

The Budget

effect this year or provincial and municipal taxes, Canadians will be paying higher taxes.

There are a number of budget measures which directly impact on northern Ontario. The regions of this country are being asked once more to pay for this government's incompetence in managing economic affairs. Small business and junior mining companies will feel the crunch. I can assure this House that that will mean several hundred job losses in my riding. There is no question whatsoever that this government has abandoned its regional development policy.

• (1350)

The cancellation of the Canadian Exploration Incentive Program is a harsh blow to the junior mining industry in this country. Northern Ontario and northern Quebec will lose jobs as a result. While it is still too soon to tell how effective this program was, the government has breached its promise to protect the junior mining industry. Instead, it has contributed to its demise.

The government should have introduced measures which would have made flow-through share investment more attractive. Prior to this government coming to power we had a flow-through share program which encouraged investment in the junior mining industry. Between 1983 and 1988, 35 mines opened in Canada, 16 of which are located in northern Ontario, thanks to flow-through share investment.

When the government introduced changes to the Income Tax Act in 1987 investor confidence declined. To add insult to injury, the government cancelled the mineral exploration depletion allowance. The Canadian Exploration Incentive Program was designed to reignite investor confidence. It was designed to protect the junior mining industry.

The Minister of Energy, Mines and Resources stated in a press release on February 21 that the federal government is not abolishing the concept of flow-through shares for exploration. He said that junior exploration companies will still have the option to obtain equity financing for exploration using flow-through shares. How does the Minister of Energy, Mines and Resources expect junior exploration companies to attract investment when the flow-through share program is inadequate?

Analysis of flow-through share financed exploration has indicates that, on average, every million dollars spent on mineral exploration creates some 21 person years of

direct employment. Between 1983 and 1988 this suggests that the \$3 billion worth of exploration financed with flow-through shares has generated an estimated 63,000 person years of direct exploration employment in Canada. This alone is proof that the flow-through share program as it existed under the previous Liberal administration was more effective than this government's policies.

Flow-through share funding creates jobs. Given this government's many promises to create jobs, you would think it would be interested in improving this program. Flow-through share funding has led to economic activity in northern Ontario which would have otherwise laid dormant. Flow-through share funding has contributed to regional economic development.

This government has consistently abandoned and destroyed regional economic development since it came to power. It has provided northern Ontario with lip service only. This Tory government will announce some program one year and in the next it either destroys it completely or erodes it to the point where the program is rendered useless.

Regional economic development has become a thing of the past under this government. In his budget speech the finance minister announced that he will eliminate grants to business with limited exceptions. What do these exceptions really mean? Will the government's exceptions be based on financial limits, or based on types of grants?

FEDNOR's future remains uncertain to this day, since we have yet to see the spending estimates for the Department of Industry, Science and Technology. FEDNOR, while not perfect, has served to attract a more diversified economy to northern Ontario. It has served to help small business expand and grow.

I know that my time has expired. I thank you very much, Mr. Speaker. I expect the people of northern Ontario to hear more on this budget as time goes on.

[*Translation*]

Mr. Saint-Julien: Mr. Speaker, I would like to ask my colleague a question. When we talk about flow-through shares in Canada and in each province, we could also mention that the crash of October 1987 caused consumers in Canada to lose confidence in the mining industry. I am one of those who defend prospectors in Quebec who are trying to find a new program. Every time we find a new program, we have difficulty implementing it. In my