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Expansion industrielle
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DRIE ANNUAL REPORT 1985-1986

Canada

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Her Excellency
The Right Honourable Jeanne Sauvé
P.C., C.C., C.M.M., C.D.
Governor General of Canada

Your Excellency:

I have the honour to submit to your Excellency the annual report for the Department of Regional Industrial Expansion.

The report reflects the department's accomplishments in the fiscal year 1985-86.

Respectfully submitted,



Michel Côté
Minister of Regional Industrial Expansion

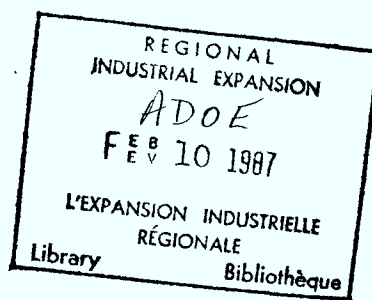


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Departmental Profile

Departmental Profile

Legal Mandate

The Department of Regional Industrial Expansion (DRIE) has been instructed by Parliament to:

- enhance the national economy and achieve economic development in all regions of Canada;
- improve opportunities for productive economic expansion in all regions of Canada and access to those opportunities;
- promote economic development in regions in Canada in which opportunities for productive employment are exceptionally inadequate.

The department's mandate is set out through various statutes and regulations. Foremost among these are the *Department of Regional Industrial Expansion Act*, proclaimed in December 1983, and the Act establishing the Industrial and Regional Development Program, which provides industrial assistance in every region. Other statutes include the *Small Businesses Loans Act*, which provides loan guarantees to small businesses, and various acts setting out responsibilities for Crown corporations which report to the Minister of Regional Industrial Expansion.

Departmental Objectives

In order to fulfil that mandate, the department seeks to increase overall industrial, commercial and tourism activities in all parts of Canada and, in the process, reduce economic disparity across the country. To accomplish this, DRIE:

- establishes and administers programs to carry out government policies;
- works with business and labour, other governments and the academic community;
- provides financial, marketing and other technical information to businesses;
- extends direct financial assistance, where necessary.

DRIE fosters the development of an environment which encourages firms to be more internationally competitive by aiding these firms to:

- develop new products, processes and services;
- establish the capacity to produce these goods and services;
- market these goods and services at home and abroad;
- restructure the firms' activities to adjust to changing market conditions.

Mechanisms

DRIE employs a number of mechanisms in its role of increasing business activity in all parts of Canada:

- **Funded programs** provide support for long-term major projects. The main vehicles for DRIE's direct funded assistance are:
 - Economic and Regional Development Agreements
 - Defence Industry Productivity Program
 - Industrial and Regional Development Program.
- **Non-program functions** include policy development, technology transfer and industrial intelligence, as well as the identification of industrial opportunities for investment, business counselling and enhancement of domestic and foreign market penetration.

- **Memoranda of understanding** detail a course of action over a medium-term time frame. They provide a means of discussing strategies, goals and objectives with major corporations and, where appropriate, with whole industries.

Some programs focus on the needs of small businesses in Canada:

- The *Small Businesses Loans Act* (SBLA) program encourages private-sector lenders to make loans to small businesses for capital investment purposes.
- The Program for Export Market Development (PEMD, an External Affairs program delivered by DRIE) aids small businesses to achieve access to export markets.

Some programs focus on Canada's native populations:

- The Native Economic Development Program (NEDP) supports native-owned economic and financial institutions, capital assistance for particular sectors of benefit to natives, and development assistance for native projects at the community level.
- The *Special Agricultural and Rural Development Act* (Special ARDA) program provides economic assistance aimed at employment creation for native groups in the western provinces and the territories.

Organization Structure

DRIE is organized on the principle that:

- direct delivery of services should be concentrated in strong field organizations, with regional headquarters in every province;
- focused expertise, to provide technical assistance and advice to major firms and industries, should be concentrated in industry branches in the corporate headquarters.

National Perspective

At DRIE headquarters, the assistant deputy ministers (ADMs) consider the national perspective for their specific sectors:

- capital and industrial goods

- consumer goods, services and resource processing
- Crown investments and special projects
- small businesses
- tourism

and provide a policy framework and administrative support as well as a focus on native economic development.

Regional Perspective

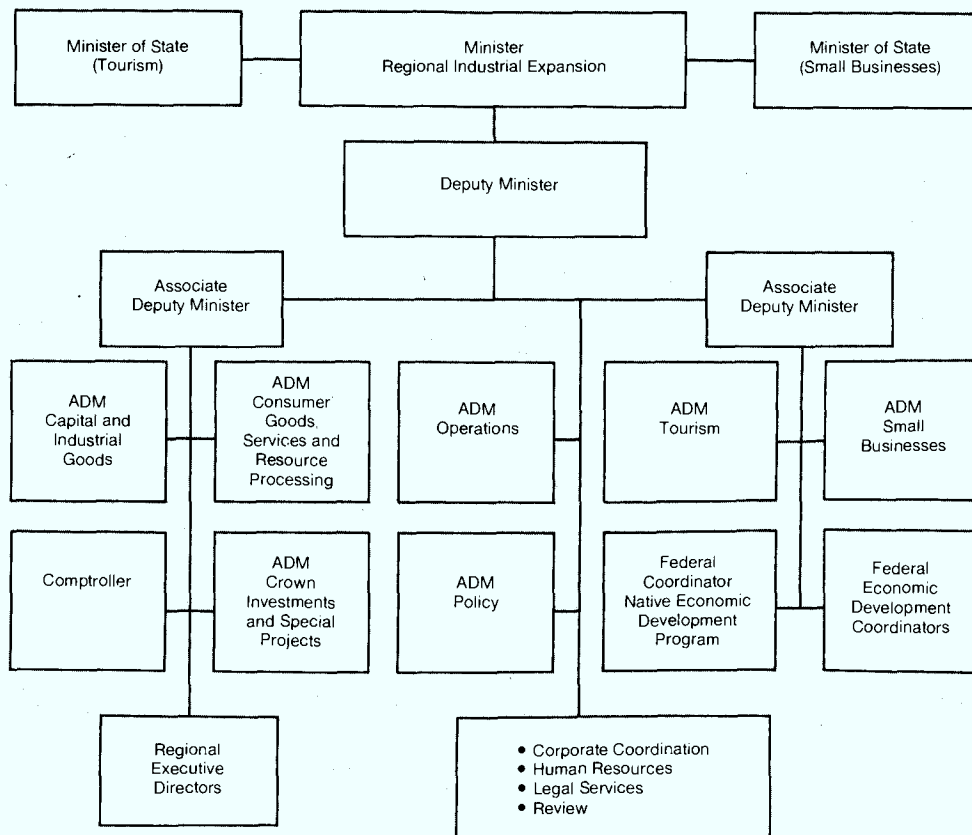
Ten regional offices focus on development in particular regions. A regional executive director (REXD) is in charge of operations in each province.

In addition, a federal economic development coordinator (FEDC) in each province encourages coherence among the policies and programs of various government departments.

Co-ordination

Regional executive directors and headquarters ADMs come together to ensure that departmental regional and sectoral policies concur.

The federal economic development coordinators co-ordinate federal economic development overviews and manage the ERDA process in each province. They chair councils of senior economic officials in each province, report regularly to the Federal-Provincial Relations Office (FPRO), and provide feedback on regional responses to matters on the federal agenda of particular interest to the regions.



Departmental Profile

Overview

The Department of Regional Industrial Expansion (DRIE) carries on a broad range of activities, working on a continuous basis with the business and investment communities in Canada and abroad. Within the federal government, DRIE is the centre of expertise in industrial, commercial and tourism activity, as well as regional development in Canada.

The department's overall activities reflected the government's economic policy themes, articulated in the economic statement of November 1984 and in the federal budget of May 1985. New policy directions in government have meant new directions at DRIE. In an environment of fiscal restraint and reduced government intervention, the DRIE role is being redefined to accentuate its ability to provide services to industry. While budget cuts have reduced monies available as direct grants, DRIE is becoming more active in the areas of investment promotion, export marketing, innovation and technology transfer.

Creation of a more favourable investment climate is the goal of Investment Canada, a new federal agency reporting to the DRIE minister. Domestically, the agency works with DRIE headquarters and regional offices in providing services to Canadian investors. On the international scene, Investment Canada collaborates with the Department of External Affairs (DEA) in strategically important external markets.

Privatization of commercial Crown corporations which no longer serve a specific public policy issue proceeded during 1985-86. During this period, the divestiture of de Havilland was completed, and the government offered for sale 23 million common shares of Canada Development Corporation (CDC).

DRIE support for multilateral (General Agreement on Tariffs and Trade) and bilateral (U.S.-Canada) trade talks included preparation of sector competitiveness profiles and sectoral trade impact assessments. These combine sectoral knowledge into a concise statement about industries facing international competition, their strategic options and the competitive challenges to which they may be required to adapt in the foreseeable future.

The government's emphasis on seeking reconciliation and co-operation among the various economic players in Canadian society has also influenced DRIE's role. Consultation and collaboration, with other governments and the private sector, have been essential elements in the process of industrial and regional development.

Consultation took place on many fronts, national and international. DRIE maintained and developed lines of communication with its major partners in regional and industrial development, including the provinces and the private sector.

Industrial Development

Investment promotion and joint government-industrial ventures were constant agenda items in the fiscal year, as the government sought to increase international trade and industrial co-operation.

Investment and trade ties with South Korea were strengthened during a visit to that country in August 1985 by the minister, top DRIE officials and the president of Investment Canada. The trip was capped by an announcement that Hyundai would invest \$200 million in a passenger car assembly plant to be built in Canada.

A similar, week-long visit to Japan culminated in an agreement on the promotion of industrial co-operation between Canada and Japan. This agreement is intended to develop balanced bilateral economic relations by encouraging:

- joint ventures
- licensing agreements
- joint research and development
- two-way investment and co-operation in third-country markets by the private sectors of both countries.

At the same time, Toyota confirmed a decision to build a Canadian assembly plant. It was later announced that the plant would be located in Cambridge, Ontario.

Important communication links were established with Canadian industry as well. Memoranda of understanding (MOUs) have provided essential keys in defining government-business partnerships by establishing a framework for co-operative action based upon a long-term relationship. Through these instruments, DRIE is able to deal with its clients in a more organized, effective manner.

In addition to MOUs with individual companies, DRIE entered into these long-term planning agreements with associations (e.g., Canadian Sporting Goods Association and the Canadian Council of Furniture Manufacturers) and, for the first time, with an industrial sector.

In a unique arrangement, DRIE negotiated an MOU with the Canadian aerospace industry, providing mechanisms for joint discussion and analysis of key issues of concern to both parties. These include:

- growth in employment
- enhanced competitiveness
- market promotion
- regional and small business support

- adjustments to government support policies and programs.

There also will be joint identification and review of opportunities for industry growth in such areas as investment, technology development and acquisition, market penetration, and intelligence gathering.

Regional Development

A series of regular meetings between federal and provincial ministers responsible for economic development, begun in January 1985, continued in the fiscal year 1985-86. Of particular note was the production of an intergovernmental position paper on regional economic development and the initiation of joint policy reviews in the areas of support to small business and investment promotion.

Although all of DRIE's programs help to strengthen regional economies, the Economic and Regional Development Agreements (ERDAs) are the primary tools for addressing regional economic development requirements. The ERDAs, drawn up in conjunction with the provincial governments, form a 10-year framework for subsidiary agreements that meet specific needs in each province. Each ERDA outlines a broad development strategy and priorities for

action. The agreement ensures effective consultation and co-ordination between the federal and provincial governments in carrying out programs for economic development.

Special emphasis was given in fiscal 1985-86 to promotion of industrial initiatives in the Atlantic region.

To improve the investment climate in Cape Breton, a five-year Topping Up Assistance Program, which supplements assistance available under DRIE's Industrial and Regional Development Program (IRDP), was announced in July 1985. Topping up funds can be used in addition to the Cape Breton Investment Tax Credit to supplement DRIE assistance to a maximum of 60 percent of eligible project costs — giving the area the lowest after-tax cost of investment in Canada.

A central development agency, Enterprise Cape Breton, was announced in December 1985. Designed to attract and secure new investment for Cape Breton, the agency provides prospective investors with a single, central point from which they can learn about all the potential benefits of locating in Cape Breton.

Recognizing the importance of the Sydney Steel Corporation (SYSCO) to the economy of industrial Cape Breton and all of Nova Scotia, the federal government will share in funding the second stage of that company's plant modernization.

