
Industrial and Regional Development The Proposal



Government
of Canada

Industry, Trade
and Commerce

and Regional
Economic Expansion

Honourable Edward C. Lumley
Minister

Gouvernement
du Canada

Industrie
et Commerce

et Expansion
économique régionale



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INDUSTRIAL AND REGIONAL DEVELOPMENT: THE PROPOSAL

OTTAWA, April 29, 1983 -- A new, national program to provide direct financial assistance to industry in all areas of Canada was announced by the Honourable Ed Lumley, Minister of Industry, Trade and Commerce and Regional Economic Expansion in his House of Commons speech on the Budget.

The new program is designed to promote industrial restructuring and development in all regions of Canada. Firms anywhere in Canada can qualify for assistance under the new program. The level of support provided will be enriched corresponding to the level of regional disparity in each of Canada's 260 census divisions.

In order to provide an equitable and objective basis for determining the level of enrichment, a Development Index will be applied. The Index will be based on unemployment rate, the level of income, and the fiscal capacity of the province in which the census division is located. Using this Development Index, a graduated, four-tier system of financial assistance will be available.

The fourth tier, in which maximum support is available, will be restricted to those areas of Canada where the 5 per cent of the population in greatest economic need reside. The third tier will apply to those areas in which 5 to 20 per cent of the population reside. The second tier will apply to the areas with 20 to 35 per cent of the population and the first level will be applicable to the remainder of the country.

Mr. Lumley said, "For the first time we have a national industrial development program that will be enriched on the basis of regional disparities and that will be available in all parts of the country."

Another important characteristic of the new program is that it applies to all phases of the corporate and product life cycle: industrial infrastructure; industrial innovation; plant establishment; modernization and expansion; marketing; and industrial renewal.

Canada

The Minister emphasized that the new program is designed to make Canadian industry more competitive in order to maximize our potential in both domestic and foreign markets. The program will be particularly sensitive and responsive to the needs of small and medium-size business.

"First, the multiplicity of programs now available from my departments of ITC/DREE will be reduced to seven main programs. The principal one is the Industrial and Regional Development Program. And second, the new program will be simpler, more flexible, more streamlined, and will be delivered locally all across Canada", the Minister said.

To establish realistic industrial development strategies, the Minister will draw upon the support of leaders in the private sector on task forces that will advise the Government on strategies for their industrial sectors.

In addition, the Minister has announced the creation of an Industrial and Regional Development Board with both business and labour representation from across Canada. The Board will advise the Government, through the Minister, on overall industrial policies and strategies.

The new Department's budget, about \$2.5 billion over the next two fiscal years, includes the \$300 million Special Recovery Investment Fund announced in the Budget. These additional funds will be used to more quickly bring on stream major private sector projects of national, regional, or sectoral significance.

THE DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

Evolution

"It is no longer enough that one department alone is primarily responsible for regional economic development. I have instructed all ministers in the economic development field to strengthen their departmental organizations and programs in the regions. All economic departments are to play a more direct and active role in regional economic development...The groundwork laid by the Department of Regional Economic Expansion will be substantially augmented by a government-wide focus on regional economic development."

With these words, the Prime Minister announced on January 12, 1982, the Government's decision to restructure federal departments and agencies concerned with economic development.

A cornerstone of that reorganization was the creation of the federal Department of Regional Industrial Expansion (DRIE) through the amalgamation of the regional programs of the Department of Regional Economic Expansion (DREE) and the industry, small business and tourism components of the Department of Industry, Trade and Commerce (ITC).

The restructuring of federal economic development departments was aimed at ensuring effective support of the Government's priorities of regional and industrial development and trade and export promotion. A policy framework on national economic development titled "Economic Development for Canada in the 1980s" sets out the government's strategic priorities in this area.

This framework notes that two realities will dominate Canadian economic development in the 1980s:

- 1) the continued development and expansion of the resource-based industries; and
- 2) the revitalization of industrial capacity towards specialized international competitiveness.

These two forces create new regional dynamics in our Canadian federation as well as new opportunities for growth within and among the different areas of the country. The traditional Canadian economic balance is shifting, largely because of present and forecast resource developments in the West and off the Atlantic coast. For the first time in Canadian history, every region of the country, not only those that traditionally have shown economic strength, may enjoy major opportunities for development.

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DRIE's Operating Principles

DRIE will have seven major programs, the principal one being the Industrial and Regional Development Program. In delivering its programs, the department will act in partnership with private sector initiatives while taking into account regional industrial development priorities and the need to improve regional economic balance.

Government involvement will be targeted to those industries and activities in each region which are likely to have the greatest positive impact and yield maximum return on resources. Departmental operations will be characterized by timely and substantive consultation with provincial governments and business and labour leaders and will be guided by the following principles:

- regional program sensitivity, including skewing of support to less advantaged regions, through use of a statistically-based development index, and decentralized program delivery.

- leverage of private investment to support only selected viable projects and firms where the project would not otherwise proceed in the same timing and scope and where attractive economic benefits are expected.

- export/domestic market development through the identification and pursuit of export markets and import competition opportunities.

- program flexibility to address regional industrial development needs and avoid proliferation of separate programs with different features or approaches.

INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM

IRDP -- the Industrial and Regional Development Program -- when approved as proposed to Parliament, will be the core program of the Department of Regional Industrial Expansion. It will be the federal government's principal program to deliver direct assistance to private sector firms.

IRDP will be available in all regions of Canada. It will provide financial assistance to business through grants, contributions, repayable contributions, participation loans and loan guarantees.

The IRDP Program will provide financial assistance for eligible projects over six elements of a product or company cycle.

Enriched support will be available to areas most in need through a graduated scale with four tiers. This will enable the department to both promote development in areas of greater economic disparity and also provide a basic level of support on a national basis.

The amount of support offered would vary within these sharing ratios depending upon the nature of the project, the need for program support, value for money and departmental objectives.

PROGRAM ELEMENTS

1) Industrial Infrastructure

- a) Assistance for operating or capital costs may be made available to economic, business or technological institutes for studies and specialized common services having significant and direct benefits for regional development.

Availability

Tier I
Tier II
Tier III
Tier IV

- b) Infrastructure directly related to regional industrial development may be supported on a shared cost basis.

Availability

Tier II
Tier III
Tier IV

2). Innovation

a) Studies

Assistance may be made available toward the cost of qualified consultants for studies on project feasibility, technology transfer, market research and venture capital search associated with prospective innovation projects.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

b) Developing New Products or Processes

Assistance may be provided for projects to develop new or improved products or processes. These must be scientifically feasible, entail significant technical risk and represent attractive prospects for commercial exploitation. Eligible costs are those current, incremental and project-related ones necessary to bring a product or process to commercial production. This includes the demonstration of prototypes.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

c) Developing Technological Capability

Projects which do not lead directly to identifiable sales may be supported if the development is of strategic importance to the firm and the regional industrial development priorities of the government.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

d) Development, Design, Demonstration and Engineering

Projects to develop new products or processes, but which do not entail significant technological risks may be supported in a way similar to those in section b) above. However, this assistance, intended mainly for small-and medium-sized businesses, will be repayable upon successful completion of the project.

<u>Availability</u>	<u>Maximum Repayable Share</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

3) Establishment

a) Studies

Funding may be provided to the cost of qualified consultants for studies of project feasibility, market research or venture capital search associated with a prospective establishment project.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

b) Plant Establishment

Funding may be made available for the establishment of new production facilities for manufacturing or processing, selected service sectors related to industry or major tourism projects.

Eligible costs are capital costs including buildings, machinery and equipment, capitalized preproduction costs and directly related infrastructure.

<u>Availability</u>	<u>Maximum Cost Sharing Ratios</u>	<u>Minimum Approved Capital Costs</u>
Tier II	35%	\$100,000
Tier III	50%	50,000
Tier IV	50%	25,000

4) Modernization/Expansion

a) Studies

Assistance may be provided for consultants to undertake project feasibility studies, market research, venture capital search, and productivity improvement (audit and implementation) for projects associated with modernization, productivity improvement or expansion.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

b) Modernization

Assistance may be made available for the acquisition of new, advanced machinery and equipment which significantly enhances the productivity of existing activities in manufacturing and processing, and selected services related to industry.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>	<u>Minimum Approved Capital Costs</u>
Tier I	25%	\$250,000
Tier II	35%	100,000
Tier III	50%	50,000
Tier IV	50%	25,000

c) Expansion

Assistance may be made available for the expansion of existing manufacturing or processing production facilities, as well as those in selected service sectors related to industry or major tourism projects. Eligible costs are capital costs including buildings, machinery and equipment, and capitalized preproduction costs.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>	<u>Minimum Approved Capital Costs</u>
Tier I	25%	\$250,000
Tier II	35%	100,000
Tier III	50%	50,000
Tier IV	50%	25,000

Note: In Tier I, assistance will be targeted to the most promising areas of industrial potential and comparative advantage.

d) Adaptation of Microelectronics Technology

Funding may be provided to manufacturers and processors for the first installation of microelectronic devices in their products and operations. Contributions up to \$10,000 may be provided for feasibility studies by consultants. Contributions up to \$100,000 may be provided to apply microelectronic devices to products or processes or to design custom microelectronic devices.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

5) Marketing

a) Studies:

Funding may be made available for consultants to undertake studies in market research and marketing strategies for persons engaged in manufacturing and processing, selected services related to industry and major tourism projects.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

b) Program for Export Market Development (PEMD)

Although not part of IRDP, PEMD will be delivered by DRIE on behalf of the Department of External Affairs in support of DRIE's continuing responsibilities for trade promotion in Canada.

