

defence budget will be \$154 million less.

In addition, the government will take measures to improve the management of its debt collection and expects to collect \$440 million in unpaid debts by Canadians. Revenue Canada will also increase its auditing of non-residents who owe the Canadian government \$25 million in unpaid taxes.

Public Works plans to accelerate the sale of surplus federal properties in hopes of making an extra \$27.2 million next year, and the government also plans to recover a \$46.8 million overpayment to the Canadian National Railway.

### Immediate actions

The economic statement outlined a number of important matters that will be addressed by the government immediately.

"First, we must deal with a number of general tax issues which were before the House so that taxpayers will know where they stand. Second, we must act now on several energy issues and matters related to the resource sector. Third, we must set the unemployment insurance premium rate for 1985. Fourth, we must begin to act on certain matters of social justice. Finally, we must address the issue of employment growth," said Mr. Wilson.

In addressing general tax issues, some of the more important changes include a major simplification of the tax system for small businesses and a number of measures aimed at improving the fairness of the tax collection system. Mr. Wilson said that "registration would be introduced soon which would permit taxpayers to postpone the payment of taxes in dispute where they are the subject matter of a formal objection or appeal by the taxpayer".

### Unemployment issues

There will be significant cuts in the unemployment insurance program where the government expects to save an estimated \$296 million in 1985-86. Workers and employers will also pay 2 per cent more for unemployment insurance premiums.

At the same time Mr. Wilson promised to spend an extra \$1 billion on a job-creation and training program.

When he announced the changes, the finance minister predicted that the unemployment rate would average 9 per cent at best until the end of the decade.

### Energy sector

Mr. Wilson said that the petroleum compensation fund was running a deficit of \$1 billion that was growing by \$140 million a month.

In order to raise revenue from gasoline and oil taxes by an estimated \$1.5 billion in 1985-86, the gasoline tax increase

of 1.8 cents a litre at the refinery level was imposed. As a result motorists in some provinces are already paying up to 2.5 cents a litre more.

Mr. Wilson also pledged to move domestic oil prices to world market levels after consultations with the provinces and industry.

Farmers, fishermen, loggers and mine operators can apply for a fuel tax rebate of 3 cents per litre on motor fuels used off-highway.

### Social justice

In his statement, the finance minister set the stage for sweeping changes in federal programs for children and the elderly to put more money in the hands of the poor and less in the hands of the rich. The options put forward would result in a major redistribution of benefits.

One option, for example, would scale back family allowance payments to mothers with children under 18, trim the exemptions parents have long been allowed to claim on their income tax forms and enrich the child tax credit. Those three changes together would ensure that families with the lowest incomes got the highest net benefits.

For old age pensioners, net benefits under the old age security pension could be reduced for rich people 65 and older. Another option is phasing out the special income tax exemptions for senior citizens and the first \$1 000 a year of pension income.

### Assistance for Grenada police

The Canadian government has announced that Canada will contribute equipment and training to the Royal Grenada Police Force in response to a direct appeal by the interim government of Grenada for assistance in restructuring the police force.

The Canadian assistance, to be undertaken by the Royal Canadian Mounted Police (RCMP), is valued at up to \$800 000. It will be used primarily to install a telecommunications system in Grenada to ensure adequate communications among the various police stations on the island, the neighbouring Grenadian Island of Carriacou and police vessels and vehicles.

Photographic equipment and related technical assistance will also be provided to enable the Grenada police force to re-establish its Central Records Registry, the training of six middle-management police officers, and curriculum-planning assistance to the Caribbean Regional Police Training Centre in Barbados, which provides basic training for police forces of the Eastern Caribbean including that of Grenada.

### Embassy and consulates closed

Secretary of State for External Affairs Joe Clark has announced that the Canadian embassy in Ouagadougou, Burkina Faso, the African nation formerly called Upper Volta, and consulates in Rio de Janeiro in Brazil, New Orleans in the US, Birmingham in England and Bordeaux in France have been closed. In addition, a separate mission to the United Nations Food and Agricultural Organization in Rome will not be opened. The announcement was made after the process of advising and consulting the foreign governments was completed.

Mr. Clark said that the closings will not seriously affect the level of services offered in the countries concerned since Canadian interests will be looked after by consulates and embassies nearby. He said that foreign governments have been assured that "the closings do not reflect any lessening of interest by Canada in those countries nor in the government's commitment to continuing good political and economic relations with them".

The External Affairs Department estimates a total saving of \$3.1 million in the 1985-86 financial year from the closings.

### Major contract in Indonesia

Babcock & Wilcox Canada of Cambridge, Ontario together with its associates, P.T. Babcock & Wilcox Indonesia, and Marubeni Corporation of Japan recently signed a \$200 million (US) contract with Perusahaan Umum Listrik Negara (PLN), the national power authority of Indonesia in Jakarta.

The major equipment contract is for the supply of two 400 megawatt steam generation units to the Suralaya Steam Power project in Indonesia. The new units, which are three and four of the Suralaya project, are scheduled for start-up in 1988 and 1989.

Units one and two, both 400 megawatt coal-fired units, are also being supplied by Babcock & Wilcox and Marubeni under a contract signed in 1980. These units, the first coal-fired boilers in Indonesia, were scheduled to begin commercial operation in 1984 and 1985.

Babcock & Wilcox Canada will supply pulverized coal fired radiant boilers, provide installation and start-up services, and train PLN personnel in boiler operation and maintenance. P.T. Babcock & Wilcox Indonesia and P.T. Santi Bakti of Jakarta will supply portions of the boilers and Marubeni will provide engineering services in the installation of equipment.