Proposed agency will screen foreign investment

OTTAWA (CUP) - The federal government's new proposed foreign investment controls will not apply to foreign companies already operating in Canada. The proposed screening agency will only investigate expansion of foreign-controlled firms into 'unrelated' businesses.

The bill, intorduced in Parliament January 24, calls for the establishment of a Foreign Investment Review Agency headed by a 'Commissioner' who will report directly to the minister of industry, trade and commerce. New investors will be required to notify the agency of proposed investment and a minimum of information the government requires for assessing the effects of the investment.

The minister will be responsible for making the decisions and the cabinet must approve all decisions prior to implementation.

Firms with gross assets valued at less than $250,000 or annual gross revenues less than $300,000 will be exempt from the act. It will consider any company having at least five percent of its shares owned by a single foreign corporation or government agency to be foreign-controlled.

Five factors will be considered in assessing a firm's application. They include the effect the proposed investment would have on the economy, including employment; the degree of Canadian participation in the business; the effect on productivity, industrial efficiency, technological development, product innovation and product variety in Canada; the effect on 'competition'; and the 'compatibility of the proposed investment with national and provincial industrial and economic policy objectives.'

Companies failing to inform the government of their plans will be subject to legal action. The minister has the power to require a company to register a takeover and supply the necessary information for a review.

The government can seek a court injunction against any deal it has not approved, has disallowed or is taking place under different conditions than those submitted to the government. If an investment has already taken place, the government can seek an injunction to prevent any merger of assets.

A foreign company not already in Canada, few that there are, has two safeguards in delaying government actions. The minister cannot recommend refusal of any project without giving 'the investor a full opportunity to make representations...' The government must also give the investor a reply within 90 days. If it fails to respond to the application, the deal will be automatically allowed at the end of the 90 days.

The Review Agency will be impowered to investigate foreign-controlled corporations already operating in Canada from expanding into 'unrelated' areas. Alastair Gillespie, minister of industry, trade and commerce, used Imperial Oil as an example. It would be blocked from entering an 'unrelated' business, such as electronics, in Canada.

Gillespie shouldn't worry about Imperial Oil moving into electronics, as the field is already dominated by American companies. Radio Corporation of America (RCA) was awarded a $1.4 million contract by Telestat Canada to provide message links between two Telestat stations the day the foreign investment bill was introduced.

In 1967, 57 percent of Canada's manufacturing industry was foreign controlled, as was 74 per cent of the petroleum and natural gas industry. An accurate picture of foreign control in 1973 is not available.

Information Canada's terms of reference are such that it counts not only foreign-owned companies, but their subsidiaries in compiling statistics on foreign control of Canada's economy. This procedure is a recent development in government policy.

Federal day-care centre funding doubled

OTTAWA (CUP) - The federal government expects to double its allocation to day care centres in Canada, according to a national day care study released Jan. 23, by the federal department of health and welfare.

The department will spend about $8 million this year to support day care centers, but the move is unlikely to be much help to working mothers. Last year it spent about $4 million.

The dramatic increase results from amendments to the Canada assistance plan passed in 1972. The federal government will share rent or depletion on facilities, supplies, program equipment, food and other day care costs with provincial governments. Previously, only salaries were shared.

The Royal Commission on the Status of Women called for more federal funding of day care facilities in its 1970 report. The commission estimated only one per cent of children of working women attended day care centers. Mothers of about 1,380,000 children work for a living.

The department of labor estimates 59,000 'one-parent mothers' were in the labor force in 1971. Some 182,000 of 634,000 working mothers have children under the age of six.

The number of day care centre spaces in Canada almost doubled since 1967. But the federal government blames an increase in the number of women entering the labor force for keeping the percentage increase of working mothers' children enrolled in day care centers down to only one-quarter of one per cent from 1967 to 1971.

The Health and Welfare survey says programs relating to children of working parents (full day care and lunch and after school) constitute only about 43 per cent of the day care centres in Canada. The increase in federal funds is unlikely to significantly alter the situation.