

existing limits on the amount of credit that can be deducted from tax payable, and from enhancing the ability to use credits earned but not claimed in a year to reduce taxes in other years. These are intended as permanent changes in the tax law.

The scope of investments qualifying for the 7 per cent investment tax credit is being permanently broadened to cover new heavy construction equipment purchased after April 19, 1983. This will provide about \$125 million of tax support over the next four years.

To accelerate private sector investment over the next three years, a portion of the investment tax credit earned on qualifying investments before May 1, 1986 will be refunded directly in cash to taxpayers who could not otherwise fully use the credit to reduce their federal tax. This temporary change will direct \$400 million to increasing business cash flow and reducing immediate investment costs. For small business corporations and for farmers and other unincorporated businesses, 40 per cent of investment tax credits that cannot be used to offset taxes in the year they are earned will be refunded; for other corporations the refundable portion will be 20 per cent. The measure will be of particular importance to start-up firms in their early, crucial years.

The budget also included a share-purchase tax credit plan that will provide some \$240 million to reduce the cost of new equity issued before 1987 by firms undertaking investments after the budget. In effect, corporations will transfer tax credits earned on this investment to attract purchasers of new equity shares. The first purchaser of these shares will be able to use the tax credit to the extent of 25 per cent of the value of the shares, and the investment tax credit earned by the issuing corporation will be reduced by an equivalent amount. The measure will promote the financing of investment during the recovery.

The federal government will set up a \$300-million investment fund to be used over the next two years to encourage the private sector to bring major investment projects on stream early in the recovery. The assistance will focus on projects of special national, regional or sectoral importance.

A \$180-million special recovery export financing fund will also be created to provide extra resources to the Export Development Corporation to help Canadian firms win large export contracts. The added resources will enable the Crown

corporation to seek out export opportunities more aggressively than it could under present funding constraints. The corporation will have the financial capacity to enter into financing arrangements in 1983 totalling about \$2.8 billion, a 15 per cent increase over financing agreements concluded in 1982.

The new costs involved in implementing the special recovery program will be met over time by a special recovery tax — an additional one percentage point in the rates of the federal sales tax. To avoid impeding the pace of economic recovery, the extra levy will be delayed until October 1, 1984 and it will run until December 31, 1988.

New housing measures

Two major changes are being made to the Registered Home Ownership Savings Plan (RHOSP) to provide short-term incentives for purchases of newly-built homes and major items of furnishings. Five existing housing programs are extended or expanded.

Individuals eligible to contribute to a RHOSP who buy newly-constructed homes and associated furnishings before 1985 will be able to deduct from taxable income in a lump sum any amount needed to bring their total RHOSP contributions up to the \$10 000 limit.

As an additional economic stimulus, individuals will be permitted a tax-free withdrawal of part or all of their accumulated savings now in RHOSPs for the purchase of new home furnishings and appliances between April 19 and December 31, 1983. Such withdrawals will not affect their eligibility to make future tax-deductible contributions to the plan.

Other housing programs outlined by Mr. Lalonde in his speech were:

- an additional \$120 million is being provided to extend the Canada Home Renovation Plan to March 31, 1984. This plan provides grants of up to \$3 000 to cover 30 per cent of renovation costs for low- and middle-income families;
- an additional \$40 million over two years is being provided for the Residential Rehabilitation Assistance Program to upgrade substandard housing in designated urban and rural areas;
- an additional 2 500 social housing units for low-income households will be financed in 1983-84, maintaining the total annual allocation at 25 000 units;
- a further \$40 million is allocated for new housing and home renovations on Indian reserves; and
- a further \$30-million allocation to the

Canadian Home Ownership Stimulation Plan should allow the program to continue close to the end of May. It provides \$3 000 home purchase grants to eligible individuals.

Support for employment

Under the budget an additional \$710 million, including \$280 million specifically allocated to youth programs, is being provided over two years for new and expanded programs of direct support for employment, of which \$440 million will be spent in 1983-84. Total spending by the federal government for direct support for employment, in 1983-84, is \$1 484 million.

The New Employment Expansion and Development (NEED) program, begun last October to create jobs for those unemployed for long periods, will be expanded by \$280 million — \$180 million of this is new funds.

An additional \$150 million goes to the Special Employment Initiatives Program for increased spending on employment-intensive projects under existing construction programs.

An increase of \$100 million is approved for expenditures on the job creation program under the Unemployment Insurance Act, which allows laid-off workers to continue to receive unemployment insurance benefits while doing voluntary work on community projects.

In addition, another \$70 million has been allocated for the Summer Canada program of career-related summer jobs for students with non-profit organizations and government departments.

A new \$95-million allocation will go to a new youth internship program of wage subsidies for employers who hire young people, and to expand the Youth Job Corps which provides special training for young people having particular difficulties in entering the labour market.

Also part of its youth programs the Department of National Defence will enrol some 5 000 young people for about a year of military and technical trades training, at a cost of \$75 million in the next two fiscal years.

Katimavik, a national development program for young people operated by a private non-profit corporation, will receive an increase of \$40 million in federal funding, adding a further 4 000 participants over two years.

Research and development promoted

In consultation with business and labour, the government is proposing the establish-