

experience of the business community in the Atlantic provinces and it was the analysis that greeted the present government when we began to hold serious discussions in the region as to what should be done.

There is also a more long-standing criticism in the region that national programs are deficient in that so often they fail to take account of regional differences and regional needs. So very little has been said in the course of this debate in disagreement with the concept of ACOA, an agency located in the region, whose decisions will be made in the region, and which will be assisted by a public and private sector advisory board drawn from the region; an agency that has a strong mandate to coordinate federal economic development policies in the region, an advocacy role to pursue the interests of Atlantic Canada and unprecedented flexibility to design and carry out programs that are suited to this region.

After we get second reading of this bill, it shall be my intention to move that it be referred to the Standing Senate Committee on National Finance. I look forward to testifying before that committee and to examining in detail with the members of the committee the provisions of the bill—the flexibility, the authority, the resources and the autonomy it provides to pursue the interests of economic development in the Atlantic provinces.

● (1520)

The minister has the authority to make regulations, to create new programs, to co-finance national programs with other departments and to create areas of special opportunity within the region. I look forward to discussing the implications of all this with members of the committee when I appear before them.

Meanwhile, one or two points made by Senator Graham, I believe, require some comment from me now. He expressed his concern "... that ACOA's annual budget of \$200 million represents not new, additional money, as is claimed, but, instead, a ceiling on regional development funding in Atlantic Canada." I thought that "old money" and "new money" arguments had been laid to rest some months ago, but since they have arisen again let me make a few comments for the record.

The Prime Minister's commitment on June 6 last year was that the \$200 million per year allocated to ACOA over the succeeding five years would be over and above the ongoing expenditures on regional development in the Atlantic provinces. I took that to mean—and it does mean—that this \$200 million per year is over and above federal spending on the business incentive programs that were in place last June—that is, the IRDP, the Atlantic Enterprise Program, Enterprise Cape Breton and so forth.

Thus, the honourable senator will find in the 1988-89 estimates that the figure for ACOA is not \$200 million but, if my memory serves me correctly, \$306 million, which reflects the fact that ACOA has inherited some of these business incentive programs that were in place.

The commitment for an additional \$200 million for ACOA to spend on regional development would be over and above federal spending on the economic and regional development agreements, the ERDAs, with the Atlantic provinces. I should state here that there is perhaps \$1.5 billion, in ballpark figures, in federal money now in force in the various ERDA subagreements and related agreements in the Atlantic provinces. ERDA's spending is continuing. A number of ERDA subagreements expired at the end of March 1988. Some new agreements will be put in their place; these, for the most part, have been negotiated and I and my colleagues will be announcing them in the next little while. The vast majority of the ERDA subagreements now in force will expire at the end of the present fiscal year, that is, at the end of March 1989, and as the minister responsible for ERDA in the region, I have begun a process of discussion and negotiation with the premiers of those provinces that will lead to new federal-provincial economic development agreements.

Therefore, the \$200 million given to ACOA is over and above the business incentive programs and it is over and above the federal-provincial ERDA agreements. The \$200 million a year is also over and above that part of the spending of federal line departments and agencies that might be described as regional development—the Ministry of Transport; the Department of Fisheries and Oceans; the Department of Employment and Immigration; DRIE itself, and its successor with its sectoral expenditures and its assistance to projects where the eligible costs are more than \$20 million. All of those line departments continue their spending, and at least some of their spending can be described as regional development spending.

In brief, the \$200 million per year allocated to ACOA for new programs, largely to foster entrepreneurship, to encourage small and medium-sized business, is not, as the honourable senator fears, a ceiling but is an add-on to the total regional development spending, which, far from declining, is increasing in the Atlantic provinces.

The honourable senator also mentioned the IRDP. As he points out, that business incentive program sunsets—if one can use the word "sunset" as a verb—on June 30. I should point out, however, that the ACOA Action Program, featuring incentives to business and business-related activities, which I announced on February 15, has effectively replaced the IRDP in the Atlantic region. The ACOA Action Program has increased the eligible sectors. It has increased the kinds of assistance available to business and business-related activities and it has increased our flexibility to apply the program.

Senator Graham also criticized the fact that Bill C-103 does not contain a commitment to the provision of what he calls "basic infrastructure." Honourable senators, it is true that the emphasis of ACOA is on strengthening the private sector, on encouraging small and medium-sized enterprise and on increasing jobs and incomes in the Atlantic region. The emphasis will be on entrepreneurship, on innovation, on technology, on competitiveness and on productivity. I do not disagree with Senator Graham's statements about the impor-