The first phase of the SYSCO modernization was completed in 1985 under a \$96-million federal-provincial agreement. The second phase will cost approximately \$150 million, to be shared 70 percent by the federal government and 30 percent by the province.

In February 1986, the Atlantic Enterprise Program (AEP) was launched. The first element of this initiative was the introduction of a program to allow loan insurance up to \$1 billion to stimulate economic growth and to create jobs. The AEP is aimed at the upper end of the small business sector as well as at medium and large businesses in the region, although particular attention will be paid to attracting investment from other Canadian centres. Businesses investing in the region are eligible, until 1990, for insurance on capital investment loans of \$250 000 or more in the areas of:

- manufacturing and processing
- some primary industries
- tourism
- services to industry and the resource sector.

The area designated under AEP includes the provinces of Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick, as well as the Gaspé region and the Magdalen Islands in Quebec.

REGIONAL INDUSTRIAL EXPANSION
for the fiscal year 1985-86

EXPENDITURES:	(\$000)
Operating and Capital Expenditures	256 378
Grants and Contributions	
✓ Grants under the <i>Industrial and Regional Development Act</i>	170
✓ Grants under the Native Economic Development Program	830
✓ Grants under the <i>Small Business Investment Grant Act</i>	69
✓ Grants to non-profit organizations to promote economic co-operation and development	268
✓ Grant to Science North Centre	500
✓ Grant to Quebec Federation of Labour for the Solidarity Fund	10 000
✓ Grant to the Tex-Scope Foundation and the Wentworth Foundation	30
✓ Contributions under the <i>Industrial and Regional Development Act</i> and outstanding commitments under discontinued predecessor programs	216 013
✓ Contributions under the Defence Industry Productivity Program	173 721
✓ Payments to Canadair Limited	7 773
✓ Contributions under sub-agreements made pursuant to Economic and Regional Development Agreements/General Development Agreements with provinces	174 522
✓ Contributions under the <i>Agricultural and Rural Development Act</i>	21 182
✓ Contributions under the Shipbuilding Industry Assistance Program	19 884
✓ Contributions under the Western Transportation Industrial Development Program	2 354
✓ Contributions to non-profit organizations and commercial operations in support of tourism	2 852
✓ Contributions under the Native Economic Development Program	7 326
✓ Contributions under the Canadian Industrial Renewal Regulations	49 605
✓ Contributions for outstanding commitments under the Industry and Labour Adjustment Program	12 032
✓ Contributions for outstanding commitments under the Special Recovery Capital Projects program	14 348
✓ Contributions under the Local Employment Related Initiatives Program	229
✓ Contributions to the Barrie Relief Fund	159
✓ Contributions under the Opportunities Canada Program	200
✓ Contributions to TIEM Canada Inc.	4 138
✓ (S) Liabilities under the <i>Small Businesses Loans Act</i>	43 827
✓ (S) Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	4 831
(S) Loan guarantee payments under the <i>Regional Development Incentives Act</i>	17 075
(S) Insurance payment under the Enterprise Development Program	19 743
	803 681
Loans and Investments (Non-Budgetary) payments in respect to the <i>Atlantic Fisheries Restructuring Act</i>	93 595
Total - Budgetary	1 060 059
Total - Non-Budgetary	93 595

REGIONAL INDUSTRIAL EXPANSION
for the fiscal year 1985-86

REVENUES:

Return on Investments	(\$000)
Federal Business Development Bank	20 676
Eldorado Nuclear Limited	1 199
Teleglobe Canada	188 244
Canadian Defence Industry	499
Enterprise Development Program	187
Footwear and Tanning Industries Program	
and Industrial and Regional Development Program	346
Atlantic Development Board	430
<i>Atlantic Provinces Power Development Act</i>	12 054
Special Areas and Highways Agreement	21 756
P.E.I. Comprehensive Development Plan	913
N.S. Mainland Investments Limited	105
Newfoundland and Labrador Development Corporation	2 625
Services and Service Fees	9 735
Refunds of Previous Years' Expenditures	44 951
Adjustment to Prior Years' Payables at Year End (PAYE)	8 585
Other Non-Tax Revenue	4 455
Total Revenue	316 760

Headquarters

Capital and Industrial Goods

Capital and Industrial Goods (CIG):

- promoted regionally balanced development of internationally competitive, adaptable enterprises in the capital and industrial goods sectors (automotive, marine, rail, electronics, aerospace, machinery and electrical equipment);
- provided a focal point in the department and in the government for key, cross-sectoral activities of particular importance to capital and industrial goods industries (industrial innovation, defence industrial support, emergency planning, and regional and industrial benefits from major Crown procurement).

In 1985-86, a significant portion of Capital and Industrial Goods activity was non-discretionary and reactive to the needs of business, regional offices, ministers and other departments. Included were:

- maintenance of sectoral intelligence
- maintenance of expertise and networks regarding technology and innovation
- inputs to departmental policy positions
- export marketing activities
- investment prospecting
- program delivery
- service to other departments and agencies
- implementation of industrial benefit and offset agreements.

CIG continued its more strategic approach to activities in support of industrial sector, market and company development.

Policy Development

CIG produced competitive analyses covering all CIG sectors as input for the Canada-U.S. trade and GATT negotiations. The program of industry consultation continued with industry associations and major firms. Major discussion papers were prepared on the shipbuilding, food processing equipment and mining equipment industries, as well as internal reports on the automotive vehicle and parts industry and the utilization of advanced manufacturing technologies in the machinery and electrical equipment industries. A number of studies were completed that identified the potential demand for equipment and services from offshore oil and gas activities on Canada's east coast, as well as Canada's capabilities to meet this demand. CIG also developed policy-relevant analyses and advice on innovation and diffusion.

Market Development

The expansion of both foreign and domestic markets was a priority in 1985-86. CIG assisted Canadian participation and provided on-site staffing to a number of key international fairs, missions and seminars. Industrial co-operation missions to Italy, Japan, South Korea and the European Economic Community (France, Belgium and Germany) focused on opportunities for technology exchanges and joint-venture investments to meet existing production gaps in Canadian industry.

The Electronics and Aerospace Branch, in co-operation with the Department of External Affairs (DEA), organized and led high-technology missions to Brazil, Southeast Asia and Australia.

The Machinery and Electrical Equipment Branch continued to act as the government representative on the private sector-run Canadian Power Systems Export Promotion (CAPSEP) program and the Canadian Market Opportunities Program, aimed at expanding opportunities for Canadian suppliers of oil and gas equipment.

Of note is the Automotive Branch's investment promotion program, which was a factor in the commitments by Toyota Motor Corp. and Honda Motor Co. Ltd. to invest approximately \$600 million in new assembly plants in Ontario and in Hyundai Motor Co.'s announced plans for a \$300-million assembly operation in Quebec.

As well as promoting assembly investments, this branch has been pursuing a program to encourage investment by Asian-Canadian parts companies. A number of joint ventures have developed. It also prepared the *1984 Annual Report on the Canadian Automotive Industry* and a brochure, *Investing in Canada's Automotive Industry*.

A new approach for the identification of opportunities and the marketing of Canadian urban transit products in the U.S. was implemented in co-ordination with DEA.

CIG continued to:

- co-ordinate and promote manufacturers' participation in major capital projects abroad
- respond to sourcing enquiries
- participate actively in the Program for Export Market Development.

Industrial Development

As part of its business development mandate, CIG initiated consultations with a number of major firms, aimed at mobilizing government support for the strategic development of those firms in Canada. Several memoranda of understanding were signed: Hyundai, BMW, Honda, Toyota, Spar Aerospace, Magna International-Cape Breton, Aerospace Industries Association of Canada.

CIG responded to productivity improvement plans developed by several major shipyards. Industrial benefits undertakings were successfully negotiated on the North Warning System project, as well as subcontracts for the Canadian Patrol Frigate project. CIG also played a central advisory role in the privatization of Canadair and de Havilland.

The Office of Industrial Innovation acted as a focal point for the promotion of increased industrial competitiveness to be derived from rapid technological advances occurring worldwide. The office played a leading role in:

- promoting international agreements and co-operation;
- assisting matchmaking between firms;

- seeking commitment in Canadian industry to applying new technologies and innovations;
- ensuring that the essential infrastructure and supportive environment exist for growth of Canadian enterprise.

The Office of Industrial and Regional Benefits helped Canadian businesses take advantage of opportunities arising from investment in major capital projects, thereby increasing industrial benefits in Canada. The primary responsibilities of the office included:

- assisting in the planning and delivery of major Crown projects (procurements over \$100 million);
- ensuring that Canadian suppliers have full and fair opportunity to bid on contracts associated with major projects;
- planning and implementing industrial and regional benefits, including offsets from major Crown procurements;
- planning and co-ordinating DRIE responsibilities and taking an interdepartmental lead in relation to other more general procurement policies and activities, such as interdepartmental long-term procurement planning and the Atlantic Opportunities Program;
- providing broad co-ordination functions with respect to defence industrial issues and export control policy;
- planning and co-ordinating national and international emergency planning activities for industrial preparedness.

Funded Programs

CIG was responsible for:

- Defence Industry Productivity Program (DIPP)
- Shipbuilding Industry Assistance Program (SIAP)
- Machinery Program.

Figures for DRIE expenditures under funded programs are provided in Appendix B.

The SIAP subsidy element was eliminated for vessels delivered after June 30, 1985, and the earning of performance improvement grant credits after June 30, 1985, was also eliminated. However, upwards of \$96 million is still to be disbursed to the industry, based on credits already awarded to shipbuilders and on credits for which shipbuilders are eligible, based on contracted work. In 1985-86, \$16 million was paid out in subsidies and \$3.9 million in grants.

Following recommendations of the Nielsen Task Force, the transfer of the Machinery and Equipment Advisory Board from the Machinery Branch to Revenue Canada was completed in October 1985.

Consumer Goods, Services and Resource Processing

In 1985-86, Consumer Goods, Services and Resource Processing (CGSRP) resources were directed toward:

- assessing the international competitiveness of industrial sectors within CGSRP;
- providing a wide range of services aimed at strengthening the competitive position of Canadian industry.

Policy Development

CGSRP accorded a high priority to the preparation of industry profiles assessing the international competitiveness of Canadian industrial sectors. This work included the identification of strengths and weaknesses of the sectors and other major factors affecting trade and investment in the sectors. Twenty-nine profiles were completed, to serve as a basis for broad strategic analysis and to support policy development in areas such as trade, investment and industrial adjustment.

In other major policy activities, CGSRP:

- carried out, jointly with other departments, a review of textiles and clothing policy;
- participated in industry and interdepartmental consultations that preceded energy policy changes enunciated in the Western and Atlantic Energy Accords;
- worked with the Fraser Institute, the Institute for Research on Public Policy, and Statistics Canada to finalize a \$2.4 million, DRIE-funded, research program designed to further knowledge of the service industries in Canada;
- formulated an investment development strategy to encourage new investment activity in the medical devices industry in Canada.

The group also undertook or participated in a number of studies on:

- petrochemical production economics and investment prospects;
- chemical waste management in Canada;
- the service sector, including:
 - financing the export of services
 - the importance of federal government procurement to selected service industries
 - the benefits derived from the export of construction and consulting services.

Services to Business

A market identification service, based on the analysis of import statistics, helped companies and entrepreneurs to assess the feasibility of potential investments to increase sales opportunities. Import profiles, which provide a snapshot of import trends over a four-year period, were produced for 50 different products. An even greater level of product definition and market details was provided in 25 import analysis reports, custom designed to meet clients' requirements. Distribution of the *Catalogue of Canadian Market Opportunities*, which provides reference data on \$92 billion of imports, reached 14 000 copies.

In other major service activities, CGSRP:

- sponsored 12 interfirm comparison studies covering 217 firms in industry sectors ranging from steel fabrication to computer services;
- continued to expand and enhance the Business Opportunities Sourcing System (BOSS), a computerized data base containing information on some 20 000 Canadian manufacturers and selected service

industries. Major extensions to the system were made in the areas of automotive parts, marine and rail, electrical and electronics. Registration of trading houses, freight forwarders and consultants was also completed. Direct on-line use of the system by private sector subscribers is increasing;

- administered the Canada Awards for Excellence program.

Consultation

To ensure that business and government are pursuing consistent objectives, CGSRP continued a process of industry consultation designed to formalize DRIE-industry understandings in memoranda of understanding (MOUs). MOUs were signed during the year with:

- the Canadian Sporting Goods Association
- the Council of Furniture Manufacturers.

