

of success often appears to be principals who, for one reason or another, are interested in the north, or interested in one of the slow-growth areas as well as benefiting from the incentives. There usually has to be some natural advantage—good transportation, the location of the resource close by or other favourable factors in addition to the incentive provided by legislation.

I hope that during the next few weeks the minister will give priority to reviewing the proposal to establish a new rural development agreement for northern Ontario with the provincial government. This agreement has been awaiting action for the past year during two changes of government and it is urgent that it should be signed now. It involves a relatively modest demand on the public treasury, yet its impact on literally dozens of rural communities will be very great. So I hope the minister will move ahead to sign that agreement because, as I say, its impact on rural communities will be very great in terms of economic development affecting the agricultural sector, small forestry and woodlot operations, small mining operations, Indian bands, the tourist industry and developments related thereto.

It is terribly important in fashioning rural development policies that we should not only use incentives such as the act we are being asked to extend today, but that government policy come down squarely on the side of locating industries in slow-growth areas. In this context I think of the decision by the federal government a few weeks ago to establish the Eldorado uranium refinery in the Algoma district close to the source of uranium there. This decision flowed from a policy commitment made by the Liberal party during the general election to process energy resources close to the source of supply. For us, it meant processing uranium and the refining of uranium in the Algoma district. For people in western Canada it would mean seeing the future development of the petrochemical industry located in Alberta and Saskatchewan and those parts of the country where the petroleum and natural gas reserves are to be found. Ultimately, of course, if the finds off Sable Island and the east coast offshore of Newfoundland are successful, it would mean the same there.

This is a policy which, in a conceptual way, I believe most Canadians support, though when one gets down to the nitty-gritty of moving a refinery from one part of the country to another it is more difficult to get unanimous support. But a policy decision of that kind, set out ahead of time, has a great impact and would save millions of dollars in the avoidance of push-pull from various communities. It is most important there should be a policy decision of that kind taken well in advance of major Crown corporation decisions as to the location of processing industries.

I want to compliment the government on the pulp and paper industry agreement in Ontario. There is no doubt that this agreement is resulting in major revitalization and retooling of the pulp and paper industry. In my own constituency in Espanola and Sault Ste. Marie, it is resulting in a major redevelopment of the entire industry. In the case of Espanola, something like \$25 million in incentive grants is involved in a major effort to modernize and improve the environmental

*Regional Development Incentives Act*  
facilities as part of a capital investment of around \$225 million. The result will be a much more modern and environmentally acceptable operation.

**Some hon. Members:** One o'clock!

**The Acting Speaker (Mr. Ethier):** Order. It being one o'clock I do now leave the chair until 2 p.m. this afternoon.

At one o'clock the House took recess.

● (1400)

[Translation]

#### AFTER RECESS

The House resumed at 2 p.m.

**Mr. Deputy Speaker:** When the House interrupted its proceedings at one o'clock, the motion for second reading of Bill C-35, to amend the Regional Development Incentives Act, was before the House, and the hon. member for Algoma (Mr. Foster) had the floor.

[English]

**Mr. Foster:** Mr. Speaker, when we adjourned at the lunch break our consideration of Bill C-35, to amend the Regional Development Incentives Act, I was speaking about the importance to northern Ontario of the pulp and paper industry agreements with the province of Ontario which will be so instrumental in ensuring the long-term viability of this industry, let alone the improvements to the environmental operation of this very important industry. It employs some 30 per cent or 32 per cent of the people in northeastern Ontario engaged in the manufacturing and processing sector. However, companion to that agreement is the arrangement for a forest management agreement, which is providing improved access, renewal of our forest resources and building up access to forest management areas.

Combined with that I think is an important program which is being implemented at the present time by the provincial government to have the pulp and paper companies carry out much of their own reforestation, and surely that can be done more efficiently that way because there is nobody with a greater incentive to see the forest management areas reforested than the pulp and paper companies themselves.

In the case of the example, which I quoted before lunch, of the Eddy forest products plant in Espanola, it is expanding its capacity from 700 tons a day to close to 1,000 tons a day, so that it has the incentive to ensure the long-term viability of its forest reserves. Those three things go hand in hand. Through its agreements the federal government is rightly involved in two of them which are very important to northern Ontario.