

Industrial Research Incentives Act

If we employ Canadians at this level of industrial development, we make it possible for our own specialists and highly trained people to remain in Canada and to foster Canadian-owned industries. There is probably no more important way to maintain a Canadian hold on Canadian industry and the development of Canadian products and manufacturing techniques than the fostering of Canadian product research. This fact was belatedly recognized when the change in the Income Tax Act was made in 1962, permitting special incentives to corporations which allowed them to deduct an additional allowance equal to 50 per cent of the increase of expenditure in Canada for scientific research over that of the previous year.

As a result of the favourable experience with this tax incentive, in 1967 the government enacted a new program to continue providing general incentives for scientific research and development after the tax incentive expired in 1966. The Industrial Research and Development Incentives Act was passed in March, 1967, to provide general incentives to industry for the expansion of scientific research development in Canada.

This act is administered by the Department of Industry, Trade and Commerce and provides for Canadian corporations to receive cash grants or credits against federal income tax liabilities equal to (a) 25 per cent of all capital expenditures for new property other than land for scientific research or development in Canada, and (b) 25 per cent of the increase in current expenditures in Canada for scientific research and development over the average of such expenditures in the preceding five years.

● (8:30 p.m.)

Well, Mr. Speaker, the act appears to have been successful. In 1968-69 total expenditures for research and development by government, industry and universities was \$952 million. That represents a very substantial improvement over previous years, although I agree with my hon. friend from Oshawa-Whitby that this is not enough to put Canada into the forefront of industrial development. We have to do much more.

Each year Canada must provide 235,000 new jobs for Canadians coming on to the labour market. A very great number of these will have to be provided in industry, and many of them in industries that export abroad. The government is anxious in this case to foster continuing growth in industrial research and development which will be of

[Mr. Howard (Okanagan Boundary).]

vital importance to Canada. Clearly, despite a period of austerity and a freeze in the spending of most government departments, the government has authorized additional funds for the Department of Industry, Trade and Commerce for purposes of industrial research and development through programs such as IRDIA, IRAP, DIR, PAIT AND DIP. I shall shortly describe what these letters mean. The government is proceeding to extend patent research. The total amount estimated for 1969-70 for these programs comes to \$52.2 million. In 1970-71 the amount expended will increase to \$72.8 million, an increase of nearly 40 per cent. Mr. Speaker, I concur most heartily in the government's efforts in this direction and only wish the program had been started many years earlier and that the expenditures were now very much larger.

A few moments ago I mentioned some initials to describe the patent and research development programs the government is undertaking. Perhaps I should enlarge on what I said. This is what the government is doing at the present time. First, this evening we are dealing with the amendment to the Industrial Research and Development Incentives Act, known as IRDIA. Second, there is the Industrial Research Assistance Program known as IRAP. This is a program for the National Research Council to increase the number of research personnel in industry.

Third, there is the Defence Industrial Research Program known as DIR. That program is to encourage research in defence industries. Fourth, there is a program for the advancement of industrial technology. Its name is PAIT, and it is a program to encourage the development of new products and processes in industry. Lastly, there is the Defence Industry Production Program, known as DIP, which is to encourage development and production for purposes of defence and civil export. These are the programs which in total will cost us \$52.2 million during the current year.

In 1968 a special study group was established to investigate the relationship of these programs with each other and the needs of Canadian industry, and to recommend any desirable changes. A summary of the working group's conclusion and the action taken in respect of them was tabled in the House in February of this year. This report said in part:

There is a continuing need for the general incentive provided by the Industrial Research and Development Incentives Act to encourage increases