

*The Address—Mr. Wise*

The fuel tax rebate, which is roughly equal to the federal tax on these fuels, will go into effect as of December 1, 1984, until the beginning of 1987. In addition, farmers, along with their counterparts in fishing, forestry and mining, will receive rebates of about 1.8 cents per litre to offset the announced increases in the petroleum compensation charge.

Another important decision announced in the economic statement is the referral of the agricultural taxation issue to a parliamentary committee. These issues include agri-bonds, taxation difficulties of part-time farmers—that is, Section 31—and capital gains tax on farm lands. The early consideration of these issues by Parliament will permit us to act on these matters before the next fiscal year.

Perhaps even more important to the agri-food industry than these specific initiatives is the over-all thrust set out by the Minister of Finance last week. This Government is acting to address the fundamental concerns of Canadians about the state of the economy. We are acting to improve fiscal management. We are acting to reduce the deficit and to restore investor confidence. These measures are profoundly important in removing the obstacles to growth in our agri-food industry as in other sectors of our economy.

Some difficult decisions have been necessary in order to reduce expenditures and increase government revenues. Agricultural programs have been among those that have been reduced, postponed or curtailed. These decisions are not made without pain. However, I believe that the program changes announced last week will not have a severe and long lasting impact on the agri-food producers of this country.

The Right Hon. Prime Minister's (Mr. Mulroney) salary has been reduced by 15 per cent. My salary and that of my Cabinet colleagues has been reduced by 10 per cent and my Department's budget has been reduced by 2 per cent. Including increases in fees for agricultural services, Agriculture Canada's total contribution to the \$4.2 billion package announced by the Minister of Finance will be little more than \$60 million in 1985-86.

I readily admit that it was hard to come up with that money from an already tight budget for agriculture. However, Government expenditures must be reduced. We cannot back away from that necessity and that commitment. Canadians cannot afford the debt burden that the previous government has imposed on them. Obviously the agriculture and food sector must share in the pain in lowering that deficit. Obviously our agri-food sector will share in the benefits of the revitalized economy that will result from the Government's effort to put our financial house back in order.

The largest item on Agriculture Canada's list is the increased fees for departmental service. Over the last few years, fees for agricultural services have not kept pace with the increased costs of providing these services. My departmental officials have reviewed current fee schedules and they have applied the principle that those who receive a specific benefit from government services, a specific benefit that has a market value, should pay at least part of the costs of providing that benefit.

As a result of this review, we will be increasing existing fees for a number of departmental services. In some cases we will be introducing fees for services that were previously offered free of charge. We will be discussing these changes with affected client groups in the very near future.

While I am anxious to confer with the industry associations before new fee schedules go into effect on April 1, I must point out that my Department is committed to collecting an additional \$33 million next year in fees for service.

• (1440)

Two agricultural capital projects are being deferred at this time. These are the animal drug testing laboratory planned for Trois Rivières and the regional plant health laboratory planned for Victoriaville, Quebec. These projects have not been cancelled, but are now on hold pending further review and the availability of additional capital funds.

There are two reductions in the dairy program, the elimination of the Canadian Dairy Commission's research program and a 50 per cent cut in the special export subsidy program. The Canadian Dairy Commission's research program has been successful in building up the capacity for dairy processing research in many parts of the country, and I believe that the industry is now in a better position to carry on much of this research at its own expense. I hasten to add that Agriculture Canada's Research Branch will continue its dairy research program. The Department spends about \$6 million annually on dairy research. Over time, the special export subsidy program has become less financially attractive for industrial milk producers and I believe they have not received the full benefits from this program in recent times, particularly during the time in which that program was started. I know a fair amount about that program, Mr. Speaker, because we initiated it when we were in government in 1979.

Canagrex and the Commission of Inquiry into Marketing Practices for the Potato Industry in eastern Canada are both being wound up. Existing trade promotion activities within Agriculture Canada will be strengthened in order to further enhance agri-food exports. Submissions concerning the potato marketing situation in eastern Canada will be received by the National Farm Products Marketing Council. It will review these submissions received by the Carter Commission and up-date them with its own studies. I will then consult to see what future course of action I should take. I should consult with my provincial counterparts and also with people in the industry.

The Department will be reducing its salary and operating expenditures in a number of areas where greater economy is possible. In addition, there will be cuts in research grants and contracted-out research and in grants and contributions in areas such as livestock improvement.

As I said at the outset, these changes are not done without pain. But I believe they are necessary in streamlining and rationalizing government operations. I will be consulting with the provinces and the private sector over the coming months to determine which other program areas can be changed to