

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

92/55

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO THE
NATIONAL SERVICES CONFERENCE

TORONTO, Ontario
November 5, 1992

Thank you, Alex,¹ for your introduction. This is an important day because today we are formally launching Services Month in Canada, the second ever held.

Last November, we set out to recognize the critical role that service industries play in the Canadian economy. And we set out to discover how governments and the private sector can work more effectively, individually and together, to increase Canadian service sector prosperity. This launch resulted in a voyage that lasted all year, and crossed Canada several times.

What we collectively discovered is embodied in several reports including the report from the six Services Conferences last year, various submissions to the Prosperity Steering Group and the report of the group itself that was released last week. But the thrust of these reports is summarized in the theme of this year's Services Month, "turning opportunities into success."

I want to spend some time on this theme but before I do, I want to set in context another of last week's events.

On October 26, the people of Canada turned the page on constitutional reform. I took from their response the clear message that Canada's future is going to be built within our existing constitutional framework. That we will do, and we will be doing it in a spotlight of public interest fuelled by the media, which no longer has the bone of constitutional reform to chew on.

As the media rediscovers the economy, there is a temptation to think that the government itself has been ignoring economic matters while the debate raged on the constitution. In fact, work has been ongoing and accelerated over the past year in our efforts on the economic front.

We have been implementing the Canada-U.S. Free Trade Agreement (FTA) and our exports have been soaring; services have been a major beneficiary.

We have successfully negotiated a North American Free Trade Agreement (NAFTA) with the U.S. and Mexico. This agreement contains many important opportunities for service companies.

Most importantly, we have participated in the Prosperity consultations along with thousands of individual Canadians from across Canada, every key economic sector and hundreds of business leaders. The result of the consultations is a series of blueprints to build on opportunities, to achieve success. These blueprints cover not just the 54 summary recommendations of the Prosperity Steering Group. They include reports from individual

¹ Alex Taylor, National Services Conference Chairperson and President, Agra Industries.

communities with implications for community-based responses, and they include reports from each industrial sector on what can be done by firms, associations and governments to build competitiveness.

As a result, at no time in the past have we ever been so well prepared to tackle the economic challenges that face us.

A key part of the initiative was the work of the Steering Group, led by Marie-Josée Drouin and David McCamus, which operated independently, at arm's length from the federal government, and with twenty volunteer members representing a broad cross-section of Canadian society.

The Steering Group's Action Plan highlights something I have been saying for a long time, namely that the federal government alone cannot ensure our future economic and social well-being. The Plan should help all of us work together: first, to create opportunities by building an innovative society; second, to create a learning culture; finally, to create a more inclusive society.

The focus on creating opportunities by building an innovative society includes:

- increasing the use of science, and the development of technology to bring new products from the lab to the market,
- expanding financing opportunities to support the creation of a more entrepreneurial economy;
- building a strong domestic market in Canada from which we can take on the world, and
- trading smarter in new and traditional markets to capture a larger share of global trade, investment and technology flows.

The plan reflects the Steering Group's conviction that the keys to achieving these goals are innovation and quality management practices, in both the private and public sectors, combined with technological mastery and growing productivity. The plan recommends specific actions that focus on customer needs and on making Canada a leader in quality. It also recommends actions to improve consumer education.

Improving our education and training systems and building a new learning culture for Canada form the second element of the action plan. This part focuses on developing results- and competence-based systems, promotion of innovation, and partnerships for excellence in learning. The plan focuses on ensuring that Canadians become aware of the value of learning and have access to a lifetime of learning opportunities.

By building on learning opportunities, Canada can become a truly inclusive society in which all Canadians have a fair opportunity to participate fully. This third element of the plan calls for an integrated approach to help those who are not currently in the workforce realize their full potential.

The action plan is based on two simple principles: using innovation to create opportunities for all Canadians and building new partnerships to make this happen. The plan reflects Canadians' strongly expressed view that everyone must work together to meet the challenges. The plan calls for a new spirit of co-operation and collaboration -- between business and governments, and between different levels of governments. Building these partnerships will themselves pose new challenges for many Canadians.

Like the federal government, these groups will need to study the Action Plan and consider how they can work together to implement the recommendations aimed at them. The federal government continues to be committed to taking economic action. For example, we have been cutting expenditures, streamlining operations and improving assistance to small business -- all actions that are in line with the Steering Group's recommendations. We will be reviewing the proposals with a view to improving upon that progress and will be carefully reviewing the plan over the coming months.

I'm pleased that the Drouin-McCamus action plan has attracted so much interest. At the same time, I note that there has been some criticism that there is nothing new in this plan, that we've heard it all before. This misses the point. Unlike other studies that contained many of these suggestions, this action plan is the result of a wide consensus-building process. It is not just some ivory-tower exercise driven by bureaucrats and academics. It isn't just the views of the independent steering group.

It is the distillation of a broad consensus that the group found in the country about how we should rebuild this society. To dismiss this plan in the way some of the critics have is to insult the thousands of Canadians who participated in developing it. To those who were looking for something new, what is new is that this is not an academic paper but an action plan.

Some critics suggested that it doesn't contain short-term solutions. The plan reflects Canadians' consensus that we can no longer afford only short-term solutions. Others suggested that there was nothing in the plan for single mothers, students, small business and many others, that it reflects a corporate agenda. Building a learning culture in which every Canadian has opportunity to earn and learn to his or her full potential is an agenda that any Canadian can endorse. One critic said that what

is needed is co-ordinated federal-provincial fiscal policy -- yet this is precisely what action three in the plan calls for! Let us read the plan before we shoot it down!

