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# DREE ANNUAL REPORT

1978-1979

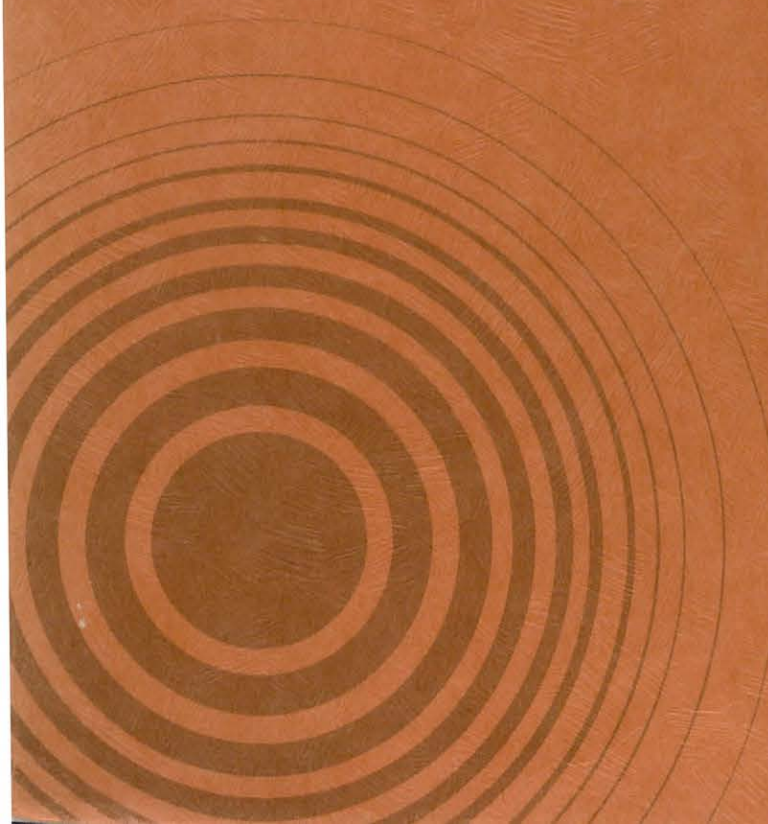


Government  
of Canada

Gouvernement  
du Canada

Regional  
Economic  
Expansion

Expansion  
Économique  
Régionale



DREE  
ANNUAL REPORT

1978-1979

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## ROLE AND STATUTES

The Department of Regional Economic Expansion (DREE) was established in 1969, with the objective of assisting and encouraging each region of Canada to realize its economic and social potential. Its mandate was contained in the *Government Organization Act, 1969* (SC 1968-69, c.28) and is continued in the *Department of Regional Economic Expansion Act* (RSC 1970, c.R-4).

The Minister of Regional Economic Expansion is responsible for the following statutes:

- *Agricultural and Rural Development Act* (ARDA) (RSC 1970, c.A-4);
- *Atlantic Provinces Power Development Act* (APPDA) (RSC 1970, c.A-17) now dormant;
- *Cape Breton Development Corporation Act* (DEVCO) (RSC 1970, c.C-13) as amended;
- *Maritime Marshland Rehabilitation Act* (MMRA) (RSC 1970, c.M-4) now dormant;
- *Prairie Farm Rehabilitation Act* (PFRA) (RSC 1970, c.P-17); and
- *Regional Development Incentives Act* (RDIA) (RSC 1970, c.R-3).

# HIGHLIGHTS OF THE YEAR

DREE's tenth year of activity was marked by a continuation of efforts to address the development of regional economies, government-wide financial restraints and new departmental directions.

The General Development Agreement mechanism continued to prove its effectiveness, and 12 new subsidiary agreements were signed with the provinces. The regional development incentives program demonstrated a significantly higher level of activity compared to that of 1977-78. In particular, applications received and net offers accepted were up over the previous year by 21 per cent and 37 per cent respectively, and given the 18- to 24-month lag between receipt of an application and actual payment of funds, expenditures in the next couple of years are expected to increase.

