

ment of administration while maintaining the high status of the Canadian public service. A programme of economies in government expenditures will be reflected in the revised Estimates to be placed before you.

A Royal Commission has been established to review the whole field of federal taxation and its impact on the Canadian economy, and to recommend reforms and improvements.

The purposes of the fiscal measures to be placed before you at this Session will be the creation of better employment opportunities for the Canadian people, the promotion of a high rate of economic growth, the strengthening of Canada's balance of international payments and the maintenance of stability in prices. New budget measures will be introduced to provide further solutions to long-term problems.

My Ministers will re-introduce the resolutions submitted in the last Budget which had as its central purpose the encouragement of economic growth. This will include the production incentive provided to manufacturing and processing companies by cancelling one-half of the tax on the first \$50,000 of taxable income arising from increased sales and one-quarter of the increased tax on any additional income arising from increased sales. It will also include the measure to grant to individuals and companies the right to charge petroleum drilling and exploration expenses against income from oil and gas production, and to permit certain expenditures made to acquire oil and gas rights to be deductible for tax purposes. The measure to allow a special tax credit in respect of provincial logging taxes will also be re-introduced in order to remove discrimination in the taxation of logging operations. Iron mining companies will be added to the list of companies which are exempt from the special tax on income earned in Canada by branches of non-resident corporations. The measure will also be re-introduced to increase by \$50 per year the income tax deductions allowed for children.

My Government intends to press forward in co-operation with Canadian industry to secure a greater and more rapid application of science to industrial production. You will be asked to approve the new tax incentive announced in the last Budget for corporations undertaking increased expenditures on scientific research in Canada. Dramatic evidence of successful co-operation between Canadian science and industry has been given this week in the opening of Canada's first nuclear power generating station.

Canada's prosperity and growth must ultimately rest in large measure upon its exports. To achieve adequate export levels it will be necessary to increase further Canada's capacity to produce competitively and its ability to sell in export markets. The Government's industrial programmes are directed toward these ends. Its commercial policy negotiations have the objective of opening additional markets to Canadian producers in fair exchange for opportunities for others to sell in Canada. The vigorous campaign of export trade promotion will be expanded to enlarge the sales of Canadian products in foreign markets. You will be asked to provide the funds necessary for this increasing trade promotion work. Amendments to the Export Credits Insurance Act will also be placed before you, to double the insurance liability which the Corporation may assume and to improve the arrangements for long-term financing.