

He said: Honourable senators, the bill before us is simply a housekeeping bill. It will formally end the life of the Prairie Farm Assistance Act and the Prairie Farm Emergency Fund established under this legislation. In fact, operations under the act ceased in 1972, and the repeal of the act will simply confirm that reality.

The original legislation, enacted in 1939, had a long and useful life. Under the act, money was collected from western farmers through a 1 per cent levy on grain sales. This money was kept in a fund that was used to provide financial relief to farmers hit by crop damage or crop failure. When the federal provincial Crop Insurance Program came into force, PFAA operations became redundant. Western farmers had a better way of protecting themselves against emergency situations. As a result, PFAA operations were wound down, with one notable footnote. There was exactly \$9,066,972 left in the fund, money that had been collected from western farmers. It belonged to the farmers, but there was no administrative way of returning it to them. The problem was finally resolved a decade later when the federal cabinet authorized handing the money over to the Western Grains Research Foundation, an organization set up to sponsor additional agriculture research in the west. The foundation was established under the supervision of the Canadian Federation of Agriculture, the umbrella national organization for many farm groups in Canada. Besides the federation, foundation membership includes the three prairie wheat pools and other prominent western farm organizations. Agriculture Canada has a senior research branch official on the foundation board of directors to ensure a close working relationship with the federal government.

● (1500)

The overall aim was to use the money to fund western research in grains and oilseeds on behalf of the farm community, which contributed the money in the first place. I am happy to say that goal is being achieved. The money has been prudently invested; returns on investment are flowing out to finance research projects at more than \$1 million per year. By the end of the calendar year 1985, 33 separate research projects will have been arranged.

All of this has been accomplished in a short time span. The foundation received the Prairie Farm Emergency Fund residue in May, 1983 and began funding research projects the following year. Research funding comes entirely from returns on investment. The original donation is intact, and will remain so.

Overall, the decision to return the Prairie Farm Emergency Fund residue to the western farm community seems to be paying dividends. One spinoff was the creation of an entirely new source of research funds for prairie universities. So far, the Universities of Alberta, Saskatchewan and Manitoba have been the principal beneficiaries of foundation grants. Some research projects are being carried out with the help of Agriculture Canada research stations in the west.

I think the fate of the money from the old Emergency Fund is worth noting as we move towards the official end of the Prairie Farm Assistance Act. I believe the money is being

[Senator Frith.]

wisely used for the benefit of western agriculture, and indeed the country as a whole.

On motion of Senator Argue, debate adjourned.

## RESEARCH AND DEVELOPMENT

### SUPPORT AND GOVERNMENT POLICY—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marsden calling the attention of the Senate to the importance of research and development in every province and territory and the need for caution and sensitivity in the realignments of support, and of policy by government, which relates to research and development.—(*Honourable Senator Doody*).

**Hon. C. William Doody (Deputy Leader of the Government):** Honourable senators, I will take just a few moments of the Senate's time to comment on Senator Marsden's eloquent remarks on government policy regarding support of research and development.

First of all, let me assure the honourable senator that this present government is deeply committed to enhancing research and development in Canada. The priority approach is through private sector research and development, although not to the exclusion of the public sector.

I will quote a few examples of this government's commitment to research and development. The Prime Minister has committed the government to three specific priorities as it relates to research and development. First, the strengthening of the capital base of private industry; second, a better use of the money involved in R&D flips—and I will comment on R&D flips in a moment. Third, the overhaul of existing government R&D programs. These commitments, made in August last, were addressed in the budget on May 23. At that time, the Minister of Finance said:

Encouraging an improved R&D performance in Canada is an on-going priority of this government.

He identified R&D as one of the three components of economic growth most likely to bring the greatest and fastest response.

The recent budget does much to benefit small technology-oriented businesses. As well, of course, it benefits all businesses, both large and small, in this area. The tax incentives in the budget are opening the doors to large pools of capital for use by small start-up companies and those larger established firms looking to expand.

There is little doubt that Canada can benefit greatly from new technology and more entrepreneurship. This is what creates new jobs, generates increased government revenues, helps national productivity and contributes extensively to the balance of trade by the export of goods and services.

The government has thus decided to provide suitable tax and other incentives to private investors and financial institutions in order to support early stage ventures, particularly seed ventures where research and development are of special importance. The decision to grant a lifetime capital gains exemption