

Annual report 70·71

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Canada Dept. of  REGIONAL ECONOMIC EXPANSION CANADA
EXPANSION ÉCONOMIQUE RÉGIONALE CANADA

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Annual report 70·71

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Canada Dept of

 REGIONAL ECONOMIC EXPANSION CANADA
EXPANSION ÉCONOMIQUE RÉGIONALE CANADA

Information Centre
Ottawa, 1971

1971-1972

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Ottawa, 1972

Cat. No.: RE1-1971

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INTRODUCTION

In April 1969, the Department of Regional Economic Expansion was established to carry out, in co-operation with the provinces, a vigorous and co-ordinated effort to reduce regional economic disparities in Canada. These disparities have been persistent and large for many decades despite the considerable growth which the Canadian economy has experienced.

This Introduction reviews the highlights of Canada's economic growth since World War II, and its unequal regional impact; briefly describes the development strategy and programs of the Department; and assesses recent economic trends with particular reference to the Atlantic region where disparities in Canada have historically been the greatest.

The Canadian economy experienced a generally high level of activity over the period 1946 to 1970. With the exception of a relatively short recessionary period between 1957 and 1961, Gross National Product advanced steadily, the average annual rate of growth for the period being 8.7 per cent. In the same period, population grew from 12.3 million to 21.4 million, an increase of some 74 per cent; and, at approximately 8.4 million in 1970, there were almost three-and-one-half million more people in the labour force than in 1946. G.N.P. per capita grew at an annual rate of 7.0 per cent. Personal income per person increased more than three-and-a-half times in the same period.

These economic advances continued to be marred by persistent regional inequalities in job opportunities and standards of living. Although there has been a slow process under way in the post-war years toward a narrowing of the extreme inter-regional income differences, the gaps are still quite significant. Between 1950 and 1970, for example, personal income per person in the Atlantic region increased from 68 per cent to just less than 72 per cent of the national average, while in Quebec the corresponding figures were a change from 85 per cent to 91 per cent.

Unemployment rates also showed wide inter-regional differences. In the Atlantic region and Quebec, the proportion of the labour force without work in the post-war years has been generally over one-and-a-half times the national average. Although there has been some decline in the Atlantic region's share of national unemployment, there have also been similar declines in the region's share of the total population and labour force.

Underemployment is also a major characteristic of the economically disadvantaged parts of the country. Labour force participation rates provide one measure of this. Between 1950 and 1970, participation rates in Canada rose from 53.7 to 55.8 per cent. Over the same period, the corresponding figure for the Atlantic region fell from 49.3 to 47.6 per cent. These figures suggest that the inadequacy of job opportunities is of a larger magnitude than indicated by the unemployment rates alone.

Shifts in the geographic distribution of population reflect another aspect of inter-regional differences in Canada. Out-migration from the Atlantic region, for example, averaged some 10,000 persons a year during 1946-56. Over the following decade, this number rose to about 20,000 annually. In overall terms, the Atlantic region accounted for 11.7 per cent of the national population in 1950; this share fell to 10.5 per cent in 1960, and to 9.4 per cent in 1970. There have been similar declines in Quebec, Manitoba and Saskatchewan; the major gains were in Ontario, Alberta and British Columbia.

Total annual investment (private and public) in Canada increased by nearly four-and-a-half times between 1949 and 1970. Although there have been substantial increases in the volume of investment activity in all provinces, the rates have not been the same everywhere. As a per cent of total investment, the shares of the Maritime Provinces, Quebec, Manitoba, and Saskatchewan have declined, and those of Newfoundland,

Ontario, Alberta, and British Columbia increased. Substantially the same situation prevailed with respect to value added in the commodity producing industries.

These are some of the broad dimensions of regional economic disparities that have characterized the growth pattern of the Canadian economy in recent years.

The programs which the Department is administering are of a long-term nature. This is in recognition of the fact that regional disparities are not recent in origin and, by their very nature, cannot be resolved in a short period.

The Department's strategy is composed of three major and closely inter-related activities: industrial incentives, infrastructure assistance, and social adjustment and rural development. The objective of the first is to create continuing productive employment by making investment in viable industry more attractive in the relatively slow-growth regions of the country. The second assists in providing additional social capital for the water systems, roads, housing, etc., which are necessary to facilitate economic expansion and social adjustment in areas requiring special measures to realize their development capabilities. The third is to facilitate the access of people in rural areas to productive employment opportunities through social adjustment, as well as to improve their incomes through more efficient utilization of rural resources. These three programs thus represent integral parts of an overall economic expansion and social adjustment strategy.

Under the Regional Development Incentives Act of June 1969 (amended December 1970), and in consultation with the provincial governments, certain broad regions in all provinces were designated. In these regions, the legislation provides for a system of grants and loan guarantees to private industry to locate, expand or modernize their operations, and thereby create new permanent employment.

If these incentives are to be really effective, the centres in the slow-growth regions must be capable of attracting new industrial activity. They must be able to provide the utilities and services that industry requires. They must also have adequate social capital facilities, such as housing, water systems, and transportation, to meet the needs of the growing population. The Special Area program was developed to create a framework for the provision of these necessary supports to industrial growth.

The Department's efforts to facilitate social adjustment take several forms because of the different problems of human resource development and adaptation which characterize the various disadvantaged regions of the country. For example:

- i) the federal-provincial ARDA and FRED agreements provide for upgrading the skills and improving the mobility of rural populations so that they may benefit from new industrial employment opportunities and thus raise their standard of living; the ARDA program also assists people of native ancestry in disadvantaged areas through training, counselling, and financial incentives to develop local initiative and entrepreneurship;
- ii) some Special Area agreements include projects for the creation of manpower corps to provide experimental training for people whose opportunity of obtaining access to employment is otherwise limited;
- iii) the Newfoundland Resettlement Program facilitates the movement of people from remote communities to more attractive centres where opportunities for employment, education and social services are better;
- iv) the Canada NewStart program experiments with new methods in preparing unemployed and under-employed people in particularly disadvantaged areas to take advantage of new or improved job opportunities.

In December 1970, another measure was introduced to provide further stimulus to economic expansion and employment creation efforts. This was the Special Development Loans Program under which \$160 million was made available to the provinces to enable them to undertake, in 1971-72, beneficial capital projects additional to those previously planned for construction during 1970-71 or 1971-72.

The organization of the Department has evolved in accordance with the above program priorities. Close collaboration with the provinces is required at various stages of planning and implementation. This federal-provincial relationship is reflected in the organization structure that became effective on April 1, 1970. Three "regional" divisions, having operational responsibility and involving day-to-day co-operation with provincial authorities through field offices, were established at that time to manage the new and continuing infrastructure, social adjustment and rural development programs. The organization is outlined in the chart on the following page.

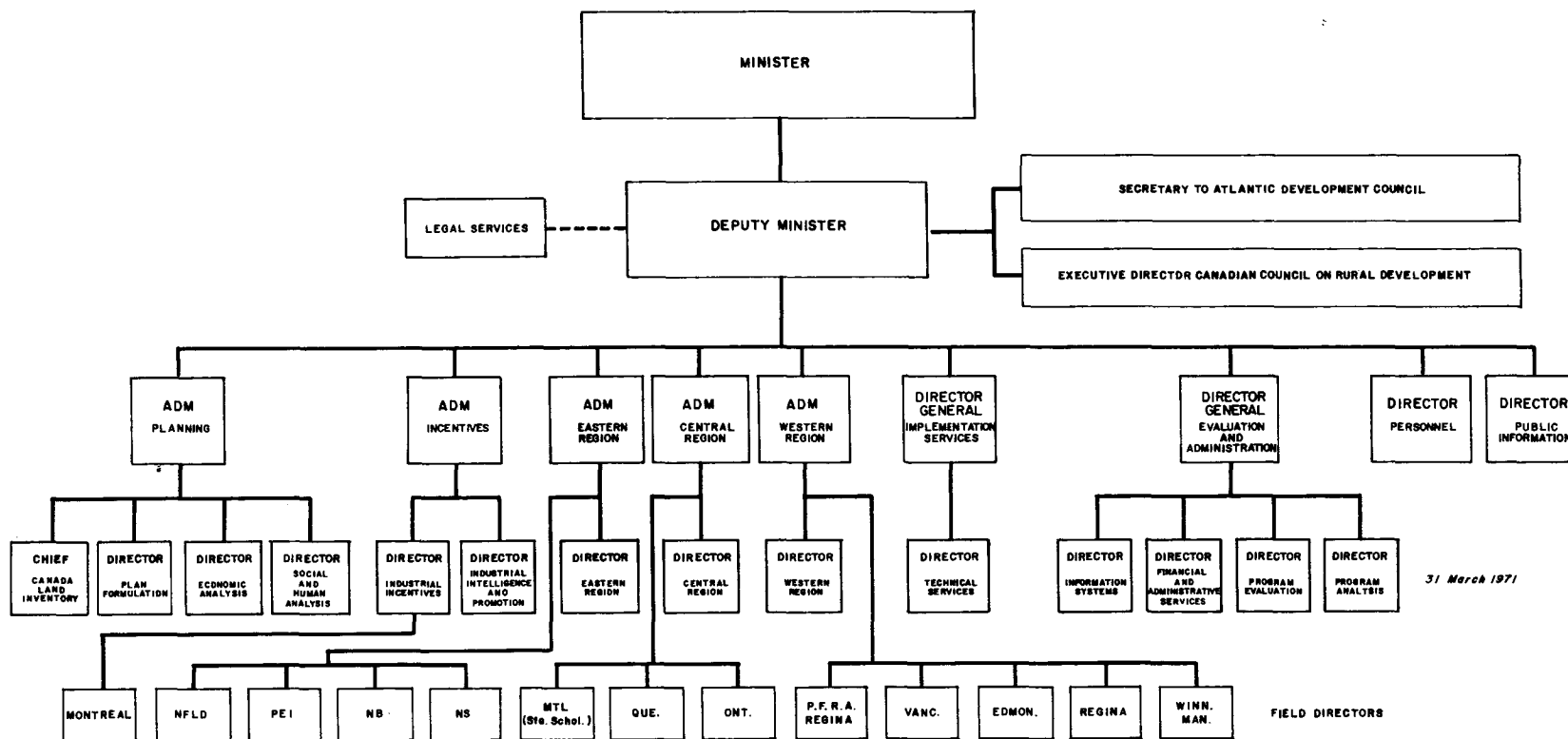
Although it is too early to assess the overall effectiveness of the programs of the Department, there is evidence that the improvements in the relative economic strength of the Atlantic region, which began in the late 1960's, are continuing and broadening. For example, there has been a generally steady improvement in the individual personal income per person in the region as a per cent of the national average. The margin of this improvement was wider in the decade of the '60's than in the '50's.

The volume of investment activity steadily increased in all Provinces and, here again, regions such as the Atlantic have performed relatively better than the others. The Atlantic region's share of total investment in Canada increased from 7.8 to 8.8 per cent between 1950 and 1970. The increase in the region's investment in the manufacturing sector was more significant—from 5.2 to 9.3 per cent of the corresponding national total in the same period. This trend was even more pronounced in the last two years.

There have also been distinct gains in the employment situation in the relatively disadvantaged parts of the country. The Atlantic region, for example, accounted for 15.9 per cent of the national unemployment in the 1950's. This figure declined to 14.0 per cent in the '60's and, over the last three years, to 11.6 per cent. Furthermore, the unemployment rate in the region averaged 174 per cent of the corresponding national figure in the 1950's, whereas in the '60's, the average was 166 per cent. Over the last three years, this figure further declined to about 145 per cent of the national average.

There are thus clear indications of a reduction in the magnitude of inter-regional economic differences in Canada, and they have been gathering momentum in the more recent years. The long-term aim of the Department's development programs is to help sustain and broaden these early favourable trends.

