

Duty-free goods for returning tourists are increased substantially.

Mining and petroleum taxes

A new corporate tax regime is proposed for mining and petroleum corporations:

The basic rate of tax on production profits is to increase to 50 per cent.

Provincial government royalties, mining taxes and payments with similar effects will no longer be deductible in computing income.

A new abatement from federal income tax in addition to the present ten-point provincial abatement will reduce the federal rate on petroleum profits to 30 per cent and on mineral profits to 25 per cent.

Depletion and other incentives will be cut back.

The tax-free reserves of financial institutions will be reduced, with the effect of increasing taxes on the larger institutions.

A 10 per cent surtax on federal corporate income tax is proposed for a one-year period, with exemptions for small business corporations, manufacturing and processing profits, and production profits of mining and petroleum corporations which will bear higher taxes as a result of other budget proposals.

Summary of fiscal position

Mr. Turner summed up as follows the financial position of the Government, taking his new proposals into account:

"I estimate that the cash requirements of the Government in 1974-75 will be of the order of \$2 billion, excluding foreign-exchange requirements. Having in mind that certain substantial payments, such as the loans to the CNR and Air Canada under the Financing and Guarantee Act and other expenditure items, were scheduled to be disbursed in the last fiscal year, but were not actually made until this year, this figure of \$2 billion is for practical purposes not different from that for 1973-74. The budgetary deficit for 1974-75 will be somewhat lower than in the previous fiscal year. On a national accounts basis, the deficit of \$500 million which we experienced in 1973-74 will be reduced by more than half in the current year.

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Conclusion

"The budget I have brought down tonight is a fiscally responsible budget.

It is an equitable budget, aimed at raising revenue where it hurts least, distributing it where it helps most. It is an economically sound budget which attacks the scourge of inflation at its source — the shortage of supply. It recognizes that the fundamental cure to both inflation and unemployment is to overcome the physical limits on our capacity to produce by expanding the agricultural and industrial base of the country. And this budget further extends our policies of protecting those least able to protect themselves from the ravages of inflation and of moderating price increases of a number of goods that play an important part in daily living.

No gimmicks or jargon

"I have always tried to be frank with Parliament and the people. In this budget I have rejected cosmetic policies — the easy, popular course at the sacrifice of realism and of the best long-term interests of the Canadian people. I am gambling that Canadians are too smart to be taken in by gimmicks, slogans or slick jargon — that they want to know the facts, pleasant or unpleasant, and they ask only for a man's best judgment in meeting them. This budget reflects my determination to deal with inflation. It presents a responsible fiscal and monetary policy. It recognizes the need for all governments, including this one responsible to Parliament, to restrain spending. It focuses upon the pivotal issue in the economy — the physical constraints on capacity. It proposes solutions within the context of Canada's place in the markets of the world. We are not helpless, but neither are we immune to universal price trends.

"When I first faced the House as Minister of Finance, I said that no economy is working as well as it should if there are men and women earnestly seeking work who cannot find it. The scene has improved but I am still not satisfied with the results. Now that our cost of living absorbs our attention I say that I won't be satisfied if this country merely does better than our major competitors. That's not good enough. My goals are not relative but absolute ones: to moderate our rate of inflation, to relieve the pressure of prices on incomes, savings and the peace of mind of Canadians.

"It can be done. It will take time to do. But it *will* happen — partly because international commodity prices will yield, partly because this Government's policies will be proven right.

"I am confident that most Canadians will accept what I have been saying tonight and will support the thrust and tone of this budget. The people of this country are gifted with good common sense and an open mind. If this House can bring itself to judge my budget with the same common sense and open mind, then I am sure that the measures I have proposed will commend themselves to enough Members to ensure its passage."

Northern prospecting increases

Thirty-nine mineral prospecting permits covering about seven million acres in Canada's Northwest Territories have been issued for 1974 by the Department of Indian and Northern Affairs, an increase of more than 100 per cent over those issued last year. The permits are valid until 1977.

Although the main search will be for base metals, mining authorities are not overlooking the possibility of locating worthwhile deposits of precious metals and uranium. Owing to the vast areas involved, aerial reconnaissance will be used for initial exploration.

Announcing the big increase in mineral prospecting permits this year, Indian and Northern Affairs Minister Jean Chrétien said that owing to the interesting and valuable mineral deposits in the North, the vast areas open for exploration and the rising prices for minerals, he was confident that the mining industry would continue to thrive and so favourably influence the development of the northern territories.

"In the development of our northern resources," he stated, "it is the main concern of my Department that consideration be given to the sociological and ecological changes resource development will inevitably bring. The interests of the northern residents and their existing means of livelihood, including trapping, hunting and fishing, must be protected."

Since the inception of the program in 1961 some 346 permits have been issued and good mineral deposits have been found as a result of the program.