

*The Budget—Mr. Lumley*

achieving a much more competitive position for our products if we are to maintain and increase our market share.

To facilitate this goal, the budget indicated the Government's intention to fund a National Centre for Productivity and Employment Growth that will be a joint industry-labour effort. My colleague, the Minister of Labour (Mr. Caccia), with whom I share responsibility for the Government's participation in this centre, will be speaking in more detail about this project this afternoon.

The issue of technology and its place in our future is obviously critical. The Minister of State for Science and Technology (Mr. Johnston) will be speaking at more length on this subject during the budget debate. As far as the responsibilities of my Department are concerned, it is both the development of technology as well as the application of technology to industries in terms of innovation and productivity improvement, that is of importance. If time permitted, I would like to detail our efforts in that regard. However, I will have an excellent opportunity to address this issue in detail when I speak to the National Productivity Awards luncheon for the Canadian machinery and metal working industry in two weeks.

As I mentioned, small and medium-sized businesses are clearly of particular importance to our economic recovery and this budget has dealt with their needs in a number of ways. My departmental and Cabinet colleague, the Minister of State for Small Businesses and Tourism (Mr. Rompkey), will be speaking about specific measures as well as outlining the new role which the Federal Business Development Bank will be playing.

The Minister of Finance has set out two major undertakings to assist industry. One consists of those projects in the short term that will be delivered directly by the Government. The second consists of measures which will enable the private sector to become more competitive. Only through the growth of our economic base can this country create the sustainable employment required. With the creation of a stronger private sector industrial base, this growth is sure to occur.

There is another aspect to this budget which to me, as Minister responsible for regional and industrial development, is particularly gratifying. The spirit that underlies the budget, the specific provisions it contains and its timing are all extremely fortunate in terms of the developments which have taken place with respect to our Department. I want to take this opportunity to explain to the House what these developments are.

When the Minister of Finance outlined the tax measures being put in place to assist Canadian business, he was describing one of the two major elements that our industry needs. That was one part of the effort to encourage private sector growth throughout Canada.

Today I would like to describe the other major component of that effort. The new Department of Regional and Industrial Expansion was set up to be the federal Government's principal instrument to provide direct assistance to Canadian industry. It will direct this federal assistance through a number of

methods to manufacturers, processors, related service industries, the tourism industry, across the full range from small to large enterprises.

Over the past few months, the basic groundwork has been done to put into place the Department of Regional and Industrial Expansion, whose task will be to mount a major effort in industrial development across all sectors and in all regions of the country. The preparatory work, which I would like to describe today, is categorized under several headings: the mandate of the Department; the program structure; the organization which has been set up and the priorities which have been established.

As Your Honour knows, early last year the Prime Minister (Mr. Trudeau) announced the reorganization of Economic Development Departments and the Economic Development Cabinet Committee. As a result of that announcement, the regional programs of the Department of Regional Economic Expansion were amalgamated with the domestic industry, small business and tourism components of the Department of Industry, Trade and Commerce. The integration of those two organizations has now been completed right across the country.

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The mandate that has been struck for the Department is to stimulate national economic growth and help reduce regional disparities through leverage of investment and promotion of industrial development and trade.

Simply stated, the mandate of the new Department of DRIE will be to facilitate and support industrial development and adjustment in order to reduce economic disparities among regions and increase the prosperity of Canadians in all areas.

This will be done by stimulating the innovation of productivity improvement, encouraging the establishment, expansion and modernization of production facilities, promoting development of domestic sourcing to realize Canadian and international market opportunities, supporting industrial renewal, achieving industrial benefits from resource projects and supporting job creation and entrepreneurship.

Our Government remains firmly committed to regional development. Since the creation of DREE in 1969, the basic approach has remained essentially unaltered despite changed economic conditions due in no small measure to the substantial contribution DREE has made to building the basic economic infrastructure. We believe it is now time to adopt new approaches to achieve the same basic objective, reducing economic disparity.

We have had to examine the range of existing programs to see how well suited they are to achieving these aims. While the new Department inherited some programs from DREE and ITC that are well suited to the new mandate, it is a fact that over the years a broad range of programs has evolved serving various purposes, with some duplication and overlap and a great deal of variety in program instruments, program criteria, delivery system and decision mechanisms. Also, program gaps