

HOUSE OF COMMONS

Friday, November 27, 1970

The House met at 11 a.m.

ROUTINE PROCEEDINGS

WAYS AND MEANS

DESIGNATION OF ORDER OF THE DAY TO DEBATE WAYS AND MEANS MOTION

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, pursuant to Standing Order 60(2) I should like to request the designation of an Order of the Day for the consideration of a ways and means motion so that I may make a budget presentation on Thursday next at eight p.m.

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[Translation]

SHIPBUILDING

ANNOUNCEMENT OF EXTENSION PROGRAM

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I wish to announce an extension of the government's national program for shipbuilding which will help shipbuilders throughout Canada to obtain export orders.

As hon. members are aware, shipbuilding activity in Canadian yards has been at a low level this year despite the support available for the construction of Canadian flag vessels for domestic use. Employment has seriously declined and will continue to do so.

At the same time the international market for ships has strengthened. Demand has more than doubled since 1965 and is now running at some \$15 billion per year on the world basis. The extension of government assistance to the industry which I am announcing today is designed to help our yards share in this strong market.

To penetrate the international market it is important for Canadian shipbuilders to achieve lower unit costs. Multiple unit production is one of the ways to improve cost performance. To this end the government has decided on a temporary program of support for the building of ships for export.

The program will apply to firm export orders received by Canadian shipyards prior to June 30, 1972. Support will be granted to shipyards up to an amount of 17 per cent of the audited costs of a ship built for export and under 40,000 deadweight tons. For ships over 40,000 deadweight tons the support will amount to 14 per cent of audited costs. The rate of this temporary assistance will decline after September 30, 1971 by $\frac{1}{2}$ of 1 per cent

per quarter. In determining the base for support, profits will be excluded. Detailed information as to the various conditions of government assistance will be announced in regulations to be issued in the near future. The necessary approval of Parliament will be sought shortly.

I understand that as much as \$300 million worth of export orders representing over 14,000 man years of employment for this mainly Canadian-owned and operated industry may be available to competitive Canadian shipyards which can offer early delivery.

[English]

I trust that the government's decision to give this special temporary support will help to maintain employment during the period until the domestic shipbuilding market strengthens. I hope that the activity generated will place our yards in a better position to bid for continuing export as well as domestic business. It is not intended that during the life of this program our industry should overexpand in relation to anticipated long-term demand.

I believe that the expected higher level of business will help our yards further to diversify their production and reduce vulnerability to fluctuations in the demand for vessels. It is significant that a number of our yards are already producing efficiently a wide variety of heavy equipment.

• (11:10 a.m.)

In recent years Canadian shipyards have improved their competitive competence and product capability and have increased their productivity and lowered their costs. This process has been facilitated by government policies directed toward the encouragement of a healthy and viable industry. The modernization of shipyards has been encouraged under the programs of the Department of Industry, Trade and Commerce, and support for such modernization and diversification will be continued.

Mr. Speaker, I wish to file a copy in both official languages of my statement and the press release on the shipbuilding expansion program.

Mr. H. Russell MacEwan (Central Nova): Mr. Speaker, we of the Official Opposition welcome the statement the minister has made in the House today on this most important matter. I did not realize that the question I directed to him yesterday would get him going so quickly, but I thank him for doing so.

Shipbuilding subsidies were introduced by the former government under the right hon. member for Prince Albert (Mr. Diefenbaker) as a program to assist the industry in this country to become competitive with foreign shipyards. As we all know, to the end of 1969 the