

ment's intention to maintain the Canadian Ownership Special Charge at its current level and use the revenues in support of this objective.

#### MINING DEPLETION ALLOWANCES

The mining industry in Canada has been hit hard by the world recession. The tax measures I have already announced will provide substantial relief to this important Canadian industry. I am proposing tonight a further measure to increase incentives to investors who finance mining ventures. The 33½ per cent depletion allowances for mining exploration will be made deductible against the non-resource income of these investors. This change should attract needed capital to the sector and should particularly benefit junior mining companies.

#### SMALL BUSINESS

I have been particularly concerned in preparing this budget with the financial difficulties that Canada's small businesses must overcome to contribute to national economic recovery. Small firms are one of the most dynamic and innovative elements of the private sector. That so many have managed to pull through the recession is a tribute to the dedication and entrepreneurial spirit of Canadians.

Small businesses have been significantly assisted by federal programs during this period. They will benefit from all budget measures announced tonight. But I want them to recover as soon as possible. This is why I have set the Special Recovery Refundable Investment Tax Credit available to small businesses at 40 per cent, double that for other firms. This is why I have made immediately applicable to them the new three-year carryback provisions for losses.

To further assist Canadian small businesses over the recovery period, the Government will make substantial changes in the operating mandate of the Federal Business Development Bank. These changes will enable the Bank to play a more dynamic and supportive role in advising small businesses on their total financial needs and assisting them in meeting these needs. My colleague, the Minister of State for Small Businesses and Tourism (Mr. Rompkey), will provide further information on the expanded role of the FBDB in the next few days.

Small-business organizations as well as others have urged me to simplify the tax system and thereby reduce the paper burden and compliance costs it imposes on taxpayers. I have kept their representations in mind throughout my budget preparations and avoided complex changes wherever possible. I have concentrated on making existing tax incentives more effective, rather than introducing new ones. The proposed draft legislation for the Indexed Securities Investment Plan is quite technical, but I have been assured that financial institutions will be able to administer it effectively for investors.

Simplification of the tax system cannot be approached in a simplistic way if we are to meet effectively and equitably the

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varied circumstances of Canadian businesses. To pursue this effort, the co-operation of the private sector is needed. I am, therefore, pleased that the Canada Tax Foundation has accepted my suggestion to hold a national symposium on the subject this summer. I want to assure the Foundation that my Department will participate in this symposium and in follow-up activities.

● (2050)

#### FARMING

Canadian farmers will derive benefits from Special Recovery Projects and from the tax measures I am introducing to facilitate investment and strengthen the financial position of the private sector. Of particular advantage to them will be the special provision allowing farming losses to be carried forward ten years, rather than the seven years applicable to other business losses, in addition to the three-year carryback also available to them.

In recognition of the exceptional financial difficulties being faced by many farmers, the Government is also extending tonight the Special Farm Financial Assistance Program administered by the Farm Credit Corporation. An additional \$100 million will be made available this year for these special FCC loans to farmers in financial distress, bringing the total available in 1983-84 to \$150 million. Eligible recipients will be entitled to interest rebates of four percentage points for the first two years. As in the past, I expect that these loans will enable the recipients to remain in agriculture and to become commercially viable contributors to Canada's agricultural economy.

I would be remiss if I did not emphasize in this budget the critical importance of the Government's Western Transportation Initiative for national recovery. The program, proposed by my colleague, the Minister of Transport (Mr. Pepin), calls for federal expenditures of \$3.7 billion over the next four years. I point out that even though many of the Special Recovery Capital Projects will enhance agricultural and transportation development, they do not include any of the capital outlays arising from or associated with the Western Transportation Initiative. These two major national programs have been designed to reinforce each other.

#### HOUSING

The housing industry has made great strides towards recovery in recent months. Home buyers and builders have benefited quickly from the steady decline in interest rates. Mortgage rates are now in the 11 to 13 per cent range, down from last year's highs of 19 to 20 per cent. This drop has made homes much more affordable for Canadians. The reappearance of five-year mortgages has reduced uncertainty for potential home buyers and homeowners alike. Housing starts, which reached a low of 96,000 in the third quarter of 1982, recovered strongly in the fourth quarter and reached a level of 177,000 in March. This strength is expected to continue through 1983 as a result of lower mortgage rates, higher personal incomes and the additional stimulus I am announcing tonight.