All Tiers are eligible

6) Renewal

a) Studies

Assistance may be provided for consultants to undertake studies of project feasibility, market research, and venture capital search associated with prospective renewal projects.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	50%
Tier II	60%
Tier III	75%
Tier IV	75%

b) Restructuring

Loan guarantees (up to 90%) may be provided on a last resort basis in all tiers. An annual 1% insurance fee could be levied.

Projects involving loans of less than \$500,000 will normally be referred to the Federal Business Development Bank (FBDB) which can better serve this level of business clientele through its direct lending activities.

For some companies which do not find loan guarantees sufficiently useful, repayable contributions (up to 25% in all tiers) may be provided. Eligible costs are buildings, machinery and equipment, and capitalized preproduction costs.

General Suggested Program Criteria

1) Incrementality

No project may be supported unless it would likely not proceed, insofar as location, scope or timing are concerned, unless support is provided.

2) Commercial and Economic Viability

The project and persons undertaking the project must be considered to be economically and commercially viable within reasonable bounds of risk.

3) Significant Economic Benefits to Canada

The project and exploitation of the results of the project must represent significant net economic benefit to Canada within reasonable bounds of risk.

4) Eligible Persons

Individuals, corporations, partnerships, cooperatives and non-profit organizations, regardless of ownership or taxation status, are eligible provided the project is undertaken in Canada.

5) Amount and Conditions of Program Support

Eligible projects will not necessarily be supported at the maximum levels. The minimum amount of financial support required for the project to proceed and for economic benefits to be maximized will be provided.

6) Targeting Program Support

Priorities will be set after consultations with the private sector and other interested persons. Project proposals will be given a ranking in accordance with priorities and the economic benefits of the project. Regional development considerations will be of paramount importance.

INDUSTRIAL AND REGIONAL DEVELOPMENT
PROGRAM (IRDP)

PROGRAM ELEMENT	ELIGIBLE PROJECTS	MAXIMUM CONTRIBUTION LEVEL OF ELIGIBILITY*			
		NEGOTIATED LEVEL OF SUPPORT			AUTOMATIC LEVEL OF SUPPORT
		<u>TIER I</u>	<u>TIER II</u>	<u>TIER III</u>	<u>TIER IV</u>
Industrial Infra- structure Element	Economic development studies, common services at institutes and centres	Eligible	Eligible	Eligible	Eligible
	Infrastructure related to industry	Not Eligible	Eligible	Eligible	Eligible
Innovation Element	Consultant studies on technology transfer, project feasibility, market research, venture capital search	50%	60%	75%	75%
	Development of new product or processes	50%	60%	75%	75%
	Development of technological capability	50%	60%	75%	75%
	Design, development demonstration, engineering	50%	60%	75%	75%

* Crown contribution over \$1 million in all tiers is subject to reduced level of support.

INDUSTRIAL AND REGIONAL DEVELOPMENT
PROGRAM (IRDP)

PROGRAM ELEMENT	ELIGIBLE PROJECTS	MAXIMUM CONTRIBUTION LEVEL OF ELIGIBILITY*			
		NEGOTIATED LEVEL OF SUPPORT			AUTOMATIC LEVEL OF SUPPORT
		<u>TIER I</u>	<u>TIER II</u>	<u>TIER III</u>	<u>TIER IV</u>
Establishment Element	Consultant studies on project feasibility, market research, venture capital search	50%	60%	75%	75%
	Establishment of buildings, machinery and equipment and related infrastructure	N11	35%	50%	50%
Modernization/ Expansion Element	Consultant studies on project feasibility, market research, venture capital search	50%	60%	75%	75%
	Modernization: machinery and equipment	25%	35%	50%	50%
	Expansion: buildings machinery, and equipment	25%	35%	50%	50%
	Adaptation of microelectronic technology	50%	60%	75%	75%

* Crown contribution over \$1 million in all tiers is subject to reduced level of support.

INDUSTRIAL AND REGIONAL DEVELOPMENT
PROGRAM (IRDP)

<u>PROGRAM ELEMENT</u>	<u>ELIGIBLE PROJECTS</u>	<u>MAXIMUM CONTRIBUTION LEVEL OF ELIGIBILITY*</u>			
		<u>NEGOTIATED LEVEL OF SUPPORT</u>			<u>AUTOMATIC LEVEL OF SUPPORT</u>
		<u>TIER I</u>	<u>TIER II</u>	<u>TIER III</u>	<u>TIER IV</u>
Marketing Element	Consultant studies for market research, marketing strategies	50%	60%	75%	75%
	Domestic marketing - domestic trade fairs, information dissemination, cataloguing	Eligible	Eligible	Eligible	Eligible
Renewal Element	Consultants studies on project feasibility, market research, venture capital search	50%	60%	75%	75%
	Restructuring (loan guarantee)	Eligible	Eligible	Eligible	25%
	Restructuring	25%	25%	25%	25%

* Crown contribution over \$1 million in all tiers is subject to reduced level of support.

TARGETING FEDERAL INDUSTRIAL ASSISTANCE BY REGIONS

A fact of life in Canada is that some regions of the country are better off economically than others. The federal government is committed to narrow this gap and assist all Canadians in achieving an enriched standard of living. To meet this priority for industrial development it is necessary to identify those areas that need additional federal financial assistance. This process is referred to as targeting.

The department's new program, the Industrial and Regional Development Program (IRDP) is being designed to distribute federal financial assistance more effectively than ever before.

The Development Index

To establish the levels of assistance, a formula, or development index is being designed. When finalized the development index will ensure equitable and objective selection of targeted areas. The regions will be selected according to Canada's 260 census divisions which are the smallest discrete areas of Canada for which sufficient historical data are available on a nationally consistent basis.

Three measurable factors are being proposed to calculate the formula for the index:

- a) the level of unemployment in a district (based on cumulative averages beginning with 1976 available data);
- b) the level of income per person in a district (based on cumulative averages beginning with 1978 available data);
- c) the fiscal capacity of the province in which the district is located (based on averaging annual available data).

Each of the above three factors will be assigned different weights. The objective is to choose percentages that will reflect the traditionally accepted measurements of economic hardship as used in other statistical data bases. The fact that historical data bases will always be included when the formula is evaluated each year will assure long term commitment to structurally based economic development in each district.

The Tiers

The IRDP will provide specific levels of assistance in four tiers. The level of assistance available will depend in which tier a firm is located.

The regions designated in the tiers will not remain static. Tier designations will be evaluated annually against changes in statistical data, trends in economic development, and population variances to either add or delete regions.

The cut-off between the tiers themselves is proposed to be:

- Tier IV - those regions in which the 5% most economically disadvantaged Canadians reside;
- Tier III - those regions in which the next 5% to 20% in terms of economic disparity reside;
- Tier II - those regions in which the next 20% to 35% of the population reside; and
- Tier I - those regions in which the remainder of the population reside.

CONSULTATION WITH THE PRIVATE SECTOR

A major goal of the Department of Regional Industrial Expansion will be effective consultation with the private sector.

This will be accomplished in two distinct areas: the formation of a national Industrial and Regional Development Board and industry sector task forces.

Industrial and Regional Development Board

This Board will be co-chaired by business and labour and will have members from each group. This Board will advise the government, through the Minister of Regional Industrial Expansion, on policies relating to the expansion and development of the industrial capability in all regions of Canada. In this way, the government will be able to receive views on emerging policies, strategic directions and program modifications of DRIE.

It is expected that the Board will be asked to make recommendations on:

- a) objectives and priorities for regional industrial policy;
- b) improvements in the design and implementation of regional policies and programs;
- c) improvements in the coherence of regional industrial and trade policy;
- d) implications of the government's economic policy and priorities to regional industrial development.

In addition, the Board is expected to provide advice on:

- a) selection of strategic sectors;
- b) designation of geographic areas of Canada for special support;
- c) priorities for the portfolio allocation of the department's financial resources; and
- d) the department's agenda for industry policy research.

Industry - Sector Task Forces

Sector specific task forces will be named as needed, for limited periods, to report to the Minister on strategic initiatives for their sectors. Three business/labour task forces have already been established to advise the Minister on strategy and priorities for the aerospace, automotive and forest products industries. These three sectors each face significant developmental opportunities and challenges, which business and labour have agreed to address through a concerted effort.

This sector specific task force approach will be continued and extended to other selected key industries as advice and assistance is sought by Ministers.

SPEAKING NOTES

THE HONOURABLE ED LUMLEY

MINISTER OF INDUSTRY, TRADE AND COMMERCE
AND
REGIONAL ECONOMIC EXPANSION

TO THE

AUTOMOTIVE PARTS MANUFACTURERS' ASSOCIATION

TORONTO

APRIL 28, 1983

CHECK AGAINST DELIVERY

THANK YOU FOR THE INVITATION TO ADDRESS YOUR THIRTY-FIRST ANNUAL LUNCHEON. I ACCEPTED WITH ENTHUSIASM, BECAUSE I WELCOME THE OPPORTUNITY TO SPEAK TO A GROUP PLAYING SUCH A KEY ROLE IN CHARTING THE COURSE OF ONE OF THE MOST IMPORTANT INDUSTRIES IN CANADA. I ALSO FEEL THAT A MINISTER OF THE CROWN, PARTICULARLY THE MINISTER RESPONSIBLE FOR INDUSTRIAL AND REGIONAL DEVELOPMENT, MUST TAKE EVERY OPPORTUNITY TO MEET WITH REPRESENTATIVES OF INDUSTRY AT A TIME WHEN ALL POSSIBLE CHANNELS OF COMMUNICATION BETWEEN GOVERNMENT AND THE PRIVATE SECTOR SHOULD BE ENHANCED.