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION



31 March 1971

PLANNING

The main task of the Planning Division is a joint venture with provincial governments: to identify the strategies needed to reduce the magnitude of regional disparities and to develop the policies, plans and programs that will most effectively express these strategies. The process, therefore, also involves, to the maximum extent possible, the energy and ideas of local people.

Toward this end it is necessary, first, to identify the key economic and social causes of disparities in a particular region and then define the main goals to be arrived at; second, to develop the basic priorities—the broad strategy by which the goals are to be attained; third, to develop and assess alternative policies, plans and programs needed to reach the goals. The resulting plans and programs are put into effect jointly by the provinces and the federal government.

The three main activities of the Division during the fiscal year were the continuation of planning in respect of established programs; research and planning in respect of new Departmental programs and assisting in negotiation with the provinces; negotiation and formulation of development plans for the special areas.

A number of important new research projects, which were initiated in the previous fiscal year to explore the economic and social causes of the regional disparities, were continued in 1970-71. The Division also continued work on the planning aspects of several programs of predecessor agencies, including those under the Agricultural and Rural Development Act, and the Fund for Rural Economic Development Act, to determine the way in which activities under them could best contribute to the reduction of disparities.

The main focus of the Division's work, however, was on the development of new programs, including special areas and industrial incentives within the context of the development of a general planning framework for growth. New ARDA agreements were concluded with Ontario and British Columbia, and Special Area agreements have been signed with all other provinces except Prince Edward Island.

During the fiscal year, following a federal-provincial review, the Development Plan for Prince Edward Island was also amended.

The Canada Land Inventory program continued in 1970-71. The inventory was completed in Prince Edward Island, New Brunswick and Nova Scotia, and work in all other provinces except British Columbia has advanced to the final stages of their programs.

The Planning Division also continued to co-ordinate Canadian participation in the 'regional development' and related activities of such international intergovernmental bodies as the Organization for Economic Co-operation and Development and the United Nations.

To carry out its role, the Planning Division is divided, on a functional basis, into three Branches. The Economic Analysis and the Social and Human Analysis Branches carry out the basic analysis of economic and social problems and opportunities; the Plan Formulation Branch, jointly with the provinces and in collaboration with other federal departments, translates these into agreed strategies, plans and programs for Ministerial consideration.

PLAN FORMULATION BRANCH

The branch is organized both regionally and functionally. The three regional groups—dealing respectively with the Atlantic, Central (Quebec and Ontario) and Western regions—are responsible for working directly with the provinces on strategy and plan formulation. In addition, four sectoral planning groups—dealing respectively with Natural Resources, Human Resources, Private Capital and Social Capital—provide specialized expertise for the development of plans with the provinces and are responsible for program development in their respective areas of concentration.

The role of the Natural Resources group is to identify the patterns for efficient development and exploitation of regional natural resources; that of Human Resources is to develop programs for needed human resource development and social adjustment; that of Private Capital is the identifica-

tion of viable and competitive industries for the slow growth regions and the assessment of plans for their attraction; and that of Social Capital is the development of plans for social capital facilities needed to stimulate and assist economic growth.

During 1969-70, federal-provincial task forces reviewed provincial needs for economic expansion and social adjustment and recommended the establishment of special areas in order to facilitate economic growth. Following this, 22 special areas were designated by the Governor in Council.

In the same fiscal year, the main effort of the Branch was devoted to the preparation of development plans with the provinces for these areas. This work has since been completed and the first federal-provincial agreements were signed early in 1970-71. One additional special area (Ste. Scholastique) was also designated in the same fiscal year.

The 23 special areas are of seven kinds:

In St. John's, Halifax-Dartmouth, Moncton, Saint John, Quebec City, and Trois-Rivières, where faster growth can have major repercussions throughout eastern Canada, the plans provide for grants and loans to the provinces for roads, bridges, water and sewer systems, serviced industrial and residential land, schools, tourist facilities, industrial parks, and other facilities to strengthen the economic and social effects of regional development incentives to industry.

In Corner Brook, the Strait of Canso, and Sept Iles-Port Cartier, where growth potential stems largely from their location in relation to natural resources, the plans call for both key infrastructure development and financial assistance to commercial undertakings.

For the remaining special areas in Newfoundland—Burin, Happy Valley, Come by Chance, Grand Falls-Botwood-Gander, Stephenville, and Hawkes Bay-Port au Choix—the joint plans provide for community infrastructure, including services, industrial land and schools, to facilitate the resettlement of people from the outports.

Plans in the Lac St. Jean and Arnprior-Renfrew-Pembroke special areas, where new employment is particularly dependent on wood-based industries, call for the extension of financial assistance to the necessary commercial undertakings.

The three northern special areas on the Prairies—The Pas, Meadow Lake and Lesser Slave Lake—were established largely to assist the employment and social adjustment of the large number of socially disadvantaged people, including particularly those of native origin, resident there. Plans call for community infrastructure, social adjustment measures and the development of jobs particularly in the wood-based industries.

The Regina and Saskatoon special areas are ones which have enjoyed rapid growth in the past, but where recent problems in grain and potash marketing have caused serious problems. The plans for these areas provide incentive assistance to firms to develop new jobs.

In the remaining special area—Ste. Scholastique—the establishment of the new Montreal International Airport will cause economic dislocation. The plan for this area, therefore, includes special measures to facilitate economic expansion and social adjustment.

The departmental outlay in 1970-71 on account of the projects in federal-provincial Special Area agreements, including highway development in the Atlantic region, amounted to about \$140 million (\$98 million in contributions and \$42 million in loans). These first Special Area agreements cover the period April 1, 1970 to June 30, 1972. They involve a departmental commitment of about \$292 million and reflect the immediate developmental priorities for the areas. During the fiscal year, federal-provincial discussions were initiated for a review of the Special Area program, in preparation for longer-term joint development plans.

During the fiscal year, the joint review with the province of Manitoba of the Interlake FRED program was continued. Work on the revision of the FRED agreements covering the Gaspé region of Quebec and Northeast New Brunswick was also

continued. The FRED agreement for the Mactaquac area of New Brunswick was amended during the fiscal year, and new ARDA agreements to 1975 were signed with the provinces of Ontario and British Columbia to replace those which expired on March 31, 1970. Officers of the Branch assisted in the amendment of the Regional Development Incentives Act and in the revision of the boundaries of the designated regions in which incentives apply.

The second Canada-Newfoundland Resettlement Agreement was signed during the fiscal year. The expenditure on this program in 1970-71 was \$872,065.

In addition to continuing the federal-provincial planning studies begun during 1969-70 to develop urban plans for Saint John and Moncton, New Brunswick, similar studies have been initiated during 1970-71 for St. John's, Newfoundland. The mineral development study in New Brunswick which was formulated in 1969-70 was initiated during the fiscal year, as was the second phase of the Atlantic Mapping, Surveying and Titling Program.

ECONOMIC ANALYSIS BRANCH

The task of the Economic Analysis Branch is to analyse and test hypotheses about economic expansion—in the context of other federal economic policies—and their effect on regional development.

The Branch is responsible for defining the characteristics and factors affecting regional growth. This involves the analysis and development of micro-economic models respecting natural resources and primary manufacturing, construction, trade and service sectors. It also requires the analysis of major-macro variables and the assessment of their effects on regional economic disparities.

During 1970-71, the staff of the Branch was engaged in developing medium-term econometric models in collaboration with other agencies. In addition, it also initiated several studies relating to the various aspects of regional analysis and development planning, the major ones being: studies on location characteristics of manufacturing industries; sector

studies relating to such resource industries as agriculture and mining; and studies on the structure of urban systems with a view to developing growth centre strategies as well as adjustment programs. During the same year, the Branch also initiated an ongoing project dealing with an evaluation of present trends in, and forecasts of, the major economic indicators relating to all the regions of Canada.

SOCIAL AND HUMAN ANALYSIS BRANCH

The purpose of this Branch is to assist in developing plans, programs and projects to help disadvantaged people in slow-growth areas to respond promptly and effectively to opportunities for improving earnings in existing activities, to help them prepare for new employment, and to facilitate their access to gainful employment opportunities.

During 1970-71, the Branch was responsible for the provision of technical advice on social adjustment aspects of ARDA and FRED projects and the Newfoundland Resettlement Program, including participation in working and review groups and task forces.

The Branch was also responsible for the NewStart Corporations. The Canada NewStart Program, under which these Corporations operate, was introduced to experiment with and isolate effective and efficient techniques and methods of social and human development. To achieve this, six autonomous provincially incorporated pilot projects were established. In 1970-71, four of these NewStart Corporations (in Lac La Biche, Alberta; Prince Albert, Saskatchewan; Yarmouth, Nova Scotia; and Montague, Prince Edward Island) were in their third year of operation and the two additional ones (in The Pas, Manitoba; and Richibucto, New Brunswick) were in their second year of operation. They continued their experimentation with methods of adult basic training and academic and vocational education and life skills; recruitment; motivation; counselling and job placement.

The funds provided by the Department to the six NewStart Corporations in 1970-71 totalled \$5.64 million.

CANADA LAND INVENTORY

Activities initiated under the Canada Land Inventory (CLI) continued in 1970-71. The object of the program is to produce data on land capability, primarily for land-use and rural development planning. It is a federal-provincial program. The Federal Government sponsors and co-ordinates the planning, collection, analysis and publication of the results. Each province undertakes the inventory within its borders, with federal financial and technical assistance.

Lands are classified according to their capabilities for agriculture, forestry, recreation, wildlife, and sports fish. Information on present use is also being recorded.

The inventory data are being produced in two series of maps. One series is for general distribution and is available from Information Canada, while the other is for more specialized use and will include up to 20,000 computer input maps. Each series will include lands throughout the settled areas of Canada (see map, page 9) covering a total of about one million square miles.

During 1970-71, a pilot land-use planning program continued in the provinces. The objective of this program is to develop and evaluate applications of CLI data in the planning process and to familiarize those engaged in land-resource planning and management with these data. Projects have been ap-

proved for Nova Scotia, New Brunswick, Quebec, Ontario and Alberta, and reports are in preparation. A similar project was approved in Manitoba in 1970-71, and this is continuing.

The CLI, as it is presently constituted, is a terminal program. As the area and the type of ground varies from province to province, provincial completion dates will vary. The inventory has been completed in Prince Edward Island, New Brunswick and Nova Scotia. All other provinces except British Columbia are in the final stages of their programs.

The Canada Land Inventory program, possibly the first of its kind to be undertaken on such a scale by any country, is commanding considerable international interest for its pioneering venture into the area of resource planning information.