Market Development

A number of export initiatives were launched, in line with CGSRP's mandate to facilitate an outward focus on the part of Canadian industry. Two new overseas market development projects for wood products were implemented:

- an agreement between Canada, the Quebec Lumber Manufacturers Association and the province, to promote the export of Quebec softwood lumber to offshore markets. Each party will contribute \$1.14 million between 1985 and 1989;
- a similar tripartite agreement in B.C. between Canada, the Council of Forest Industries of B.C. and the province. Each will

contribute \$11.8 million over the five-year period 1986 to 1990.

In other export development activities, CGSRP:

- launched a new export strategy for the winter outerwear sub-sector, aimed particularly at the United States market;
- promoted the use of Canadian timber-frame construction methods in offshore markets by hosting incoming missions from the United Kingdom, France, Belgium, Japan and South Korea and by taking part in meetings of the Canada/Japan Housing Committee in Tokyo;
- sought to increase the export of Canadian packaging products through an exchange of sales and technical missions with Cuba;
- developed a marketing strategy for the giftware sector and an export guide for the commercial printing industry;
- contributed to the establishment of the Montréal Sporting Goods Exhibition as an internationally recognized event for the display of current skating and hockey equipment;
- explored overseas markets for Canadian software and computer consulting services by undertaking missions to England, France and Japan;
- developed a profile of major construction exporters with a view to determining areas of strength and weakness.

On the domestic front, the "Think Canadian" program, launched in 1984, continued in 1985-86. More than 300 000 business people and one million consumers have been exposed to the "Think Canadian" message, promoted through mall exhibits, trade shows, seminars and other projects.

Technology Development

In an effort to help develop new Canadian technology, CGSRP undertook a number of activities in 1985-86. Financial support was provided for the construction of two new pulp and paper research laboratories by the Pulp and Paper Research Institute of Canada (PAPRICAN) at Pointe Claire, Quebec, and Vancouver, British Columbia.

In other major technology activities, CGSRP:

- worked with industry towards the formation of an association of industrial biotechnology companies, to provide a voice and a focal point for biotechnology firms in Canada. In early 1986, an industry mission to Japan took place, to encourage international joint ventures and licensing arrangements in biotechnology;
- participated in a major departmental effort to develop the advanced ceramics industry in Canada by fostering technology transfer. Two technical missions resulted in several negotiations between Canadian and Japanese firms.

Trade Restraint

CGSRP branches played an important role in helping industries defend against trade restraint actions in the U.S. Assistance was provided, for example, in relation to a U.S. countervail action on fresh fish and led to a significant reduction in the duty assessed by U.S. authorities. A similar countervail action on live hogs and dressed pork resulted in no countervail duty being levied.

In other significant developments during the year, CGSRP:

- played a major role in fostering an understanding between Canadian steel exporters and U.S. government trade officials, allowing Canada to remain the only major steel exporter not formally asked to limit steel exports to the United States;
- contributed significant support to the Canadian foundry industry in its successful defence of a Section 201 Action under the U.S. Trade Act, seeking to apply additional duties on imports of certain cast metal products.

Crown Investments and Special Projects

The Crown Investments and Special Projects (CISP) sector was responsible for large, complex and sensitive projects for which support was sought through DRIE programs. The sector also monitored and provided advice on Crown corporations and other major holdings for which the minister was responsible.

Project Analysis and Financing

The Special Projects directorate comprised a group of financial, economic and strategic analysts who, by applying private-sector investment appraisal methods, assisted the minister, the sector branches and the regions in reaching decisions regarding departmental support of major industrial projects. During the past year, the directorate provided analytical support for major projects in the automotive, electronics, aerospace, resource processing and machinery sectors.

In fiscal 1985-86, the Adjustment Projects directorate actively monitored a significant number of major loan guarantee accounts and assisted the sector branches and regional offices in the financial administration of several major funded projects.

These activities included management of the department's relationships with clients experiencing insolvency and/or other adjustment problems.

The directorate delivered and administered the program of credit insurance which assists applicants to purchase de Havilland Dash-7 and Dash-8 aircraft.

Government Corporate Investments

The Crown Investments directorate exercised an ongoing support role to departmental ministers in their responsibility for particular Crown corporations and other corporate investments of the government. During fiscal 1985-86 these included:

- the Federal Business Development Bank
- the Cape Breton Development Corporation

- Canadian Patents and Development Limited
- Teleglobe Canada
- Canada Development Investment Corporation
- Canada Development Corporation (government's holdings)
- Massey Ferguson shares
- Pêcheries Canada
- National Sea Products (government's holdings)
- Fishery Products International (government's holdings).

Major activities during the past year included privatization initiatives related to de Havilland, Canadair, Eldorado Nuclear, Teleglobe, Pêcheries Canada and the government's holdings in the Canada Development Corporation (CDC), Fishery Products International, and National Sea Products.

During this period the divestiture of de Havilland was completed and the government offered for sale 23 million common shares of CDC at a price of \$11.50 per share payable in two equal installments of \$5.75. In addition, the directorate was heavily involved in development of mandates and strategic plans for those Crown corporations which continued to fulfil ongoing policy objectives for the government.

Native Economic Development Program

The Native Economic Development Program (NEDP) assisted the development of aboriginal economic self-reliance through financial support to viable economic and business development initiatives.

The program was overseen by the Native Economic Development Board, composed of 20 members, most of whom were native people, appointed by order-in-council to advise the Minister of State (Small Businesses) on:

- which aboriginal projects merited assistance;
- how government programs and policies could be improved to support native enterprises.

The operational headquarters was located in Winnipeg. The regional office serving the Prairies and the Northwest Territories was co-located with the Winnipeg office. An office in Vancouver served British Columbia and the Yukon. An office in Montréal served Ontario, Quebec and Atlantic Canada.

Program Elements

The program, open to all aboriginal people in Canada, provided direct financial assistance to support:

- establishment and development of viable aboriginal economic institutions

- aboriginal community economic and business planning
- establishment and modernization/expansion of native businesses
- product marketing
- product innovation
- specialized business-skill training and development.

Board Priorities

In August 1985, Ken Thomas, a well-known native business executive from Saskatchewan, was appointed chairman of the Native Economic Development Board, and four others were appointed to fill existing vacancies. In November 1985, at the end of the two-year term of office for other board members, ten new appointments were made to the board and four members were reappointed.

Since then, the board has focused on five priorities:

- making timely and effective decisions regarding its recommendations to the minister on projects recommended by officials to receive NEDP assistance;
- improving the delivery of the program to the client group;

- studying program assistance to native primary resource activities;
- improving the program's relationship with its clients through consultations and regional meetings of the board;
- increasing the awareness of other DRIE programs and government departments about native economic development issues and opportunities.

As a result of the board's activity, the program was able to conclude a number of contribution agreements with native enterprises and to assist other important economic development projects. For example, as its contribution to the International Year of Youth, the program broke new ground in the field of entrepreneurial development through support to Canada's first national conference on "Native Youth in the Business World," sponsored by the Canadian Council for Native Business. The program also provided support to studies relating to furthering economic development among native people and supported a number of individual commercial projects.

Policy

During the 1985-86 fiscal year, the organizational structure of the Policy sector was expanded to support the government's emphasis on economic and regional development.

Policy consisted of nine directorates:

- Trade Policy
- Industrial Policy
- Economic Development
- Regional Development Policy
- Statistical Analysis
- Short-Term Economic Analysis
- Economic Analysis
- Strategic Analysis
- ERDA Management.

The Policy sector was primarily involved in industrial policy issues concerning the climate for business and entrepreneurship. Its main functions included policy development, advice and co-ordination.

Industrial and Regional Development

In the realm of industrial and regional policy issues, the sector:

- began a fundamental review of regional economic development policy;
- developed departmental policies on such framework areas as procurement, regulation (transportation, communications, financial institutions), investment, tax reform, employment and industrial relations;

- initiated action on regional, economic and industrial issues that reflected concern emerging from the private sector, other government departments, agencies, Cabinet and committees;
- provided timely strategic and contextual advice on policy issues that originated within the department and were directed to Cabinet and its committee system.

Trade Development

In addition to co-ordinating the preparation of departmental sector competitiveness profiles, the sector provided policy and analytical support for trade negotiations, through:

- consultations and discussions with other government departments, foreign governments and the private sector in preparation for trade negotiations with particular emphasis on Canada-U.S. bilateral discussions and a new round of multilateral trade negotiations;
- co-ordination of departmental inputs relating to the Canada-U.S. trade initiative and preparations for the forthcoming multilateral trade negotiations;
- ensuring that trade policy developments reflected industrial and regional policies and programs;
- participation in deliberations at international organizations such as the Organization for Economic Cooperation and Development (OECD) and the General Agreement on Tariffs and Trade (GATT).

Co-ordination

The sector played a lead role in the preparations for and the co-ordination of four meetings of federal-provincial economic development ministers. In June, the ministers published a joint position paper on regional economic development.

Consultation with other government departments and the private sector was maintained on a broad range of regional, economic, industrial and trade-related issues, to ensure that DRIE's positions were fully reflected in government policies and communicated to the private sector.

Co-ordination of regional policies and programs is achieved through federal economic development coordinators who work with federal councils in each province to manage the Economic and Regional Development Agreements (ERDAs). Twenty-six subsidiary agreements and seven memoranda of understanding were signed under the ERDAs in 1985-86 (See Appendix C). Approximately \$1 033 510 000 was committed over the past year, to bring the total federal ERDA commitment to \$2 269 180 000.

Small Business Secretariat

Previously a part of the Small Business and Special Projects (SBSP) Branch, the Small Business Secretariat was responsible in 1985-86 for federal small business policy (as opposed to program delivery) and supported the advocacy role of the Minister of State (Small Businesses).

In conjunction with a reorganization of the secretariat to reflect the higher profile of this group within the federal government, an Assistant Deputy Minister, Small Businesses, was appointed for the first time in December 1985. The name of the secretariat was later changed to "Small Business Office."

The minister's Small Business Consultative Committee (SBCC) was reconstituted early in 1986, with the appointment of 33 members from the small business community, academia and national business and financial organizations, in order to continue the consultation process with the private sector. Working groups were established to advise the minister on a number of small business issues including:

- financing
- procurement
- market development
- entrepreneurship
- innovation and technology transfer
- environment.

In response to public inquiries, the secretariat produced an audio-visual to describe the concept of small business enterprise centres (or incubators). A repayable contribution of \$11.8 million was provided to TIEM Canada Inc. (formerly The Innovation and Entrepreneurial Management Corporation) of Mississauga, Ontario, to run pilot projects in five Canadian cities.

The secretariat published two booklets, designed to increase awareness of measures proposed in the May 1985 Budget:

- *Meeting the Challenge of the 1985 Budget: a Guide for Small Business*
- *Investment in Small Business: a Guide for the Community.*

Federal-Provincial Meetings

Federal and provincial ministers agreed in 1985 to address jointly small business concerns of over-regulation by governments and inequitable paperburden. In October 1985, bilateral memoranda of understanding (MOUs) were signed to carry out a consulting study in each province and the territories to pinpoint the sources of the paperburden problem. The Small Business Secretariat co-ordinated the initiative, providing \$250 000 and guidelines for the terms of reference for the studies. Reports were due in April 1986, with ministers committed to follow-up based on the findings.

February 1986 marked the first time that federal and provincial ministers responsible for small business met for a full-day discussion of small business issues. It was agreed that such meetings should occur twice a year and that small business should remain a standing agenda item at the quarterly meetings of federal and provincial ministers of economic development.

As an outcome of the February federal-provincial ministers' conference, the Minister for Small Business established a Task Force on Small Business Financing/Banking Issues. The task force was made up of representatives from the federal government, provinces/territories, the banks and the private sector.

In co-operation with the Department of Supply and Services (DSS), a small business procurement program was announced at the February meeting. The program is designed to increase small business access to government procurement and to reduce the associated costs of doing business with the government.

Federal (through the secretariat and Statistics Canada) and provincial governments are committed to joint funding of a three-year, \$3-million project to produce an extensive small business data base.

Tourism

Tourism highlights in the fiscal year 1985-86 included:

- the National Tourism Tomorrow conference, culmination of an eight-month consultation process;
- the signing of a federal-provincial-territorial agreement on key issues facing Canadian tourism;
- the establishment of a National Task Force on Tourism Data to create a consistent and credible database for the industry.

