

Regional Development Incentives Act

before us this afternoon will provide guarantees for loans to this type of industry. Another important aspect is that loan guarantees will be available to manufacturing industries. This is very important. Even when a company is establishing in one of the designated areas and is able to raise the required 20 per cent equity, the federal government will be able to make a grant of up to 15 per cent, 20 per cent or 25 per cent of the capital required but there is still a problem in obtaining the rest of the funds. This has to be done through the Industrial Development Bank or other lenders, including commercial banks. The bill before us will give the Department of Regional Economic Expansion the power to guarantee loans. I understand it will be able to guarantee half of the equity which now must be raised by commercial loans.

Another aspect of this program which is particularly interesting is that the ceiling will be removed in respect of grants made by the department. At the present time the ceiling is \$12 million. Some people might ask why it is necessary to remove the ceiling when grants up to \$12 million are now available. We are trying to encourage the pulp and paper industry to establish mills in various areas. A very large mill capable of producing 1,000 tons of pulp per day would employ 600 or 700 people. Under the existing legislation there is provision to make grants only in respect of industries employing up to 400 people. The maximum figure of \$30,000 per job created means that an industry which otherwise might qualify for \$15 million or \$18 million, because of the magnitude of the expenditure, perhaps up to \$100 million, would not receive a loan. The present ceiling prevents such a company receiving what it might be eligible to receive if it were a smaller company.

I understand this bill will extend to 18 months the time limit in which the companies have to bring the enterprise into production. I know of one case where a company took almost a year to line up the necessary capital and had difficulty getting within the 12-month limit which now exists. The extension of the time limit to 18 months will be of great benefit. I believe the department should extend the benefits and grants to pulp and paper companies. In many areas of the country where we are trying to encourage secondary industry we are not as successful as we might be. The pulp and paper industry provides good jobs with good wages, and in many cases it is possible to increase employment. If we extended grants for new plants and for expansion of existing plants in the pulp and paper industry, we would create hundreds of new jobs in many areas of northern Ontario. I hope the government will consider making these grants available in this way.

I understand that the existing legislation for the designation of special areas can accommodate this type of guarantee, but it is very difficult for large companies planning huge expenditures to guess whether the department is going to declare an area to be a special area. At a later stage there should be provision for the department to extend the program to cover the infra-structure of gas pipeline companies. In many areas we have difficulty attracting secondary industry because we do not

[Mr. Foster.]

have utilities such as natural gas. Certain types of industries such as the pulp and paper industry, plywood mills and mining companies, will not establish in areas where there is not natural gas.

Although this bill does not contain all the provisions I would like, it is a good measure. It has certain features which I believe will encourage the establishment of small Canadian companies with limited financial ability. As the title suggests, it broadens and strengthens the incentives to regional development in Canada.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I congratulate the hon. member for Algoma (Mr. Foster), the hon. member for Rocky Mountain (Mr. Sulatycky) and other members of the government for taking part in this debate. I suppose members of the House will be looking forward to hearing from the hon. member for Burnaby-Seymour (Mr. Perrault), who was here a few minutes ago, and other hon. members from the great province of British Columbia which is experiencing tremendous unemployment problems. Undoubtedly the hon. member for Burnaby-Seymour will have recommendations to make in respect of the designation of Vancouver and other urban parts of British Columbia, perhaps the entire province, which are suffering the second highest unemployment rate in Canada—8.6 per cent, compared with November of 1969 when the figure was 5.6 per cent. This is an increase of 3 per cent in one year. British Columbia has an unemployment rate second only to the east coast province of Newfoundland. Surely after making that remark the hon. member will want to ask me a question.

Mr. Perrault: Does the hon. member suggest that the unemployed in British Columbia are all British Columbians? The hon. member should be aware that thousands of our unemployed came from other parts of Canada. That is why we have to fight unemployment on a national basis, as the minister is doing so very well.

Mr. Lundrigan: The hon. member is suggesting that we should export from British Columbia all the people who were not born in that province. In that case perhaps we should send the Premier back east where he came from. If that is the suggestion, I would be delighted to entertain it.

• (3:50 p.m.)

Mr. Speaker, I am also looking forward to hearing from the hon. member for Lanark-Renfrew-Carleton (Mr. McBride) who made a few remarks when the hon. member for Rocky Mountain (Mr. Sulatycky) was speaking and wondered whether the mines of Rocky Mountain could support the unemployed in his region. I am sure he would be dedicated to the idea of exporting some of his people from the Ottawa Valley. I am sure many members will take part in the debate so that the Department of Regional Economic Expansion can re-think its whole philosophy about regional development. A little more than a year ago the Department of Regional Economic Expansion came into existence when the bill set-