WHEN I ACCEPTED PAT'S INVITATION SEVERAL MONTHS AGO IT WAS ANTICIPATED THAT I WOULD ADDRESS THE RECOMMENDED VIEWS OF THE AUTOMOTIVE TASK FORCE. HOWEVER, FOR PERFECTLY LOGICAL AND JUSTIFIABLE REASONS THE REPORT IS NOT YET FINALIZED.

AS YOU KNOW THE TASK FORCE HAS BEEN HARD AT WORK FOR SOME TIME NOW AND A REPORT ON ITS EFFORTS IS EXPECTED IN THE VERY NEAR FUTURE SO I WILL NOT TODAY ADDRESS THE MANY ISSUES RELATED TO THE AUTOMOTIVE INDUSTRY OR TO THE AUTOMOTIVE PARTS SEGMENT. TO DO SO WOULD BE TO PRE-JUDGE THE EFFORTS OF YOUR TASK FORCE. I WOULD, HOWEVER, LIKE TO SAY HOW MUCH WE APPRECIATE THE DEDICATION OF THE CO-CHAIRMEN PAT LAVELLE AND BOB WHITE AS WELL AS THE OTHER MEMBERS OF THE TASK FORCE.

INSTEAD, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO DISCUSS CANADIAN INDUSTRIAL DEVELOPMENT GENERALLY, SUMMARIZING SOME OF THE THINGS I STATED THIS MORNING IN THE HOUSE OF COMMONS DURING THE BUDGET DEBATE AND PARTICULARLY HIGHLIGHTING OUR NEW INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM.

I POINTED OUT THAT THE BUDGET IS ONE OF CONFIDENCE -- CONFIDENCE FOR INDUSTRY, CONFIDENCE FOR CONSUMERS. IN TERMS OF INDUSTRIAL DEVELOPMENT, THE BUDGET CONTAINS AMONGST ITS MANY PROVISIONS, A DESCRIPTION OF ONE OF TWO MAJOR ELEMENTS THAT ARE NEEDED BY INDUSTRY, THAT IS THE ELEMENT OF ASSISTANCE TO INDUSTRY THROUGH THE TAX STRUCTURE. I WENT ON TO SAY THAT THERE IS A SECOND ELEMENT, NOT DESCRIBED IN THE BUDGET BUT COMPLEMENTING IT. IT IS THE ESTABLISHMENT AND MANDATE OF THE NEW DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION AND THE PROGRAM WHICH WILL BE THE MAIN VEHICLE TO PROVIDE ASSISTANCE TO CANADIAN INDUSTRY.

THE NEW DEPARTMENT WILL BE THE FEDERAL GOVERNMENT'S PRINCIPAL INSTRUMENT FOR DIRECT ASSISTANCE TO INDUSTRY. IT WILL BRING ASSISTANCE THROUGH A NUMBER OF METHODS TO MANUFACTURERS, PROCESSORS, SELECTED SERVICE INDUSTRIES INCLUDING TOURISM, ACROSS THE FULL RANGE FROM SMALL TO LARGE ENTERPRISES, FROM COAST TO COAST.

OUR MANDATE IS TO FACILITATE AND SUPPORT INDUSTRIAL DEVELOPMENT AND ADJUSTMENT IN ORDER TO REDUCE ECONOMIC DISPARITIES AMONG REGIONS AND INCREASE THE PROSPERITY OF CANADIANS IN ALL AREAS.

THE DEPARTMENT WILL HAVE A NEW PROGRAM TO ACHIEVE THIS GOAL, WHICH, FOR THE FIRST TIME, WILL BE AVAILABLE TO CANADIAN FIRMS IN ALL REGIONS OF CANADA. THROUGH THIS INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM, THE DEPARTMENT WILL ASSIST THE PRIVATE SECTOR AS WE MOVE TO STRENGTHEN OUR INDUSTRIAL BASE IN EVERY REGION OF THE COUNTRY.

WE HAVE, OVER THE PAST WHILE, CAREFULLY EXAMINED WHAT WAS IN PLACE IN BOTH THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE AND REGIONAL ECONOMIC EXPANSION. WITH THOSE RESULTS AS THE STARTING POINT WE DESIGNED A DEPARTMENT THAT HAS THE BEST FEATURES OF BOTH. BUT THAT IN MY VIEW WASN'T ENOUGH. THE NEW DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION GOES CONSIDERABLY BEYOND THE SIMPLE MERGING OF TWO DEPARTMENTS.

A FIRST IMPERATIVE WAS TO MAKE THE PROCESS OF DELIVERING FEDERAL ASSISTANCE MUCH MORE FLEXIBLE AND MUCH SIMPLER. OVER TIME WE ENDED UP WITH TOO MANY PROGRAMS THAT WERE TOO COMPLICATED. AS A CONSEQUENCE THE BUSINESS COMMUNITY, PARTICULARLY SMALL AND MEDIUM-SIZED FIRMS, WAS OFTEN CONFUSED AS TO WHAT WE WERE OFFERING AND HOW TO OBTAIN IT.

RATHER THAN THE MULTIPLICITY OF PROGRAMS THAT WERE AVAILABLE FROM ITC/DREE, THE NEW DEPARTMENT WILL FOCUS ON SEVEN MAJOR PROGRAMS. CHIEF AMONG THESE WILL BE THE INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM.

ONE OF THE MOST IMPORTANT CHARACTERISTICS OF THIS NEW PROGRAM IS THAT IT ALLOWS FOR ENRICHED LEVELS OF ASSISTANCE ACCORDING TO THE LEVELS OF DISPARITY THAT EXIST ACROSS CANADA.

SINCE THE TIME OF ESTABLISHMENT OF DREE IN 1969, THE FEDERAL GOVERNMENT HAS MAINTAINED A COMMITMENT TO THE FUNDAMENTAL GOAL OF REDUCING REGIONAL DISPARITY. THIS PROGRAM NOT ONLY REFLECTS THAT COMMITMENT BUT IMPROVES OUR MEANS OF MEETING IT.

WE ARE BRINGING FORWARD A METHOD OF DISTINGUISHING BETWEEN THE DEVELOPMENT NEEDS OF THE VARIOUS REGIONS. ALTHOUGH NO FORMULA IS PERFECT, WE HAVE ATTEMPTED, AFTER DISCUSSIONS WITH THE PRIVATE SECTOR, TO DEVELOP A FAIR, EQUITABLE AND OBJECTIVE METHOD -- A DEVELOPMENT INDEX -- TO IDENTIFY AREAS OF VARYING DEVELOPMENT NEEDS.

THE INDEX WILL TAKE THREE MAJOR FACTORS INTO ACCOUNT: THE LEVEL OF UNEMPLOYMENT, DISPOSABLE INCOME, AND THE FISCAL CAPACITY OF THE PROVINCE. WE WILL, OF COURSE, HAVE TO WEIGHT THESE FACTORS AS THEY ARE NOT ALL OF EQUAL IMPORTANCE.

WHEN WE HAVE FINALIZED THE DEVELOPMENT INDEX, WHICH IS VERY CLOSE TO COMPLETE, WE WILL APPLY IT TO THE DISCRETE AREAS IN CANADA FOR WHICH NATIONAL DATA ARE REGULARLY COLLECTED.

THE INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM WILL PROVIDE FOUR LEVELS, OR TIERS, OF FINANCIAL ASSISTANCE. WE PROPOSE IN ORDER OF NEED, THAT THE FOURTH TIER, THAT IS THE AREA OF MAXIMUM SUPPORT, BE RESTRICTED TO THOSE AREAS OF CANADA IN WHICH THE 5 PER CENT OF THE POPULATION IN GREATEST ECONOMIC NEED RESIDE. THE THIRD TIER WILL APPLY TO THOSE AREAS IN WHICH THE NEXT 5 TO 20 PER CENT OF THE POPULATION RESIDE. THE SECOND TIER WILL APPLY TO THE AREAS WITH 20 TO 35 PER CENT OF THE POPULATION AND THE FIRST LEVEL WILL BE APPLICABLE TO THE REMAINDER OF THE COUNTRY.

ANOTHER IMPORTANT CHARACTERISTIC OF THE PROGRAM IS ITS APPLICABILITY TO THE VARIOUS STAGES OF THE INDUSTRIAL DEVELOPMENT CYCLE. WE KNOW THAT COMPANIES, THEIR PROJECTS AND PRODUCTS GO THROUGH DISTINCT PHASES OVER TIME.

HAVING PROGRAMS DESIGNED PARTICULARLY FOR ANY ONE STAGE IN THIS PROCESS FAILED TO RECOGNIZE TWO THINGS: THE PROCESS IS EVOLUTIONARY AND FIRMS AND PRODUCTS MOVE FROM ONE PHASE TO THE NEXT. SECONDLY: THERE IS A DYNAMIC INVOLVED AND COMPANIES NORMALLY PLAN OVER THE WHOLE CONTINUUM RATHER THAN FOR ONE PARTICULAR STEP AT A TIME.

THIS PROGRAM WILL BE MAKING ASSISTANCE AVAILABLE THROUGH ALL THE STAGES OF A FIRM'S DEVELOPMENT.

THE FIRST STAGE WE HAVE DESCRIBED AS INDUSTRIAL INFRASTRUCTURE. AN EXAMPLE OF THIS COULD BE INDUSTRIAL PARKS. ANOTHER WOULD BE ESTABLISHMENT OF TECHNOLOGY CENTRES. THESE ARE THE PREREQUISITES, IF YOU WILL, OF EFFECTIVE INDUSTRIAL DEVELOPMENT.