Policy, Analysis and Liaison

The National Tourism Tomorrow conference in Ottawa (October 1985) brought together some 300 representatives of the public and private sectors to design a comprehensive strategy on the future of the tourism industry. The resulting recommendations provided the basis for the tourism ministers' meeting the next month.

The fortieth annual Federal-Provincial-Territorial Conference on Tourism was convened in Vancouver in November. There the tourism ministers signed an accord on five key issues facing Canadian tourism:

- marketing
- product development
- training
- research
- reception (of visitors at points of entry).

Research activity became more sharply focused, with emphasis on accrediting the tourism data base and on substantive studies to support tourism marketing and development.

A National Task Force on Tourism Data was established to:

- identify the information and data base needs of public and private sectors in order to enhance strategic planning, marketing, management and profitability of the tourism industry;
- develop programs and co-operative mechanisms to ensure provision of the required data and information.

Work was scheduled for completion by November 1986.

A major market segmentation study of the U.S. pleasure travel market, based on 9000 in-house interviews in the United States, provided the basis for a new approach to Canada's tourism marketing in that country. Published reports and the data have been made available to public and private sectors to enhance total Canadian marketing efforts in that market.

Results of the Canadian Tourism Attitude and Motivation Study, a major segmentation survey of the domestic market, were released in 1985-86.

Tourism Development

The Product Development Branch prepared a management skills upgrading program directed to members of the tourism industry. The program shows how professional marketing techniques can improve business performance. Funding assistance for the program development was provided by Air Canada, VIA Rail, and Employment and Immigration Canada. The program was scheduled for release in September 1986.

Two major investment initiatives were undertaken in 1985:

- In June, the Minister of State (Tourism) conducted an investment seminar with senior executives from the investment, financial and development communities to discuss investment and financing in the tourism sector.
- In October, as part of a larger marketing mission, the Minister of State (Tourism) presented an investment seminar to potential investors from Hong Kong and Tokyo, and conducted face-to-face meetings to discuss specific Canadian tourism investment opportunities.

Tourism Development initiated competitive analyses of national parks, beach and resort products in several areas of the United States, comparing them with similar areas in Canada. The comparisons provided valuable information on our major competitor's products. The analyses focused attention on facilities/services and practices in which improving the Canadian tourism product could make it more competitive.

Tourism Canada signed a memorandum of understanding (MOU) in December 1985 with the Department of Communications and Multiculturalism Canada. The MOU is designed to launch a series of initiatives such as:

- promotion of Canadian cultural destinations in U.S. markets in 1986-87
- planning of a national conference in 1987.

Market Development

A new approach to marketing, called joint marketing agreements, was implemented. Custom-tailored, multi-year agreements are to be signed with selected Canadian and foreign industry travel partners to increase revenues through joint programming. The first agreement, signed in 1985, was with Wardair Canada.

The first of what is to be an annual federal-provincial-territorial planning marketplace, called Canplan, was held in January in Charlottetown, Prince Edward Island. In addition to the planning sessions, there were meetings among:

- Department of External Affairs tourism representatives from U.S. and overseas posts
- representatives from provincial/territorial governments (paired with DRIE regional tourism staff)
- Camp Associates Advertising Limited
- Tourism Canada
- other federal departments.

In co-operation with Air Canada and American Express, Tourism Canada promoted EXPO 86 with a million-dollar U.S. newspaper advertising campaign (85 percent federal funding) to complement EXPO 86's marketing efforts. Between 1983-84 and 1986-87, Tourism Canada will have committed \$2.5 million to EXPO support.

With an annual budget of \$14.4 million, DRIE developed a consumer advertising campaign in the United States, highlighted by the Spring '86 campaign, "Canada. The World Next Door." A major ministerial tour of the United States early in 1986 publicized the campaign.

In addition, U.S. advertising campaigns worth over \$1.3 million were conducted against vertical markets such as:

- skiing
- outdoors/adventure
- meetings and conventions
- the travel trade.

The highly successful U.S. meetings and incentive travel (M&IT) marketing program attracted more than 300 meeting planners to assess Canada's convention product. The computerized M&IT data bank provided profiles of some 8000 U.S.

organizations to the Canadian industry. As well, 35 sales development marketplaces were undertaken in co-operation with public and private sector partners.

A new Canadian "umbrella" exhibit was provided for the International Tourism Bourse (ITB) in West Germany for Canadian industry partners participating in this, their twentieth anniversary.

Tourcan '85, held in Kingston in September 1985, featured the province of Ontario, the last of five broad areas of Canada to be covered. For the first time, buyers from markets in the United States were invited to what was traditionally a domestic marketplace.

Over 1000 delegates representing Canada and more than 35 foreign countries participated in the Rendez-vous Canada international marketplace held in April in Edmonton.

Operations

During the 1985-86 fiscal year, the proposed Operations sector provided a corporate accountability centre for the planning, development, monitoring and management of program and service operations for the purpose of:

- projecting a clear and positive image of the department's role and services to client groups;
- reviewing and refocusing the Industrial and Regional Development Program;
- formalizing the subsidiary agreement process;
- co-ordinating native development programs within the department;
- effecting linkages between clients of DRIE and other federal departments and agencies which provide innovation, technology development, and productivity improvement services.

The Communications Branch provided:

- a focal point for relaying information about DRIE programs, policies and projects to the business community and the general public;
- films, visual materials and publications on DRIE programs and services;
- co-ordination of regional communications services and specialized assistance to these offices as required;

and maintained contact with other federal institutions, other levels of government and the private sector.

The Planning, Co-ordination and Business Services Branch operated through three directorates: Operational Planning, Operations Co-ordination and Business Services Co-ordination. The branch's activities included:

- offering critical comment and advice on long-term program and services operation plans within the Operations sector;
- serving as a departmental co-ordination point for the development and management of specific regional, sectoral and native economic development programs;
- providing a focal point for trade activities in the department, for investment prospecting and for business promotion.

The Program Affairs Branch was responsible for providing administrative, systems and policy support for DRIE's major funded industrial programs. This group also administered the *Small Businesses Loans Act*, under which guaranteed loans were provided by designated private lenders to assist small business enterprises.

Appendix B summarizes activities during fiscal year 1985-86 for the principal programs administered by DRIE. The data show:

- program activity by province and by industry group for all programs;
- activity by planning element for the Industrial and Regional Development Program and the Western Transportation Industrial Development Program;
- activity by sub-program for the Defence Industry Productivity Program, the Native Economic Development Program and Special *Agricultural and Rural Development Act* program.

The Industrial and Regional Development Program (IRDP), one of DRIE's principal programs, promotes regional industrial development through support of private sector initiatives with particular focus on projects, industries and technologies with the greatest potential for economic return, sustained growth and international competitiveness. In 1985-86, 891 offers of assistance were accepted and \$301.8 million in authorized assistance was provided. It was expected that an estimated 42 987 jobs would be created or maintained as a result.

Types of IRDP projects included:

- modernization/expansion
53 percent
- establishment of new facilities
19 percent
- innovation projects
24 percent.

Additional information on this program is contained in the 1985-86 IRDP annual report.

Appendix B also includes *Small Businesses Loans Act* (SBLA) program activity. A total of 23 593 loans was made, for an amount of \$737.8 million. These figures represent a decrease of 32 percent by number and 27 percent by dollar amount over the previous year. Service-type businesses were the greatest users of the program, accounting for 42 percent of program activity in 1985-86. The SBLA annual report contains additional information on program activity.

The Comptroller

The Comptroller's sector provides comprehensive administrative, financial and other services, including:

- design and co-ordination of the planning and accountability process and its integration with the financial planning and control systems;
- provision of objective advice to senior management on resource and financial aspects of policy and program proposals being prepared for scrutiny by Cabinet, Treasury Board and other external agencies;
- design and implementation of information and control systems.

Major Activities

The Resource Management Branch provides ongoing advice on resource management and allocation to senior departmental management and other responsibility centres to ensure compliance with government and departmental priorities and practices.

The Portfolio Management Branch is responsible for providing overall leadership in the related areas of corporate planning, management improvement and performance monitoring in relation to accountability accords.

The Financial Operations Branch is responsible for:

- developing and implementing financial policy systems
- accounting for financial resources
- auditing assistance projects.

The Information Management Branch is responsible for:

- development and monitoring of computer-based system design software

- the physical management of corporate data
- provision and operation of all computer facilities, including hardware and data communications networks.

The Administrative Services Branch is responsible for:

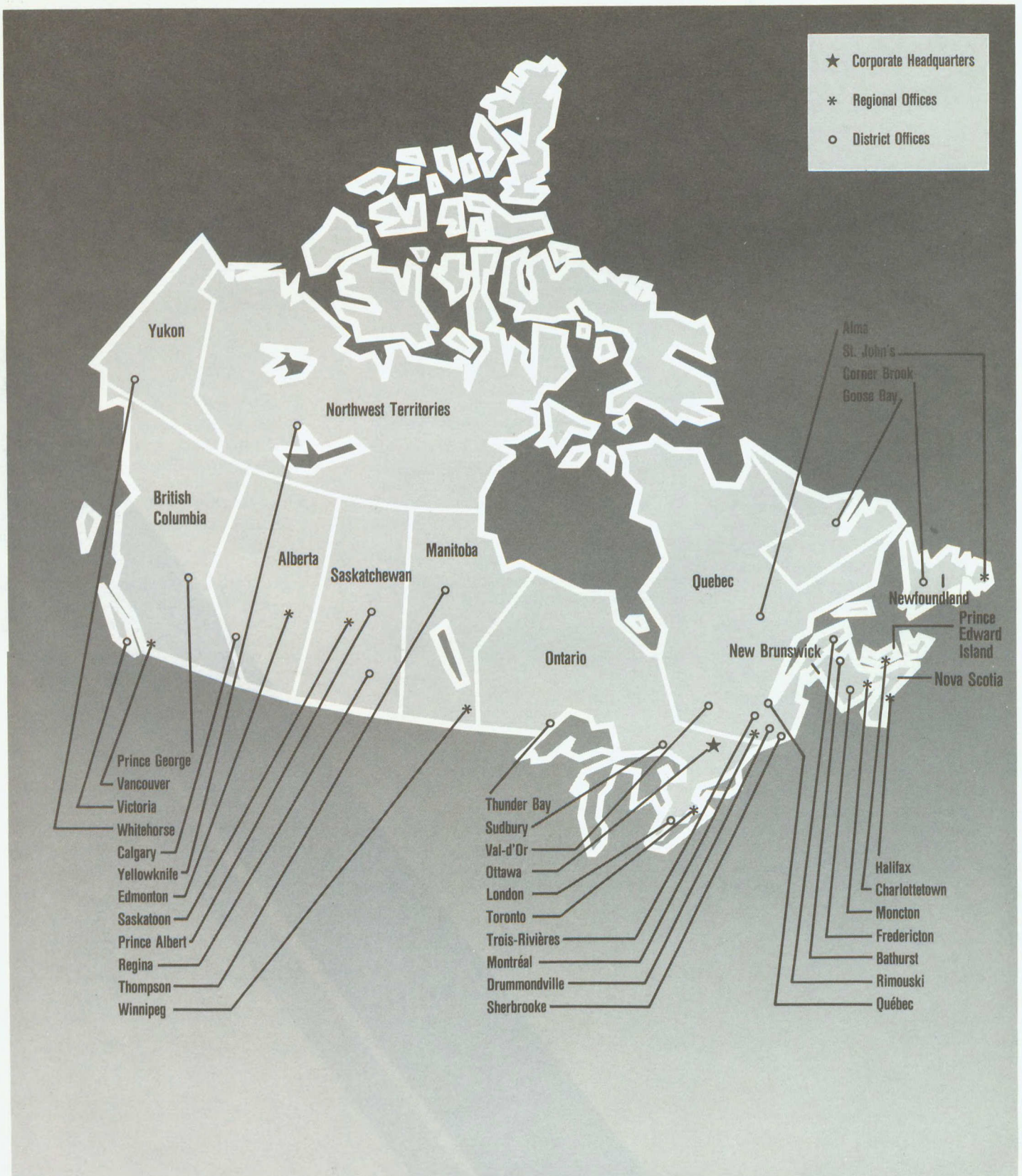
- administrative policy, manuals and directives
- administrative services at headquarters
- administrative support for the regions.

The Access to Information and Privacy Office is responsible for:

- implementing policies
- advising senior management on the administration of the legislation and dealing with cases
- assisting the public with access requests.

The Regions

DRIE Offices



Newfoundland

Activity in the Newfoundland region involved administration of subsidiary agreements under the Economic and Regional Development Agreement (ERDA) and the General Development Agreement (GDA).

