

Regional Development Incentives Act

league, the hon. member for Gander-Twillingate (Mr. Lundrigan), brought forcefully to the attention of the House yesterday bears out the fact that the whole program is not having the effect that was so loudly proclaimed by the minister last year.

My main objection to the administration of the regional development incentives plan is the lack of consideration for those people who would benefit by such a plan but who cannot participate. Who knows better what is best for an area or a region than the local people who should benefit? Even though the minister has proclaimed loudly and clearly that the program would not be successful unless every level of government were involved, these people at the grass roots level are being completely ignored.

The over-all regional development plan is not succeeding because both top levels of government, federal and provincial, are dictating what will happen instead of co-ordinating and consulting with the local level of government which knows the particular area and what is best for its development. The regional development plan has discouraged local governments from participating rather than encouraging them to forward their ideas to develop the resources of their regions. The words "participation, involvement" and "dialogue" are empty because this government, and the supposed experts who are charged with formulating a plan, are committing communities, areas and regions on the basis of what comes from a book rather than on the basis of what concerns the human beings who are to be helped.

I have experienced many examples of local firms with the necessary initiative and experience in respect of local needs being turned down for incentive grants, primarily because of technical rules and regulations. It is difficult to imagine that those making the decisions are even human. Sometimes I think there are robots in the regional development incentives branch rather than qualified human beings. This is difficult to understand.

I find it difficult to understand this whole area of government loans and grants. We have the Small Businesses Loans Act. Just try to get a loan under this act in Newfoundland, unless you have enough security to indicate that you do not need a loan of that type. Initiative and experience do not mean anything in my province in the consideration which leads to its granting of loans to small secondary industries which could spring up across the province creating employment opportunities. Outside exploiters can come into the province with guarantees handed out by the provincial government. This only creates a decrease in the morale of small businessmen who could create the lifeline of our economy.

We have the Industrial Development Bank, another government agency which guarantees loans. Do not try to get a loan from this bank unless you are prepared to wait for years of investigation, and even then one has to provide not only his assets as security, but those of his family as well. One also has to accept certain restrictions which tend to destroy his initiative and morale. I feel there is some progress being made in this regard. In last

[Mr. Marshall.]

night's paper I noticed an indication that Newfoundland was obtaining a few more loans, but more impetus must be developed in respect of grants and loans in order to develop the province of Newfoundland which is so badly in need of an incentive grants policy. I believe the industrial incentives grants policy has missed the whole concept of what should be the proper aims and objectives, of such a policy deprived areas. It should provide incentives for those with initiative and business ability. But this government has failed to realize what incentive means, and those to whom these incentives should be directed are not able to contribute to the buildup of the economy of their own area.

● (12:10 p.m.)

Let me give you some examples, Mr. Speaker, of the weaknesses in both the over-all development process and the incentive grants. One small firm in the city of Corner Brook employs each year between November and May some 200 people in the herring industry. This firm is gradually improving its facilities under great difficulty because of a lack of expansion capital. Last year it applied for an incentives grant and was turned down on the technicality that it had already committed itself to ordering equipment under section 9 (1). The proprietor of the firm wished to expand by installing new, modern equipment which had to be ordered from Germany six months in advance so that it would be available for the herring industry in the Fall. Yet he was refused the grant on the ground that he could have attained his objective without the help of the grant. It is admitted that the applicant was able to find the money elsewhere, but this method of financing restricted him to the point where he was unable to expand to the extent of employing many more people.

May I give another example of frustration? The owner of an electrical firm showed me thousands of dollars worth of orders he had to turn down because of the procrastination of the department in establishing a grant for the expansion of his small plant. I could cite many other examples of businessmen with initiative and business sense who were thwarted in their attempts to establish new industry in line with the province's natural resources because of a lack of flexibility in the act and the hardnosed decisions of the agency which fails to realize that one of the basic concepts necessary for the success of the plan is the encouragement of people to participate in the development of their area.

Let us look at the statistics in respect of Newfoundland for the first year. Out of almost \$80 million in grants in Canada, Newfoundland received some \$845,000, with a prospective employment figure of 360. This is a projected figure. So, after one year of operation, the plan has not been too effective where the need is greatest. Of the 11 grants to Newfoundland, eight were for the fishing industry, one was for electrical products and another was for the dairy products industry.

I am sure the government cannot brag about this effort. The mechanical application of this program instead of a