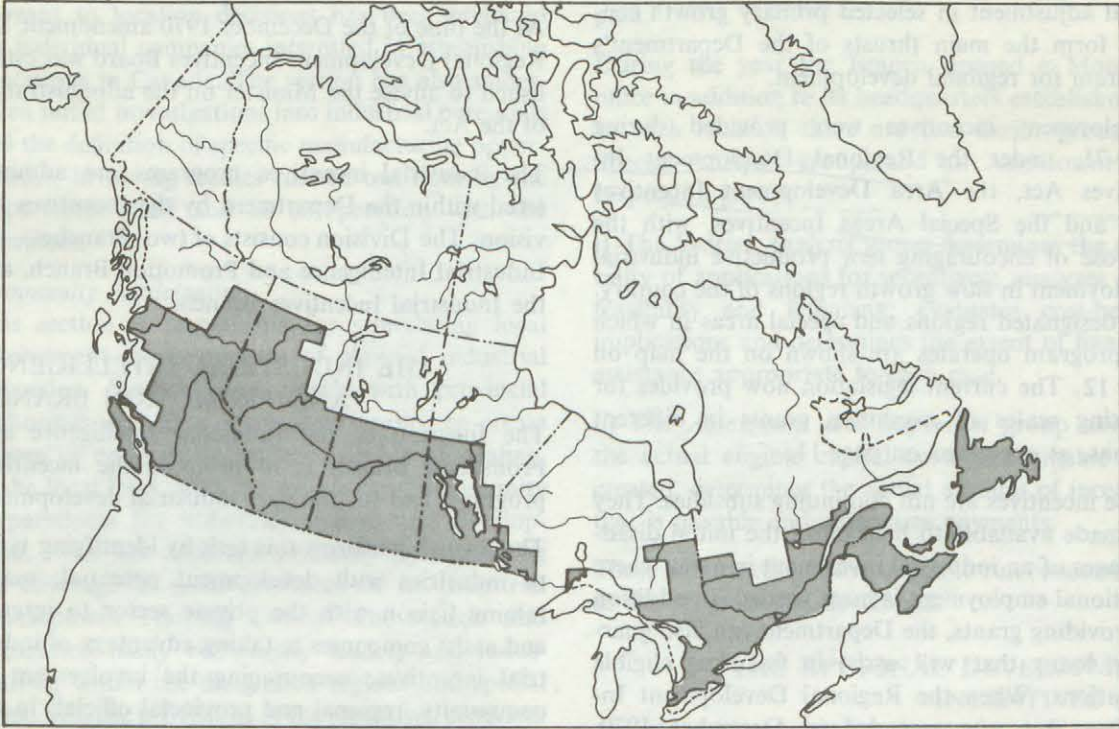
The following are the 1970-71 expenditures under the program:

Nova Scotia	\$ 78,090
New Brunswick	\$ 12,483
Ontario	\$ 354,871
Saskatchewan	\$ 204,494
Alberta	\$ 318,031
Manitoba	\$ 408,968
British Columbia	\$ 608,994
Quebec	\$ 667,136
Other federal projects	\$1,362,761
Total	\$4,015,828

C.L.I. CAPABILITY MAPS TO MARCH 31, 1971

	<u>Manuscripts</u> <u>Progress</u>	<u>At</u> <u>Printing</u>	<u>Printed</u>	<u>Total</u>
<i>Agriculture</i>	72	19	68	159
<i>Forestry</i>	77	6	9	92
<i>Recreation</i>	108	28	21	157
<i>Wildlife</i>				
<i>Ungulates</i>	115	31	14	160
<i>Wildlife</i>				
<i>Waterfowl</i>	105	47	52	204
TOTAL	477	131	164	772

AREAS COVERED BY THE CANADA LAND INVENTORY



INDUSTRIAL INCENTIVES

The Industrial Incentives program, together with the related program of infrastructure assistance and social adjustment in selected primary growth centres, form the main thrusts of the Department's program for regional development.

Development incentives were provided during 1970-71, under the Regional Development Incentives Act, the Area Development Incentives Act, and the Special Areas Incentives, with the purpose of encouraging new productive industrial employment in slow growth regions of the country. The designated regions and special areas in which the program operates are shown on the map on page 12. The current legislation now provides for differing scales of maximum grants in different regions, as explained on page 11.

These incentives are not continuing subsidies. They are made available to help offset the initial disadvantages of an industrial investment in areas where additional employment is most needed. In addition to providing grants, the Department can also guarantee loans that will assist in financing eligible operations. When the Regional Development Incentives Act was amended in December 1970, provision was made for loan guarantees. These loan guarantees may be extended to selected new commercial operations, e.g. hotels, convention centres, recreation facilities, warehousing, freight handling, shopping centres, and business offices as well as to manufacturing and processing industries.

The amendment also made available a special incentive applicable to plants brought into production not later than December 31, 1973, and identified specific areas where this new incentive would apply—the counties of Stormont, Glengarry, and Prescott, in Eastern Ontario, the Southwestern portion of Quebec including Montreal, not previously designated, and in the Atlantic Provinces where the special incentive is additional to the regular incentives.

The designated regions, selected in the previous year after consultation between the Department and the Provinces, are subject to review before June 30, 1972; the regular incentives, applicable

to these regions, apply to plants brought into production not later than December 31, 1976.

At the time of the December 1970 amendment The Regional Development Incentives Board was established to advise the Minister on the administration of the Act.

The industrial incentives programs are administered within the Department by the Incentives Division. The Division consists of two Branches—the Industrial Intelligence and Promotion Branch, and the Industrial Incentives Branch.

THE INDUSTRIAL INTELLIGENCE AND PROMOTION BRANCH

The function of the Industrial Intelligence and Promotion Branch is to promote the incentives programs and to stimulate industrial development.

The Branch performs this task by identifying types of industries with development potential; maintaining liaison with the private sector to interest and assist companies in taking advantage of industrial incentives; encouraging the involvement of community, regional and provincial officials in the process of industrial expansion; providing grants for regional development seminars and conferences; and providing support for the export development efforts of slow-growth regions.

There are three sections in the Branch: Industrial Intelligence, Community Participation, and Industrial Promotion.

Industrial Intelligence

This section identifies industrial opportunities and assists in bringing them to the attention of businessmen. It has produced up-to-date reference material on factors affecting sites for plant location, including information on the advantages offered by communities, regions and provinces. Studies of industry have been conducted to analyze such characteristics as growth in sales, return on investment and employment multipliers. Desirability criteria have been developed to aid in identifying industries possessing the greatest potential for long term viability. Industrial profiles, describing the produc-

tion and market requirements of a number of industries have been obtained. Detailed information relevant to location decisions has been prepared for individual companies interested in establishing operations in Canada. The section has also undertaken initial investigations into industrial potentials and the definition of specific manufacturing opportunities, involving studies carried out both by the Department itself and in co-operation with the Provinces.

Community Participation

This section is responsible for stimulating local involvement in the process of planned industrial expansion. Staff worked closely with provincial authorities and local sponsoring groups to create a core of community leaders capable of dealing, at the local level, with the problems of community preparedness for industrial change and development. This was achieved primarily by expanding the coverage to most provinces of its Industrial Development Training Course. The section also acquainted many community leaders and industrialists, within the designated regions and special areas, with the provisions of the incentives program.

Industrial Promotion

This section is responsible for identifying, locating and interviewing industrial prospects. These activities have been expanded in an effort to attract manufacturing and processing facilities to the designated regions and special areas. Visits have been made to prospects in many parts of Canada and the United States, and promotional literature has been distributed as another means of publicizing the programs. The amendments to the Regional Development Incentives Act, combined with increased promotional activity, produced a sharp rise in the number of personal interviews and requests for guidance as the year drew to a close.

THE INDUSTRIAL INCENTIVES BRANCH

The function of this Branch is to manage the industrial incentives program. This involves reviewing applications for assistance, determining eligibility and the estimated incentive grant applicable, carrying out a subsequent inspection to ensure that

commercial production has commenced, and to determine and authorize the actual incentive to be paid.

During the year the Branch opened a Montreal office in addition to its headquarters establishment. In each location there are two major groups: a Special Analysis group, and an Assessment and Inspection group.

i) The *Special Analysis* group determines the eligibility of applications for incentives; analyzes their feasibility and financing; evaluates cost-benefit implications and determines the extent of financial assistance appropriate to each case.

ii) The *Assessment and Inspection* group assesses the actual eligible capital costs and eligible jobs created, determines the actual amount of incentive that is payable and authorizes payments.

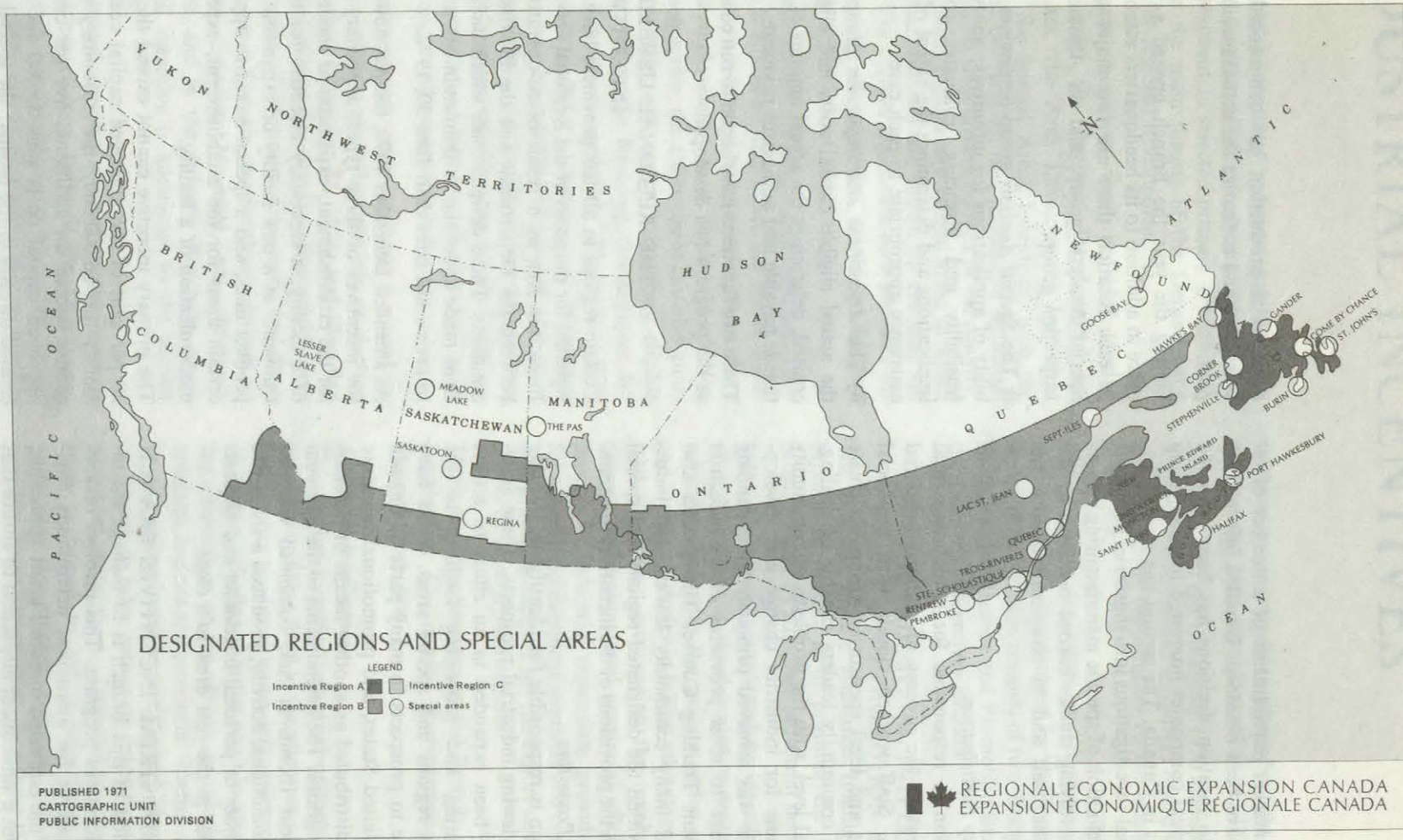
These two functions have begun to run concurrently as the program has developed.

THE REGIONAL DEVELOPMENT INCENTIVES ACT

Certain regions in all ten provinces have been designated for purposes of the Regional Development Incentives Act, as a result of co-operative efforts between the Department and the Provincial Governments. These designations, which include additions made under the 1970 amendment, are subject to review not later than June 30, 1972.

As amended December 1970, the Act now provides for incentives of three types: a primary incentive for the establishment, expansion or modernization of a facility; a secondary incentive for the establishment of a new facility or expansion into new product lines, and a special incentive applicable in certain areas for the establishment, expansion or modernization of a facility.

The primary incentive cannot exceed the lesser of 20 per cent of the approved capital costs of the facility or \$6,000,000; the secondary incentive cannot exceed an additional five per cent of the approved capital costs plus \$5,000 for each job created directly in the facility; the special incentive



cannot exceed 10 per cent of the approved capital costs, plus an additional \$2,000 for each job created directly in the facility.

In summary, therefore, the Act provides for incentives which may reach a total, in the Atlantic Region, as high as 35 per cent of approved capital costs plus \$7,000 for each new job. However, the Act limits the total incentive payable on any facility to an amount not greater in total than \$30,000 for every job created directly in a facility, or one-half of capital employed, whichever is the lesser amount.