Industrial Development

The DRIE regional office was responsible for five ERDA subsidiary agreements: the Burin Peninsula, Rural Development, Pulp and Paper, Ocean Industry and Tourism Development.

Among projects financed to date by the Burin Peninsula Development Fund:

- reactivation of the St. Lawrence fluorspar mining operation;
- completion of oil rig servicing facility at Cow Head;
- reconstruction of wharf and modernization of the secondary fish processing facility at Fishery Products International in Burin.

Under Rural Development II in the past year:

- \$1.2 million was allocated for administration costs for 54 development associations;
- \$1.1 million in grants financed the establishment, modernization and expansion of small business for local entrepreneurs;
- assistance was provided to two provincial craft associations and individual craft producers.

Under the Pulp and Paper Mill Modernization subsidiary agreement:

- modernization of Abitibi-Price Inc. of Grand Falls is proceeding;
- Kruger Inc. will carry out a modernization program at its mill at Corner Brook.

1985-86 was the first full year of operation for the Ocean Industry Development Centre. Its major thrusts include:

- maximization of Canada's benefits from major offshore hydrocarbon construction;
- administration of the Canada/Newfoundland Ocean Industry Development subsidiary agreement.

Among projects being assisted under the Tourism Development subsidiary agreement are:

- the St. John's Convention Centre, scheduled for completion in the summer of 1987;
- construction of a full-scale Viking ship for the L'Anse aux Meadows National Historic Park and a water theme park near Terra Nova National Park.

A total of 189 projects was approved for the Newfoundland hospitality industry, for a federal contribution of \$1 957 000.

Three GDA subsidiary agreements remained active:

- Industrial Development Phase II is in the process of completing construction of:
 - industrial malls at Port aux Basques and Pasadena;
 - industrial parks at Gander, Windsor and Port aux Basques.
- Institute of Fisheries and Marine Technology in St. John's was opened in the spring of '86.

- Community Development for Coastal Labrador completed the following in 1985-86:

- work on the Straits Highway and on roads in Williams Harbour and Mary's Harbour;
- water and sewage projects in seven communities;
- all projects in the Community Health Program.

Economic Co-ordination

Major activities in the office of the federal economic development coordinator (FEDC) included:

- management of the ERDA;
- a review of regional development policy;
- ongoing review of offshore oil and gas development, the fishery and transportation;
- development of additional subsidiary agreements and MOUs.

The office also maintained ongoing liaison with the provincial government, business, labour and municipal governments concerning regional development issues.

The FEDC role in assisting the minister and the ADM, Crown Investments and Special Projects, in implementing the fisheries restructuring agreement and the formation of Fishery Products International, was successfully concluded in August.

After the Atlantic Accord was signed in February, the \$300 million Offshore Development Fund was created and the FEDC was appointed federal co-chairman.

Prince Edward Island

The DRIE regional office in Prince Edward Island, located in Charlottetown, was responsible for administration of the ERDA subsidiary agreements:

- Tourism Development
- Marketing

as well as for funded program delivery.

Industrial Development

Completion of Phase I of the Mill River Fun Park significantly enhanced the tourism potential of western Prince Edward Island. The family-oriented activity park was constructed with assistance provided under the ERDA subsidiary agreement on Tourism Development.

The fun park is part of a complex consisting of a resort hotel, golf course, and marina — all previously assisted with DRIE funds.

In 1985-86 a number of DRIE-assisted projects of potential importance to Prince Edward Island's economy were finalized. Among them:

- The first shipment of Preci-Jet 50, the world's only hypodermic syringe for self-administered injection of insulin without needles, was made to North American distributors.

The design and manufacture of this unique medical device has been supported by DRIE from inception.

- Prince Edward Island's only brewery opened in February with the introduction of Old Abby draft beer. Island Breweries Ltd. now plans to expand its facilities to provide for the bottling of its highly popular product.
The brewery was established with financial assistance provided under the Industrial and Regional Development Program.
- Wevea Canada began production of a range of harvester belts using state-of-the-art technology developed in Holland. Aimed primarily at export markets, its first shipment was destined for use by California tomato harvesters.

DRIE assisted in the transfer of the technology to Prince Edward Island and in the establishment of the facility, which is the sole North American user of the process.

Economic Co-ordination

The federal economic development coordinator's (FEDC) office in Prince Edward Island played a major role in the co-ordination of special projects as well as in ERDA management and federal-provincial relations responsibilities, such as:

- a major federal-provincial energy package, to reduce electrical energy costs in P.E.I., with \$33.6 million in federal assistance;
- co-ordination of federal departmental responses to proposals for a fixed crossing between Prince Edward Island and New Brunswick;
- consultations with business and labour to obtain feedback on major federal government events such as the budget;
- quarterly reports for the Federal-Provincial Relations Office (FPRO) on federal-provincial issues, as well as continuing contact on major issues.

The first annual ERDA ministerial meeting was held in May 1985. A course of action for 1985-86 was signed, setting an agenda for joint measures in the coming year.

Four subsidiary agreements were subsequently signed under the ERDA.

Nova Scotia

The DRIE regional office oversaw continuing activity on several existing subsidiary agreements under the Economic and Regional Development Agreement (ERDA) and the General Development Agreement (GDA) and assumed responsibility for the administration of several new ERDA subsidiary agreements.

Industrial Development

An emphasis in Nova Scotia on encouraging the private sector to introduce new technologies was underscored by the signing of two new ERDA subsidiary agreements:

- Advanced Manufacturing Support
- Technology Transfer and Industrial Innovation.

The Advanced Manufacturing Support subsidiary agreement provided funds towards the establishment of an Aerotech Business Park in Halifax County and a Technology Training Facility focusing on all aspects of flexible manufacturing systems and computer integrated systems.

Activity under the Technology Transfer and Industrial Innovation subsidiary agreement focused on the enhancement of CAD/CAM and robotics capabilities at educational and research institutions within the province.

The ERDA Tourism subsidiary agreement was launched after extensive consultation with industry to develop guidelines for evaluating proposals. During February-March 1986, 85 applications for assistance were received.

A SYSCO (Sydney Steel Corporation) Modernization subsidiary agreement was also signed under the ERDA, to continue a modernization program at the steel plant and to allow for the introduction of an electric arc furnace.

The Ocean Industry Development subsidiary agreement, under the GDA, was extended for a one-year period. An amendment allowed for the establishment of a Technology/Innovation Centre to assist ocean-related firms in the start-up phase.

Six firms took advantage of the new Topping Up Assistance Program to establish new or to expand/modernize existing facilities in Cape Breton and on the mainland side of the Strait of Canso. Another new program, the Cape Breton Investment Tax Credit, was well received by the private sector, which responded with 84 applications for projects ranging from high technology to farm expansions.

Trade development was promoted through a number of vehicles. During 1985-86, 81 applications were approved under the Program for Export Market Development (PEMD).

Export Trade Month activities featured a visit to the province by trade commissioners from the Pacific Rim, who explained to local manufacturers/processors the best ways to gain access to this lucrative market. Fish buyers from abroad were also brought to Nova Scotia to explain their existing and future requirements.

The Ocean Industry Development Office led a trade mission to Australia and selected Southeast Asian countries.

Economic Co-ordination

Much of the activity in the office of the federal economic development coordinator (FEDC) focused on Cape Breton, where the federal-provincial Cape Breton Advisory Committee was appointed in May 1985. The FEDC office provided support to the committee and assisted in implementation of many of the recommendations. One major recommendation was the establishment of Enterprise Cape Breton, which was announced in December 1985 and is now playing the lead role in development of the Cape Breton economy.

Other N.S. activities involved management of the ERDA system, including:

- the June 1985 annual ERDA ministerial meeting;
- frequent meetings of the Federal Economic Development Coordinating Committee and its communications subcommittee;
- co-ordination of such initiatives as the Atlantic Enterprise Program and the Atlantic Opportunities Program.

New Brunswick

In addition to the DRIE regional office, located in Moncton, sub-offices were maintained in:

- Bathurst, to serve northern New Brunswick
- Fredericton, to serve the central and western parts of New Brunswick.

Industrial Development

Activity in the region during 1985-86 focused on delivery of the Industrial and Regional Development Program (IRDP) as well as implementation of subsidiary agreements under the Economic and Regional Development Agreement (ERDA) and the General Development Agreement (GDA).

Forty-six offers were made under the IRDP, worth \$51.7 million in committed funds and approximately \$237 million in capital investment.

The DRIE regional office launched the new Tourism subsidiary agreement; DRIE expenditures were \$1 million.

Under the new Industrial Development subsidiary agreement, expenditures totalled \$1.1 million. Programs are provided to:

- improve the climate for industrial development
- expand and diversify the economy
- increase domestic and foreign market penetration.

Several subsidiary agreements under the GDA were active during the year:

- Northeast New Brunswick (DRIE expenditures \$3.2 million in 1985-86);
- Consolidated Bathurst Modernization (DRIE expenditures \$161 000 in 1985-86);
- Sulphation Roast Leach Pilot Plant (DRIE expenditures \$4.5 million in 1985-86);
- GDA Pulp and Paper (DRIE expenditures \$3.3 million in 1985-86).

Trade activities in the regional office concentrated on encouraging and assisting New Brunswick firms to pursue international marketing opportunities.

The *Export New Brunswick* newsletter was redesigned and its mailing list enlarged to include hundreds of Canadian and foreign trading houses and other marketing intermediaries.

The Program for Export Market Development (PEMD) approved 69 applications during 1985-86, an increase of 23 percent over the previous year. Approvals amounted to \$332 372 — an increase of 41 percent.

Under the Promotional Projects Program (PPP), regional participation in government-sponsored trade fairs and outgoing missions involved nine New Brunswick firms participating in 12 different events.

The Tourism unit was involved in evaluation of the travel generators initiatives submitted under the ERDA subsidiary agreement on Tourism Development. The Tourism unit also played an active role in the preparation of studies aimed at future tourism potential and has initiated some action with the province regarding the elaboration of a new tourism strategy for New Brunswick.

Economic Co-ordination

The objective of the office of the federal economic development coordinator (FEDC) was to develop, recommend and implement strategic priorities for economic development in N.B. aimed at improving income and employment growth through wealth generation.

Activities of the FEDC office included:

- economic analysis
- strategic advice
- federal co-ordination
- federal-provincial co-ordination.

During 1985-86, a subsidiary agreement on Industrial Development was signed under the ERDA. Two studies were commissioned under the Planning subsidiary agreement:

- to document the range of economic benefits generated by successful downtown revitalization projects, with a detailed benefit/cost analysis of the proposed Downtown Fredericton Centre West Redevelopment Project;
- to determine the nature and extent of air services required in and out of Moncton.

Quebec

During the 1985-1986 fiscal year, the Quebec region concentrated on improving its customer services and on maintaining a higher profile in the Quebec business community, particularly among small and medium-sized businesses. The region also stepped up its activities in the areas of investment and market development and stressed co-operation with its development partners.

Industrial Development

Through its Business Inquiry Centre, the Quebec region responded to 35 981 inquiries. Through its network of eight offices across the province, it made 537 contribution offers in 1985-1986, mainly to small and medium-sized companies. The local offices also organized seminars for business people on such varied topics as management, financing and design, and participated in various exhibitions, fairs and industrial shows.

In the area of international trade, the region:

- organized 20 major seminars and conferences;
- received 5000 inquiries and welcomed 1100 visitors;
- introduced some 500 business people to projects sponsored by international financial institutions through the Multilateral Aid Resource Centre;
- processed nearly 700 PEMD applications.

The region also undertook various activities abroad to meet potential investors, particularly in the aeronautics, electronics, machinery and industrial instruments sectors.

In domestic market development, the region promoted the "Think Canadian" theme at 20 major events. Support for subcontracting, promotion of the Business Opportunities Sourcing System (BOSS) and dissemination of information on markets were other priorities.

Under Element I of the ERDA subsidiary agreement on Industrial Development, seven municipalities received industrial infrastructure assistance representing 13.8 percent of the total budget. Under Element II, 85.8 percent of the budget has been committed to eight major industrial projects.

The regional office was directly involved in projects with potential for revitalizing the Montréal region and developing low-growth regions. Activities focused on high-technology industries and resources, in particular the aerospace, transportation equipment, communications equipment, electronic products and forest products industries. The region also made a special effort to provide assistance to projects in the office automation, information technology, robotics, new materials, petrochemical, fine paper, aluminum and magnesium industries.

