say that we built a great economy that is the envy of the world.

It is time to unleash Canada's full potential. Let us be bold. Let our Canada be an example to the rest of the world of what a truly great, prosperous and compassionate nation can be. Let us aspire to a stronger, safer, better Canada.

• (1705)

The Speaker: There is now a 10 minute period for questions and comments on the hon. minister's speech. I therefore call for questions and comments. There will be a time limit on the questions and comments of about a minute and a half. I call upon the hon. member for Markham—Unionville.

Hon. John McCallum (Markham—Unionville, Lib.): Mr. Speaker, I would like to congratulate the minister for some of his fine words.

Some hon. members: Hear, hear!

Hon. John McCallum: Mr. Speaker, I was trying to be gracious so I hope the applause has not interrupted my time.

I would also say that never has a finance minister had so much and done so little. There is very little in this budget for middle income Canadians and there is nothing at all to position Canada for the 21st century.

In particular, last year the minister raised the income tax rate on the lowest income Canadians and today he has shamefully refused to reduce that tax rate or indeed any other tax rate.

There is precious little tax relief. There is not a penny in the pockets of undergraduate students. There is a watered down version of the working income tax credit. There is only a pittance for Canada's aboriginal people. There is nothing for social housing or legal aid. I could go on, but I will not. I will end with one question.

In the middle of all this social inaction which we expect of that government, why could he not have at least done one thing, which is to reduce the income tax rate on the lowest income level from 15.5% to 15%? That is not too much to ask.

Hon. Jim Flaherty: Mr. Speaker, I want to start by thanking the member opposite for his acknowledgement of this historic budget and his recognition of the importance of restoring fiscal balance in Canada, but he did not say that, did he? No, he did not say that because his party says that there was no fiscal imbalance. My party and the Prime Minister, virtually every government in Canada, everybody in Canada, except the leader of the Liberal Party and I guess the Liberal Party's finance critic, says that there is a fiscal imbalance in Canada that needs to be remedied, that needs to be fixed. Today we fixed it.

The Budget

Yes, it is expensive to fix a historic wrong. In fact, two-thirds of the new spending in this budget goes toward moving from fiscal imbalance to fiscal balance in Canada. It is a goal well worth pursuing and one which we have accomplished today. The remaining one-third deals with tax reductions and new spending in other areas that are priorities for Canadians. I am sure the member for Markham—Unionville knows something about the infrastructure needs in the greater Toronto area and elsewhere.

• (1710)

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, it is very clear that the budget the finance minister has just delivered fails to close the prosperity gap in this country. With the \$9 billion in corporate tax cuts and the failure to take away the tax advantages for the oil sands, it seems the budget was written more for those around the board room table, not around the kitchen table. How can the Conservatives claim that this is a budget for working families and ordinary Canadians? When we look at this budget, we can see that it fails on many measures.

Despite new funding for post-secondary education, working and middle class families will face higher tuition fees and student debt will continue to rise. Despite funding for health care, families will continue to pay for prescription drugs and home care. There is nothing in this budget for veterans and there is nothing in this budget for seniors despite motions that have been passed in the House. There is no new money in this budget for housing, of which there is a critical shortage in this country.

I would like to ask the finance minister, why is it that this budget does nothing to close the prosperity gap in this country?

Hon. Jim Flaherty: Mr. Speaker, the member is wrong about veterans. The budget contains some substantial benefits for veterans which I actually announced about 10 minutes ago.

The member raised the point about how we can help lower income Canadians and struggling Canadians to do better. We need to help them over the welfare wall. When the Liberal Party opposite was government it talked about this but, as usual, it did not get the job done. Today we did it. We accomplished it today with the workers' income tax benefit.

I am sure my NDP colleague recognizes the importance of encouraging struggling people to move from social assistance into jobs. We have the lowest unemployment rate in 30 years. We are actually helping to make it worthwhile for people to support their families and to move into the labour force. This is an important social reform. I hope the NDP will support it. I have no idea what the Liberals might or might not do because they just talked about it and never did it.

Mrs. Lynne Yelich (Parliamentary Secretary to the Minister of Human Resources and Social Development, CPC): Mr. Speaker, I congratulate the finance minister for another excellent budget, a budget that delivers for hard-working Canadian families, a budget that delivers on our commitment to the environment and a budget that delivers on our commitment to restore fiscal balance to the federation.

Could the minister please share with the House how this budget delivers on our commitments to the good, hard-working, overtaxed people of Saskatchewan?

Hon. Jim Flaherty: Mr. Speaker, in budget 2007 our government is delivering for the hard-working families of Saskatchewan like never before.

Under the new fiscal balance package, Saskatchewan will have the largest per capita gains of any province in 2007-08. We are providing \$1.4 billion to improve the lives of the people of Saskatchewan, including \$226 million under the new equalization formula, \$756 million under the Canada health transfer, \$342 million for the Canada social transfer and \$75 million for infrastructure.

Additionally, we are providing Saskatchewan farmers with \$250 million. We are providing \$500 million to support private sector production of renewable fuels in Saskatchewan and throughout Canada.

Hon. Wayne Easter (Malpeque, Lib.): Mr. Speaker, this budget is a huge disappointment for farmers.

Last year the Prime Minister promised that he would move to cost of production. All we see in this budget is the \$1 billion that was announced several times. There are no details and no negotiations established with the provinces. It could have been done in a way under the Farm Income Protection Act that it could have been rolled out immediately but he locked it into the budget. It really is just a promise. There is no real money there. The only real money in this announcement is under the capital cost allowance, capital gains tax exemption, in order for farmers to get out of the business.

Why did the minister not live up to the Prime Minister's commitment of a year ago of achieving cost of production?

• (1715)

Hon. Jim Flaherty: Mr. Speaker, as I said a few moments ago, over the last two budgets we have delivered \$4.5 billion in new assistance to Canada's farmers. The member opposite said that was not real money. I would suggest to the member opposite that he stay out of the banking business.

Hon. John McCallum: Mr. Speaker, I would briefly point out that instead of answering my question, the minister talked about fiscal transfers.

I would point out that it was his government that cut \$10 billion of transfers to the provinces over five years by slashing child care programs, by scrapping the labour market partnership agreement and by reneging on the Canada-Ontario agreement.

Far from doing very much, instead of transferring \$11.1 billion over five years, he actually transferred \$1.1 billion, which is a difference of \$10 billion.

[*Translation*]

I move:

That the debate be now adjourned.

The Budget

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

(Motion agreed to)

(The House adjourned at 5:18 p.m.)