Loan Guarantees

The RDIA amendment of December 1970 also authorized loan guarantees in designated regions in respect of manufacturing and processing facilities. Loan guarantees can also be provided for part of the loan financing required in connection with major commercial operations, including convention facilities, hotel accommodation or recreational facilities; and business offices, shopping centres or warehousing and freight handling facilities located in large centres of population where these facilities will provide services on a major scale in relation to the size of such centres. To be eligible for a loan guarantee, minimum capital costs for commercial facilities are \$5,000,000 in the Montreal metropolitan area; \$1,000,000 in other large population centres; and \$500,000 in any other place. These loan guarantees are available in the regions designated under the Regional Development Incentives Act and the special areas established under the Government Organization Act. Guarantees cannot exceed 90 per cent of the borrowings plus interest, and are subject to a fee payable to the Receiver-General. They cannot be authorized if the amount of the loan exceeds 80 per cent of the approved capital costs of the project.

Special Area Incentives

The incentives available under the Regional Development Incentives Act are extended to secondary industry in those special areas that are outside the designated regions of the regular program. The Department's legislation under which special areas were designated also enables the provision of in-

centives to primary and tertiary industries in those cases where they are essential to the success of a development plan.

From inception in July 1969, to March 31, 1971, the RDIA program attracted 2,267 applications, whose status at the latter date was:

<i>Status of Applications</i>	<u>1969-70</u>	<u>1970-71</u>	<u>Total</u>
Applications Received.....	700	1,567	2,267
Applications Withdrawn.....	38	379	417
Applications Rejected.....	66	341	407
Offers Made.....	167	528	695
<i>Status of Offers</i>			
Offers Lapsed.....	4	22	26
Offers Declined.....	5	47	52
Offers Accepted.....	107	418	525
<i>Status of Accepted Offers</i>			
Offers Accepted.....	107	418	525
Accepted Offers Declined or Withdrawn.....	—	34	34
Net Accepted Offers..	107	384	491

The following table depicts the operation of the RDIA program from inception to the year ending March 31, 1971 by Province, showing the number of active (net) accepted offers, the estimated capital investment involved, estimated new direct job opportunities to be created in reaching full commercial production and the amount of incentives.

INCENTIVE OFFERS ACCEPTED, BY PROVINCE, TO MARCH 31, 1971

<u>Province</u>	<u>Offers</u>			
	<u>Number (Net) of Acceptances</u>	<u>Estimated Capital Cost</u> (,000's)	<u>Estimated Employment</u>	<u>Estimated Incentives Grant</u> (,000's)
Newfoundland.....	17	\$ 3,774	705	\$ 1,410
Prince Edward Island.....	15	3,292	357	1,184
Nova Scotia.....	51	113,566	1,729	21,581
New Brunswick.....	49	26,161	2,118	11,881
Quebec.....	190	240,648	11,646	54,942
Ontario.....	34	81,860	1,960	13,912
Manitoba.....	72	27,394	2,444	7,548
Saskatchewan.....	25	18,334	1,183	5,020
Alberta.....	27	109,542	1,493	17,359
British Columbia.....	11	1,979	172	556
TOTAL.....	<u>491</u>	<u>\$626,550</u>	<u>23,807</u>	<u>\$135,393</u>

Note: This year's table cannot be compared with previous years' tables. The format was changed in order to provide additional information to all interested parties. The new format eliminates applicants' estimates of capital cost and employment; the reader now has an overview of the figures which are related specifically to the net acceptances of incentives offered.

AREA DEVELOPMENT INCENTIVES ACT

The Incentives Division continues to administer the Area Development Incentives Program, which was established originally under the Area Development Agency in July 1965. Under this program, grants were related directly to the eligible capital costs of new machinery, equipment and buildings. The amount of the grant was based on a rate of one-third of the first \$250,000 of eligible capital costs, plus one-quarter of the next \$750,000, plus one-fifth of any remaining eligible capital costs. The maximum grant for any new facility or expansion was set at \$5 million. In addition to the cash payment, approved projects were also eligible for accelerated capital cost allowance, thus producing a reduction in the amount of income tax payable.

The final date for applications under the Area Development Incentives Act was December 31, 1969. In order to be eligible for the grant, new or

expanded facilities were required to be in commercial production by March 31, 1971, unless an extension was authorized by the Minister in circumstances, clearly beyond the control of the applicant, where this deadline could not be met.

The ADIA program, during the four and one-half years of its existence, generated 1,920 applications for grants and 460 applications for tax exemptions under Section 71(a) of the Income Tax Act. The following table indicates the number of active applications (cases where payments have been or may still be made), the capital costs, and the estimated number of jobs involved, by region, at the end of the fiscal year.

From the inception of the program up to March 31, 1971, total expenditures on account of authorized grants were \$144,030,017.

AREA DEVELOPMENT INCENTIVES ACT

Projects Eligible for Incentives and Tax Holiday,¹
by Region, at March 31, 1971 (Final)

		<u>Active Cases</u>	<u>New Investment in Fixed Assets</u>	<u>Estimated Employment</u>
Atlantic Provinces.....	Grant	275	575,233,000	14,959
	Tax	33	88,465,000	2,745
Quebec.....	Grant	258	374,028,000	13,074
	Tax	40	154,214,000	2,986
Ontario.....	Grant	110	174,735,000	7,961
	Tax	94	223,988,000	8,544
Western Provinces.....	Grant	197	388,545,000	7,855
	Tax	9	5,038,000	658
Total — Canada*.....	Grant	840	1,512,541,000	43,849
	Tax	176	471,705,000	14,933

*Note: Some reductions have occurred from the figures reported last year. The reduction reflects projects not realized and rejection of projects that did not qualify within the legislation.

¹ Accelerated Depreciation

58782
231
220

**OTHER INDUSTRIAL
DEVELOPMENT PROGRAMS**

New Brunswick Multiplex Corporation Limited

Arrangements were completed for the creation of New Brunswick Multiplex Corporation Limited, a federal-provincial agency to be responsible for exploring the possibility of establishing a complex of inter-related metal-working industries centred at Saint John, New Brunswick. Tentative plans for such a complex, based on extensive feasibility studies, had been completed by consultants. The prospects appeared to both Governments to be sufficiently encouraging to warrant the establishment of a joint corporation to investigate further

and promote the idea through discussions with private industry in Canada and other countries.

Newfoundland Development Corporation

Also during 1970-71, on the initiative of the Government of Newfoundland discussions began about the possibility of establishing a federal-provincial development corporation in that Province. This corporation would provide assistance and advice to local businessmen with respect to industrial management, production, financing and marketing, and make equity and loan capital more readily available for industrial development. Agreement in principle to create such a corporation had been reached by the end of the fiscal year, but no detailed plans had been prepared.

INFRASTRUCTURE ASSISTANCE

The Department's Special Area program as noted in the introductory chapter is an integral part of the Department's developmental strategy. It represents a concentration of governmental assistance to promote economic expansion in selected areas by enhancing their attractiveness as locations for new job-creating activities. The projects included in this program, therefore, relate largely to such infrastructure as water and sewer systems, industrial parks, roads and bridges, port facilities, schools and residential land assembly. The development of new industrial employment in these areas is assisted through the Regional Development Incentives Act and the Government Organization Act. By the end of the fiscal year, the number of communities designated as special areas stood at 23.

Assistance for infrastructure projects is formalized through specific federal-provincial development plan agreements. The first Special Area agreements, covering the period April 1, 1970 to June 30, 1972, were signed during the fiscal year as follows:

<i>Province</i>	<i>Date of Agreement</i>
Newfoundland.....	April 21, 1970
Nova Scotia.....	June 12, 1970
New Brunswick.....	April 21, 1970
Quebec.....	June 8, 1970
Manitoba.....	May 11, 1970
Saskatchewan.....	May 12, 1970
Alberta.....	May 13, 1970

Note: The Agreements signed with New Brunswick, Nova Scotia, and Newfoundland also covered some highway construction outside Special Areas.

These agreements will be followed by relatively longer-term ones, in recognition of the long-term nature of the Department's programs. The financial provisions of the first agreements, which reflect the immediate social capital needs of the 23 areas, are as shown below:

FIRST SPECIAL AREA AGREEMENTS

(\$ Millions)

<i>Province</i>	<i>DREE Commitments April 1970 — June 1972</i>			<i>DREE Outlays, Fiscal Year 1970-71</i>		
	<i>Contri- butions</i>	<i>Loans</i>	<i>Total</i>	<i>Contri- butions</i>	<i>Loans</i>	<i>Total</i>
Newfoundland.....	62.93	19.61	82.54	33.49	5.78	39.27
Nova Scotia.....	22.11	12.27	34.38	10.22	5.60	15.82
New Brunswick.....	40.80	21.29	62.09	26.60	6.86	33.46
Quebec.....	62.87	37.56	100.43	24.51	21.35	45.86
Manitoba.....	3.03	2.88	5.91	1.63	1.22	2.85
Saskatchewan.....	2.52	1.94	4.46	0.63	0.68	1.31
Alberta.....	1.21	1.19	2.40	0.72	0.66	1.38
TOTAL.....	195.47	96.74	292.21	97.80	42.15	139.95

Note: The commitments include the 15 per cent allowance provided for in the Special Area Agreements to cover unanticipated expenditures over the life of the Agreements.

The following paragraphs summarize the activities under the program during the fiscal year in each of the seven provinces in which the 23 Special Areas are located.

Newfoundland

Eight Special Areas were designated in the Agreement with Newfoundland. The total estimated cost* of the projects in these areas, and of road construction outside them, was as follows:

St. John's.....	\$24,505,000
Burin.....	9,238,000
Come by Chance.....	400,000
Grand Falls-Gander.....	2,991,000
Stephenville.....	4,820,000
Corner Brook.....	5,162,000
Hawke's Bay-Port au Choix.....	968,000
Happy Valley.....	2,565,000
Roads Outside Special Areas.....	21,245,000

The amounts provided for various types of projects inside the Special Areas were:

Mount Pearl New Town	
Development.....	\$ 4,123,000
Municipal Services.....	8,116,000
Roads and Highways.....	24,127,000
Schools.....	14,283,000

There were 110 projects and sub-projects included in the Agreement. By the end of the fiscal year contracts had been awarded on 80, of which 25 were completed.

In St. John's work was begun on the development of the Mount Pearl Industrial Park and a trunk sewer, as well as on the St. John's East Elementary School. In addition, land was acquired for a number of construction projects.

In the Burin Peninsula construction was started on the St. Lawrence water supply, the Creston Elementary School and on parts of the Grand Bank and St. Lawrence roads.

*The total estimated cost excludes the allowance of 15 per cent for un-anticipated expenditures.

Work was started in Come by Chance on the water supply system at Arnold's Cove; in the Grand Falls-Gander Special Area on the Bishop's Falls water supply and the design and construction of sections of the highway between Bishop's Falls and Botwood; and at Stephenville on the water supply system and on the reconstruction and paving of two roads in the area.

Trunk sewer improvements and extensions were begun in three areas of Corner Brook.

Work was also begun and good progress made on over 40 road construction projects outside the Special Areas; by the end of 1970-71 contracts had been awarded on all but a few of the projects provided for in the Agreement. Forest access roads were constructed in several locations in Central and Eastern Newfoundland. Highway contracts were awarded covering reconstruction and upgrading of portions of the road in the Burin Peninsula.

Nova Scotia

Two Special Areas were designated in the Agreement with Nova Scotia. The total estimated cost of the projects (excluding the 15 per cent allowance) in these areas and of road construction outside them was as follows:

Strait of Canso.....	\$ 3,250,000
Halifax-Dartmouth.....	21,163,000
Roads Outside Special Areas.....	5,480,000

The amounts provided for various types of projects inside the Special Areas were:

Municipal Services.....	\$ 8,229,000
Roads and Highways.....	7,735,000
Schools.....	8,449,000

There were 99 projects and sub-projects included in the Agreement. By the end of the fiscal year contracts were awarded on 58, of which 11 were completed.

