

credits were put into effect in April, 1983 and a further improved tax credit comes into effect for the 1984 taxation year. These tax credits will enhance the international competitive position of Canadian companies. However, there are a number of policy areas which require review with a view to enhancing the climate for business so that consulting engineers can increase their contribution to the economy:

- Contracting Out: While a favourable policy stance was adopted by the federal government some time ago in favour of contracting engineering and other scientific work out, the degree of implementation has not met expectations, with the result that very substantial in-house activity continues. This activity constitutes lost opportunities for the further development of domestic capability and, consequently, export potential. Contracting out is also a major issue at the provincial and municipal levels. A substantive amount of underemployed expertise in provincial hydro authorities overhangs the market and jeopardizes increased private sector activity when markets recover.
- Procurement Policy and Practices: The complexity of the government process, and the excessive number of bids requested in the context of the contract value, are at least irritants to, and often constrain participation in government projects, a market sector which has become increasingly important in some regions of the country during and post-recession.
- Export Financing and Support: A number of countries offer attractive financing packages for entire capital projects. Since project financing is an increasingly important element of project bidding, it is imperative that there be competitive, expeditious mechanisms to meet foreign financing packages. In addition, support for market development is needed to compete successfully with the government-backing provided by competitors. There may be scope for enlarging the role of the Canadian government in financing the high risk, front-end market development costs faced by the industry, such as making CPPF-type assistance eligible in a much broader range of markets.
- Industrial and Regional Benefits: Bias sometimes exists in foreign sponsors of major projects in Canada towards hiring home country consultants in project development and execution even when Canadian capability exists. It is important that existing mechanisms be continued and enhanced to ensure that these sponsors are adequately informed of Canadian capabilities; the selection process is open to Canadian firms; and that adequate scope exists for upgrading Canadian capabilities where necessary through joint ventures and other experience-gathering mechanisms.
- Developing Engineer-Procure-Construct (EPC) Capability

While foreign-sponsored major projects offer an opportunity for increasing business activity and developing capabilities in specific areas, public sector projects constitute an opportunity to further develop the EPC capability of Canadian consultants so that they might bring proven experience in this field to the offshore bidding process and effect substantial follow-on sales of Canadian construction services and machinery and equipment purchases.
- Support for Turnkey Projects Abroad: Further development of the capacity to bid and deliver on turnkey projects abroad is essential. Promoting better links among the industrial sectors which must form teams to participate in such projects is a key area for further government action, together with implementing effective, competitive project financing mechanisms.

A profile of the industry is presently being completed as well as a consultant study on the industry entitled "Coming to Grips with Change".