THE SECOND STAGE AT WHICH WE WILL DIRECT ASSISTANCE IS INDUSTRIAL INNOVATION. I REPEAT THAT I BELIEVE THIS TO BE AN AREA THAT IS CRITICAL TO CANADA'S ECONOMIC WELL-BEING. THE GOVERNMENT IS DIRECTING ITS SUPPORT TO ENSURE THAT INNOVATION OCCURS AT THE REQUIRED PACE.

ELIGIBLE FOR ASSISTANCE IN THIS PHASE WILL BE, AMONG OTHERS, THE DEVELOPMENT OF TECHNOLOGICAL CAPABILITY, THE DEVELOPMENT OF NEW PRODUCTS AND PROCESSES, AND PROJECT FEASIBILITY STUDIES.

ONCE PRODUCTS HAVE COMPLETED THE DEVELOPMENT PHASE IT IS NECESSARY, OF COURSE, TO ACTUALLY GO INTO PRODUCTION. IN SOME CASES THIS REQUIRES THE BUILDING OF A PLANT AND THE PURCHASE OF EQUIPMENT. FOR THIS REASON WE HAVE MADE PROVISION TO ASSIST ESTABLISHMENT IN TIER TWO, THREE AND FOUR.

ONE PHASE THAT I BELIEVE OFFERS SIGNIFICANT OPPORTUNITIES, IS THE PHASE WE ARE REFERRING TO AS MODERNIZATION/ EXPANSION. WHILE THERE ARE A NUMBER OF ELEMENTS THAT FIT WITHIN THIS CATEGORY, I WOULD LIKE TO STRESS ONE -- THAT IS, THE BUILDING OF NEW TECHNOLOGIES INTO OUR EXISTING PRODUCTS AND PROCESSES TO INCREASE OUR COMPETITIVENESS. AS I HAVE STATED BEFORE, WE MUST DO MORE THAN DEVELOP NEW PRODUCTS TO COMPETE IN THE WORLD MARKETS. IT IS JUST AS CRITICAL THAT WE ADAPT NEW TECHNOLOGIES TO OUR TRADITIONAL INDUSTRIES. WE MUST CONTINUE OUR TRADITION OF MAKING AND PROCESSING THINGS -- BUT WE'LL DO IT BETTER.

THE NEXT PHASE IS MARKETING. WILL ANYBODY BUY OUR PRODUCTS? ARE THEY COMPETITIVE IN THE WORLD MARKETS? AND I STRESS THAT THE OPPORTUNITIES IN DOMESTIC MARKET PENETRATION, IN IMPORT SUBSTITUTION, ARE AS GREAT AS THEY ARE IN EXPORT TRADE DEVELOPMENT.

THE FINAL PHASE OF OUR PROGRAM IS THE RENEWAL ELEMENT. THE GOVERNMENT RECOGNIZES THAT SOME INDUSTRIES MUST UNDERGO A PROCESS OF RESTRUCTURING, AND THAT IT IS WORKERS WHO ARE AT RISK IN THE PROCESS. IN CASES WHERE RESTRUCTURING OR DIVERSIFICATION PROMISES VIABILITY, LOAN GUARANTEES AND REPAYABLE CONTRIBUTIONS WILL BE CONSIDERED.

WHILE WE HAVE BEEN DEVELOPING THIS NEW PROGRAM STRUCTURE, WE HAVE ALSO MOVED TO PUT IN PLACE AN ORGANIZATION THAT IS BASED ON DECENTRALIZED EXPERTISE, DECISION MAKING, AND LOCAL PROGRAM DELIVERY.

WE HAVE COMBINED THE INDUSTRIAL SECTOR EXPERTISE FROM ITC WITH THE REGIONAL CAPACITY OF DREE. WE HAVE OPENED UP NEW REGIONAL OFFICES AND WILL OPEN MORE IN THE FUTURE. WE ARE ESTABLISHING A "ONE-STOP SHOPPING" APPROACH TO GOVERNMENT ASSISTANCE FOR BUSINESS IN OUR LOCAL OFFICES. THIS LOCAL DECISION AND DELIVERY CAPACITY WILL SPEED UP THE PROCESSING OF APPLICATIONS SIGNIFICANTLY.

IN TERMS OF OVERALL DIRECTION, AS THE FINANCE MINISTER'S BUDGET SPEECH STATED, A PARTNERSHIP WITH BUSINESS AND LABOUR IS ESSENTIAL TO OUR SUCCESS.

IN ADDITION TO INDUSTRIAL SECTOR TASK FORCES SUCH AS THE AUTOMOTIVE, I INTEND TO ESTABLISH AN INDUSTRIAL AND REGIONAL DEVELOPMENT BOARD THAT WILL HAVE REGIONAL REPRESENTATION, LABOUR PARTICIPATION, AND SECTORAL INTERESTS. THE BOARD WILL ADVISE THE GOVERNMENT, THROUGH ME, ON BROAD POLICY ISSUES AND WILL PROVIDE CONSIDERABLE ASSISTANCE TO ENSURE THAT GOVERNMENT INDUSTRIAL POLICY IS RELEVANT. THIS BOARD AND THE SECTOR TASK FORCES WILL BE CENTERED TO OUR EVOLVING STRATEGY IN THE MONTHS AND YEARS TO COME.

AND THAT BRINGS ME TO THE GENERAL SUBJECT OF INDUSTRIAL STRATEGY.

YOU MAY RECALL THE CONSIDERABLE PUBLICITY OF THE DISCUSSIONS I HAD WITH A PARLIAMENTARY COMMITTEE TOWARDS THE END OF MARCH. ONE HEADLINE IN A MAJOR CANADIAN NEWSPAPER ATTRIBUTED TO ME A STATEMENT THAT "INDUSTRIAL STRATEGY IS DEAD". SEVERAL RESPECTED COMMENTATORS AND EDITORIALISTS, MUCH TO MY SURPRISE, PICKED UP THAT HEADLINE WITH CONSIDERABLE ENERGY AND IN THE MAIN THEIR COMMENTS WERE NEGATIVE.

THEIR COMMENTS, HOWEVER, WERE IRRELEVANT BECAUSE I NEVER SAID THAT THE CONCEPT OF AN INDUSTRIAL STRATEGY WAS DEAD. QUITE THE CONTRARY, I BELIEVE THAT THE FEDERAL GOVERNMENT IS CLOSER NOW THAN EVER BEFORE TO THE DEVELOPMENT OF AN INDUSTRIAL STRATEGY.

WHAT THE PROCEEDINGS OF THE STANDING COMMITTEE MEETING CLEARLY SHOW IS DISCUSSION OF INDUSTRIAL STRATEGY IN A CONTEXT IN WHICH IT CAN BE DEVELOPED AND THE MEANS I BELIEVE ARE REQUIRED TO MAKE IT EFFECTIVE.

I JUST SAID WE WERE CLOSE TO PUTTING IN PLACE AN INDUSTRIAL STRATEGY OR GAME PLAN AS I PREFER TO CALL IT, I HAD A COACH ONE TIME WHO SAID CLOSE DOESN'T COUNT EXCEPT IN HORSE SHOES, HOWEVER IN THIS CASE, CLOSE DOES INDEED COUNT.

IN MY OPINION, THE FEW REMAINING ELEMENTS NECESSARY TO A WORKING STRATEGY ARE BEING PUT IN PLACE.

FIRST THE KEY ELEMENT THAT WAS MISSING WAS THE DESCRIPTION OF THE PRECISE ROLE THE FEDERAL GOVERNMENT IS TO PLAY IN INDUSTRIAL DEVELOPMENT. THAT ROLE HAS NOW BEEN CLEARLY DEFINED. ITS DEFINITION WAS OUTLINED WITH THE FEDERAL GOVERNMENT'S 1981 PAPER ENTITLED ECONOMIC DEVELOPMENT FOR CANADA IN THE 1980s. IT WAS FURTHER ELABORATED IN THE JANUARY, 1982 ANNOUNCEMENT OF THE PRIME MINISTER WITH REGARD TO RESTRUCTURING GOVERNMENT ECONOMIC DEPARTMENTS. THE APRIL 19 BUDGET OF MY COLLEAGUE MARC LALONDE REAFFIRMS THE RESPONSIBILITY.

THE ROLE OF THE FEDERAL GOVERNMENT, AS NOW CLEARLY DEFINED, ASSUMES THAT THE PRIVATE SECTOR IS, AND WILL REMAIN, THE ENGINE DRIVING THE ECONOMY, AS THE FINANCE MINISTER HAS SAID. GOVERNMENT WILL FORM A PARTNERSHIP WITH THE PRIVATE SECTOR TO ASSIST IN ACHIEVING GOALS ON BOTH THE SECTORAL AND REGIONAL LEVELS WHICH ARE AGREED TO BY BOTH PARTNERS.

INDUSTRIAL STRATEGY, IN THIS WAY, WILL THEREFORE NOT BE DESIGNED SOLELY BY THE GOVERNMENT AND IMPOSED ON THE PRIVATE SECTOR. IT WILL BE DEVELOPED IN PARTNERSHIP WITH THE PRIVATE SECTOR -- AS REPRESENTED BY BOTH MANAGEMENT AND LABOUR.

WITH THE AUTOMOTIVE TASK FORCE BEING THE FIRST CONSULTATIVE GROUP TO BE ESTABLISHED, THERE ARE SEVERAL OTHER TASK FORCES NOW IN PLACE AND MORE WILL BE ANNOUNCED IN DUE COURSE. IN TERMS OF MANAGEABILITY, I BELIEVE THAT NO MORE THAN FIVE OR SIX TASK FORCE REPORTS PER YEAR SHOULD BE ENCOURAGED.