With the official opening of the department's Yukon office at Whitehorse in June, DREE activity was extended to all parts of Canada. At that time, a Special ARDA agreement was signed and the territory was designated for assistance under the regional development incentives program. By the end of the year under review, preparation for the signing of a subsidiary agreement with Yukon was well advanced.

In February, a national policy for development of the forest products industry, in which DREE will play a major role, was announced by the government. The program includes a DREE commitment of \$235 million for federal-provincial cost-shared incentives for the modernization of pulp and paper plants across the country. This activity will be carried out over the next five to seven years through subsidiary agreements under General Development Agreements. By the end of the year under review, preparation for the signing of agreements with Quebec and Ontario for modernization of the pulp and paper industry was near completion.

During the year, the decentralization of the department was furthered with the official openings of branch offices in Val-d'Or and Alma, Quebec; Sudbury, Ontario; La Ronge, Saskatchewan; and the territorial office in Whitehorse, Yukon.

## STATISTICAL HIGHLIGHTS

- Total departmental expenditures during 1978–79 were just over \$534 million.
- 12 subsidiary agreements were signed during the fiscal year. This brings to 93 the number of subsidiary agreements signed since the program started in 1974.
- Almost \$318 million was paid out under subsidiary agreements during 1978–79 (59.5% of total departmental expenditures).
- The regional development incentives program resulted in 855 net accepted offers of incentives during the year. These are expected to create more than 15 000 direct jobs and to involve some \$472.1 million in capital investment by private industry.
- \$67.4 million was paid out under the regional development incentives program during 1978–79 (12.6% of total expenditures).
- Expenditures on other programs during the year amounted to more than \$104 million (19.5% of total expenditures). Other programs include activities carried out under the *Prairie Farm Rehabilitation Act* (PFRA), the Prince Edward Island Comprehensive Development Plan, and the *Agricultural and Rural Development Act* (ARDA).
- Salaries and administration cost \$45 million during 1978–79 (8.4% of total expenditures).

A summary of total departmental expenditures for 1978–79 can be found in Appendix A of this report.

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# Introduction

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## POLICY BACKGROUND

The end of the 1978–79 fiscal year marked 10 years of operations by the Department of Regional Economic Expansion. Formed in 1969 with the broad purpose of alleviating regional economic and social disparities, DREE was concerned in its early years with identifying economic constraints and bottlenecks in the various regions of Canada, and with administering a number of inherited programs which were designed to address specific problems. The initial efforts of the department concentrated on establishing or improving, in each region, the infrastructure necessary for development.

This was followed in more recent years by a shift of focus towards each region's potential and opportunities rather than its constraints. The department directed its efforts at working with the provinces to assist them in identifying and realizing their opportunities for development.

During this latter phase, a significant step in the evolution of regional development policy was taken with the advent of federal-provincial General Development Agreements, which now provide the framework for the bulk of the department's initiatives.

Designed to permit longer term, joint, cost-shared initiatives by the two levels of government, the General Development Agreements are sufficiently flexible to provide both sustained policy direction and the more specific initiatives that varying local circumstances demand.

General Development Agreements have in fact proven to be effective, not only in terms of the particular objectives of DREE, but also as a means of implementing the broader objectives of the federal government as a whole, insofar as they impact upon regional economies or upon a particular Canadian industrial sector.



For example, other federal departments participate regularly with DREE in General Development Agreement activities, and further, the General Development Agreement mechanism is occasionally used as a means of rationalizing an entire industry, as was recently the case in the forestry and forest products sector.

The General Development Agreements have thus demonstrated their suitability for development initiatives in a federal environment in which jurisdiction over most of the appropriate areas of activity is shared between the two levels of government.

As the 1978-79 fiscal year drew to a close, the department was preparing for yet another stage in the evolution of regional development policy, namely, the anticipated need for a general review by the federal government and Parliament of the legislation governing this changing but vital aspect of Canadian affairs.