In the Strait of Canso area four projects were under contract and work was progressing on two of these: the two-lane inter-connector arterial linking Highway 4 to the Port Hawkesbury Industrial Park and

the construction and paving of two roads within the Park area. Two other projects had been completed.

At Halifax-Dartmouth 40 projects were under contract, of which six were almost completed. Work was under way on 18 projects including the Bedford-Sackville trunk water line and a number of sewer lines to serve various parts of the area. The construction of the Sackville Senior High School proceeded, as did the work on the Central Elementary and Junior High School complex in the central part of Halifax. Other educational facilities under way were the Bloomfield Elementary-Junior High School extension, the Forsyth Elementary School extension, and the enlargement of the Brookhouse Elementary School.

Work was begun on the water transmission line from Major Lake to the Halifax water system and on a number of sewer projects to serve the two municipalities. Road construction was under way on the Lakeview Drive arterial highway and on the Trunk 103 arterial.

Outside the Special Areas twelve highway projects out of a total of sixteen were under contract at the year's end. Of these, three were nearly completed and work proceeded on structures and interchanges on the 103 Halifax-Bridgewater arterial.

New Brunswick

Two Special Areas were designated in the Agreement with New Brunswick. The total estimated cost (excluding the 15 per cent allowance) of the projects in these areas, and of road construction outside them, was as follows:

Moncton.....	\$ 8,559,000
Saint John.....	30,425,000
Roads Outside Special Areas.....	15,010,000

The amounts provided for various types of projects inside the Special Areas were:

Residential and Industrial Land...	\$ 1,925,000
Municipal Services.....	15,608,000
Roads and Highways.....	13,548,000
Schools.....	7,903,000

There were 84 projects and sub-projects included in the Agreement. By the end of the fiscal year contracts had been awarded on 64, of which 38 were completed.

In Moncton, four projects for road construction were under contract by the year's end of which three were almost completed. Two trunk water lines were under construction and work was begun on two collector sewers.

Of the three school projects, the Forest Glen Elementary School was virtually completed, work was under way on the Dieppe Senior Vocational High School, and design work proceeded for the Moncton Senior Vocational High School.

In Saint John work was under way on one of three road projects; the Marsh Creek sewage system was virtually completed; and the library and gymnasium at Millidgeville High School were ready for occupancy.

Considerable work was undertaken on the construction of the Saint John Throughway. The Agreement provided for ten construction projects at various points in the Throughway, and by the year's end construction was under way at five locations. Land acquisition for various projects was under way during the year; by the end of March 1971 almost all of the acreage required for the industrial land bank had been obtained.

Substantial progress was made on highway construction outside the Special Areas. In the Shediac-Buctouche region thirteen out of a total of seventeen sub-projects were nearing completion by the year's end. Grading and laying of a base course on four miles of Route 11 between Buctouche and Richibucto was finished. On Route 5 in the Woodstock-Houlton area, two of the three projects were completed; on Route 1 paving was laid on two links between Waweig and Digdeguash and the superstructure installed for the Digdeguash River bridge.

On Route 11 work proceeded on the Campbellton-Charlo By-pass, with five of the six projects virtually completed by the year's end. The relocation of the

road in the Bathurst-Belledune area progressed as planned; three of the five projects were completed.

Quebec

The Quebec Federal-Provincial agreement initially provided for infrastructure assistance within the three special areas of Quebec City, Trois-Rivières and Sept-Îles. The Agreement was amended during the year and two new special areas, Lac Saint-Jean, and the general area of the new Ste. Scholastique airport, were added. With these revisions, the total DREE commitment under the agreement (including the 15 per cent allowance for unanticipated expenditures) was raised from \$52.5 million to \$100.43 million. The total estimated cost of projects within these five special areas (excluding the 15 per cent allowance) is:

	Million
Quebec City.....	\$46.3
Trois-Rivières.....	\$10.5
Sept-Îles.....	\$10.0
Lac Saint-Jean.....	\$ 0.9
Ste. Scholastique.....	\$17.0
Total.....	\$84.7

Quebec City Special Area — Some 24 projects with an expected total cost of \$46.3 million were approved for Quebec City area: \$31,872,842 of this amount was spent in 1970-71 (\$18,335,627 Budgetary and \$13,537,215 Non-Budgetary). These projects are aimed at developing roads, industrial services, and tourism (restoration of Place Royale and the Quebec Seminary, facilities for Mount St. Anne); purifying the water of St. Charles River; building houses and composite high schools; and creating an industrial research centre.

Trois-Rivières Special Area — The projects approved for the Trois-Rivières area will cost some \$10.5 million, of which \$6,068,127 was spent in 1970-71 (\$2,328,113 Budgetary and \$3,740,014 Non-Budgetary). These projects include industrial and urban infrastructure road works and the restoration of the Niverville and Vieilles Forges manors.

Sept-Îles/Port-Cartier Special Area — In this area, the purpose of the approved projects is to provide for urban services and housing. Of the \$10.0 million

total estimated cost, \$7,059,151 were spent in 1970-71 (\$3,271,297 Budgetary and \$3,787,854 Non-Budgetary).

Lac St-Jean Special Area — This area was originally designated in order to be eligible for incentives for the pulp and paper industry. The City of Alma was subsequently added. Funds in the amount of \$0.9 million were provided for the development of an industrial park, and \$860,000 was spent in 1970-71 (\$576,200 Budgetary and \$283,800 Non-Budgetary).

Ste. Scholastique Special Area — The last amendment to the Agreement, made on March 25, 1971, concerned this area. The ceiling of forecast expenditures was established at \$17.0 million.

Manitoba

The Manitoba Federal-Provincial Agreement provides infrastructure assistance in The Pas. By the end of the 1970-71 fiscal year most projects in this Special Area were well advanced. However, modest redistribution of some of the funds originally scheduled in the agreement led to the postponement of a library development and a part of a civic centre complex in favour of a water system.

Progress was particularly good in the installation of a sanitary sewer system and lagoon. About half the work had been done on the storm sewer system, and the water system was well launched towards completion in the winter of 1971. The three schools for which provision was made in the Agreement were designed, and two of the three foundations started. Similarly, foundation work was in progress for the Civic Centre and Friendship Centre at the end of the year. Purchase contracts for firefighting equipment, mobile homes and portable training units had been let.

In total, federal expenditures during the year amounted to \$1,628,358 in contributions and \$1,214,106 in loans.

Saskatchewan

The Saskatchewan Federal-Provincial Agreement provides assistance for infrastructure projects in Meadow Lake. Initial implementation by the prov-

ince of the various projects in the Agreement was slower than anticipated with the result that, by the end of the year, work was behind schedule on most of them. However, it is expected that almost all projects will be completed before the deadlines established in the Agreement.

Contracts were let for most projects before the end of the year but some redistribution of funds between projects was necessary. This is not expected to affect the total amount committed under the Agreement.

In total, federal expenditures during the year amounted to \$627,072 in contributions and \$674,762 in loans.

Alberta

The Alberta Federal-Provincial Agreement provides assistance for infrastructure projects in Lesser Slave Lake. By the end of the 1970-71 fiscal year, implementation of all projects contained in the Agreement was well advanced. As in the case of The Pas Special Area and the Meadow Lake Special Area, some redistribution of funds originally scheduled in the Agreement was found necessary on the basis of actual costs encountered.

Progress was particularly good on water and sewer system projects in the town of Slave Lake. Development of the industrial park approximately seven miles southeast of the town also progressed satisfactorily. In addition, the work on the public and high schools had progressed well by the end of the year.

Federal expenditures during the year amounted to \$723,014 in contributions and \$660,156 in loans.

ATLANTIC PROVINCES POWER DEVELOPMENT ACT

As outlined in last year's annual report, this Act provides for agreements between the Government of Canada and the Governments of the Atlantic Provinces whereby assistance may be provided in respect to the generation and transmission of electric power. Such assistance in the past has usually been in the form of long-term loans for

periods of either 30 or 40 years, depending on whether the loan was made in connection with the construction of thermal power plants or related to transmission lines.

In 1970-71, as during the preceding fiscal year, no new projects were authorized and no new agreements were entered into under the provisions of this Act. Advances to a total of \$26,237,667 were provided for the financing of power projects authorized prior to April 1, 1969; and amortization, including interest totalling \$10,450,085.67, was paid to Canada by the provincial power commissions concerned to cover debt instalments due March 31, 1971.

NEW BRUNSWICK-QUEBEC DIRECT CURRENT TRANSMISSION INTERCONNECTION

A contribution of \$2.5 million was made to the New Brunswick Electric Power Commission in 1970-71 towards the construction cost of direct current interconnection facilities between New Brunswick and Quebec electric utilities.

ATLANTIC DEVELOPMENT BOARD (ADB)

The Atlantic Development Board Act was repealed by the Government Organization Act, 1969, and all outstanding commitments of the Board were assumed by the Department of Regional Economic Expansion. There were 21 uncompleted projects on March 31, 1971: six in New Brunswick, six in Nova Scotia, two in Prince Edward Island, and seven in Newfoundland. These projects involve water supply systems, tourist and recreation facilities, industrial parks, and assistance to educational institutions. All highway and power projects have been completed.

Expenditures on these Projects in 1970-71 were

	<u>Budgetary</u>	<u>Non-Budgetary</u>
Water Supply and/or Sewage System.....	\$ 1,141,605	\$261,102
Industrial Park Facilities.....	614,136	
Research Facilities.....	4,026,711	
Miscellaneous.....	489,071	
TOTAL.....	\$ 6,271,523	\$261,102

Provincial expenditure distribution:

Newfoundland.....	\$ 890,274	
Nova Scotia.....	3,678,166	\$180,754
New Brunswick.....	1,482,668	80,348
Prince Edward Island.....	170,931	
Atlantic Projects.....	49,484	
TOTAL.....	\$ 6,271,523	\$261,102

**MARITIME MARSHLAND
REHABILITATION ACT (MMRA)**

Responsibility for the marshland protective works was transferred to the Provinces of New Brunswick, Nova Scotia and Prince Edward Island on March 31, 1970. The only active project remaining was the Avon River Causeway-Dam near Windsor, Nova Scotia, which is scheduled for completion in 1971-72. Total expenditures for the year were \$1,212,649, bringing the overall expenditure since the passage of the Act in 1948 to \$33,261,202.

**FEDERAL-PROVINCIAL SPECIAL
DEVELOPMENT LOANS PROGRAM**

The program, approved by the Cabinet in November 1970, was introduced to facilitate the early start of labour intensive public projects which otherwise would have been delayed or not undertaken by provinces and municipalities. The allocated funds totalling \$160 million are contained in the estimates of the Minister of Finance, but the program is administered by the Department of Regional Economic Expansion, so that, where appropriate, projects under the loan program can be co-ordinated with regular programs of the Department of Regional Economic Expansion.

All provinces except Saskatchewan agreed to take advantage of the favourable financing terms. Based on the number of unemployed in excess of four per cent of the labour force in each province during the last six months of 1970, with an adjustment for Indians on reserves, the \$160 million was eventually allocated as follows:

Newfoundland.....	\$ 6.77 million
Prince Edward Island.....	\$ 1.00 million
Nova Scotia.....	\$ 4.30 million
New Brunswick.....	\$ 5.38 million
Quebec.....	\$70.30 million
Ontario.....	\$17.00 million
Manitoba.....	\$ 8.50 million
Alberta.....	\$ 6.88 million
British Columbia.....	\$39.77 million

More than 60 per cent of the funds are being spent on highway and related construction. The balance is financing a wide assortment of municipal capital development projects, such as water and sewerage systems, recreational facilities, senior citizen's homes, and other locally needed buildings and services.