ANOTHER ELEMENT THAT HAS BEEN MISSING IN THE FORMULATION OF EFFECTIVE INDUSTRIAL STRATEGY HAS BEEN THE MEANS TO INTEGRATE INDUSTRIAL SECTOR NEEDS WITH REGIONAL NEEDS. WITH THE NEW DEPARTMENT IN PLACE, COMPLEMENTING THE ROLE OF THE MINISTRY OF STATE FOR ECONOMIC AND REGIONAL DEVELOPMENT, THIS MECHANISM IS NOW AVAILABLE. HERE, MY COLLEAGUE DON JOHNSTON OTHER LINE MINISTERS I WILL BE WORKING WITH OUR PROVINCIAL COUNTERPARTS TO EFFECT THAT INTEGRATION.

SO THAT IS THE CONTEXT IN WHICH I BELIEVE THAT WE ARE CLOSE TO INDUSTRIAL STRATEGY, BUT NOT YET QUITE THERE. WE ARE NOT YET THERE FOR TWO REASONS. FIRST, MUCH OF WHAT I HAVE BEEN DESCRIBING IS NEW. LEGISLATION CONCERNING GOVERNMENT REORGANIZATION AND THE NEW PROGRAM STRUCTURE OF MY DEPARTMENT, FOR EXAMPLE, HAS NOT YET BEEN PASSED.

SECOND, AS I HAVE DESCRIBED IT, OUR INDUSTRIAL STRATEGY COMES INTO PLAY OVER TIME, AS SECTORAL SUB-STRATEGIES EVOLVE. IN THIS SENSE, BECAUSE THE STRATEGY IS NOT AND NEVER WILL BE A SINGLE DOCUMENT FIXED IN TIME, IT NEVER WILL BE ETCHED IN STONE, BUT WILL CONTINUE TO EVOLVE AND BE UPDATED.

BUT WHAT IS MORE IMPORTANT IS THAT FOR THE MOST PART OUR STRATEGY IS ALREADY CLEAR. WE KNOW OUR MANDATE: TO REDUCE REGIONAL DISPARITY AND ASSIST IN THE RESTRUCTURING OF INDUSTRY. WE KNOW THAT ALL OUR SUB-STRATEGIES MUST ADDRESS THESE FUNDAMENTAL ISSUES.

WE KNOW OUR SPECIFIC ROLE VIS-À-VIS PRIVATE ENTERPRISE: TO FACILITATE, AND IN PARTNERSHIP, TO BE ACTIVE WHERE NECESSARY, BUT IN A COMPLEMENTARY SENSE, NOT A COMPETITIVE SENSE.

WE CAN BE ACTIVE IN ASSISTING PRIVATE ENTERPRISE BY ENSURING THAT ADVANCES IN TECHNOLOGY AND OTHER INNOVATION ACTUALLY RESULT IN INCREASED PRODUCTIVITY FOR CANADIAN INDUSTRY.

WE CAN BE ACTIVE BY ENRICHING THE LEVEL OF GOVERNMENT SUPPORT FOR INDUSTRY IN THOSE REGIONS OF GREATEST NEED.

WE CAN BE ACTIVE IN ENHANCING THE ROLE OF SMALL AND MEDIUM SIZE BUSINESS IN THE CANADIAN ECONOMY.

WE CAN BE ACTIVE IN SUPPORTING MARKET PENETRATION FOR CANADIAN PRODUCTS, BOTH ABROAD AND DOMESTICALLY.

AND WITH OUR NEW PROGRAM STRUCTURE, WE WILL HAVE THE VEHICLE NECESSARY FOR ACTION IN THESE AREAS. FURTHER, WITH OUR DECENTRALIZED ORGANIZATION WE WILL HAVE RAPID, REGIONALIZED DELIVERY OF OUR PROGRAMS IN ALL PARTS OF CANADA.

WITH THE ANTICIPATED UPTURN IN THE WORLD ECONOMY, THE TIME IS RIPE FOR CANADA'S INDUSTRIES TO ESTABLISH THEMSELVES FIRMLY IN THE WORLD MARKET. OUR NEW DEPARTMENT WILL DO ITS UTMOST TO ASSIST IN THIS EFFORT. TO THE EXTENT THAT WE ARE SUCCESSFUL IN ESTABLISHING A WORKING PARTNERSHIP WITH BUSINESS AND LABOUR, WE WILL SUCCEED IN CREATING AND MAINTAINING MEANINGFUL AND REWARDING JOBS FOR CANADIANS FROM COAST TO COAST.

THE MINISTER OF FINANCE HAS GIVEN US A NATIONAL ECONOMIC RENEWAL BUDGET. IN THE DAYS, WEEKS AND MONTHS TO COME AS A FELLOW BUSINESSMAN, I URGE EACH AND EVERY ONE OF YOU TO INITIATE YOUR OWN RENEWAL PROGRAM. TOGETHER WE CAN ENSURE AN ECONOMIC RECOVERY SECOND TO NONE IN THE WESTERN WORLD.

SPEAKING NOTES

THE HONOURABLE ED LUMLEY

MINISTER OF INDUSTRY, TRADE AND COMMERCE

AND

REGIONAL ECONOMIC EXPANSION

TO THE

HOUSE OF COMMONS

APRIL 28, 1983

MR. SPEAKER, IT IS INDEED A PLEASURE FOR ME TO PARTICIPATE IN THIS BUDGET DEBATE. THERE IS NOTHING MORE DIFFICULT IN GOVERNMENT THAN DRAFTING A BUDGET AND AS A COLLEAGUE AND AS A FELLOW-CITIZEN, I WANT TO EXPRESS MY HEARTIEST CONGRATULATIONS TO THE MINISTER OF FINANCE ON HIS SUPERB EFFORT. I CANNOT RECALL A BUDGET WHICH ADDRESSED IN SUCH A CONSTRUCTIVE FASHION THE FUNDAMENTAL ISSUES FACING THE CANADIAN ECONOMY. AS THE MINISTER SAID IN HIS BUDGET SPEECH -- ECONOMIC RECOVERY IS UNDER WAY -- AND THE MEASURES HE ANNOUNCED WILL GO A LONG WAY IN CREATING THE CLIMATE OF CONFIDENCE THAT IS NECESSARY IF THE RECOVERY IS TO BE ACCELERATED AND OUR GOAL OF CREATING SECURE JOBS FOR CANADIANS IS TO BE MET.

THE THRUST OF THIS RECOVERY BUDGET IS DIVIDED INTO TWO MAIN AREAS WITH RESPECT TO JOB CREATION. FIRST, AND MORE IMMEDIATE, IS THE DIRECT JOB CREATION AND SPECIAL RECOVERY CAPITAL PROJECTS UNDERTAKEN BY THE FEDERAL GOVERNMENT. THE SECOND PHASE -- THE STRENGTHENING OF THE PRIVATE SECTOR, I BELIEVE IS THE KEY TO LONG TERM PROSPERITY FOR ALL CANADIANS. AS THE MINISTER RESPONSIBLE FOR INDUSTRIAL AND REGIONAL DEVELOPMENT, I WOULD LIKE TO ADDRESS MY REMARKS TODAY TO THIS ASPECT OF OUR ECONOMIC RENEWAL PROGRAM. NEEDLESS TO SAY MISTER SPEAKER TIME DOES NOT ALLOW ME TO DETAIL ALL THE MEASURES MY DEPARTMENT WILL UNDERTAKE IN THIS REGARD. HOWEVER I WILL TRY AND HIGHLIGHT THE KEY INSTRUMENTS.

IT HAS BEEN SAID SO OFTEN AND SO ACCURATELY THAT THE MAIN ENGINE OF GROWTH IN THE CANADIAN ECONOMY ALWAYS HAS BEEN AND ALWAYS WILL BE THE PRIVATE SECTOR. HOWEVER, LET US BE UNDER NO ILLUSION.

CANADA'S INDUSTRIES HAVE NEVER BEFORE FACED SUCH A CHALLENGE. INCREASINGLY, BOTH DEVELOPING AND DEVELOPED COUNTRIES ARE COMPETING WITH US FOR MARKETS. AND I DO NOT REFER JUST TO FOREIGN MARKETS BUT ALSO TO OUR OWN DOMESTIC MARKET. THIS BUDGET HAS OFFERED SPECIFIC ASSISTANCE TO CANADIAN FIRMS SO THAT THEY CAN MEET THIS CHALLENGE.

THE BUDGET ALSO ADDRESSES OUR CURRENT SITUATION IN A REALISTIC WAY. IT RECOGNIZES THAT THE PRIVATE SECTOR HAS UNDERGONE TREMENDOUS PRESSURE IN THE PAST FEW YEARS AS EVIDENCED BY THE DRAMATIC DECLINE IN CORPORATE PROFITS. I DO NOT HAVE TO TELL THIS HOUSE THAT WITHOUT CORPORATE PROFITS THERE WILL BE NO CORPORATE INVESTMENT. AND WITHOUT INVESTMENT, THERE WILL BE A CONTINUING LOSS OF COMPETITIVENESS FOR OUR FIRMS. NOT MAINTAINING A COMPETITIVE POSITION RESULTS IN A REDUCTION IN EMPLOYMENT.

SO THIS BUDGET HAS PROVIDED MEASURES THAT WILL ENABLE CANADIAN FIRMS, PARTICULARLY THE SMALL AND MEDIUM-SIZED BUSINESSES WHO HAVE A MUCH SMALLER RESOURCE BASE TO DRAW UPON TO RESTORE THEIR BALANCE SHEETS, TO GET OUT FROM UNDER THE INORDINATE DEBT BURDEN MANY HAVE BEEN CARRYING. THEY WILL THEN BE ABLE TO DIVERT MONIES NOW SPENT ON DEBT SERVICING TO MORE PRODUCTIVE, JOB CREATING ACTIVITIES.