Under the subsidiary agreement on Tourism Development, 31 projects were approved, for commitments from the two governments of \$35.8 million, including \$17.9 million from the federal government and private sector investment totalling over \$120 million. Principal projects were the modernization and expansion of downhill ski centres in the Laurentians, the Québec area and the Eastern Townships.

Economic Co-ordination

During the fiscal year 1985-86, the office of the federal economic development coordinator (FEDC) played a central role in the development of subsidiary agreements on Forestry Development, Science and Technology, Mineral Development and Transportation. In addition, French Language Television was the subject of a memorandum of understanding (MOU).

In addition to ERDA activities, the office of the FEDC provided ongoing advice and assistance on policy issues and developments to the ministers of DRIE and to other departments, through regular consultations with the private sector and government organizations. During 1985-86, the office was also involved in preparing an economic development profile for the province of Quebec and in a major review of the Gaspé-Lower St. Lawrence Development Plan.

In December 1985, a Ministerial Committee on the Development of the Montréal Region was formed, along with a Consultative Committee made up of representatives from the private sector, labour and academia. Through the creation of a secretariat to the Consultative Committee, the FEDC played a major role in the support of these two committees.

Ontario

The primary role of the Ontario region is to provide service to the Ontario business community on a continuing basis. DRIE Ontario's regional expenditures were \$85.9 million for fiscal 1985-86. Principal figures in this are the year's payments for directly-funded industrial incentives programs and Canada-Ontario subsidiary agreements.

Industrial Development

DRIE administered the Economic and Regional Development Agreement (ERDA) Tourism Development subsidiary agreement, funded equally by the federal and provincial governments. The program is designed to help tourist centres in the province expand into four-season destination resorts and major attractions. During the year, two product development applications were approved (a total of \$14 million) to assist major resort expansion projects.

The only outstanding subsidiary agreement under the General Development Agreement (GDA) is the Eastern Ontario subsidiary agreement. The program closed on September 30, 1985, and payments of \$2 million were made during this fiscal year.

Fiscal 1985-86 saw a reduced demand for assistance under the Industrial and Regional Development Program. In reviewing applications, priority continued to be given to established manufacturers with a proven record, and to those with the potential to break into or expand upon the export market.

During the year, previously approved projects continued to be paid under the Industrial and Labour Assistance Program (\$9.1 million) and under the Regional Development Incentives Act (\$1.8 million), both of which came to an end in 1984.

The regional office's major trade initiative focused on Canada Export Trade Month '85. Thirty-seven events were organized in centres outside major cities, involving 2518 persons interested in exporting.

During the year, the office organized 74 visits to Ontario by Canadian ambassadors, trade commissioners and commercial officers, who met with provincial and business leaders. As well, this office acted as the local liaison for trade fair and mission organizers in both the Department of External Affairs (DEA) and DRIE headquarters, providing information on potential participants from Ontario's business community. It also assisted in recruiting participants for specific events.

DRIE Ontario was involved in 40 export education events with various organizations, in order to provide a forum for discussion and advice for exporters.

In response to the government's renewed emphasis on attracting foreign investment, the regional office established a co-ordination unit to act as an information and promotion service, bringing together possible investors and companies requiring capital and/or technology. To this end, the secretariat is establishing an automated information database monitoring and control system to handle inquiries and investment opportunities received from federal and provincial offices across Canada and overseas.

In 1985-86, the regional office processed 2327 applications under the Program for Export Market Development, resulting in expenditures of \$6.98 million.

Economic Co-ordination

The office of the federal economic development coordinator (FEDC) maintained ongoing liaison with:

- the provincial government
- business
- labour groups

concerning regional economic issues. From these and other contacts, as well as through analytical work carried out internally, the office provided regionally sensitive policy support to ministers and central agencies such as the Privy Council Office and Treasury Board.

Manitoba

Assistance to industry through funded programs was ongoing during 1985-86. The Manitoba regional office continued to administer the Industrial and Regional Development Program (IRDP) and the Western Transportation Industrial Development Program (WTIDP). As well, payments were made to projects approved under the former Regional Development Incentives Program (RDIP).

Industrial Development

In recognition of DRIE's increasing emphasis on services to business and the importance of information flow to commerce, the Manitoba regional office launched a Business Services Centre in September 1985 as an initial point-of-contact for information, assistance, advice and counsel on the range of federal programs and services available to business clients.

Over 400 of Manitoba's companies export their products and services. In 1985, exports of fabricated materials and manufactured end products totalled \$1182 million, in addition to exports of agricultural products and live animals at some \$693 million. The Manitoba Regional Office actively assists these companies in identifying and pursuing new opportunities through linkages with the Department of External Affairs (DEA) and its network of trade offices around the world. Particular emphasis is given to helping companies become "export ready" through company visits and intensive export counselling.

Several promotional events were also staged to help Canadian manufacturers and retailers source products locally, and a "Think Canadian" campaign aimed at the consumer was highly successful.

During the fiscal year, the Manitoba regional office was responsible for delivery of unexpired programs under the former General Development Agreement (GDA) and the new Canada/Manitoba Economic and Regional Development Agreement (ERDA).

Several subsidiary agreements remained active in 1985-86 under the General Development Agreement:

- Tourism Development
- Northern Development
- Winnipeg Core Area.

Activity also continued under the ERDA Urban Bus Industrial Development subsidiary agreement.

In May 1985, the governments of Canada and Manitoba signed a new ERDA Tourism Development subsidiary agreement. Programs under the agreement will be targeted to:

- expanding markets
- developing/expanding resorts, attractions, events and facilities
- improving the industry's productivity.

The Special ARDA program exists to facilitate the economic and social adjustment of residents of rural and remote areas. It focuses particularly on people of native ancestry who have previously had little or no access to regular

earnings and employment opportunities. Through the DRIE regional office, financial assistance is available to commercial undertakings and primary producing activities for job creation and income improvement. Expenditures in 1985-86 are detailed in Appendix B.

Economic Co-ordination

The Manitoba office of the federal economic development coordinator (FEDC) is engaged in ongoing liaison between business associations, labour organizations and other interest groups, in order to gauge regional sensitivities and reactions to national policy and to disentangle complex interdepartmental issues.

Federal-provincial relations are of primary concern to the FEDC. In 1985-86, the Manitoba FEDC office played a key role in bringing together federal ministers and senior personnel of Crown corporations with ministers from both Manitoba and Saskatchewan governments to address the long-term economic development issues facing Churchill. The office also provided:

- intelligence gathering and analysis for events such as the first annual ERDA ministerial meeting and multilateral meetings with provincial industry and economic development ministers;
- support to specific projects such as the First Ministers Conference, the Economic Summit and regional federal budget sessions.

Saskatchewan

The DRIE regional office in Saskatchewan was involved in 1985-86 with:

- delivery of funded programs
- trade development activities
- administration of subsidiary agreements under the Economic and Regional Development Agreement.

Industrial Development

Administration of funded programs focused on:

- Industrial and Regional Development Program (innovation projects totalling \$400 000);
- Western Transportation Industrial Development Program (establishment/expansion/modernization projects totalling \$4.8 million);
- *Special Agricultural and Rural Development Act* (Special ARDA), projects involving both levels of government and Indian and Métis representatives in a comprehensive approach to native economic activity. Ninety-six Special ARDA projects received a total of \$3.8 million.

The Trade Branch:

- processed 128 Program for Export Market Development (PEMD) projects worth over \$332 000;
- assisted in recruiting provincial companies for overseas exhibitions such as AgChina, Comdex (Computer Show) in Las Vegas and AgQuip in Australia;
- helped to organize Saskatchewan's first participation in the Canadian High Technology Show in Ottawa;
- assisted with the incoming buyer aspects of the annual Western Canada Farm Progress Show in June and Agribition in November, both in Regina;

- organized the first visit to Saskatchewan of Japanese telecommunications companies and assisted in organizing a subsequent provincial high-technology mission to Japan;
- helped to organize the successful Export Trade Month and Market Place '86 activities centred around private sector presentations and trade commissioner visits;
- assisted the University of Saskatchewan to organize an international marketing course for senior commerce students.

Under the Advanced Technology subsidiary agreement, 20 projects were approved for a total commitment of \$970 000. Total expenditures for 1985-86 on cost-shared programs amounted to \$576 500 and were shared equally between DRIE and Saskatchewan. Provincial unilateral expenditures for the period amounted to \$107 500.

The Northern Economic Development subsidiary agreement approved 90 projects over the fiscal year. Expenditures were in excess of \$8 million (\$3.5 million federal; \$5 million provincial). Federal expenditures supported economic development and job-guaranteed technical training projects, while the provincial focus has been on technical training and job creation.

Under the Tourism subsidiary agreement, a total of \$6.2 million had been committed to 34 projects by the end of the fiscal year. This represents \$15 million in total investments. Of the \$6.2 million, \$3.5 million had been committed by the federal government.

Over the past fiscal year, Saskatchewan region initiated a major venture with the Italian government to develop mutually beneficial technology transfer, licensing and joint investment opportunities, especially in the areas of food and health care

products. As well, a major liaison with Israeli companies led to several joint ventures this year in western Canada.

Economic Co-ordination

In 1985-86, two major responsibilities of the federal economic development coordinator (FEDC) in Saskatchewan were co-ordinating federal and federal-provincial economic development, and providing a regional economic development perspective to DRIE headquarters and to central agencies.

This was achieved by working closely with the regional council — a committee of senior federal officials chaired by the FEDC — and by consulting with the provincial executive council, other provincial departments and the private sector. Specific areas of economic development co-ordination involving the FEDC office were the non-fiscal matters on the NewGrade and proposed Husky heavy oil upgraders, and native economic development.

The first annual ERDA ministerial meeting was held in June, when the course of action was set for the coming year. The ERDA's nine subsidiary agreements and one memorandum of understanding are detailed in Appendix C.

A major federal-provincial study on irrigation was concluded under the Planning agreement, and an ERDA outlook seminar was held on "Saskatchewan Resource Development in the World Environment."

Alberta

Continued economic constraints in 1985-86 resulted in decreased demand for DRIE financial assistance in Alberta. Activity in the region continued to shift to increased co-operation and liaison with public and private sector groups.

Industrial Development

Three new subsidiary agreements were signed by the federal and provincial governments in 1985-86:

- Tourism Development, providing funding for:
 - facility and product development
 - alpine ski facility development
 - market development
 - training and professional development
 - industry and community support
 - opportunity analysis and evaluation
- Northern Development, providing funding in northern Alberta for:
 - economic, industrial and business development
 - human resource support
 - community and regional infrastructure support
- Agricultural Processing and Marketing, funding agricultural processing operations in Alberta, including:
 - products of plant or animal origin;
 - products for consumption by animals or humans;
 - basic pharmaceutical chemicals and other components used in human and veterinary pharmaceutical products, medical diagnostic products, including those produced by biotechnology;
 - plant or animal genetic material and related products of genetic engineering;

- manufacture of containers, packages or labels for the agricultural processing industry;
- commercial testing and full-time research related to processed agricultural food product and process development, including high technology and pilot projects.

The Agricultural Processing and Marketing subsidiary agreement provides capital assistance for new facilities or new product expansions/modernizations and expansions and non-capital assistance for feasibility studies and research and development.

Under the General Development Agreement (GDA), the Nutritive Processing Assistance subsidiary agreement expired on March 31, 1986. During 1985-86, a total of 63 projects were offered \$1.8 million in financial assistance (DRIE share). Total DRIE expenditures to date for the 10-year program are \$14.3 million.

Both the regional office in Edmonton and the local office in Calgary continued to work closely with local economic development authorities, academic communities and business groups to sponsor activities ranging from productivity enhancement workshops to international trade seminars. DRIE continued its relationship with the University of Calgary's New Venture Forum for aspiring entrepreneurs.

DRIE in Alberta maintained an affiliation with the Organizing Committee for the Calgary Winter Olympics through the tourism development division. Among co-operative ventures in 1985-86:

- Independent Petroleum Association of Canada's investment tours to the United States, United Kingdom and Europe;

- Small Business Week, October 1985;
- support for ongoing trade missions.

The thrust of the Industrial and Regional Development Program (IRDP) expenditures in Alberta remained in innovation and marketing assistance.

Economic Co-ordination

Four subsidiary agreements and five memoranda of understanding are now in place under the Canada-Alberta Economic and Regional Development Agreement (ERDA). ERDA initiatives launched in the past year included subsidiary agreements on both Northern Development and Agricultural Processing and memoranda of understanding on Transportation Development and Native Development.