A total of 269 projects of long-term intrinsic usefulness have been approved. They are widely distributed geographically, and will have a considerable impact on the regional economies. The total value

of these projects is well over \$200 million. An important factor in the plan was that agreement on projects and loans was to be reached before March 31, 1971, and that actual work on all projects would commence before October 1, 1971.

Based on data supplied by the provinces, 13,000 man-years of direct on-site and off-site work are being created. It is estimated that the income produced by this employment is generating a further 17,000 man-years of indirect employment.

SOCIAL ADJUSTMENT AND RURAL ECONOMIC DEVELOPMENT

The third main thrust of the Department's work, as identified in the Introduction (page 2) involves the group of social adjustment and rural development programs which are designed to assist people in taking advantage of new opportunities and in increasing their incomes through the more effective utilization of rural resources. Most of these programs involve cost sharing with the provinces. Each of these programs is reported on separately in the following paragraphs under the following headings:

- FRED Program
- ARDA Program
- PFRA Projects on Indian Lands
- NewStart
- Manpower Corps
- Special ARDA
- Newfoundland Resettlement
- PFRA — General

FUND FOR RURAL ECONOMIC DEVELOPMENT ACT (FRED)

As noted in last year's report, on the enactment of the Government Organization Act of 1969 and the simultaneous repeal of the FRED Act, the Department of Regional Economic Expansion became responsible for carrying through to completion the five federal-provincial agreements entered into under the FRED legislation with respect to the Province of Prince Edward Island, the Mactaquac and the Northeast areas of New Brunswick, the Gaspé and Lower St. Lawrence area of Quebec, and the Interlake area of Manitoba.

The following tables summarize the 1970-71 expenditures for each of the five agreements:

FUND FOR RURAL ECONOMIC DEVELOPMENT FISCAL YEAR 1970-71 EXPENDITURES

PRINCE EDWARD ISLAND

	<u>Expenditures</u>	
	<u>Budgetary</u>	<u>Non-Budgetary</u>
Integrated Land Management.....	\$ 481,237	
Development Land Based Resources.....	1,602,482	
Fisheries.....	122,620	
Housing and Urban Services and Development.....	685,282	
Transportation.....	1,713,582	
Industrial Waste Disposal and Water Supply.....	447,100	
Plan Management.....	530,898	
Public Participation and Involvement.....	506,552	
Evaluation.....	24,984	
Development Grant.....	5,400,000	
Sub-total.....	\$11,514,737	
		\$1,650,000
TOTAL.....		\$13,164,737

FUND FOR RURAL ECONOMIC
DEVELOPMENT

FISCAL YEAR 1970-71 EXPENDITURES

	<i>Budgetary Expenditure</i>
<i>NEW BRUNSWICK</i>	
<i>Mactaquac Area Agreement</i>	
Counselling.....	\$ 47,085
Industrial Development.....	936,940
Recreation.....	1,184,613
Townsite Development.....	40,625
Administration.....	668,960
	<u>\$ 2,878,223</u>
 <i>Northeast New Brunswick Agreement</i>	
Manpower.....	Nil
Counselling.....	179,652
Land Use Adjustment.....	162,666
Fisheries Development.....	242,019
Transportation.....	482,083
Recreation.....	25,502
Work Orientation.....	3,214
Administration and Public Information.....	126,532
Implementation Grant.....	2,800,000
	<u>\$ 4,021,668</u>
 <i>QUEBEC</i>	
<i>Lower St. Lawrence, Gaspé and Iles-de-la-Madeleine Area Agreement</i>	
Administration.....	\$ 1,036,158
Agriculture.....	2,666,684
Forestry.....	1,675,497
Fisheries.....	405,657
Recreation and Tourism.....	1,025,692
Social and Manpower Development.....	925,183
Urbanization.....	2,477,084
Regional Transportation.....	1,486,002
Research.....	447,129
	<u>\$12,145,086</u>

FUND FOR RURAL ECONOMIC
DEVELOPMENT

FISCAL YEAR 1970-71 EXPENDITURES

	<i>Budgetary Expenditure</i>
<i>MANITOBA</i>	
<i>Interlake Area Agreement</i>	
Administration.....	\$ 177,792
General Counsellors.....	242,823
Manpower Corps.....	450,000
Evaluation.....	—
Land Development.....	79,559
Water Control.....	720,000
Roads.....	1,050,000
Resource Management.....	226,862
Recreation.....	454,316
Land Adjustment.....	556,595
Training-in-Industry.....	17,032
Community Affairs.....	66,113
Industrial Park.....	7,435
Fisheries Adjustment.....	43,759
Implementation Grant.....	360,000
	<u>\$ 4,452,286</u>

Prince Edward Island

During 1970-71 good progress was made under the Development Plan for Prince Edward Island, signed on March 7, 1969. The Program highlights were:

Integrated Land Management — The Land Use Planning Program moved more into the operational stage with the establishment of the Land Use Planning Unit to provide information to implementing agencies. Authorization was received to use this program to fund land use and developmental studies in the urban areas of Charlottetown and Summerside. The on-going project to provide a new second-order map control survey and a series of topographic maps for the Province continued on schedule. Ground water investigations were undertaken, mainly to obtain information about future water supplies and the characteristics of harbour areas in relation to sources of pollution.

Development of Land Based Resources — The Land Development Corporation came into existence and

assumed its responsibility for implementing the program of farm consolidation and alternative land use through the purchase of land for resale, lease back into agriculture, or diversion to more suitable uses. The staffing of the Provincial Department of Agriculture and Forestry was virtually completed, and five District Offices were established to provide comprehensive agricultural extension and educational programs to the farmers of the Province. Further development of the tourist resort at Brudenell, begun under the ARDA and ADB Agreements, and construction of a golf course as the first step in creating a similar complex at Mill River, were the main features of the Tourism and Recreation Program. The promotion of sport tuna fishing, the improvement of a handicraft school, and some recreational and conservation studies were also undertaken.

Fisheries — The program for rationalization of the fisheries industry continued, with emphasis on achieving greater productivity, improving water and ice supply, and providing managerial assistance to fish processing plants. Development work was begun on a prototype of Canada's first lobster shucking machine. Studies were made of inshore earnings, pair seining, and the dumping of fisheries waste products.

Education — Planning for the reorganization of the school system at primary and secondary levels was brought to an advanced stage. Advisory committees were established in the proposed new regional school districts and at the provincial level. The two new institutions for post-secondary education were fully operational. Enrollment at the University of Prince Edward Island was up approximately 12.5 per cent at 1,748 students; at Holland College it reached 245 students. Significant progress was made in the expansion of vocational training opportunities in the Province, particularly with the establishment and development of Holland College and the expansion of vocational training courses in agriculture. Enrollment in the various courses was approximately 5,600, an increase of 1,300 over the previous year.

Housing and Urban Services and Development — Two new projects were launched during the year, one to assist low income families in becoming home owners, the other to encourage improvements of structurally-sound but substandard houses; both met with strong favourable public response. The town of Montague proceeded with the installation of a sewage collection and treatment system. Design studies and costing were completed for similar systems in the Charlottetown and Summerside urban areas. The proposed system for the Charlottetown area was approved by the three principal municipalities involved, and construction is scheduled to begin in 1971-72.

Transportation — Eighteen projects for the grading and paving of 49 miles of resource highways were completed. In addition, 16.5 miles of collector highway were constructed.

Industrial Waste Disposal — The construction of treatment facilities was begun at Langley Fruit Packers in Montague and at the Seabrook Farms plant in New Annan. A start was also made on the construction of a pumping station and pipeline to handle effluent from the herring reduction plant at Souris.

Public Participation and Involvement — The Federal Government continued to assist the Province with projects related to public communication, counselling, community resource development, youth development, Indian community development, producer-owned marketing systems and consolidation of the dairy industry. The Rural Development Council, the Leadership Institute, an Industrial Relations Advisor to the Department of Labour and Manpower Resources, and co-ordinating services to area development committees were also partly supported by federal funds. The Leadership Institute, in particular, had a successful year, serving 5,300 people at 126 seminars, courses and public meetings. Some financial and technical assistance was also given to voluntary groups whose aims were compatible with the Development Plan.

Other Activities—The Provincial Department of Labour, Industry and Commerce, following a reorganization, took a more active role in industrial promotion and technical assistance to industry. The Natural Products Marketing and Development Centre was reorganized and incorporated under the name of the Market Development Centre, with an increased staff and a broadened scope of activities.

Plan Review—The Joint Advisory Board for the Prince Edward Island Development Plan, at its meeting in July 1970, established a joint committee of officials from both Governments to undertake a thorough review of the Plan, its objectives and programs. The Review Committee reported to the Board in January 1971 that the original strategy of the Plan was essentially sound but that some changes in programs and funding arrangements would enhance the overall effectiveness of the Plan during the remainder of the First Phase of five to seven years. The Joint Advisory Board accepted these findings and agreed that authority should be obtained for the necessary changes.¹

Mactaquac Area, New Brunswick

The Mactaquac Comprehensive Rural Development Plan was amended on October 28, 1970, to give priority to the improvement of the area's forest industry and to the completion of significant recreational and historical development projects in the area.

Recreational Development—Mactaquac Provincial Park was officially opened on June 27, 1970. The park, golf course, lodge, 100 campsites and a day-use park had been completed by that date, and water and sewage facilities had been installed. Work continued thereafter on 200 additional camp and trailer sites, a recreational hall, playground facilities, the sailboat marina, nature and walking trails, and associated park service facilities.

At Kings Landing Historic Settlement, restoration work proceeded on the buildings. Water and sewage facilities were installed, fences were erected, roads

were built and some landscaping was done. The Upper Farm House was opened to the public on June 27, 1970, and attracted a large number of visitors during the balance of the year.

Industrial Development—The St. Anne-Nackawic Mill, which received significant assistance under the Development Plan, was officially opened in the Spring of 1970. The Community of Nackawic, developed in partnership with CMHC, was incorporated as a village in November 1970. Work continued on the installation of infrastructure facilities associated with the new pulp mill and with the industrial park for the village of Nackawic. A program of road upgrading was undertaken to facilitate access to the wood-using industries in the region.

Land Use Adjustment—In accordance with the terms of the amended Agreement, the Land Use Program was phased out during the year. Plans were developed for disposing of a number of properties, and counselling services were made available to some property owners moving from the area.

Northeast New Brunswick

The Comprehensive Rural Development Plan for Northeast New Brunswick underwent a major review during the year by a federal-provincial committee whose task was to identify the Plan's shortcomings and to recommend corrective measures. Although the review had not been completed by the end of the fiscal year, the committee had reached substantial agreement on the program changes required to make the Plan a more effective instrument for increasing the employment opportunities of the area's residents.

Manpower—Efforts to develop the regional labour force were accelerated and expanded during the year, with emphasis on physical facilities for training and on the services required to encourage greater participation in rehabilitative training projects.

The adult population continued to benefit from part-time and full-time basic training for skill development and skill training courses. Total enrollment in part-time basic education approached 2,000.

¹ These were subsequently incorporated in Amendment No. 1 to the Plan, dated June 21, 1971.

More than 200 residents were registered in full-time upgrading courses, and more than 300 were registered for trade and occupational courses. The capital works program for schools continued, with construction work under way on schools at Caraquet, Dalhousie, Shippegan, Tracadie, Campbellton, Bathurst and St. Quentin, and improvement of schools at Val D'Amours, Campbellton, Belledune, Janeville, Wilson's Point and Sheila.

Counselling—The counselling staff was enlarged to increase its effectiveness in serving the needs of area residents. Some 200 new cases were assisted by the counsellors, with approximately 40 families benefiting under the mobility provisions of the Plan. A new family rehabilitation and training program was undertaken in co-operation with the Canada Department of Manpower and Immigration.

Land-Use Adjustment—Funds were provided for acquisition of land, resettlement grants, and farm and woodlot consolidation. More than 40 properties were acquired during the year.

Housing—Work continued on a plan for the Chaleur region. Preparations were made to extend the regional land use planning program. Housing units were provided in Bathurst, Campbellton, and Shippegan.