THE \$300 MILLION SPECIAL RECOVERY INVESTMENT FUND ANNOUNCED IN THE BUDGET WILL BE PUT TO USE IMMEDIATELY TO LEVER INVESTMENT IN THE PRIVATE SECTOR. WHEN THIS YEAR'S \$100 MILLION AND THE \$200 MILLION FOR NEXT YEAR IS ADDED TO APPROVED REFERENCE LEVELS FOR MY DEPARTMENT, WE WILL BE DELIVERING \$2.5 BILLION OF DIRECT ASSISTANCE TO INDUSTRY IN THAT 2 YEAR PERIOD.

OUR PRIVATE SECTOR CONSULTATION INDICATES THAT THERE ARE MANY PROJECTS BEING CONTEMPLATED BY CANADIAN CORPORATIONS AND WE FEEL THAT WE CAN ASSIST IN ACCELERATING THESE INVESTMENTS BECAUSE OF THE INCENTIVE THESE ADDITIONAL FUNDS WILL PROVIDE.

THE GOVERNMENT, AS YOU KNOW, HAS BROUGHT FORWARD MANY OF ITS OWN SPENDING PLANS SO THAT PROJECTS CAN PROCEED EARLIER. NOT ONLY DOES THIS SPECIAL RECOVERY PROGRAM ASSIST IN THE PROVISION OF JOBS IN THE SHORTER TERM, IT ENSURES GOVERNMENT FINANCING NEEDS WILL BE DRAWN FROM THE AVAILABLE CAPITAL POOL AT A TIME WHEN PRIVATE SECTOR BORROWING WILL BE LOWER. AS PRIVATE SECTOR INVESTMENT INCREASES -- AND THAT'S WHAT WE REQUIRE FOR LONG TERM, SUSTAINABLE RECOVERY -- GOVERNMENT BORROWINGS WILL DECREASE.

IT IS CLEAR THAT WITHIN THIS BROAD FRAMEWORK ESTABLISHED BY THE BUDGET, SOME VERY SPECIFIC ACTIVITIES WILL OCCUR. ONE GOAL, THAT OF INCREASING OUR PRODUCTIVITY, MUST BE STRESSED AGAIN AND AGAIN. THE GOVERNMENT AND THE PRIVATE SECTOR, WHICH INCLUDES BOTH INDUSTRY AND LABOUR, MUST DIRECT THEIR RESOURCES TO ACHIEVING A MUCH MORE COMPETITIVE POSITION FOR OUR PRODUCTS IF WE ARE TO MAINTAIN AND INCREASE OUR MARKET SHARE.

TO FACILITATE THIS GOAL, THE BUDGET INDICATED THE GOVERNMENT'S INTENTION TO FUND A NATIONAL CENTRE FOR PRODUCTIVITY AND EMPLOYMENT GROWTH THAT WILL BE A JOINT INDUSTRY/LABOUR EFFORT. MY COLLEAGUE THE HONOURABLE CHARLES CACCIA, MINISTER OF LABOUR, WITH WHOM I SHARE RESPONSIBILITY FOR THE GOVERNMENT'S PARTICIPATION IN THIS CENTRE, WILL BE SPEAKING IN MORE DETAIL ABOUT THIS THIS AFTERNOON.

THE ISSUE OF TECHNOLOGY AND ITS PLACE IN OUR FUTURE IS OBVIOUSLY CRITICAL. THE MINISTER OF STATE FOR SCIENCE AND TECHNOLOGY, WILL BE SPEAKING AT MORE LENGTH ON THIS SUBJECT DURING THIS BUDGET DEBATE. AS FAR AS THE RESPONSIBILITIES OF MY DEPARTMENT ARE CONCERNED, IT IS BOTH THE DEVELOPMENT OF THE TECHNOLOGY AS WELL AS THE APPLICATION OF TECHNOLOGY TO INDUSTRIES IN TERMS OF INNOVATION AND PRODUCTIVITY IMPROVEMENT THAT IS IMPORTANT. IF TIME PERMITTED, MR, SPEAKER, I WOULD LIKE TO DETAIL OUR EFFORTS IN THIS REGARD, HOWEVER, I WILL HAVE AN EXCELLENT OPPORTUNITY TO ADDRESS THIS ISSUE IN DETAIL WHEN I SPEAK TO THE NATIONAL PRODUCTIVITY AWARDS LUNCHEON FOR THE CANADIAN MACHINERY AND METALWORKING INDUSTRY IN TWO WEEKS.

AS I MENTIONED, SMALL AND MEDIUM-SIZED BUSINESSES ARE CLEARLY OF PARTICULAR IMPORTANCE TO OUR ECONOMIC RECOVERY AND THIS BUDGET HAS DEALT WITH THEIR NEEDS IN A NUMBER OF WAYS. MY DEPARTMENTAL AND CABINET COLLEAGUE, THE HONOURABLE BILL ROMPKEY, WHO HAS PARTICULAR RESPONSIBILITY FOR SMALL BUSINESSES AND TOURISM, WILL BE SPEAKING ABOUT THESE SPECIFIC MEASURES AS WELL AS OUTLINING THE NEW ROLE THAT THE FEDERAL BUSINESS DEVELOPMENT BANK WILL BE PLAYING.

THE MINISTER OF FINANCE HAS SET OUT TWO MAJOR UNDERTAKINGS TO ASSIST INDUSTRY. ONE CONSISTS OF THOSE PROJECTS IN THE SHORT TERM THAT WILL BE DELIVERED DIRECTLY BY THE GOVERNMENT. THE SECOND CONSISTS OF MEASURES THAT WILL ENABLE THE PRIVATE SECTOR TO BECOME MORE COMPETITIVE. ONLY THROUGH THE GROWTH OF OUR ECONOMIC BASE CAN THIS COUNTRY CREATE THE SUSTAINABLE EMPLOYMENT THAT WE REQUIRE. AND WITH THE CREATION OF A STRONGER PRIVATE SECTOR INDUSTRIAL BASE THIS GROWTH IS SURE TO OCCUR.

THERE IS ANOTHER ASPECT TO THIS BUDGET WHICH TO ME, AS MINISTER RESPONSIBLE FOR BOTH REGIONAL AND INDUSTRIAL DEVELOPMENT, IS PARTICULARLY GRATIFYING. THE SPIRIT THAT UNDERLIES THE BUDGET, THE SPECIFIC PROVISIONS IT CONTAINS, AND ITS TIMING ARE ALL EXTREMELY FORTUNATE IN TERMS OF THE DEVELOPMENTS THAT HAVE TAKEN PLACE WITH RESPECT TO OUR DEPARTMENT. I WANT TO TAKE THIS OPPORTUNITY TO EXPLAIN TO THE HOUSE WHAT THESE DEVELOPMENTS ARE.

WHEN THE MINISTER OF FINANCE OUTLINED THE TAX MEASURES BEING PUT IN PLACE TO ASSIST CANADIAN BUSINESS, HE WAS DESCRIBING ONE OF THE TWO MAJOR ELEMENTS THAT OUR INDUSTRY NEEDS. THAT WAS ONE PART OF THE EFFORT TO ENCOURAGE PRIVATE SECTOR GROWTH THROUGHOUT CANADA.

TODAY I WOULD LIKE TO DESCRIBE THE OTHER MAJOR COMPONENT OF THAT EFFORT. THE NEW DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION WAS SET UP TO BE THE FEDERAL GOVERNMENT'S PRINCIPAL INSTRUMENT TO PROVIDE DIRECT ASSISTANCE TO THE CANADIAN INDUSTRY. IT WILL DIRECT THIS FEDERAL ASSISTANCE, THROUGH A NUMBER OF METHODS, TO MANUFACTURERS, PROCESSORS, RELATED SERVICE INDUSTRIES, AND THE TOURISM INDUSTRY, ACROSS THE FULL RANGE FROM SMALL TO LARGE ENTERPRISES.

OVER THE PAST FEW MONTHS THE BASIC GROUNDWORK HAS BEEN DONE TO PUT INTO PLACE THE DEPARTMENT OF REGIONAL AND INDUSTRIAL EXPANSION, WHOSE TASK IT WILL BE TO MOUNT A MAJOR EFFORT IN INDUSTRIAL DEVELOPMENT ACROSS ALL SECTORS AND IN ALL REGIONS OF THE COUNTRY.

THE PREPARATORY WORK THAT I WOULD LIKE TO DESCRIBE TO YOU TODAY IS CATEGORIZED UNDER SEVERAL HEADINGS: THE MANDATE OF THE NEW DEPARTMENT, THE PROGRAM STRUCTURE, THE ORGANIZATION THAT HAS BEEN SET UP AND THE PRIORITIES THAT HAVE BEEN ESTABLISHED.

AS YOU KNOW, MR. SPEAKER, THE PRIME MINISTER ANNOUNCED EARLY LAST YEAR THE REORGANIZATION OF ECONOMIC DEVELOPMENT DEPARTMENTS AND THE ECONOMIC DEVELOPMENT CABINET COMMITTEE. AS A RESULT OF THAT ANNOUNCEMENT, THE REGIONAL PROGRAMS OF THE DEPARTMENT OF REGIONAL ECONOMIC EXPANSION WERE AMALGAMATED WITH THE DOMESTIC INDUSTRY, SMALL BUSINESS AND TOURISM COMPONENTS OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE. THE INTEGRATION OF THOSE TWO ORGANIZATIONS HAS NOW BEEN COMPLETED RIGHT ACROSS THE COUNTRY.

THE MANDATE THAT HAS BEEN STRUCK FOR THE DEPARTMENT IS TO STIMULATE NATIONAL ECONOMIC GROWTH AND HELP REDUCE REGIONAL DISPARITIES THROUGH LEVERAGE OF INVESTMENT AND PROMOTION OF INDUSTRIAL DEVELOPMENT AND TRADE.

