

*Adjournment Debate*REGIONAL ECONOMIC EXPANSION—REQUEST FOR
STATEMENT ON NEGOTIATIONS WITH BRITISH COLUMBIA
FOR PROJECTS

Mr. Howard Johnston (Okanagan-Kootenay): Madam Speaker, I rise to develop a question that I asked today and one that comes to my mind each time the report of regional development incentives is produced by the Department of Regional Economic Expansion. One can go through this report very carefully and find not a single acceptance of a project within the province of British Columbia. This is true of the last two reports, and was almost equally true of the previous two although there might have been one small project accepted in them.

If it were a case that no area in British Columbia was designated to qualify for these grants, that would be the end of the matter. But there is an area in the province which lies within my constituency and that of Kootenay West that has been accepted by the program, but there is a dismaying lack of acceptance of projects.

When I was in the city of Cranbrook last winter I heard that it was extremely difficult to have a project from British Columbia accepted. I looked into a couple of cases. In one case the reason given was:

In the face of a reducing production in the industry, one must recognize the fact that jobs cannot be created in this circumstance. New jobs would simply displace existing jobs in the total industry and the basic intent of the Regional Development Incentives Act would not be served.

That is one approach to one kind of project. One can argue that perhaps the department could have taken a fresh look at the research in the area. When one looks at the second case, however, one finds a different situation. This applicant was told:

In the circumstances, we have had to conclude that you do not need our support to make this project feasible and financially attractive. We therefore cannot justify the use of public funds for this purpose in accordance with Section 7(1)(a) which stipulates that we cannot provide an incentive if it is probable that the facility in question would be established without such assistance.

That project was in the sawmilling industry, an industry that has been extremely hard hit in British Columbia over the past year by closures and layoffs. The slump is continuing. I should think that any sawmill in the province that had the courage to expand at this time would deserve every aid, co-operation, and assistance from the federal government.

● (2220)

I was particularly concerned when I received another news release from the same department, dated April 24. It says in part:

The Honourable Don Jamieson, Minister of Regional Economic Expansion, today announced that The E.B. Eddy Company of Hull, Quebec, has accepted a regional development incentive offer from his department for the expansion of its facility at Davidson, Quebec, which manufactures spruce lumber and chips. The project is expected to create 73 jobs.

The incentive offer, of approximately \$510,000, is based on a rate of 15 per cent of the approved capital costs . . .

Are we to assume from this announcement that the E.B. Eddy Company was in such poor financial condition that it would collapse unless it received the grant? Contrast this attitude with the one shown to a small outfit in

[The Acting Speaker (Mrs. Morin).]

British Columbia which applied for an incentives grant. That grant would have created one third as many jobs in British Columbia as were created by the E.B. Eddy expansion; but the company in British Columbia was told that it did not need the grant because it was getting enough money already.

If one totals the grants made in the last two or three months, it is interesting to note that they have been awarded as follows: there were none at all for British Columbia, two for projects in Alberta, eight to Saskatchewan, one for Newfoundland, 16 for Manitoba, eight to Ontario, six to New Brunswick, four to P.E.I., seven to Nova Scotia, and 51 to Quebec. It is these figures which forced me to raise my question this afternoon, a question to which I did not receive a reasonable answer.

Are we to take it that these applications for projects are judged on a different basis, depending on their place of origin? Are the criteria different? If the criteria are the same we could solve some of the unemployment problem in British Columbia by asking for a team of advisers to be sent to our province from Quebec, to advise applicants from my province, from my constituency, just where they are going wrong in making their applications. Certainly, the rate of success of applications in the province of Quebec compares very favourably with the rate in other provinces. The success rates in the two provinces, British Columbia and Quebec, are so far apart that I am led to ask if there is not something basically wrong with the Department of Regional Economic Expansion incentives program.

Mr. Herb Breau (Parliamentary Secretary to Secretary of State for External Affairs): Madam Speaker, it is impossible to compare responses to applications from one province with responses to applications from another, as each application is studied on its merits.

On the specific question of the status of the current discussions between DREE and the province of British Columbia, the Minister of Regional Economic Expansion (Mr. Jamieson) said this afternoon that he would seek an up-to-date report on the progress which has been taking place between the officials. When this information has been received, the minister will be in contact with the hon. member.

As hon. members are aware, DREE has undertaken negotiations with the various provinces under general development agreements signed last year. In the case of British Columbia where the southeastern region was designated eligible for DREE incentives, this designation was extended. The latest extension was announced on April 1 and is effective to the end of this year. This action was designed to allow additional projects to be considered for support in this particular area while discussions continue with the government of British Columbia on possible new economic development measures that might be undertaken before this designation expires.

I should like to correct an implication left by the hon. member's questions this afternoon, to the effect that there appeared to be no further DREE offers to companies in the Kootenays regions. Since the designation was extended, companies in the region have continued to apply to DREE for incentive assistance, and since January of this year