

The Budget—Mr. Lalonde

ships, advanced electronic and laboratory equipment, to mention just a few.

There will be no red tape and no delays. All projects are being put on a "fast track" to ensure that they start on time, progress as planned, and are completed as quickly as possible. All applicable government planning, approval, tendering and other procedures are being streamlined to facilitate fast-tracking. All departments and agencies are being instructed to give priority attention to the swift implementation of the projects for which they are responsible, within the cost estimates that have been established. The government will also seek the active cooperation of the private sector and of provincial authorities to make sure that projects stay on track and within cost. The co-operation of management and labour organizations in the construction industry will be critical to ensure effective implementation of these projects.

My colleague, the Minister of State for Economic Development (Mr. Johnston), will assume overall responsibility for Special Recovery Capital Projects. He will be assisted by a special committee of Cabinet. A Special Recovery Capital Projects Board has been established to co-ordinate the management and execution of projects on time and on budget.

Almost 30 per cent of outlays on construction, materials and procurement for Special Recovery Capital Projects will take place in the current fiscal year. Seventy per cent of the funds committed for these projects will have been spent by March 31, 1984, and the rest over the two succeeding years. As a result, the projects will give the economy a boost when it is most needed. They will be phasing out as private investment accelerates and begins to make heavier demands on the capacity of the construction and other industries.

[Translation]

Madam Speaker, Special Recovery Capital Projects form an integral part of a broad action plan designed to generate more growth and more jobs. They will not only provide employment in the near term, but also increase permanently the capacity of the economy to create employment. Most selected projects had already been included in the capital plans of federal departments and agencies for the latter part of the decade, because of the contribution they would make to national development. The amounts spent on accelerated projects over the next four years will result in lower government spending in later years.

The projects will focus on six key areas: transportation, research and training facilities, resource development, vessel procurement, land and tourism development and high-technology procurement. The projects are future-oriented, aiming to build and upgrade research and high technology centres, transportation infrastructure and other facilities and services that will enhance the long-term growth potential of Canadian industry. They will provide much-needed support for several currently weak sectors of the economy, such as construction, shipbuilding, fisheries and forestry.

The impact of Special Recovery Capital Projects will be felt throughout Canada and increase economic activity in most

major urban centres and many smaller communities. Some provinces have already introduced their own capital projects programs. These provincial initiatives will also help strengthen the recovery. I hope other provinces will take similar action in their forthcoming budgets. The overall result will be a more modern and efficient stock of public capital, to assist Canadian firms in their drive for improved productivity and competitiveness and to create more jobs for Canadians.

[English]

SPECIAL RECOVERY INCENTIVES FOR PRIVATE INVESTMENT

The second component of the Special Recovery Program is directly aimed at accelerating productive investment and job creation in the private sector. I am proposing tonight important changes in the federal investment tax credit. These changes will not increase the level of existing incentives, but will make them more readily usable by firms undertaking new investments after today. Firms will also be eligible for support from a Special Recovery Investment Fund and a Special Recovery Export Financing Fund. The cost of these measures will be \$2.4 billion over the next four fiscal years.

Businesses in Canada can now earn a credit against federal income taxes on eligible investment. The credit is at least 7 per cent of investment costs. In designated areas of the country, the credit can be as much as 50 per cent of the cost of investment. Until now, there have been limits on the extent to which this credit could be used to reduce income taxes, and unused credits could be carried forward for no more than five years.

For eligible investment undertaken after today, I am proposing to remove the limits on the ability to claim the investment tax credit. I am also proposing that credits earned in a year may be used to reduce taxes in any of three previous years or seven subsequent years. In addition, the investment tax credit will be extended to heavy equipment used in the construction industry.

These changes in the federal investment tax credit will be permanent. They will increase the ability of firms to use the existing credit, and thus enhance its effectiveness. They will provide about \$1.3 billion of support for private investment over the next four fiscal years.

However, all too many Canadian businesses are not presently in a position to pay taxes because of their weak profit position or the losses that the recession has inflicted on them. This applies particularly to small businesses in all parts of the country. For firms that are not now in a taxable position, the investment tax credit is not a strong incentive to invest. Yet they, too, must be encouraged to do so as early as possible if the recovery is to take hold and to last. They must also be assisted in securing the equity capital required to finance investment. I am, therefore, proposing two further but temporary changes to the federal investment tax credit.

First, I propose that a portion of investment tax credits earned between today and April 30, 1986 be designated as a Special Recovery Refundable Investment Tax Credit and