Such a review is appropriate in that, while regional development programs have been evolving, the economic environment which makes them necessary has been changing in significant ways. It is therefore considered useful to include in this report a brief statement of the economic environment from the perspective of regional development issues and opportunities.

## ECONOMIC BACKGROUND

Regional development policy in recent years has been associated with a considerable degree of optimism over the long-term development opportunities apparent in all provinces and regions of the country. These opportunities, many of which have been realized, were to a large extent reflections of a perceived distribution of economic potential that prevailed prior to the mid-1970s.

The development opportunities and issues being identified now, however, indicate changing circumstances and a newly emerging balance of economic potential among the regions of Canada.

The national economy since the mid-1970s has been characterized by modest growth, high levels of unemployment and high inflation. Closer examination reveals, however, that this general statement does not apply equally to all areas of the country. There has been a significant divergence in regional trends in recent years. During the past decade, primary resource development associated with energy production and distribution has significantly altered both the relative growth rates and shares of economic activity among the major regions.

The three westernmost provinces, particularly Alberta and Saskatchewan, generally have performed at better than the national average. As measured by indicators such as fiscal capacity, they have outranked the rest of the country to such an extent that those provinces with a modestly good performance have shown poorly by comparison.

In contrast, the three central provinces of Manitoba, Ontario and Quebec, each with a significant secondary manufacturing base, have

not performed well. (Manitoba's prospects can be characterized as cautiously optimistic, however, as a result of its proximity to the more dynamic economies of Saskatchewan and Alberta.) It is expected that Quebec's relative economic performance will continue to be lower than that of the west, largely as a result of the industrial structure of the province in general (and the Montreal Plain in particular) and the vulnerability of this region to increasing competition from foreign manufacturers. For the foreseeable future, the problem of industrial adjustment in Quebec will be a major concern from a regional economic development perspective.

Whereas the adjustment problem in Quebec was anticipated, the apparent softness of the Ontario economy was generally unexpected. Concern is currently being expressed over the ability of the economy in Ontario to compete in international markets, particularly in the labour-intensive manufacturing sectors. Despite indications of the need for industrial adjustment measures in Ontario, as evidenced by the province's relatively poor performance since 1973, it can be expected that industries such as steel may well become the major manufacturing input linking central Canada to western expansion.

While a somewhat mixed performance has been demonstrated by the Atlantic provinces in recent years, many indicators have not yet taken into account the resource potential now emerging, notably in the field of energy. In any event, despite the relative fiscal weakness of its provincial governments, the Atlantic Region has performed at levels comparable with, or better than those of central Canada since 1973.

Performance in Canada's regional economies, particularly since the middle of this decade, very strongly reflects the indigenous resources and industrial structures of each of the regions. Recent trends suggest continuing buoyancy in the three westernmost provinces, some uncertainty with regard to the competitive position of central Canada, and growing optimism in Atlantic Canada based upon energy and ocean-related resources.

To some extent, these economic perceptions of the regions may be a reflection of cyclical patterns. They are also, however, indicative of significant changes which have affected, and will continue to affect the international economic environment. Canada's economic prospects have historically been, and continue to be, directly associated with international demands for resources and resource-related products. Certainly, the emergence of western Canada as a stronger economic and political force in the federation is a reflection of the crucial role of energy and other non-renewable resources in the world economy. In contrast, the relative softening of the central Canadian economies can be traced, at least in part, to more competitive international markets in both semi- and fully-manufactured goods. To a considerable extent, these changes in the international economic environment have been responsible for a realignment in this decade of both economic circumstances and prospects in Canada's regions.

In short, the regional economic balance has been shifting away from the industrialized regions, which have historically been the centres of economic potential and growth, toward the resource-rich regions, particularly those endowed with energy resources. The shift is expected to continue.

## DREE PROGRAM APPROACH

The department's mandate is carried out through General Development Agreements, which are federal-provincial agreements outlining a basic strategy for regional development in each province; regional development incentives, which create opportunities for employment by encouraging business and industry to establish, expand or modernize their facilities in certain slow-growth areas; and other programs which provide assistance to areas requiring special measures.

