

Government Organization Act, Atlantic Canada, 1987

What kind of assistance can a person expect when he or she puts in an application? Two old programs have been consolidated and streamlined into one new program which will assist in three different ways. The first way is to provide loan insurance to the applicant. In fact, 85 per cent of a loan from a bank can be insured under this program.

The second major element is that an interest buy-down will be provided to the applicant. Up to 6 per cent of his interest payments at the bank can be bought down by virtue of this program. In other words, instead of paying 13 per cent interest the applicant would end up paying 7 per cent. Anyone in business today realizes that when you are using financing over 10, 15 or 20 years to operate a business, a 6 per cent write-down amounts to a substantial amount of money and makes it very much easier to make the business a success.

There are also grants and contributions available through the agency. The following types of assistance are available. There is business support, study support and technical assistance, innovation establishment, new product establishment, and expansion or modernization.

There are also increased levels of contributions under the new authority. For example, if it is a new business the funding level can go to 65 per cent of the total capital cost as opposed to 50 per cent under the old programs. Of course, it is not only 65 per cent as opposed to 50 per cent, but the eligible criteria are greatly broadened. If the business is going to modernize or expand, it can receive 30 per cent assistance versus 25 per cent in the past. If the project is for innovation it can receive up to 60 per cent as opposed to 40 per cent as previously. With regard to studies or research, we will now pay 75 per cent versus a maximum of 37.5 per cent as previously. We doubled that component because we know that there are a great many ideas which, if researched properly, can become viable business ventures in the Atlantic area.

In addition, there is a totally new program element called new product expansion which allows for 40 per cent of eligible capital cost. That is a very important part of the program in Atlantic Canada because, if there is one thing we can do, it is to get into new product lines. As I am sure all Members in the House appreciate, Atlantic Canada is dependent primarily on agriculture and fisheries. If we are to be successful in developing those industries we must develop new products related to those two primary industries. We have been dependent in the fishing industry in the past, for the most part, in the fishing industry, on catching the fish, doing some very basic processing, and usually exporting.

We have not developed many new consumer items which can capture a larger market or add more value to the primary product. Other countries such as Japan have made tremendous strides toward changing fish products to add value and to utilize new markets. We believe that this is an important area and that Atlantic Canada can have a considerable amount of new product development by assisting our fishing processors to

develop new lines, to package things differently, and to ensure that the consumer demand is met.

The same applies to agriculture. We have tended to produce traditional products in the past, but there are a great many opportunities for new products in agriculture. That is exactly what we want to do with this program.

The Hon. Member who was speaking a few moments ago indicated that he was surprised and disappointed that there was not enough assistance for infrastructure, or that infrastructure would not be assisted under the Atlantic Canada Opportunities Agency. I want to clarify this because it is simply not true. It is quite possible that under the Atlantic Canada Opportunities Agency a provincial Government can enter into an economic and regional development agreement with the federal Government that will provide for infrastructure. We believe that can be approached through these economic development agreements, provided that they contribute to business development in the region.

● (1650)

Let me give an example of another way the infrastructure can be assisted in the region. If a road or wharf is necessary for a new business that is being proposed, that infrastructure requirement can become part of the application. In those two ways, infrastructure can be assisted in the region. It is incorrect to suggest that there is no room for infrastructure assistance under this particular program.

The Hon. Member suggested that the Government should not have changed the industrial development section of the Cape Breton Development Corporation. Let me point out that it was a recommendation of the advisory committee that was established in September, 1985, lead by Theresa MacNeil who is now chairperson of Devco, that recommended the establishment of Enterprise Cape Breton Corporation instead of continuing with the industrial development division. The Government accepted that recommendation, and that is why it is presented as it is in this Bill.

I believe the House would agree that the worst thing a business person can experience is trying to find out what assistance is available from Government and not being able to get all the information from one location. If there is an industrial development division on one side of the street providing grants and loans and another government agency on the other side of the street providing grants and loans, whose programs do not mesh, it leaves much confusion and unwarranted bureaucracy. We did not want that to happen, and that is why Enterprise Cape Breton Corporation is outlined in this Bill as it is.

I have great faith that this corporation will do a lot for Atlantic Canada, more than we have seen any corporation or government agency do in the last 25 years. It represents over \$1 billion in new funding, above existing programs, which is earmarked for economic development in Atlantic Canada. The Government is saying very clearly to the businessmen that if