

Regional Development Incentives Act

We cannot have a Department of Regional Economic Expansion in isolation. There are other government programs. We need structural changes in this country. For example, freight rates discriminate more in the Atlantic provinces than in southern Ontario. Therefore, it is more expensive to establish a plant in the Atlantic provinces. Even though you give large concessions and grants to people to establish an enterprise there, it still may not compensate for the freight rate inequities.

We have a tariff structure that has protected central Canada more than some other regions, such as the Atlantic provinces. As I said previously, energy costs are very high in the Atlantic provinces, much higher than the Canadian average. If the Department of Regional Economic Expansion is to really have an impact, there has to be an over-all, co-ordinated government policy or plan to ensure that the Atlantic provinces, parts of Quebec and other parts of the country that need DREE moneys do not get them in one hand while through other programs they are losing more than they receive from DREE.

I think of the Export Development Corporation which we debate in this House from time to time. It gives out all kinds of money to Canadian corporations as insurance when they are investing or selling abroad in Africa, Asia or South America. It so happens that the majority of these companies are located in the wealthier areas of Canada which get money from the Export Development Corporation. That again tips the balance away from the effect that DREE is having in some of the lesser developed areas.

The minister in charge of the Department of Regional Economic Expansion needs more clout. He needs more power to plan the economy of this country to ensure that the have-not regions get their fair share and the have regions do not get as much as they do today.

These are some of the matters that concern me. I say to the parliamentary secretary and the minister that for these reasons we want to see this bill go to committee where we will have an opportunity to ask questions, get more information and try to persuade the minister and his officials to extend this bill by only two years instead of five.

Another idea I want to throw out today is that when the government are handing out tens of millions of dollars, and not just under DREE but under various government programs, it would be appropriate to take equity in the company for the amount we are investing in that company. If we are giving taxpayers' money to a private company, it seems appropriate to take a proportionate equity equivalent to the investment. Perhaps that can be considered by the minister as we go to committee stage and back to the House for third reading.

That is really all I want to say today. This is a very important department and it is doing some good work, but this is one of the programs of the department that we question. We question whether so much money should be given to the larger companies that are not creating as many jobs as smaller companies in proportion to the funds they receive. We also put questions to the government as a whole urging them to plan

their other departments so that they would be complementary instead of contradictory, and help the Department of Regional Economic Expansion instead of hinder it.

● (1250)

If we can bring the standard of living and the standard of development in the Atlantic provinces, in the north and in other regions up toward the national average or even above the national average, we would perhaps be doing more to unify the country in the years ahead than anything else the House could do.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have an opportunity to speak on Bill C-35, to extend the Regional Development Incentives Act for an additional five-year period. The parliamentary secretary has mentioned the number of jobs which have been created under this act in the last 10 years—some 150,000 across the country with an accompanying investment of roughly \$3 billion. Those of us who were here when the original bill was passed and when the department was created have seen a number of successes and a number of disappointments in the department, and I believe the review which the minister is carrying out at the present time and the legislation he is proposing for later this year will be welcomed with a great deal of anticipation and interest, especially among those of us who come from slow-growth areas.

Certainly, the Regional Development Incentives Act, although not completely successful in all parts of the country in terms of diversifying and widening their economies, has been a very constructive instrument for regional development. I think of the number of new industries and plants which have located in the Algoma-Manitoulin area which I represent. It is hard to know whether we would have been successful in securing many of those industries without the help of this legislation.

We have one of the largest sawmill operations in northern Ontario capable of producing 100 million board feet of lumber a year, and I understand there are plans to increase output to 150 million board feet of lumber a year. This is really a very large operation and the project got started through assistance from the Regional Development Incentives Act. Of course, a large number of other projects have been established, including a veneer mill, a barrel factory related to our mining industry, concrete manufacturing plants, meat-packing plants, a fish processing plant, sawmills, bakeries and so on, industries which have benefited directly from the existing legislation. Without this kind of incentive and determination on the part of the government to assist these industries, many of them would not have located in the north.

The one thing we have really learned from this legislation is that, even on the basis of very strong financial incentives, it is still incredibly difficult to persuade industries to locate in the slow-growth areas; they seem to want to locate within a few miles of their markets, so naturally they try to locate near the large metropolitan areas. To draw them away from that natural desire requires a very strong incentive. One condition