

The Budget—Mr. MacEachen

Second, where a foreign-controlled Canadian company is acquired in the course of the acquisition of its parent or another foreign-controlled company, the small business procedures threshold will be \$15 million and 600 employees.

Third, small business investments will not be subject to the full review procedure except in exceptional circumstances, where the investment appears to raise important policy issues.

For applications which are subject to a full review, other administrative measures will be introduced to provide greater clarity about the interpretation of the Act and to simplify the internal decision-making procedures. The agency will confine its examination of undertakings to the key elements of an investment proposal.

On a related subject, the government is aware that international investors are concerned about the capacity of the Canadian balance of payments to absorb the pace of Canadianization in the energy sector under the National Energy Program. I would like to note, as the Minister of Energy, Mines and Resources did in his recent NEP update, that we are ahead of our Canadianization goals. The 50 per cent target for 1990 remains, but we do not need, and do not intend, to press the pace of Canadianization of foreign energy holdings in the years immediately ahead.

I also wish to announce our intention to extend for three years the exemption from the non-resident withholding tax on interest paid abroad. This removes an element of uncertainty that might have impeded capital inflows.

ACTIONS TO CREATE JOBS AND SUSTAIN ACTIVITY

The third thrust of this budget is action to reduce unemployment and to provide support to sectors hard hit by the recession and by high interest rates. Unemployment is imposing high costs in human, social, and economic terms. Sectors such as small business, housing, farming and fishing are deeply affected by weak demand and by the high cost of borrowing. The government is responding to these needs.

EMPLOYMENT AND ECONOMIC PROGRAMS

The government will use direct employment and economic programs to provide jobs this year and next.

—I am announcing a \$200 million allocation to direct employment programs.

—I am announcing \$150 million, which was allocated earlier, for increased spending on localized, employment-intensive projects under existing government construction and other programs.

Together with more than \$100 million available from existing Employment and Immigration allocations, this will provide more than \$450 million for direct job creation.

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—I am also announcing the allocation of a further \$300 million to economic development programs that create permanent private sector jobs through levered investment incentives.

This expenditure of more than \$750 million will ensure that additional jobs are created quickly, and targeted especially to areas which have been particularly hard hit by the recession or by longer-run adjustment problems.

HOUSING

I am announcing a five-point package of new and expanded housing programs. These programs will stimulate residential construction and job creation.

First, the government will provide grants of \$3,000 to all purchasers of new houses on which construction starts before December 31, 1982, and to first-time buyers who purchase an existing house before that date. It is estimated that 100,000 purchasers will be eligible for this grant. The total cost of this new program is \$300 million.

Second, the initial \$30 million allocation to the home renovation plan will be doubled to \$60 million.

Third, I announce that the annual allocation for non-profit and co-operative housing will be increased from 25,000 units to 27,500 units in 1982. This is in recognition of the fact that the housing needs of low-income Canadians deserve special attention.

These initiatives are expected to generate some 65,000 jobs over the next two years.

Fourth, 54,000 additional jobs are expected to result from the Canada Rental Support Plan for the construction of new rental units in tight markets. This program was introduced last November and doubled in size to 30,000 units in March. It has been suggested that the \$7,500 interest-free loans offered under this program may not be high enough in some markets. The government is prepared to show some flexibility on this matter. Project commitments under this program will soon be announced.

Finally, I announce that the Canada Mortgage Renewal Plan introduced last November will be extended to December 31, 1983. All home owners having to spend more than 30 per cent of their gross income as a result of renewals taking place after tonight will be eligible for a grant of up to \$3,000. It will no longer be necessary to defer interest before becoming eligible for a grant.

The Minister responsible for the Canada Mortgage and Housing Corporation will shortly provide the details of these housing initiatives.

INTEREST ASSISTANCE FOR SMALL BUSINESSES, FARMERS AND FISHERMEN

I am announcing an important new program to reduce interest costs for small businesses undertaking new investment. \$400 million are being allocated to this program.