### GENERAL DEVELOPMENT AGREEMENTS

Each part of Canada has its own set of development opportunities and problems; the needs and priorities of one region, even within a province, are not necessarily the same as those of another.

Recognizing this, in 1974 DREE and nine provincial governments entered into 10-year General Development Agreements (the GDAs). Each agreement outlines the broad objectives and opportunities for development in a particular province. (Prince Edward Island had already, in 1969, signed a 15-year Comprehensive Development Plan similar to the GDA.)

The GDA is now the principal instrument of DREE's regional development policy, not only in expenditure terms, but also as the primary means for coordinated planning and programming with the provinces in the search for viable economic development opportunities.

The GDA does not state specifically what has to be done, nor the means of doing it. Rather, it sets out areas of opportunity and concern, and is, in effect, an enabling document designed to permit the signing governments to identify and encourage particular economic development projects.

Each GDA provides for subsidiary agreements, which are specific in nature. In these the program details are defined: the objectives, cost, and means of implementation. Included also is provision for monitoring and evaluation to ensure consistency with the overall GDA objectives.

Subsidiary agreements are often co-signed, cost-shared, and co-managed by other federal departments in cooperation with DREE and the provincial governments concerned. In almost all cases, other federal departments aid in drawing up the agreements and defining initiatives.

DREE shares in the cost of subsidiary agreements on a graduated scale: up to 90 per cent for Newfoundland; 80 per cent for Nova Scotia and New Brunswick; 60 per cent for Quebec, Manitoba and Saskatchewan; and 50 per cent for Ontario, Alberta and British Columbia.

By March 31, 1979, 93 subsidiary agreements between DREE and the provincial governments had been signed. During the year under review, 12 subsidiary agreements and 62 amendments to existing agreements were signed. Of the 65 agreements in effect during 1978-79, eight expired by the end of the fiscal year.

DREE expenditures under all subsidiary agreements during 1978–79 were almost \$318 million, approximately 59.5 per cent of DREE's total expenditures for that period. A list of active subsidiary agreements can be found in Appendix B of this report.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

DREE's second major development program is administered under both the *Regional Development Incentives Act* (RDIA) and the *Department of Regional Economic Expansion Act* (DREE Act). The purpose of the program is to create jobs and to encourage capital investment. The program provides financial incentives in the form of grants and loan guarantees to business and industry willing to establish, expand or modernize their facilities in certain designated regions of the country.

The regional development incentives program in 1978–79 resulted in expenditures of \$67.4 million, approximately 12.6 per cent of departmental expenditures for the year.

Activity during the year resulted in 855 net accepted offers of incentives. These offers are expected to create more than 15 000 direct jobs and to involve some \$472.1 million in capital investment by private industry and a DREE commitment of \$109.8 million.

On July 1, 1978, Yukon was designated for assistance under the *Regional Development Incentives Act*.

Consolidated program statistics on the operation of the regional development incentives program are contained in an annual summary — *Report on Regional Development Incentives: Cumulative Statistics for Net Offers Accepted* — which is available on request. In addition, the *Monthly Report to Parliament on Regional Development Incentives* provides case-by-case information on a monthly basis. For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C of this report.

## OTHER PROGRAMS

These programs, in the main, serve the needs of Canada's rural areas. They assist such traditional industries as farming, fishing and forestry and special projects providing assistance to Canada's native peoples. DREE expenditures under other programs during 1978–79 amounted to just over \$104 million, approximately 19.5 per cent of departmental expenditures for that period.

### **Prairie Farm Rehabilitation Act (PFRA)**

The Prairie Farm Rehabilitation Administration, with headquarters in Regina, Saskatchewan, began in 1935 and was incorporated into DREE when the department was established in 1969.

PFRA conducts ongoing projects to develop and promote improved water supply, tree culture, farming methods and land utilization in the low-precipitation areas of Manitoba, Saskatchewan and Alberta. These programs are designed to combat drought and soil drifting and to bring greater economic stability to these provinces.

