

are exempt from the special tax on income earned in Canada by branches of non-resident corporations. The measure will also be re-introduced to increase by \$50 per year the income tax deductions allowed for children.

My Government intends to press forward in co-operation with Canadian industry to secure a greater and more rapid application of science to industrial production. You will be asked to approve the new tax incentive announced in the last budget for corporations undertaking increased expenditures on scientific research in Canada. Dramatic evidence of successful co-operation between Canadian science and industry has been given this week in the opening of Canada's first nuclear power generating station.

Canada's prosperity and growth must ultimately rest in large measure upon its exports. To achieve adequate export levels it will be necessary to increase further Canada's capacity to produce competitively and its ability to sell in export markets. The Government's industrial programs are directed toward these ends. Its commercial policy negotiations have the objective of opening additional markets to Canadian producers in fair exchange for opportunities for others to sell in Canada. The vigorous campaign of export trade promotion will be expanded to enlarge the sales of Canadian products in foreign markets. You will be asked to provide the funds necessary for this increasing trade promotion work. Amendments to the Export Credits Insurance Act will also be placed before you, to double the insurance liability which the corporation may assume and to improve the arrangements for long-term financing.

You will be asked to authorize the establishment of an Atlantic Development Board to advise on measures and projects that will promote the economic development of the Atlantic region of Canada.

Amendments will be requested in the Industrial Development Bank Act to enlarge still further this bank's important role in national development.

The prosperity of agriculture remains essential to the well-being of the entire Canadian economy. Canada is blessed this year with very large crops of good quality, and export markets for Canadian agricultural products have been greatly enlarged.

My ministers recognize that livestock is occupying a position of increasing importance in Canadian agriculture. They propose that a program be instituted to ensure the availability of storage facilities and continuity of supplies of feed grain to match the expanding requirements for livestock production, particularly in the areas of British Columbia and eastern Canada where supplies of feed grain are normally deficient.

The program of rehabilitation and development of agricultural lands is proceeding actively and you will be asked to provide funds for it.

Legislation will be proposed to enlarge the funds of the Farm Credit Corporation, and allow greater flexibility in their use.

The need for training in agriculture and the present facilities have also been under review and as a sequel to these studies, a national conference on agricultural training is to be convened this fall.

The development and use of Canada's resources of energy must be a central feature of the program for national economic growth. The Twenty-Fourth Parliament has laid the groundwork for this in the National Energy Board Act and in other measures.

It is hoped that arrangements will soon be completed that will make it possible to submit for your approval the Columbia River Treaty and the legislation required in Parliament to implement it.

The national oil policy introduced by the Government two years ago has brought about a gratifying increase in the production and sale of Canadian oil.

Studies will be continued, in co-operation with the provinces, in relation to the long distance high voltage transmission of electrical power and the development of potential sources of hydro-electric power with a view to the ultimate establishment of a national power grid, which will facilitate the orderly utilization of the hydro-electric potential of Canada in the interests of expanding Canadian development and progress. Discussions are in progress with the Government of Manitoba in respect to studies of the Nelson River system.

My ministers have come to the conclusion that large scale, long-term contracts for the export of power surplus to Canada's needs, present and potential, should now be encouraged in order to expedite the development of major power projects in Canada which are too large to be supported by the domestic market. Such exports can also strengthen our balance of payments.

In recognition of the important role of transportation in the Canadian economy, you will be asked to approve measures to give effect to recommendations of the Royal Commission on Transportation which has now completed its comprehensive analysis of the Canadian railway problem. These changes are intended to remove the need for general horizontal freight rate increases which have borne so heavily in the past upon certain areas and groups of producers. You will also be asked to provide for an extension of the Freight Rates Reduction Act and the other interim railway subsidies provided by appropriation.