Transportation—The major federal expenditures were applied to construction of the Bathurst-St. Quentin Road. Some funds were also devoted to advance the construction of the Allardville-Bathurst Mines Road.

Fisheries—The marine haulout at Caraquet was completed and put in operation. The fishing-boat repair facility was nearing completion at the end of the fiscal year. A fisheries infrastructure study was undertaken and completed.

Quebec: Lower St. Lawrence, Gaspé, and Iles-de-la-Madeleine Area

On May 26, 1968, an Agreement for a five-year plan to develop the Eastern Quebec Region was concluded between the Governments of Canada and Quebec. The plan calls for the social and economic rehabilitation of the region through the moderniza-

tion of the traditional primary sectors (agriculture, fishery and forestry); the establishment of new activities in the mining and tourism sectors; a training and manpower adjustment program; and the acceleration of urbanization and the establishment of the services and infrastructure necessary to fulfill the main objectives.

Primary Sector—With the objective of making agriculture profitable, the Department provided financial assistance for programs in the Agreement aimed at rationalizing land use adjustment, and also for professional utility services and the agricultural product processing industry.

To assist in the rationalization and modernization of forestry operations, the Department contributed towards the purchase of private and licensed forests, as well as to programs of reforestation and silvicultural treatment.

In the fishing industry, measures were taken to diversify and improve the quality of the production, rationalizing fish landing and products processing, as well as intensifying research to develop new enterprises, new products, and new markets.

Tourism—Implementation began on a comprehensive plan to develop the region's potential. This plan is designed to attract and retain new visitors, and to develop three high-priority tourist resorts, and various other accommodation facilities.

Social Adjustment and Adult Education—A major purpose of this program is to provide professional counselling and manpower adjustment services, so as to help people adjust to the changes that will take place within the traditional sectors. The Federal Department of Manpower and Immigration financed the carrying out of pre-employment courses and vocational training programs.

Transportation and Urbanization—In order to help the main centres to absorb families which must move from other parts of the region, federal funds were provided to assist in the preparation of town plans, and the construction of sewers and water systems in major centres. In addition, relocation allowances were granted to families leaving marginal localities.

An integrated study on intra- and inter-regional transportation, which will permit the formulation of a coherent communication development program, was completed. In addition, the Department contributed to the construction of new sections of the belt highway for the McGerrigle Mountains and to the redevelopment of the highway network in specific tourist centres, in accordance with the master plan.

Administration—The Department participates directly in the implementation of the Development Plan through its representatives in the joint administrative structure (Liaison Committee and Steering Committee). Special programs, under the responsibility of this joint structure, provide for the diffusion of information concerning the Plan, the consultation and stimulation of regional participation.

Manitoba: Interlake

1970-71 was the fourth year of the Interlake FRED Agreement. Progress continued on major capital works. Most of the highway effort was concentrated on surface work for No. 6 Highway. Except for Birch Creek, the construction of drainage projects approached the point where they could be expected to be substantially completed by the end of the fifth year of the Agreement. During the year, design work was completed for the Hecla Island Causeway; heavy hauling on this project was carried on in the winter months. Land acquisition for the future Hecla Park was also undertaken.

On the training side, courses in Basic Training and Skill Development, purchased from Manitoba by the Federal Department of Manpower and Immigration, kept the Adult Education Centres at Ashern and Fisher Branch functioning efficiently throughout the year. These activities were supported by the efforts of the general counsellors with the trainees. Farm management courses, as all other training efforts in the Interlake, were among the subjects being examined in a Manpower Evaluation Study started by University of Manitoba towards the end of the fiscal year.

The Joint Advisory Board at the end of the year

initiated a review of the FRED plan designed to identify any necessary changes in the plan.

AGRICULTURAL AND RURAL DEVELOPMENT ACT (ARDA)

The closing date for approval of programs and projects under the Second Federal-Provincial ARDA Agreements was March 31, 1970. However, a number of these programs, approved in 1969-70, were still operative in 1970-71; others were not scheduled for completion until March 31, 1972.

During 1970-71, Third Agreements (referred to as ARDA III) were signed with British Columbia and Ontario, and negotiations were begun for similar Agreements with Newfoundland, Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan and Alberta. The table on page 30 is a summary of all ARDA expenditures during 1970-71.

Newfoundland

Continuing programs and projects under the Second ARDA Agreements included land development, rural community water supplies, community pastures, and parks.

Nova Scotia

Resource development and adjustment programs continued to account for the major portion of ARDA expenditures during the year, with emphasis on land consolidation and improvement, campgrounds and picnic sites, community pastures and rural manpower development programs.

New Brunswick

Soil and water conservation, land use and farm adjustment, and the development of parks and campsites were the main ARDA activities as in previous years. Assistance was given to regional development associations, provincial rural development staff and extension services. Funds were also provided for research projects, notably a pilot project to test the effectiveness of home visiting and counselling as a means of assisting families, displaced from the Kent County National Park, to adjust satisfactorily to their new environment.

Quebec

In 1970-71, the major part of the rural development budget for Quebec was allocated to resource development works. Of the 35 projects under way, or included in the expenditures during the year, eleven concerned agricultural development, five were related to forest activities, and thirteen to tourism development.

In addition, negotiations were carried out with the Government of Quebec for a new Agreement (ARDA III) in 1971. This new Agreement is intended to promote integrated programs of intervention in the main rural areas of Quebec as well as special programs for Indian populations. A portfolio of projects has already been established.

Ontario

An ARDA III Agreement was signed between Canada and Ontario in May 1970. This Agreement provides for the federal allotment of \$30 million in public funds to programs whose total cost will be shared equally between the federal and provincial governments, and extends over the period of 1970-75.

Although the new Agreement is basically oriented toward the continuation of previously approved programs, it nevertheless provides for important changes. Thus, through a new and significant provision, rural enterprises can be assisted when their establishment or expansion provides more employment for rural populations.

Projects approved in 1970-71 under this new Agreement included: assistance for agricultural land use adjustment and land improvement; grants for rehabilitation, and moving allowances, to lower income families abandoning their farms; financial assistance to farm woodlot operators; development of public works; incentives for the expansion of certain manufacturing or processing facilities; and a grant to the Indians of the Manitou Rapids Reserve for the production of zizania (wild rice).

Manitoba

The major capital expenditure in 1970-71 was for water development projects, representing approx-

imately 55% of the total ARDA expenditures for this year. The largest of these projects was the Upper Hespeler Drainage project.

Improvements to several recreational areas—Oak Lake, Assessippi, Turtle Mountain, Spruce Woods—were also continued. Training programs for people of native ancestry, extension efforts to farmers and fishermen, and incentive payments for forage crops in association with measures to check erosion, made up the bulk of the remaining activities.

Saskatchewan

Soil and water conservation projects, ground and surface water studies, resource development programs such as community pastures and forage development, and recreation and tourist projects, continued to dominate the ARDA picture in Saskatchewan. Programs aimed at increasing rural income and employment opportunities, particularly among native people in regard to occupational training and development of land on Indian Reserves, also accounted for a substantial portion of the program.

Alberta

In 1970-71 the emphasis was on completing projects which had been committed before the end of the 1969-70 fiscal year, the date on which the second ARDA agreement expired.

Development work continued on five Métis colonies and consisted mainly of land clearing and breaking, seeding, fencing, the installation of corrals, and water development projects. Some access roads were built in co-operation with the Alberta Department of Highways. One colony acquired an additional 3,360 acres of Crown land and 320 acres of private land.

Extension courses concerning livestock production and management were given at four colonies with good participation and attendance by the residents.

British Columbia

The ARDA III Agreement between Canada and British Columbia was signed in May 1970. It provided for annual contributions of \$2 million by

FEDERAL EXPENDITURES ON ALL ARDA PROJECTS—1970-71

	<i>Shared-Cost Agreements</i>		<i>Federally Financed Projects</i>		
	<i>I - II</i>	<i>III</i>	<i>On Indian Lands</i>		<i>Total</i>
			<i>Lands</i>	<i>Others</i>	
Newfoundland.....	364,824				364,824
Nova Scotia.....	1,240,368			132,332	1,372,700
New Brunswick.....	706,569		40,507	274,225	1,021,301
Quebec.....	1,792,830			678,180	2,471,010
Ontario.....	2,010,529	2,878,567	60,781	428,516	5,378,393
Manitoba.....	1,247,535	47,809		433,250	1,728,594
Saskatchewan.....	2,071,207	53,785	744,951	204,494	3,074,437
Alberta.....	3,854,888		680,209	327,679	4,862,776
British Columbia.....	1,726,437	93,101	144,084	637,627	2,601,249
Federal.....	—	—	—	1,374,347	1,374,347
TOTAL.....	15,015,187	3,073,262	1,670,532	4,490,650	24,249,631

Canada for five years, with the provincial and local authorities together contributing an amount equal to the federal contribution.

In all, 15 projects were approved during the year at an estimated total cost of \$1,535,000. These consisted of one rural development project, nine soil and water projects and five Canada Land Inventory projects.

The emphasis on the ARDA program in British Columbia is shifting from the rehabilitation of irrigation systems and the establishment of new water supply systems to programs which are more directly related to increasing the economic opportunities available.

**SPECIAL PROGRAMS FOR SOCIALLY
DISADVANTAGED PEOPLE**

At present large numbers of people of native ancestry live in western Canada. Many of these people are unable to improve their income positions because employment opportunities are not readily available where they live and often they do not have the experience and skills to take advantage of new job opportunities.

The Department recognizes that a substantial effort will be required over a number of years to correct this situation. A wide degree of flexibility must also be inherent in the solutions chosen.

There is a need to create viable employment opportunities in the areas where these people live, to remove impediments which prevent disadvantaged people from obtaining employment and to prepare the labour force for employment opportunities wherever they may arise. The Department has started to create opportunities by encouraging commercial enterprises to locate in these particular areas. It is also assisting through training and information programs and by providing on-the-job experience.

The Department has several instruments available to it which have been directed towards these objectives. The following paragraphs describe in detail the work undertaken by DREE on behalf of the severely disadvantaged people living in the west.

INDIAN PROJECTS

Saskatchewan

In Saskatchewan two major projects were initiated under this heading during the year 1970-71.

The first major project, being undertaken in co-operation with the province, involves assistance to four Indian Bands in the development of a year-round recreation complex in the Round and Crooked Lake area of southeastern Saskatchewan. The complex is designed to improve the income of the Bands and also to help prepare their people for possible jobs off the Reserve.

The project, known as Last Oak Park, calls for the development of access roads, a ski area, golf course, campground, beach and picnic area, and cottage subdivision. There will also be special training to prepare the Indian people to operate the Park. Total cost of the project will be about \$3,000,000, with the federal share expected to be \$2.6 million. The first phase, of a three phase program, began during the year and will continue until 1974. Provision has been made for an evaluation of the project prior to starting phases two and three.

The second of these major projects relates to the establishment of a training centre for native people at the former PFRA construction headquarters near the Gardiner Dam.

This centre is to provide academic and vocational training to Indian people, to prepare them for better job opportunities or for more advanced training in vocational skills. The project is being undertaken under a six-year agreement between the federal and Saskatchewan governments; its total cost to 1976 is expected to be approximately \$2,920,000, with the federal share estimated at about \$1,418,000.

Alberta

Special projects continued on three Indian Reserves during the year 1970-71.

Saddle Lake Reserve—The final 4,300 acres of a total of 12,800 acres were developed in 1970. The seeding of approximately 5,300 acres of wheat and barley provided about 200,000 bushels of grain with an estimated value of \$175,000; of this, \$155,000 were used for wages and contracts with local residents. A net profit of \$4,000 resulted from grazing 240 head of feeder steers during the grazing season.

Extension courses were carried out by a full-time district agriculturist and district home economist. Instruction was carried out in repair and operation of farm machinery, welding, carpentry, repair and maintenance, driver training, health and sanitation, dressmaking and home management. All courses were well attended.

