

second element will be direct Government loans in case of carefully-defined hardship, up to a total of \$10 million in the first year of the programme. An important third feature of the programme will be the extension of technical assistance to manufacturers in preparing adjustment proposals for the purpose of improving their production, managerial, marketing and financial operations. The programme will be built on the experience gained from the automotive adjustment assistance programme, but it will be administered by a separately constituted board. In essence, the programme as a whole is designed to help accelerate the mobilization of resources in the private sector for the purpose of attaining our important national economic objective of an expanded and more productive secondary industry.

ELIGIBILITY FOR LOAN

To be eligible for insured loans, firms must, as a first step, establish that they have either been seriously injured or threatened with serious injury as a result of the Kennedy Round tariff reductions made by Canada or that they have significant export opportunities arising out of the Kennedy Round. There are also three further tests which have to be met by a firm in order to qualify for an insured loan. First, a firm must present a comprehensive plan involving a restructuring of its operations in order to improve its competitive position. Second, its comprehensive plan must be judged to be sound by the adjustment assistance board. Third, it must be clearly established that sufficient financing cannot be obtained on reasonable terms from other sources. The Government will charge a fee for insuring loans and the private lenders, in agreement with the borrowers, will set the terms of the loans subject, of course, to competitive forces in the financial markets.

For firms that have been seriously injured or threatened with serious injury as a result of reductions in Canadian tariff and are unable to borrow the funds they require to re-adjust from the private sector under the insured-loan programme, the Government will be prepared to provide direct loans providing the firm undertakes to seek a viable solution to its problems in co-operation with the Board. It is expected that very few firms will experience these conditions and, consequently, only limited use will be made of direct Government loans.

TECHNICAL ASSISTANCE AND INSURANCE

Since many of the applicants for financial assistance under the programme will be small- and medium-sized firms, which may not have the resources within their own organizations to formulate fully sound adjustment proposals, a provision for technical assistance is being included in this programme. Where necessary, applicant firms will be assisted in finding competent technical and professional advice in the private sector. The proposal is that the Government share the cost of such consulting services with the firm to the extent considered appropriate in each case, but the Government's share would not exceed 50 per cent.

Discussions of arrangements for insuring these industrial-adjustment loans are now taking place with representatives of the banks and will be extended to other appropriate lenders who may be interested. Authority for giving the guarantees needed to implement the insured loans programme will be sought from Parliament in supplementary estimates this year. The main estimates for 1968-69 will include an appropriation for the direct loan and technical-assistance programmes.

The adjustment-assistance programme is specifically designed to provide assistance to manufacturing industries - including, of course, the processing sector. This approach has been taken since it appears evident that these are the areas where the tariff changes will have the greater impact. Any adjustment and additional opportunities provided by changing patterns in secondary industries should be rapidly reflected in benefits to primary producers....

WELFARE OF WORKERS

While the point of adjustment-assistance is to create jobs by reorganizing production, there may be a few cases in which a company has to lay off workers during the reorganization; and there will be some cases in which part of the previous work-force cannot be re-trained for the new jobs.

It will, therefore, be a condition of a company receiving a guarantee or a direct loan that it should give notice of such lay-offs to the individual workers and the Government. The requirement will apply if the total lay-off during the reorganization involves 20 or more workers and is for two months or longer. The minimum notice period will be three months.

The notice period will give time for the Manpower Department and provincial authorities to arrange for re-training where needed, or for that department fully to explore opportunities for temporary or permanent employment as appropriate.

RE-TRAINING PLANS

When a company reorganizes production and introduces new technology, the occupational training legislation provides for the whole cost of an "in-plant" training programme so that workers who would otherwise be displaced can adapt to the new jobs. The federal manpower consultative service is available to management and workers to help develop agreed methods of making the necessary adjustments in the plant's work-force.

For any workers who are displaced, the employment services of the Department of Manpower and Immigration will be brought into full action and will be supported when needed by re-training in public facilities, with the payment of training allowances of up to \$90 a week, and by the mobility programme, which helps workers to move if the new jobs available are away from their present homes. By these methods, the industrial changes necessary to take advantage of new trading opportunities can be made, and will be made, to work for the benefit of the people most directly affected.