SIMPLY STATED, MR. SPEAKER, THE MANDATE OF THE NEW DEPARTMENT DRIE WILL BE: "TO FACILITATE AND SUPPORT INDUSTRIAL DEVELOPMENT AND ADJUSTMENT IN ORDER TO REDUCE ECONOMIC DISPARITIES AMONG REGIONS AND INCREASE THE PROSPERITY OF CANADIANS IN ALL AREAS."

THIS WILL BE DONE BY STIMULATING INNOVATION AND PRODUCTIVITY IMPROVEMENT, ENCOURAGING THE ESTABLISHMENT, EXPANSION AND MODERNIZATION OF PRODUCTION FACILITIES, PROMOTING DEVELOPMENT OF DOMESTIC SOURCING TO REALIZE CANADIAN AND INTERNATIONAL MARKET OPPORTUNITIES, SUPPORTING INDUSTRIAL RENEWAL, ACHIEVING INDUSTRIAL BENEFITS FROM RESOURCE PROJECTS, AND SUPPORTING JOB CREATION AND ENTREPRENEURSHIP.

OUR GOVERNMENT REMAINS FIRMLY COMMITTED TO REGIONAL DEVELOPMENT. SINCE THE CREATION OF DREE IN 1969, THE BASIC APPROACH HAS REMAINED ESSENTIALLY UNALTERED, DESPITE CHANGED ECONOMIC CONDITIONS -- DUE IN NO SMALL MEASURE TO THE SUBSTANTIAL CONTRIBUTION DREE HAS MADE TO BUILDING THE BASIC ECONOMIC INFRASTRUCTURE. WE BELIEVE IT IS NOW TIME TO ADOPT NEW APPROACHES TO ACHIEVE THE SAME BASIC OBJECTIVE, REDUCING REGIONAL DISPARITY.

WE HAVE HAD TO EXAMINE THE RANGE OF EXISTING PROGRAMS TO SEE HOW WELL SUITED THEY ARE TO ACHIEVING THESE AIMS. WHILE THE NEW DEPARTMENT INHERITED SOME PROGRAMS FROM DREE AND ITC THAT ARE WELL SUITED TO THE NEW MANDATE, IT IS A FACT THAT OVER THE YEARS A BROAD RANGE OF PROGRAMS HAS EVOLVED SERVING VARIOUS PURPOSES, WITH SOME DUPLICATION AND OVERLAP, AND A GREAT DEAL OF VARIETY IN PROGRAM INSTRUMENTS, PROGRAM CRITERIA, DELIVERY SYSTEMS AND DECISION MECHANISMS. ALSO, PROGRAM GAPS HAVE BEEN IDENTIFIED -- FOR EXAMPLE, IN THE AREAS OF ENCOURAGEMENT OF INNOVATION, PRODUCTIVITY IMPROVEMENT, AND MARKETING -- AREAS OF HIGHEST PRIORITY FOR THE FEDERAL GOVERNMENT, AS THE MINISTER OF FINANCE HAS STATED IN HIS BUDGET SPEECH.

I AM TODAY ANNOUNCING A NEW PROGRAM, THE INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM, TO BE MY DEPARTMENT'S MAJOR INSTRUMENT TO ACHIEVE THESE GOALS. THE PROGRAM WILL BE AVAILABLE TO CANADIAN INDUSTRY IN ALL REGIONS OF CANADA. THROUGH THE INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM, THE DEPARTMENT WILL ACTIVELY ASSIST THE PRIVATE SECTOR AS WE MOVE TO STRENGTHEN OUR INDUSTRIAL BASE.

THE NEW INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM WILL OFFER INDUSTRIAL DEVELOPMENT SUPPORT ACROSS THE COUNTRY. THERE WILL BE FOUR RANGES OF SUPPORT. THESE WILL BE GRADUATED ACCORDING TO ECONOMIC NEED, WITH THE NEEDIEST REGIONS ELIGIBLE FOR THE HIGHEST LEVELS OF SUPPORT.

THE BASIC LEVEL OF SUPPORT WILL BE AVAILABLE TO FIRMS ANYWHERE IN CANADA. MORE GENEROUS INCENTIVES WILL BE AVAILABLE AT THE SECOND AND THIRD LEVELS, BASED ON ECONOMIC NEED. A FOURTH TIER, COMPRISING THE MOST DISADVANTAGED 5 PER CENT OF CANADA'S POPULATION, WILL AUTOMATICALLY RECEIVE THE MAXIMUM LEVELS OF ASSISTANCE FOR ELIGIBLE PROJECTS.

WE HAVE MADE A SINCERE EFFORT TO ENSURE A FAIR, EQUITABLE OBJECTIVE METHOD OF DESIGNATION AND IN THIS REGARD WE HAVE HAD SUBSTANTIAL CONSULTATION WITH THE PRIVATE SECTOR.

TO IDENTIFY WHICH AREAS ARE IN WHICH LEVEL, I WILL PROPOSE A DEVELOPMENT INDEX. THE INDEX WILL TAKE THREE MAJOR FACTORS INTO ACCOUNT: THE LEVEL OF UNEMPLOYMENT, DISPOSABLE INCOME AND THE FISCAL CAPACITY OF THE PROVINCE. WE WILL HAVE TO WEIGHT THESE FACTORS AS THEY OBVIOUSLY ARE NOT ALL OF EQUAL IMPORTANCE.

AS I SAID WE HAVE CAREFULLY EXAMINED WHAT WAS IN PLACE IN BOTH INDUSTRY, TRADE AND COMMERCE AND REGIONAL ECONOMIC EXPANSION. WITH THAT AS THE STARTING POINT, WE DESIGNED A DEPARTMENT WITH THE BEST FEATURES OF BOTH. BUT IN MY VIEW THAT WASN'T ENOUGH. THE NEW DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION GOES CONSIDERABLY BEYOND SIMPLY MERGING THESE TWO DEPARTMENTS.

OUR FIRST IMPERATIVE WAS TO MAKE THE PROCESS OF DELIVERING FEDERAL ASSISTANCE MUCH SIMPLER AND MORE FLEXIBLE. OVER TIME WE ENDED UP WITH TOO MANY PROGRAMS THAT WERE TOO COMPLICATED. AS A CONSEQUENCE THE BUSINESSES, PARTICULARLY SMALL AND MEDIUM-SIZED FIRMS, WERE OFTEN CONFUSED AS TO WHAT WE WERE OFFERING AND HOW TO OBTAIN IT. FURTHER IT WAS ALMOST IMPOSSIBLE TO DELIVER THESE PROGRAMS ON A REGIONAL BASIS DUE TO THIS COMPLEXITY.

RATHER THAN THE MULTIPLICITY OF PROGRAMS THAT WERE IN ITC/DREE, THE NEW DEPARTMENT OF DRIE WILL FOCUS ON SEVEN MAJOR PROGRAMS THE PRINCIPAL ONE BEING THE INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM WHICH WILL BE FLEXIBLE AND EFFICIENT. IT IS DESIGNED TO MEET THE NEEDS OF THE PRIVATE SECTOR AND TO DIRECT FEDERAL RESOURCES TO WHERE THEY WILL ACHIEVE OUR GOAL OF INDUSTRIAL AND REGIONAL DEVELOPMENT.

THE PROGRAM WILL BE MUCH SIMPLER FOR THE BUSINESS COMMUNITY; IT WILL HAVE ONE SET OF CRITERIA, AND ONE METHOD OF APPLICATION. IT WILL ALSO BE APPLICABLE TO ALL THE STAGES OF A FIRM'S DEVELOPMENT AND IT WILL BE AVAILABLE IN EVERY REGION OF THE COUNTRY.

THE PROGRAM HAS SIX MAIN ELEMENTS. THE FIRST IS INDUSTRIAL INFRASTRUCTURE SUCH AS INDUSTRIAL PARKS. ANOTHER EXAMPLE WOULD BE FEDERAL SUPPORT TO INSTITUTIONS SUCH AS TECHNOLOGY CENTRES.

THE SECOND ELEMENT IS INDUSTRIAL INNOVATION. I BELIEVE THIS TO BE A CRITICAL AREA FOR CANADA'S ECONOMIC WELL-BEING. ELIGIBLE FOR ASSISTANCE IN THIS PHASE WILL BE, AMONG OTHERS, THE DEVELOPMENT OF TECHNOLOGICAL CAPABILITY, THE DEVELOPMENT OF NEW PRODUCTS AND PROCESSES, AND PROJECT FEASIBILITY STUDIES.

ONCE OUR PRODUCTS HAVE COMPLETED THE DEVELOPMENT PHASE IT IS NECESSARY, OF COURSE, TO ACTUALLY GO INTO PRODUCTION. IN SOME CASES THIS REQUIRES THE BUILDING OF A PLANT AND THE PURCHASE OF EQUIPMENT. FOR THIS REASON WE HAVE MADE PROVISION TO ASSIST WITH ESTABLISHMENT, THE THIRD ELEMENT, IN ALL AREAS EXCEPT THOSE IN THE MOST DEVELOPED LEVEL.

A FOURTH PHASE, ONE THAT OFFERS SIGNIFICANT OPPORTUNITIES, IS MODERNIZATION/EXPANSION. THERE ARE A NUMBER OF ELEMENTS THAT FIT WITHIN THIS CATEGORY BUT ONE TO BE STRESSED IS THE BUILDING OF NEW TECHNOLOGIES INTO OUR EXISTING PRODUCTS AND PROCESSES TO INCREASE OUR COMPETITIVENESS. THIS WILL BE ACHIEVED BY ACQUIRING THE MOST ADVANCED MACHINERY, EQUIPMENT AND PLANTS. AS I AM SURE WE ALL AGREE WE MUST DO MORE THAN DEVELOP NEW PRODUCTS TO COMPETE IN THE WORLD MARKETS. IT IS JUST AS CRITICAL THAT WE ADAPT NEW TECHNOLOGIES TO OUR TRADITIONAL INDUSTRIES.