Work continued on a potential MOU on major projects co-ordination and possible subsidiary agreements in the areas of water development, agricultural development, industrial diversification and science and technology.

The first annual ERDA ministerial meeting was held in August 1985.

In addition to responsibilities related to the ERDA, the office of the federal economic development coordinator (FEDC) was involved in a co-ordinating role on a number of smaller projects and issues. In co-operation with the FEDC offices in Saskatchewan and Manitoba, the office also provided advice to Ottawa on water development issues in the West.

British Columbia

During 1985-86, DRIE's activities in British Columbia concentrated on:

- preserving and improving the competitive strengths of resource-based industries;
- facilitating investments which reinforce the technological base of industry;
- expanding market opportunities for traditional and emerging industries;
- encouraging new investment in firms and industries which help diversify the economy and create employment.

Industrial Development

The DRIE regional office was responsible for administration of three of the new Economic and Regional Development Agreement (ERDA) subsidiary agreements:

- Industrial Development
- Tourism Industry Development
- Small Business Incentives.

DRIE signed two MOUs in B.C. during the fiscal year, with:

- Microtel Ltd. of Burnaby, to strengthen its position as an internationally competitive designer and manufacturer of proprietary telecommunications equipment;
- Cominco, to help finance a modernization of the lead smelter plant at Trail, B.C., through federal purchase of a preferred share issue.

The tripartite Cooperative Overseas Market Development Program (COMDP) was extended for five years (1986-1990). Cost-shared equally by the federal and provincial governments and the Council of Forest Industries of B.C., COMDP will provide up to \$35 372 200 to broaden offshore exports of B.C. wood products, particularly lumber and plywood.

The B.C. office took the lead in a national "Think Canadian" campaign to increase consumer awareness of Canadian-made goods. More than half a million British Columbians are more conscious of Canadian industry and products as a result of DRIE exhibits in shopping malls, trade shows and exhibitions.

An initiative called New Exporters to Border States (NEBS) helped business people explore potential U.S. markets. The DRIE regional office arranged bus trips to the Canadian Consulate General in Seattle, Washington, and provided information sessions on trade-related topics.

Export Trade Month included a series of interview sessions with western U.S. trade commissioners in regional centres in British Columbia. Seminars were conducted throughout October on a variety of export topics.

Marketplace 86, held in Vancouver in February, offered B.C. business people an opportunity to meet with 26 Canadian trade commissioners from around the globe.

By delivering the Program for Export Market Development (PEMD) on behalf of the Department of External Affairs, DRIE provided \$1.9 million in assistance to 371 companies.

Regional participation in incoming and outgoing missions also continued under the Promotional Projects Program (PPP).

Economic Co-ordination

Seven ERDA subsidiary agreements were ratified in 1985-86, a process facilitated by the office of the federal economic development coordinator (FEDC). The agreements included:

- Forestry
- Minerals
- Agriculture
- Industrial Development
- Tourism
- Small Business Incentives
- Science and Technology.

An MOU on Victoria's Capital City Convention Centre was signed during the first annual ERDA ministerial meeting, held in Victoria on February 21, 1986.

In addition to ERDA activities, the FEDC office was active in 1985-86 in policy research and analysis activities related to federal-provincial relations and to interdepartmental issues and opportunities. The office maintained liaison with business, labour, provincial organizations and municipal groups. As in other regions of the country, the FEDC convened meetings of senior B.C. federal government representatives as a forum for consultation and co-ordination.

Northwest Territories

Program activity under the region's principal joint agreements remained brisk throughout the year.

Record levels of activity were achieved under the Special *Agricultural and Rural Development Act* (Special ARDA) program, while activity under the Business Assistance, Tourism Development and Community-Based Economic Development Planning programs of the Canada-Northwest Territories Domestic Market Development subsidiary agreement decreased slightly.

The Special *Agricultural and Rural Development Act* (Special ARDA) program assists in the economic development and social adjustment of residents of the Northwest Territories, particularly those of Indian and Inuit ancestry. Goals of the program are:

- development of entrepreneurs
- improvement of incomes
- social and economic advancement of northern communities.

Funding under Special ARDA almost quadrupled from the previous fiscal year, with activity extremely brisk under the Commercial Undertakings Program. Increasingly, priority was given to projects for the establishment of business enterprises and provision of wage employment. Offers accepted during the fiscal year totalled \$7.9 million.

The subsidiary agreement on Domestic Market Development (Small Business and Tourism) is designed to stimulate income and employment opportunities through:

- an increase in business activity
- expansion and improvement of the tourism sector of the Northwest Territories.

Seventy-six offers made under the agreement were accepted for a total contribution of \$2.5 million, of which 90 percent was funded by DRIE.

The Domestic Market Development subsidiary agreement was extended by one year to expire on March 31, 1987.

Formal discussions began for the establishment of a tourism subsidiary agreement, with representatives of the Travel Industry Association of the Northwest Territories taking part.

The development of export trade opportunities was continued on a limited case basis, with assistance being provided under the Program for Export Market Development (PEMD). Awareness of the potential for export trade was expanded with activities in support of Canada Export Trade Month.

DRIE non-funded services and advice are being delivered to a larger and wider range of clients within the domestic and foreign markets. Activities include:

- statistical and business information
- product listings and customer referrals
- sourcing of local suppliers for national and international markets.

The Yukon

Implementation of the Industrial and Regional Development Program (IRDP), the new Tourism subsidiary agreement and negotiation of an IRDP devolution subsidiary agreement were priority activities in the Yukon office during 1985-86. Efforts also were directed at developing and expanding export markets for Yukon products.

During the year, three offers of assistance were made under the IRDP for a total DRIE commitment of \$90 000.

In addition, under the Tourism subsidiary agreement, signed on May 2, 1985, 27 offers were made for a total DRIE commitment of \$2 474 600. The Tourism subsidiary agreement is intended to provide assistance for the orderly planning, construction and marketing of competitive hospitality facilities, attractions, special events and improved visitor service capability.

Negotiations were started between the department and the Yukon government to establish a small business (IRDP devolution) subsidiary agreement intended to lever private sector capital for the establishment, modernization and expansion of manufacturing, processing and selected service operations in the Yukon. Through this agreement, both governments would recognize small business as an important resource which can generate employment and economic growth for the Yukon.

The *Special Agricultural and Rural Development Act* (Special ARDA) agreement, first signed with Yukon in 1978, expired in March 1984 but was extended for three years. The program was designed to assist in the economic development and social adjustment of native people who have had little or no access to regular earnings and employment opportunities. Special ARDA provides assistance for the establishment, expansion or modernization of commercial undertakings which provide employment for people of native ancestry.

Assistance is available to meet the special training needs of potential native employees. Special ARDA also can be used to improve incomes and working conditions for native hunters, trappers and fishermen/women by assisting projects which improve resource harvesting capabilities. During the fiscal year, 26 projects were approved, with offers totalling \$517 299.

In October 1985, in conjunction with the Whitehorse Chamber of Commerce, DRIE organized the Yukon's second business promotion tour to Alaska to open up new markets for Yukon products.

Several Yukon companies have used the Program for Export Market Development (PEMD) to expand their export marketing efforts and, in the past year, three companies received a total of \$11 140 under the program.

Appendices

Appendix A

REGIONAL INDUSTRIAL EXPANSION GRANTS AND CONTRIBUTIONS BY REGION 1985-86

	(\$ Thousand)
Newfoundland	53 383
Nova Scotia	37 223
Prince Edward Island	28 017
New Brunswick	24 558
Quebec	315 042
Ontario	179 050
Manitoba	43 491
Saskatchewan	25 758
Alberta	14 505
British Columbia	38 827
Miscellaneous*	43 827
Total	803 681

* Liabilities under the Small Business Loans Act.

Appendix B

INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM ACCEPTED OFFERS AND AUTHORIZED ASSISTANCE

BY PROVINCE/TERRITORY, 1985-86		
Province/Territory	Number of Accepted Offers	Authorized Assistance (\$ Million)
Newfoundland	25	5.7
Prince Edward Island	20	1.7
Nova Scotia	59	16.8
New Brunswick	46	51.7
Quebec	438	105.5
Ontario	168	80.4
Manitoba	32	6.3
Saskatchewan	8	0.4
Alberta	23	6.5
British Columbia	69	26.7
Yukon/Northwest Territories	3	0.1
Canada Total	891	301.8
BY MAJOR INDUSTRY GROUP, 1985-86		
Major Industry Group	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Food	84	15 798
Beverages	8	1 489
Tobacco Products	—	—
Rubber Products	4	1 073
Plastic Products	45	9 441
Leather Products	1	14
Primary Textiles	—	—
Textile Products	1	12
Clothing	1	280
Wood Industries	109	33 563
Furniture & Fixtures	25	2 266
Paper Products	10	63 165
Printing/Publishing	12	4 624
Primary Metal	19	4 765
Fabricated Metal Products	113	15 545
Machinery	93	20 809
Transportation Equipment	75	55 924
Electrical/Electronic Products	90	30 305
Non-Metallic Mineral Products	29	6 479
Petroleum & Coal Products	—	—
Chemicals	28	8 535
Other Manufacturing	51	4 873
Tourism	23	12 075
Other	70	10 739
Total	891	301 774
BY PLANNING ELEMENT, 1985-86		
Planning Element	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Climate	16	5 827
Marketing	20	13 896
Innovation	215	51 066
Establishment	165	50 719
Expansion/Modernization	474	170 032
Restructuring	1	10 234
Total	891	301 774

Appendix B

DEFENCE INDUSTRY PRODUCTIVITY PROGRAM ACCEPTED OFFERS AND AUTHORIZED ASSISTANCE

BY PROVINCE/TERRITORY, 1985-86

Province/Territory	Number of Accepted Offers	Authorized Assistance (\$ Million)
Newfoundland	—	—
Prince Edward Island	—	—
Nova Scotia	1	12.9
New Brunswick	—	—
Quebec	17	197.1
Ontario	26	33.2
Manitoba	2	0.9
Saskatchewan	—	—
Alberta	1	2.9
British Columbia	1	0.1
Yukon/Northwest Territories	—	—
Canada Total	48	247.1

BY MAJOR INDUSTRY GROUP, 1985-86

Major Industry Group	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Plastic Products	1	321
Primary Metal Products	1	506
Fabricated Metal Products	5	1 326
Transportation Equipment	21	216 288
Electrical/Electronic Products	20	28 673
Total	48	247 114

BY SUB-PROGRAM, 1985-86

Sub-Program	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Research and Development	17	203 192
Source Establishment	9	28 847
Capital Assistance	22	15 075
Market Feasibility Studies	—	—
Total	48	247 114

WESTERN TRANSPORTATION INDUSTRIAL DEVELOPMENT PROGRAM
ACCEPTED OFFERS AND AUTHORIZED ASSISTANCE

BY PROVINCE/TERRITORY, 1985-86

Province/Territory	Number of Accepted Offers	Authorized Assistance (\$ Million)
Newfoundland	—	—
Prince Edward Island	—	—
Nova Scotia	—	—
New Brunswick	—	—
Quebec	—	—
Ontario	—	—
Manitoba	17	6.6
Saskatchewan	35	4.8
Alberta	13	0.7
British Columbia	2	0.4
Yukon/Northwest Territories	—	—
Canada Total	67	12.5

BY MAJOR INDUSTRY GROUP, 1985-86

Major Industry Group	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Food	18	4 527
Beverages	2	129
Plastic Products	6	587
Textile Products	3	15
Wood Industries	3	69
Paper Products	1	68
Printing/Publishing	4	388
Primary Metal Products	1	210
Fabricated Metal Products	6	498
Machinery	11	1 728
Electrical/Electronic Products	3	3 491
Non-Metallic Mineral Products	4	93
Chemicals	4	614
Other Manufacturing	1	51
Total	67	12 468

BY PLANNING ELEMENT, 1985-86

Planning Element	Number of Accepted Offers	Assistance Authorized (\$ Thousand)
Climate	—	—
Marketing	—	—
Innovation	17	2 810
Establishment	16	4 610
Expansion/Modernization	34	5 049
Restructuring	—	—
Total	67	12 469