PFRA operations represent a significant part of DREE activity in the prairie provinces. A separate PFRA annual report is available on request.

In 1978-79, PFRA operating and administrative costs were \$20 235 000. Capital expenditures were \$9 486 000; in addition, \$3 154 000 was expended on loans, and \$2 868 000 on contributions. Total capital, loan, and contribution expenditures were distributed as follows: Manitoba \$3 560 000; Saskatchewan \$7 738 000, and Alberta \$4 210 000.

### **The Prince Edward Island Comprehensive Development Plan**

This 15-year development agreement was signed by Canada and Prince Edward Island in 1969, under the authority of the *Fund for Rural Economic Development Act*. Although the act was repealed that same year, the agreement remains active.

The plan provides for development programming in a number of economic sectors where opportunities exist, as well as for infrastructure and other types of support activities such as product and market development, land adjustment, community development, urban core redevelopment, school construction, and upgrading and expansion of the transportation system.

DREE expenditures during 1978-79 under the Comprehensive Development Plan amounted to \$28 460 000.

### **Agricultural and Rural Development Act (ARDA)**

This act authorizes the federal government to enter into cost-sharing agreements with provincial governments to increase employment and other opportunities for people in rural areas. Although ARDA agreements were signed with 10 provincial governments in 1962, the only one which had not terminated prior to the year under review was that with Ontario. The Ontario agreement terminated on March 31, 1979.

The agreements have covered such projects as improved land management, conservation of water supplies, soil improvement, and efforts to diversify local economic activities. In many cases, the activities which were carried out through ARDA agreements have been absorbed into the GDA mechanism.

During 1978-79, expenditures under ARDA in Ontario totalled \$7 613 000.

### Special ARDA

These agreements, entered into under the *Agricultural and Rural Development Act* (ARDA), involve special programs to ensure that rural residents, particularly those of native ancestry, are able to benefit from rural development programs in terms of increased employment and income, and better living conditions.

Special ARDA agreements exist with the governments of Manitoba, Saskatchewan, British Columbia, the Northwest Territories and Yukon, and are administered in each by a committee made up of representatives of the provincial or territorial government, the federal government, and native residents of the communities involved. All currently active agreements will expire March 31, 1982.

During 1978-79, DREE expenditures under Special ARDA agreements were: Manitoba \$1 592 000; Saskatchewan \$4 047 000; British Columbia \$1 820 000; the Northwest Territories \$716 000; and Yukon \$165 000.



# Atlantic Region

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In the DREE Atlantic Region, comprised of Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick, program activities continued at a high level during the fiscal year ending March 31, 1979. DREE expenditures during the year were over \$209.1 million, of which close to \$144.1 million was spent for activities under subsidiary agreements, over \$13.6 million for industrial incentives and almost \$42.3 million for other programs.

Four new subsidiary agreements came into effect during the year: two with Newfoundland (agriculture development and rural development), one with Nova Scotia (energy conservation), and one with New Brunswick (development of agricultural resources). These agreements are expected to result in DREE expenditures of \$72.7 million. During the year, industrial firms accepted offers totalling \$32.5 million under the regional development incentives program.

The Atlantic Region, with a resource-based economy dependent on fishing, forestry and agriculture, somewhat removed from major market centres and with relatively little secondary manufacturing, remains one of DREE's prime concerns.

However, in some urban areas of Atlantic Canada, general indicators of economic performance (such as employment and personal income per capita) now compare favourably with national averages.

DREE is contributing towards this beneficial trend in the Atlantic economy by promoting permanent, full-time employment opportunities. Current subsidiary agreements with the Atlantic provinces serve to stimulate resource industries, to encourage diversification into manufacturing and processing industries, and to improve transportation and infrastructure systems. Examples of these efforts are programs for:

- improved handling and processing of fish;
- improved management and increased production in forestry;
- mineral exploration and resource planning;



- industrial development of secondary industries related to regional natural resources; and
- improved highways and urban infrastructure systems, including industrial parks.