THIS LEADS ME TO ANOTHER MAJOR ELEMENT IN THE PROCESS, MARKETING. MY EXPERIENCE AS MINISTER OF TRADE MADE IT ABUNDANTLY CLEAR THAT WE HAVE TO DEVOTE MORE EFFORT IN THIS AREA IF WE ARE TO HOLD AND MAINTAIN OUR MARKETS. AND I MUST EMPHASIZE THAT THE POTENTIAL FOR CANADIAN FIRMS TO REPLACE IMPORTS HERE IN CANADA IS JUST AS IMPORTANT AS INCREASING EXPORTS.

IN OUR EXAMINATION OF WHAT WAS AVAILABLE IN THE DEPARTMENTS, I HAVE FOUND THAT MARKETING HAS NOT RECEIVED THE ATTENTION IT WARRANTED. WE HAVE NOT PAID SUFFICIENT ATTENTION TO THE MARKETING OF OUR PRODUCTS, PARTICULARLY HERE IN CANADA. PROGRAMS SUCH AS A MORE COMPREHENSIVE SHOP CANADIAN PROGRAM ARE BEING DEVELOPED BY MY OFFICIALS IN CONJUNCTION WITH THE PRIVATE SECTOR.

THE FINAL PHASE OF OUR PROGRAM IS RENEWAL. THE GOVERNMENT RECOGNIZES THAT SOME INDUSTRIES MUST UNDERGO A PROCESS OF RESTRUCTURING. WE ALSO REALIZE THAT THOSE WHO SUFFER THE MOST IN THESE INSTANCES ARE THE WORKERS. TO FACILITATE THE PROCESS, THE GOVERNMENT IS PREPARED IN SPECIFIC INSTANCES TO OFFER LOAN GUARANTEES TO ASSIST COMPANIES IN THE SHORT TERM ASSURING, OF COURSE, THAT WITH RESTRUCTURING THERE IS A REASONABLE CHANCE THAT THE FIRM CAN BECOME VIABLE.

IN SOME CASES A FIRM'S LONG TERM VIABILITY IS IN DOUBT IF IT REMAINS AS IT IS STRUCTURED. IN THOSE INSTANCES, THE GOVERNMENT WILL CONSIDER REPAYABLE GRANTS TO ASSIST THE COMPANY TO DIVERSIFY TO CREATE ALTERNATE EMPLOYMENT.

WHILE WE HAVE BEEN DEVELOPING THIS NEW PROGRAM, THE MERGED DEPARTMENTS HAVE ALSO BEEN UNDERGOING A MAJOR RESTRUCTURING. THIS OBVIOUSLY HAD TO OCCUR IF WE WERE TO ACHIEVE OUR OBJECTIVE OF FASTER DELIVERY AND INCREASED REGIONAL SENSITIVITY. WE HAVE SUBSTANTIALLY STRENGTHENED THE SECTORAL EXPERTISE IN OUR REGIONAL OFFICES. WE HAVE EXPANDED THE NUMBER OF LOCATIONS WHERE DRIE HAS OFFICES FROM THE COMBINED TOTAL OF THE OLD DREE/ITC. MORE ARE PLANNED. UNDER THE NEW DEPARTMENT, FOR THE FIRST TIME ALL FEDERAL INDUSTRIAL PROGRAMS WILL BE AVAILABLE IN EVERY PART OF THE COUNTRY.

WITH THE NEW INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM AS THE PRINCIPAL INSTRUMENT OF DIRECT FEDERAL ASSISTANCE TO INDUSTRY COUPLED WITH THE STREAMLINED DELIVERY MECHANISM THE ONLY MAJOR ELEMENT MISSING IS THE ESTABLISHMENT OF THE PRIORITIES ON A SECTORAL AND REGIONAL BASIS. THIS WORK IS ALREADY UNDER WAY WITH MY OTHER CABINET COLLEAGUES, MEMBERS OF PARLIAMENT, PROVINCIAL GOVERNMENTS AND OF COURSE THE PRIVATE SECTOR.

I WISH I HAD TIME THIS MORNING, MR. SPEAKER, TO DETAIL HOW EVERYTHING I HAVE TALKED ABOUT TODAY FACILITATES THE DEVELOPMENT OF AN INDUSTRIAL STRATEGY IN CANADA. CONTRARY TO ONE ERRONEOUS NEWSPAPER REPORT WHICH UNFORTUNATELY WAS PICKED UP BY SEVERAL RESPECTED JOURNALISTS AND EDITORIALISTS, MUCH TO MY SURPRISE, I BELIEVE WE ARE CLOSER TO DEVELOPING THIS STRATEGY THAN EVER BEFORE.

WHAT I STATED IN THE FINANCE COMMITTEE WAS MY BELIEF THAT THE GOVERNMENT CANNOT EFFECTIVELY IMPOSE BY ITSELF INDUSTRIAL DEVELOPMENT STRATEGY UPON CANADIAN INDUSTRY. I BELIEVE THAT OUR STRATEGY HAS TO FLOW FROM THE INTELLIGENT ADVICE OF THE MAIN ACTORS IN INDUSTRY -- NAMELY BUSINESS MANAGEMENT AND LABOUR.

ALSO, I BELIEVE THAT THE INDUSTRIAL STRUCTURE OF CANADA IS SUCH THAT INDIVIDUAL STRATEGIES BY SECTOR ARE MORE EFFECTIVE THAN ANY SINGLE OVERALL INDUSTRIAL STRATEGY. ONCE AGAIN, I BELIEVE THAT IN ORDER TO ACHIEVE SUCCESS, THESE SECTOR STRATEGIES HAVE TO BE BASED ON ADVICE FROM BUSINESS MANAGEMENT AND LABOUR. THAT IS WHY WE ESTABLISHED SECTOR TASK FORCES OR CONSULTATIVE COMMITTEES IN KEY SECTORS TO ASSIST IN DEVELOPMENT OF SECTORAL STRATEGIES.

THESE GROUPS CO-CHAIRRED BY INDUSTRY AND LABOUR REPRESENTATIVES ARE NOT GOVERNMENT TASK FORCES BUT PRIVATE SECTOR TASK FORCES. THEY HAVE BEEN ASKED TO EXAMINE THEIR SECTORS AND TO REPORT THOSE FINDINGS. OTHER SUCH GROUPS WILL BE ESTABLISHED IN THE FUTURE. I BELIEVE, THAT THIS PROCESS IS BY FAR THE BEST WAY AVAILABLE TO ENSURE GOVERNMENT IS AWARE OF SPECIFIC INDUSTRY CONCERNS. USING THIS APPROACH, WE WILL BE ABLE TO DEVELOP SECTOR SPECIFIC DEVELOPMENT PLANS.

THERE IS NO QUESTION THAT IF WE ARE TO BE SUCCESSFUL IN THIS AREA, IT IS IMPERATIVE THAT THE PRIVATE AND PUBLIC SECTORS WORK IN HARMONY. PERHAPS THE BEST EXAMPLE OF THIS CO-OPERATIVE EFFORT WAS THE ESTABLISHMENT OF THE EXPORT TRADE DEVELOPMENT BOARD TWO YEARS AGO.

IN THIS REGARD I WILL ALSO ESTABLISH AN INDUSTRIAL AND REGIONAL DEVELOPMENT BOARD THAT WILL HAVE REGIONAL REPRESENTATION, LABOUR PARTICIPATION, AND SECTORAL INTERESTS. THIS BOARD WILL ADVISE THE GOVERNMENT THROUGH MY DEPARTMENT ON BROAD POLICY ISSUES AND WILL PROVIDE CONSIDERABLE ASSISTANCE TO ENSURE THAT THE GOVERNMENT'S INDUSTRIAL POLICY IS BASED ON A BROAD CONSENSUS.

I HAVE BRIEFLY OUTLINED TO THE MEMBERS TODAY A PLAN FOR INDUSTRIAL DEVELOPMENT IN THIS COUNTRY. I BELIEVE IT BUILDS ON THE BUDGET AND CONFIRMS THAT CANADIANS SHOULD HAVE CONFIDENCE IN THEIR FUTURE. THE NEW DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION IS COMMITTED TO WORKING WITH INDUSTRY AND LABOUR TO ENSURE THAT CANADIAN FIRMS BECOME MORE PRODUCTIVE AND ARE COMPETITIVE IN THE WORLD MARKETS. THROUGH THIS PARTNERSHIP WE WILL PROGRESS. OUR INDUSTRIES WILL GROW IN ALL REGIONS OF CANADA. THIS DEVELOPMENT WILL MEAN JOBS.

THE GOVERNMENT WILL SHORTLY HAVE BEFORE THE HOUSE THE LEGISLATION TO CREATE THE DEPARTMENT AND ITS PROGRAMS. I WOULD HOPE FOR AGREEMENT FROM ALL SIDES OF THE HOUSE THAT THE PROPOSAL WILL PROVIDE EFFICIENT AND EFFECTIVE SUPPORT TO OUR INDUSTRIES SO THAT WE HAVE AN EARLY PASSAGE OF LEGISLATION. WE WILL THEN BE ABLE TO GET ON WITH THE JOB AT HAND; TO PUT IN PLACE THE SECOND HALF OF THIS MAJOR INDUSTRIAL RECOVERY PROGRAM.

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