reduced by 75,000 partly through privatization and partly through rationalization and the elimination of waste and inefficiency.

The financial health of many Crown corporations has substantially improved. Canada Post has turned a $400 million deficit into a profit and is continuing to improve its service. Canadian National has reduced its long-term debt from $3.5 billion in 1986 to less than $2 billion in 1989. To ensure a better return on the public's investment and to contribute to deficit reduction, profitable Crown corporations will return more to the government as shareholder in the form of dividends.

We will continue to privatize Crown corporations and sell investments where government ownership is no longer needed to meet public policy objectives.

In 1984, Petro-Canada was mandated to operate as a commercial corporation in a competitive private sector environment. Further expansion of Petro-Canada depends on having access to the full range of financing opportunities available to private sector corporations.

Following consultations with senior management of the corporation, the government has decided that the time has come to allow direct public ownership of Petro-Canada. The Minister of State for Privatization will provide further details in the near future and legislation will be introduced later this year. The government is confident that a privately owned, Canadian-controlled Petro-Canada will play a strong and growing role in Canada's energy sector.

• (1650)

We intend to sell the government's shares in Telesat Canada, which has now achieved commercial success as a satellite communications carrier. This sale will help encourage even greater innovation in a key high-technology sector of the Canadian economy.

We are also winding up a number of Crown corporations and other agencies whose functions can be handled effectively by other organizations.

SALES TAX REFORM

The replacement of the existing manufacturers sales tax with the Goods and Services Tax is a key part of our economic plan. It will strengthen economic competitiveness, contribute to deficit reduction and lead to a fairer sales tax system.

Replacing a hidden tax with a tax which will be visible and comprehensive is difficult. It isn't popular, but it is necessary.

The existing tax destroys jobs. It makes our exports less competitive and favours imports over Canadian-made products. It costs Canada $9 billion in lost annual output. The GST will unlock that potential for new growth and jobs. The benefits will be felt in every region of Canada.

The existing federal sales tax is subject to significant tax avoidance. By replacing this unreliable tax, the GST will put our deficit reduction plan on a stronger foundation.

[*Translation*]

Through the GST refundable credit, the fairness of the tax system will be improved. Families with incomes up to $30,000 will be better off than under the existing system. Three-quarters of all families headed by seniors and single parents will have more after-tax income under the GST.

In response to concerns expressed by the small business community, the government is continuing to work with the provinces to seek ways of minimizing the compliance burden of the tax.

[*English*]

REALIZING THE POTENTIAL

Taken together, all of these reforms will significantly increase the capacity of the Canadian economy to produce goods and services. They raise our potential sustainable growth from an average of 2 3/4 per cent annually to more than 3 1/4 per cent. Achieving that growth will mean more jobs and a higher standard of living for Canadians. Over a five-year period, it will lead to a gain of about $2,500 for a household of four.

The challenge we face is to realize this higher potential for growth so that we can achieve those benefits. The record shows that Canadians have responded well to the challenge of change and adjustment since 1984. We have an outstanding record of growth and job creation. Almost 1.6 million more Canadians have a job today than in 1984. Average incomes have steadily increased, not just in total dollars but in real, after-tax income. This means there are now 750,000 fewer Canadians exposed to poverty.