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A budget to stem inflation, recession and to conserve energy

Increases in the price of gasoline, domestic crude, natural gas, as well as restraints in Government spending, a \$450-million program to create jobs, and higher taxation for people earning over \$25,000 a year, were measures included in Finance Minister John Turner's budget speech to the House of Commons on June 23.

The issues of inflation, recession and energy conservation could not be solved, stated Mr. Turner, by one single approach but he believed that his new budget would "strike the right balance of policy" between the three.

Effective immediately, car drivers will pay ten cents a gallon more for gas for personal use and another five cents in August; domestic crude will rise from \$6.50 to \$8 a barrel, effective July 1; and natural gas will cost 43 cents more for 1,000 cubic feet on November 1. Gasoline used for farming, fishing, construction, mining and most commercial transportation will be exempt from the new tax.

Control of Government expenditures
Mr. Turner announced a cut of \$1 billion in Federal Government spending "to provide a lead in the exercise of restraint". Reductions and postponements that will be applied to almost all government departments and to many agencies are:

- \$100 million in capital expenditures of the Transport, Defence, Public Works, Environment and other departments.
- \$250 million in the grants and contributions of External Affairs, Industry, Trade and Commerce, Secretary of State and other departments.
- \$350 million affecting Petro-Canada, the Federal Business Development Bank, the Federal Mortgage Exchange Corporation, the Farm Credit Corporation and others.
- \$130 million in the planned program expenditures of other departments and agencies.
- General limitations in consultants' fees and travel by public servants.

Growth of the Public Service

. A restriction on salary budgets will reduce the rate of increase in public service man-years to 3.1 per cent from 4.1 per cent this year. The restraint will specifically not apply to the Office of the Auditor-General.

. Comparability of pay and benefits with the private sector will be adhered to strictly. But the Government will not be prepared to grant increases unwarranted by any reasonable standard. This may lead to legal work stoppages. But resulting inconvenience to the public will have to be accepted. Every legal remedy will be used to deal with unlawful deprivation of service to the public.

Hospital and medical care insurance
Costs of both the hospital insurance and medicare programs have escalated rapidly to a level of \$6 billion a year. Cost of the federal half went up last year by almost 20 per cent.

. Intensive discussions are going forward to achieve a more flexible and efficient system of hospital insurance to provide better services at a lower cost. In anticipation of a successful conclusion of these discussions, the Government will give the five years' notice required of its formal intention to amend legislation and cost-sharing agreements.

. Legislation will be introduced to place a ceiling on the *per capita* rate of growth of federal contributions under the Medical Care Act. The ceiling will be 13 per cent in 1976-77, 10.5 per cent in 1977-78 and 8.5 per cent in 1978-79 and subsequent years. This will provide adequately for the servicing of a growing population.

Unemployment insurance

. Legislation will be introduced to strengthen the flexibility and fairness of the Unemployment Insurance Act and to deal with undesirable efforts on work incentives and recent changes in the structure of the labour market. Amendments will deal with benefit