Finally, some critics seem to focus exclusively on what the federal government can do, should do, hasn't done or shouldn't do. This misses another central point that Canadians made in the consultations. They said that future prosperity cannot be built by the federal government alone. They understand that turning on the tap of short-term government spending just leaves us with a growing pile of debt, and no better equipped to compete in a global marketplace. Canadians said, in no uncertain terms, that we have to get past this mindset. This action plan does this by aiming at labour, management, business, educator, students, parents and -- yes -- the federal, provincial and local governments. It says all stakeholders must build prosperity -- together. I urge all Canadians to read the plan and start thinking about how we might all implement it. As far as the federal government is concerned, that is what we intend to do.

The services sector is a prime example of what we have done and can do. At last year's Services Conference you outlined for us a number of your priorities. We have taken action in those areas where we could proceed on our own. Let me give you a few examples.

You told us that international trade should be a priority. As you know, the C.D. Howe Institute has recently reported that services are one of the major winners in capitalizing upon opportunities provided by the Canada-U.S. Free Trade Agreement, specifically in taking advantage of the national treatment provisions of the agreement and improved entry provisions. A result is that sales of services to the U.S. jumped by 13 per cent in the first two years after the FTA was implemented. A wide range of services -- consulting, advertising, management services and communications services -- are reaping the rewards. Each of them are showing that Canadians have much to offer the toughly competitive U.S. services market. They are proving that we were right when we predicted that free trade would mean growth for innovative, forward-looking companies in Canada. We have now succeeded in extending the spirit of the FTA provisions on a trilateral basis in the North American Free Trade Agreement. We continue to press for similar freer market entry on a multilateral basis in the services provisions of the General Agreement on Tariffs and Trade (GATT) trade negotiations.

You told us to provide market information and to simplify trade promotion. We launched a comprehensive program to increase the export of services to the U.S. This new strategy targets geomatics, environmental, architectural, consulting engineering, information technology, transportation and health services.

We are also preparing a "self-help" kit that gives you access to information on immigration procedures, financing, export preparedness, partnering and marketing strategies.

You told us to bring down interprovincial trade barriers. I have been working with my provincial colleagues on the Committee of Ministers on Internal Trade, and we saw the first results last summer with the elimination of barriers to interprovincial trade in beer. We will continue those efforts.

You told us taxes were too high. Last February, Don Mazankowski cut the personal income surtax so that \$500 million will be put back into the pockets of Canada's taxpayers. He reduced corporate marginal tax rates and increased capital cost allowance rates.

You told us that regulations were excessive. The president of the Treasury Board, Gilles Loiseau, has begun a department-by-department review of existing regulations to identify those that significantly reduce the competitiveness of Canadian industry and impose needless cost on consumers.

Step-by-step, consistently, conscientiously, and in close collaboration with our partners in the private sector, the Government of Canada is getting its own house in order. We still have work to do to improve our performance. I am looking for your advice on where the Government of Canada can do better, but I also want you to tell me what you intend to do to build Canada's economic future. You have said that you are in the best position to build the alliances that we need to make Canada competitive, and I agree. You have the Action Plan. The time has come to act.

How will you make the education system more sensitive to the needs of Canada's business community? How will you gather and disseminate strategic market information? How will you encourage investor confidence in your ventures? How will you help build research and development alliances that will give your companies the competitive edge? How are you going to develop a unified voice for the services sector?

The Government of Canada has been and will continue to be your partner. We have helped to celebrate and promote Canadian business achievement through last week's Canada Awards for Business Excellence (CABE) awards, and through the "Canada: Buy Into It" and "Yes, We Can!" campaigns. We have supported and helped to promote the activities of the Canadian Association of Service Industries. It is now time for you to take over these roles and take on more of the burden of leadership.

Throughout Services Month, 43 partners will be working to promote the success of over 60 events: from the Halifax workshop on how

to apply information to the trucking industry, to the Vancouver seminars and workshops on such issues as quality in services industries. During the month you will be talking about strategies for turning opportunities into success. Few other sectors are as important to Canada's competitive success as this one.

You already play a pivotal role in our economy -- the services sector generates approximately two dollars for every dollars worth of goods produced. If Canada is to build an innovative entrepreneurial society, the services sector will play a major role in the transformation. As an enabling sector, services has a major role to play in implementing the Action Plan. Your members are in the forefront of workforce training, design and the total quality movement. They provide the consulting services that are critical to bringing sustainable development. Building a more entrepreneurial economy will require a change in focus among the financial services sector. I could go on and on -- the key point is no other sector is as critical to building an innovative society that creates opportunities for all Canadians.

In this conference on "Strategies for Turning Opportunities into Success", you will have an opportunity to hear from companies who have done this. I want you all to spend some time considering how their experience can be applied to your circumstances.

I also want you to spend time thinking about how this sector is going to organize itself to assume the leadership role Canada needs from it to build an innovative society. By the end of the day, I hope you will have a clearer idea of how you can act -- individually, as members of organizations and as a services industry -- to put your own recommendations into action.

Time and again in the past, Canadians have shown that when they work together, we can take on the world and win. I am asking you to help the rest of Canada do just that; I am confident that you will rise to the challenge.

Thank you.