Appendix B

NATIVE ECONOMIC DEVELOPMENT PROGRAM ACCEPTED OFFERS AND AUTHORIZED ASSISTANCE

BY PROVINCE/TERRITORY, 1985-86

Province/Territory	Number of Accepted Offers	Authorized Assistance (\$ Million)
Newfoundland	3	0.3
Prince Edward Island	2	0.2
Nova Scotia	7	0.5
New Brunswick	3	0.1
Quebec	3	0.6
Ontario	16	3.1
Manitoba	7	0.4
Saskatchewan	7	3.7
Alberta	6	0.8
British Columbia	15	5.7
Yukon/Northwest Territories	1	0.03
Canada Total	70	15.4

BY MAJOR INDUSTRY GROUP, 1985-86

Major Industry Group	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Food	15	5 172
Rubber Products	1	90
Plastic Products	2	167
Leather Products	1	50
Clothing	1	12
Wood Industries	12	2 455
Furniture & Fixtures	1	40
Paper Products	1	26
Printing/Publishing	2	310
Fabricated Metal Products	2	97
Machinery	7	1 032
Transportation Equipment	14	4 181
Non-Metallic Mineral Products	6	1 254
Petroleum & Coal Products	1	36
Chemicals	1	170
Other Manufacturing	2	295
Other	1	50
Total	70	15 437

BY SUB-PROGRAM, 1985-86

Sub-Program	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Strategic Investments in Native Economic Institutions	3	5 014
Community-based Economic Development	2	430
Special Projects	65	9 993
Total	70	15 437

SPECIAL AGRICULTURAL AND RURAL DEVELOPMENT ACT
ACCEPTED OFFERS AND AUTHORIZED ASSISTANCE

BY PROVINCE/TERRITORY, 1985-86

Province/Territory	Number of Accepted Offers	Authorized Assistance (\$ Million)
Newfoundland	—	—
Prince Edward Island	—	—
Nova Scotia	—	—
New Brunswick	—	—
Quebec	—	—
Ontario	—	—
Manitoba	197	7.3
Saskatchewan	96	3.8
Alberta	—	—
British Columbia	94	4.4
Yukon/Northwest Territories	157	8.4
Canada Total	544	23.9

BY MAJOR INDUSTRY GROUP, 1985-86

Major Industry Group	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Food	47	2 328
Plastic Products	4	132
Leather Products	4	99
Textile Products	1	70
Clothing	23	2 386
Wood Industries	65	2 500
Furniture & Fixtures	13	686
Paper Products	1	45
Printing/Publishing	5	483
Primary Metal Products	1	100
Fabricated Metal Products	51	1 998
Machinery	48	1 946
Transportation Equipment	200	7 880
Electrical/Electronic Products	17	683
Non-metallic Mineral Products	10	466
Chemicals	10	328
Other Manufacturing	14	768
Other	30	1 006
Total	544	23 904

BY SUB-PROGRAM, 1985-86

Sub-Program	Number of Accepted Offers	Authorized Assistance (\$ Thousand)
Area Employment Training	2	182
Commercial Undertakings	316	15 689
Primary Producing Activities	195	5 775
Related Infrastructure	2	32
Remote Rural Communities	7	1 044
Special Adjustment Measures	22	1 182
Total	544	23 904

Appendix B

SMALL BUSINESSES LOANS ACT NUMBER AND AMOUNT OF LOANS

BY PROVINCE/TERRITORY, 1985-1986

Province/Territory	Number of Loans	Amount (\$ Million)
Newfoundland	508	12.6
Prince Edward Island	109	2.4
Nova Scotia	580	19.2
New Brunswick	584	19.2
Quebec	7 868	242.5
Ontario	6 126	208.7
Manitoba	697	22.2
Saskatchewan	1 182	36.2
Alberta	2 455	71.1
British Columbia	3 355	99.4
Yukon/Northwest Territories	129	4.3
Canada Total	23 593	737.8

BY TYPE OF BUSINESS, 1985-1986

Type of Business	Number of Loans	Amount (\$ Million)
Wholesale Trade	858	21.4
Retail Trade	5 273	173.2
Construction	2 010	56.2
Manufacturing	2 294	70.2
Service Businesses	9 938	308.0
Transportation	3 013	103.6
Communications	207	5.2
Total	23 593	737.8

Appendix C

SUBSIDIARY AGREEMENTS ACTIVE DURING 1985-86

Agreement	Duration	Total Estimated Cost (\$)	DRIE Share (\$)
Newfoundland			
Ocean Industry	16/08/84 to 31/03/89	28 000 000	19 000 000
Rural Development II	19/07/84 to 31/03/88	18 200 000	9 100 000
Tourism II	16/08/84 to 31/03/89	21 000 000	12 500 000
Burin Peninsula	11/06/84 to 31/03/89	28 000 000	19 600 000
Community Development for Coastal Labrador	29/05/81 to 31/03/87	38 996 000	33 800 000
Pulp and Paper Mill Modernization	20/12/84 to 31/12/89	46 333 333	38 500 000
Industrial Development Phase II	03/06/83 to 31/03/88	17 800 000	17 800 000
Institute of Fish and Marine Technology	16/05/83 to 31/03/87	42 000 000	27 500 000
Prince Edward Island			
Industrial Competitiveness	13/09/85 to 12/09/87	8 500 000	6 800 000
Tourism	26/10/84 to 31/03/89	8 985 000	5 800 000
Industrial Commissions	23/05/85 to 01/01/90	1 000 000	650 000
Marketing	29/03/85 to 31/03/89	7 500 000	5 000 000
Hog Kill	23/05/85 to 31/03/86	6 019 000	4 500 000
Nova Scotia			
Technology Transfer	09/07/85 to 31/03/90	34 000 000	23 800 000
Strait of Canso Area Development	31/03/75 to 30/06/84	31 057 500	23 503 400
Advanced Manufacturing Support	09/10/85 to 31/03/88	31 100 000	21 720 000
Strait of Canso II	11/06/84 to 31/03/89	28 000 000	19 600 000
Assistance to Michelin Tires (Canada) Ltd.	07/06/80 to 31/12/90	56 000 000	42 000 000
Pulp and Paper Modernization	23/05/81 to 31/03/84	21 250 000	17 000 000
Ocean Industry Development	24/07/81 to 25/07/87	35 000 000	22 950 000
New Brunswick			
Industrial Development	05/12/85 to 31/03/90	30 000 000	21 000 000
Tourism	30/11/84 to 31/03/89	32 000 000	22 000 000
Northeast New Brunswick	23/06/77 to 31/03/87	95 500 000	67 175 000
Pulp and Paper	27/08/80 to 31/03/84	53 750 000	43 000 000
Consolidated-Bathurst Inc.	30/03/82 to 31/03/89	199 500 000	19 600 000
Sulphation Roast Leach Pilot Plant	30/09/83 to 31/03/87	22 350 000	17 880 000
Quebec			
Industrial Development II	23/01/85 to 31/03/90	350 000 000	175 000 000
Industrial Infrastructure	26/03/75 to 30/04/84	137 670 000	82 602 000
Tourism II	16/01/85 to 31/03/90	100 000 000	50 000 000
Tourism Development	06/04/78 to 31/03/84	136 000 000	69 600 000
Modernization of the Pulp and Paper Industry	15/05/79 to 31/03/84	240 000 000	135 000 000
Société Inter-Port de Québec	03/07/81 to 31/03/86	9 250 000	5 550 000

Appendix C

Agreement	Duration	Total Estimated Cost (\$)	DRIE Share (\$)
Ontario			
Tourism	20/11/84 to 31/10/89	44 000 000	22 000 000
Community and Rural Resource Development	07/12/77 to 31/03/85	29 523 000	13 828 000
Pulp and Paper Industry Facilities Improvement	15/05/79 to 31/03/84	188 100 000	62 700 000
Eastern Ontario	20/12/79 to 30/09/85	51 550 000	25 775 000
Northern Rural Development	02/03/81 to 31/03/84	18 500 000	9 250 000
Manitoba			
Tourism Development	15/12/78 to 31/03/85	20 000 000	12 000 000
Winnipeg Core Area	04/09/81 to 31/03/86	96 000 000	32 000 000
Northern Development	29/11/82 to 31/03/87	186 200 000	62 800 000
Urban Bus Industrial Development	04/06/84 to 31/03/89	50 000 000	25 000 000
Tourism	13/05/85 to 31/03/90	30 000 000	15 000 000
Saskatchewan			
Advanced Technology	31/08/84 to 31/03/89	33 200 000	16 600 000
Qu'Appelle Valley	06/10/75 to 31/03/84	33 700 000	7 760 000
Tourism	22/11/84 to 31/03/89	30 000 000	15 000 000
Northern Economic Development	31/08/84 to 31/03/89	36 000 000	18 000 000
Alberta			
Nutritive Processing Assistance II	19/08/81 to 31/03/86	28 000 000	14 000 000
Nutritive Processing Assistance I	11/03/75 to 30/06/81	17 000 000	8 500 000
British Columbia			
Tourism	21/08/85 to 31/03/90	30 000 000	15 000 000
Industrial Development	22/08/85 to 31/03/90	125 000 000	62 500 000
Northwest Territories			
Domestic Market Development	16/06/83 to 31/03/87	10 750 000	9 675 000
The Yukon			
Tourism and Small Businesses	02/05/85 to 31/03/89	10 000 000	8 000 000

ECONOMIC AND REGIONAL DEVELOPMENT AGREEMENTS (ERDAs)

Subsidiary agreements and memoranda of understanding
signed during the fiscal year April 1, 1985 to March 31, 1986

Agreement	Dept	Duration	Total Estimated Cost (\$)	Federal Share (\$)
Newfoundland				
Highways	TC	24/06/85 to 31/03/92	180 000 000	112 500 000
Channel-Port aux Basques	EC	30/07/85 to 31/03/88	8 500 000	6 500 000
Prince Edward Island				
Industrial Commissions	RIE	23/05/85 to 01/01/90	1 000 000	650 000
Meat Processing Facility	RIE	23/05/85 to 31/03/86	10 519 000*	4 500 000
Industrial Competitiveness	RIE	13/09/85 to 13/09/87	8 500 000	6 800 000
Mineral Development	EMR	07/01/86 to 01/03/89	300 000	240 000
Nova Scotia				
Technology Transfer	RIE	09/07/85 to 31/03/90	34 000 000	23 800 000
Advanced Manufacturing	RIE	09/10/85 to 31/03/88	31 100 000**	21 720 000
SYSO Modernization	RIE	28/02/86 to 31/03/91	157 000 000	110 000 000
New Brunswick				
Industrial Development	RIE	05/12/85 to 31/03/90	30 000 000	21 000 000
Quebec				
Forest Development	AGR	30/04/85 to 31/03/90	300 000 000	150 000 000
Science & Technology	MSST	10/06/85 to 31/03/90	100 000 000	50 000 000
Mineral Development	EMR	05/07/85 to 31/03/90	100 000 000	50 000 000
Transportation	TC	08/07/85 to 31/03/90	170 000 000	85 000 000
French-language TV (MOU)	DOC	13/02/86 to 31/03/90		
Ontario				
Mineral Development	EMR	14/06/85 to 31/03/90	30 000 000	15 000 000
Agriculture and Food (MOU)	AGR	27/08/85		
Manitoba				
Science & Technology (MOU)	MSST	10/05/85		
Tourism Development	RIE	13/05/85 to 31/03/90	30 000 000	15 000 000
Alberta				
Science & Technology (MOU)	MSST	22/04/85		
Tourism Development	RIE	13/05/85 to 31/03/90	56 300 000	28 150 000
Native Economic Development (MOU)	RIE/INAC	29/08/85 to 31/03/90	300 000	150 000
Northern Development	RIE	03/10/85 to 31/03/91	40 000 000	20 000 000
Agricultural Processing & Marketing	RIE	01/02/86 to 31/03/91	50 000 000	25 000 000
Transportation (MOU)	TC	28/02/86 to 28/02/91		
British Columbia				
Forestry	AGR	25/05/85 to 31/03/90	300 000 000	150 000 000
Science & Technology	MSST	08/07/85 to 31/03/90	20 000 000	10 000 000
Agriculture	AGR	25/07/85 to 31/03/90	40 000 000	20 000 000
Mineral Development	EMR	30/07/85 to 31/03/90	10 000 000	5 000 000
Tourism Development	RIE	21/08/85 to 31/03/90	30 000 000	15 000 000
Industrial Development	RIE	22/08/85 to 31/03/90	125 000 000	62 500 000
Small Business Incentives	RIE	24/10/85 to 31/03/90	50 000 000	25 000 000
Victoria Convention Centre (MOU)	RIE	21/02/86 to 19/09/86		
Totals			1 912 519 000	1 033 510 000

* includes private sector contribution

** includes Halifax County share.