Kehiwin Reserve—A 10,000 acre area was leased for outside grazing during the season. Some 500 acres were seeded to oats for green feed, but weather conditions prevented a total harvest of the crop. Several farmers, through working on the project, were able to obtain funds to improve their own units.

Beaver Lake Reserve—Due to wet weather only 100 acres were seeded to feed crops during the 1970 season. However, residents of the reserve showed increasing interest in livestock production and management on the pasture reserves; this, in due time, should lead to further achievement on the reserve.

British Columbia

Special programs for Indian people were organized within the ARDA program and include:

A large irrigation project on the Kamloops Indian Reserve was completed during the year. It is now being successfully operated by the local Band with some assistance from the Department of Indian Affairs and Northern Development.

The development of the 'Ksan tourist facility and handicraft projects near Hazelton in the north-central part of British Columbia was also completed. This has been an outstanding success in its first year of operation.

PFRA Projects on Indian Lands

PFRA provided technical and financial assistance to various programs on Indian Reserves, with capital expenditures of \$484,508 during the year 1970-71.

Two new community pastures were opened during the year, raising the number of Indian pastures in operation to seven. Four others were under construction. Dugouts and other water storage facilities

were constructed on reserves under the PFRA water development program.

A major infrastructure program on The Pas Indian Reserve in northern Manitoba involving water works, sewage lines, roads, and drains was close to completion at the year end. The work is being carried out jointly with the Department of Indian Affairs and Northern Development.

Other activities of a minor nature, relating to water development and land use, were entered into to assist Indian Bands in a variety of projects.

NEWSTART

The Canada NewStart Program, established in 1966 under Order in Council, was designed to provide terminal, experimental projects which would develop and test new methods of preparing the disadvantaged for rewarding employment.

Under the program, the six provincial corporations (identified on page 7) were established with headquarters in Lac la Biche, Alberta; Prince Albert, Saskatchewan; The Pas, Manitoba; Montague, Prince Edward Island; Richibucto, New Brunswick; and Yarmouth, Nova Scotia.

New methods have been developed by these corporations in the areas of life skills, small business management, para-professional training, adult basic education and social development. The corporations have experimented with new approaches in providing services through community service centres; occupational information training centres and a comprehensive manpower training system. A new approach to curriculum design called "DACUM" has already had widespread acceptance. The research focus of the corporations has ranged from the individual trainee to a family centred focus to a study of communities.

The reception given to the methods and programs developed by the NewStart corporations, by a wide range of provincial and federal agencies, has been very satisfactory. The phase-out operations of a number of the corporations begins during the next fiscal year. Expenditures in 1970-71 were \$5,642,185.

MANPOWER CORPS

Manitoba

In Manitoba, activity in 1970-71 under this project was concentrated on manpower corps programs in the Interlake Area and The Pas Special Area. Such corps are designed to provide on-the-job training to disadvantaged people who lack work experience.

Corps in the Interlake, under the FRED plan for that area, were engaged in recreational development, in the production of park furniture, in construction of veterinary clinics, in construction of the Hecla Island Causeway, and other similar on-going programs which could be used for on-the-job training.

In The Pas, past experience in the Interlake was extremely valuable in determining the approach to be taken. This was directed particularly to the needs of native workers in developing skills which would enable them to take advantage of the growing opportunities in the wood products industry. Another corps was initiated to provide counselling and motivation to otherwise potential school drop-outs. A series of corps projects designed to help local people to participate in the construction industry were also begun during the year.

Alberta and Saskatchewan

Plans were initiated for the introduction of manpower corps programs comparable to those being implemented in Manitoba.

In the case of Alberta, ten training projects relating to forestry, park and tourism activities were started to provide training to approximately 200 people, mainly of native ancestry. In Saskatchewan, similar projects were developed for implementation in the following fiscal year.

SPECIAL ARDA AGREEMENTS

At the end of the year 1969-70, the Department was authorized by the government to introduce a new program designed to improve job opportunities for people of Indian ancestry living in slow-growth areas of the country.

During 1970-71, discussions were initiated with representatives of Indian and Métis associations in the Prairie Provinces where more than 60 per cent of Canada's native people live. Simultaneous discussions were launched with the governments of those three provinces, because their participation in projects, particularly those involving Métis people, was considered essential.

Major features of the proposed program include provision of grants for viable commercial enterprises employing native people and for projects which will train people of Indian ancestry for identifiable job opportunities. Financial assistance will also be available to help groups of native people who are engaged in fishing, farming, forestry and trapping to improve their marginal or submarginal incomes, and also for transportation, communication and community recreation projects in remote northern locations.

It is expected that Special Agreements, under the Agricultural and Rural Development Act, will be signed during the new fiscal year. The program will apply to rural areas where native people make up a significant proportion of the population and projects will be reviewed and recommended by a committee in each province, on which Indian and Métis will be represented.

SECOND NEWFOUNDLAND RESETTLEMENT PROGRAM

The Department became responsible for the federal interest in the Newfoundland Resettlement Program on April 1, 1970. Previously, the responsibility lay with the Department of Fisheries. The aim of this federal-provincial program is to assist householders who wish to move from small isolated outports to communities with better access to health and other social services, educational facilities and employment opportunities. The program is administered by the Province under the guidance of a federal-provincial Resettlement Committee.

A second Newfoundland Resettlement Agreement was signed on July 17, 1970, effective from April 1, 1970 to March 31, 1975.

During 1970-71, moving assistance was provided to 509 families (2,404 persons in all). Of these, 52 per cent moved to special areas; 33 per cent to other approved receiving communities; and 15 per cent to other locations. A total of 73 sending communities have been officially identified; there are 24 receiving communities, in addition to the eight Special Areas. The Department contributed \$872,065 towards the cost of the program in 1970-71.

PFRA

The following is a summary of the PFRA Annual Report for 1970-71. The full report is available as a separate publication.

The Prairie Farm Rehabilitation Act was passed in 1935 and amended in 1937 and 1961. From its headquarters in Regina, the administration serves the agricultural areas of Manitoba, Saskatchewan and Alberta in the fields of land use adjustment and water development.

In addition to providing direct assistance to individual farmers, PFRA, under a variety of agreements, works co-operatively with the provinces, municipalities and other federal agencies in land use and water development projects. It also provides extensive engineering assistance to the Saskatchewan-Nelson Basin Board, and to DREE's Special Areas and Infrastructure programs.

Program Highlights

PFRA, in the year under review, provided technical and financial assistance for over 1,100 farm water projects and for 37 small community water storage projects. Irrigation operations continued on six projects in southwest Saskatchewan, the Bow River project, and at the Demonstration Farm at Outlook, Saskatchewan. PFRA also continued to operate and maintain the St. Mary Irrigation project in southwest Alberta and completed construction during the year on the Shellmouth Dam in Manitoba.

The operational requirements called for by the South Saskatchewan River Project Agreement were

met, and detailed planning for the West Side Development of this project was carried out by agreement with the Province of Saskatchewan.

Two new pastures, both on Indian Reserve land, went into operation to raise the number of community pastures under the land use program to 90. There are now 2.43 million acres in PFRA pastures providing summer grazing for 182,700 cattle owned by 5,550 persons.

The PFRA Tree Nursery at Indian Head, Saskatchewan, provided 6.25 million trees to 7,525 farmers as well as to government agencies for farm and field shelter belts and for institutional plantings.

Departmental Projects

In support of other Departmental programs, PFRA prepared plans for flood control works on Sawridge Creek in the Lesser Slave Lake Special Area. The works are now being constructed on an equal cost-sharing basis with Alberta.

Negotiations for an extensive infrastructure program at Brandon, Manitoba, were well advanced at the close of the fiscal year. Technical support was given during the year to departmental planners in the development of an Agricultural Service Centres Program to be introduced in the following fiscal year.

PFRA EXPENDITURES AND REVENUES
FISCAL YEAR 1970-71

Expenditures

Program Administration	\$ 1,034,287
Land Use Service	4,023,200
Water Development Service	9,445,243
TOTAL	\$14,502,730

Program Revenues

Return on Investments	\$ 679,830
Privileges, Licenses, Permits	1,350,744
Proceeds from Sales	207,553
Service and Service Fees	1,449,713
Refunds of Previous Year's Expenditures	228,154
Miscellaneous	46,941
TOTAL	\$ 3,962,935

GENERAL ADMINISTRATION AND SERVICES

As with any organization, it is essential to provide proper administrative services to support overall management, planning, operations and control. Since in general these functions are common to all departments and are well understood this report will only highlight those aspects of administration that are of special significance in connection with this report.

The importance of Program Evaluation is well recognized and during 1970-71 the Evaluation Branch of the Department concentrated its efforts on developing systems, methods and procedures for the conduct of evaluative studies; recommending timing for the studies; ensuring the establishment of realistic criteria for the measurement of achievement of goals and objectives; determining the specifications and methods for information flow required for evaluation; developing and reaching agreement with the provinces and other departments on program evaluation methodology and ensuring that responsibility and accountability for all elements of the programs are clearly defined.

Small regional groups of the Branch (Atlantic, Centre, and West) work directly with the provinces and other federal departments and agencies concerned with evaluation strategy and methods. In this regard the new Special Area Agreements with the provinces include a section dealing with the requirement for jointly carrying out effectiveness evaluation. Most of the FRED Agreements also contain such provisions.

During 1970-71, work was done on the development of an impact survey of the Newfoundland Resettlement Program; a joint review, with others in the Department, of the Interlake FRED Program; and studies of various PFRA programs.

Additional work involved the development of evaluation methods for the Special Areas and the preparation of an ongoing evaluation system for the Incentives Program. First results of this work began to appear during the year under review.

Information Systems development is another particularly significant function in the Department.

In 1970-71 the technically advanced Canada Geographic Information System became fully operational. This system is a national survey designed as a basis for land use and resource planning for agriculture, forestry, recreation and wildlife. Several pilot projects were successfully completed covering such areas as Prince Edward Island, the Gaspé Peninsula and Magdalen Islands in Quebec, and the Kananaskis Valley in Alberta.

Other systems' work in the year included initial development of a data base to support management reporting of the Industrial Incentives activity, and the development and maintenance of the information systems for such social adjustment and rural economic activities as Newfoundland Resettlement and NewStart.

The past year also saw the commencement of several experimental projects designed to relate geographic areas with boundaries defined by the Department (e.g. Special Areas) to demographic and other social and economic data from Statistics Canada (e.g. census data) and other sources.

The Department is responsible for a number of special projects including the Federal-Provincial Special Development Loans Program (referred to earlier) and the Argentinia Task Force, and responsibility for their administration was assigned to the Implementation Services Division.

The work of the Argentinia Task Force is of particular interest—

On February 13, 1970, the United States Government announced that it would curtail the operations of the U.S. Naval Station, Argentinia, with the resulting lay-off of about 350 local employees.

In addition to these serious losses of employment, the five municipalities in the Argentinia/Placentia area have received over 200 fishermen and their

families formerly employed in more remote areas, as part of the resettlement program.

Following a suggestion made by the Federal Government, a local representative group called the Placentia Area Development Association was formed by the local leaders, and committees formed to deal with fisheries, tourism, industrial development and other sectors.

As soon as this action had been taken, the Federal Government, the Provincial Government, the Placentia Area Development Association and officials of the U.S. agreed to the formation of the Canada-United States Committee named the Argentinia Task Force, with a senior DREE official as Chairman.

The initial concern of the Task Force was to ascertain the accessibility of Station facilities at Argentinia,

the basis of such accessibility, and what possible use could be made of them.

Following this initial work, the Task Force evaluated the unemployment and related problems of the area and proposed action. In this regard, projects have been approved and are already underway which will help to relieve these problems. Negotiations are well underway to establish a complex of industrial and service activities on a part of the U.S. Naval Station property. This will result in a significant number of continuing new jobs for the local people.

In this, the local people, represented by the Placentia Area Development Association, have played an active role, except when the confidential nature of certain discussions has prevented open consultations with the public.

