

Supply

Department of Agriculture and Agri-Food exactly on average. We have done our share in the crucial fight against the deficit, no more and no less.

• (1045)

There are some who argue that when transportation budget reductions affecting agriculture are added on top of the direct reductions in agriculture the percentage of all related spending cuts goes up above the 19 per cent average. This figuring is misleading. It ignores the transitional programming put in place by the budget to offset the impact of the transportation changes. When those transitional measures are added back into the equation over the next three years, as they must be to make a fair comparison, the impact on agriculture is on the average of that level of 19 per cent. Overall the balance is fair.

Within agriculture we have tried very hard to achieve internal balance as well. For example, in dealing with personnel costs we will be reducing our public service employee count by just over 2,000 positions. That is a reduction of 18 per cent, very close to the overall departmental spending reduction of 19 per cent.

The same can be said about our approach to different departmental spending programs. Take our income support programs for example. There are two major programs of that type within Agriculture and Agri-Food Canada. One is the dairy subsidy which is significant primarily in eastern Canada. The other is our farm safety net system which is significant primarily in western Canada. Both are being reduced by the same amount of 30 per cent. Again, there is fairness and balance, east and west, farm sector by farm sector and for agriculture overall in comparison to every other aspect of the economy.

This is the second major reason the budget has won general approval among the large majority of Canadians; that characteristic of fairness.

The third reason for budget support is we have coupled the hard reality of fewer government dollars everywhere for everything with a proactive agenda for renewal, restructuring and innovation to smooth the process of transition from the old economy to the new economy and to better position a sector like agriculture and agri-food to do better in every available marketplace in the world.

What I have heard so many times from farmers all over the country, whether in the east or the west, is they really do not want subsidies. What they want are fair market opportunities and decent prices from those markets from which to earn their living.

For this reason we are increasing our emphasis on market development and trade. Within our overall smaller budget a greater proportion than ever before will be directed toward gaining and keeping new and expanding markets. Similarly, with respect to research, the cutting edge of innovation to keep Canada ahead of the rest of the world, we have found a creative

way to save precious tax dollars while increasing the overall Canadian investment in agricultural research and development.

We will achieve about \$50 million in savings on research overhead and infrastructure over the course of the next three years or so. At the same time up to \$70 million in both public and private funding will be injected into research through joint ventures with our private sector partners. We are doing this through a new initiative called the matching investment initiative for research in agriculture. It is a program that thus far, even though it is very new, has been received very well by the agricultural sector.

We will maintain Canada's renowned reputation for the best agricultural inspection system in the world but we will also save money. We will do that through a combination of cost reduction, cost avoidance and cost sharing together with the introduction of brand new technology and the elimination of unnecessary overlap and duplication among government departments and between different levels of government.

• (1050)

I am pleased to say that all my provincial counterparts are working very hard with me in the development of a national Canadian food inspection system to be top calibre, the best in the world and highly cost efficient.

We have also recycled some of our budgetary savings into a series of adaptation and rural development funds to assist in some of the necessary sectoral changes that must be made in the wake of the budget and to take advantage of future economic opportunities.

We have such a fund to help deal with the changes to be made in the feed freight assistance program. The Secretary of State for Agriculture and Agri-Food is now leading a consultation process to define the parameters for how that fund can best be used in those feed deficient regions of the country which have heretofore benefited from the feed freight assistance program.

As another example, within our overall spending envelope for farm safety nets there is scope for a series of innovation and adaptation funds to be established depending on the priorities and preferences of different agricultural sectors and the provinces.

This notion of an innovation or adaptation fund has been offered as old safety net schemes like the national tripartite stabilization program are phased out and as new safety net plans are developed, as is now the case in Saskatchewan.

In this direction with respect to the dairy program, apart from the subsidy reductions in parallel with safety net reductions elsewhere, we offered in the budget to undertake consultations with the Canadian dairy industry to develop the very best possible uses in future for the remaining subsidy moneys to enhance the industry's competitiveness. I know a lot of thought