Subsidiary agreement programs also provide assistance to the agricultural sector, help promote tourism, and assist in the continuing identification and evaluation of development opportunities. Initiatives under review for possible future exploitation include ocean-related projects.

In 1978–79, \$32.5 million in industrial incentive commitments to Atlantic Region businesses is expected to stimulate \$106 million in capital spending and to create 3 993 direct jobs in the manufacturing and processing sectors. The majority of these grants are to small businesses.

The DREE regional headquarters in Moncton, New Brunswick, provides funding for a number of services which operate on a regional basis, including:

- \$6 285 000 in support of the Land Registration and Information Service;
- \$100 000 to the Physical Distribution Advisory Service; and
- \$368 000 to the Atlantic Provinces Management Training Agreement.

# NEWFOUNDLAND

As of March 31, 1979, 16 subsidiary agreements had been signed under the GDA. During the fiscal year under review, subsidiary agreements on rural development and agriculture were signed and the existing agreements on highways and inshore fisheries development were substantially amended to provide funds for additional projects. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

## SUBSIDIARY AGREEMENTS UNDER THE GDA

### Forestry

Duration: 01/06/73 to 30/09/79

Costs shared by:

DREE	\$47 778 500
Provincial government	7 188 100
Total estimated cost	<u>\$54 966 600</u>
DREE expenditure 1978-79	\$ 6 559 000

This agreement was designed to improve the efficiency of the province's forest industry and to increase employment and income opportunities in that sector. An integrated system of resource management was devised to stimulate productivity and diversify forest industries.

Projects under this agreement include experimentation with new techniques for harvesting timber on steep slopes, construction of forest access roads, establishment of a tree nursery, and improvement and expansion of the province's water bomber fleet.

### Gros Morne Park Area Development

Duration: 01/06/73 to 31/03/80

Costs shared by:

DREE	\$20 641 680
Provincial government	2 293 520
Total estimated cost	<u>\$22 935 200</u>
DREE expenditure 1978-79	\$ 2 092 000

This agreement is designed to complement the activities of the federal Department of Indian Affairs and Northern Development in establishing a national wilderness park in Bonne Bay on the Great Northern Peninsula. The program provides for complementary tourism-related projects in nearby communities to generate employment and income opportunities for local residents. These projects include community infrastructure and roads, development of the inshore sports fishery, and planning of tourist services for the area.

### St. John's Urban Region

Duration: 30/09/74 to 31/03/80

Costs shared by:

DREE	\$51 000 000
Provincial government	17 000 000
Total estimated cost	<u>\$68 000 000</u>
DREE expenditure 1978-79	\$12 119 000

This agreement addresses two major constraints to development in the St. John's urban region: water supply and transportation. Under the agreement, the water supply system serving the region is being expanded to ensure adequate fresh water for future industrial use and residential expansion, and a direct transportation link between the city's harbour area and its chief industrial centre is being constructed. The Harbour Arterial, a four-lane divided highway of approximately nine miles, was begun under the earlier Canada/Newfoundland Second Special Areas Agreement and is scheduled for completion by late 1979.

### Ocean Research and Development (NORDCO)

Duration: 01/01/75 to 31/03/80

Costs shared by:

DREE	\$4 419 072
Provincial government	491 008
Total estimated cost	\$4 910 080
DREE expenditure 1978-79	\$1 499 000

The objectives of this agreement are to stimulate the development of marine technology within the province, to foster the establishment of marine ice-related industries, and to ensure that the Newfoundland business community becomes fully involved in marine resource development in the adjacent ice-congested waters.

NORDCO is a provincial Crown corporation established under the terms of the agreement to coordinate the development of this technology and to assist the private sector in applying this knowledge to viable development opportunities. Among the research projects conducted by the corporation are: the study of Labrador coastal ice and ice migration, the design of ships with reinforced hulls for navigation through ice-infested waters, on-site experiments to study the characteristics of ice, and the study of the possibility of constructing offshore oil platforms in the province.

### Inshore Fisheries Development

Duration: 01/06/75 to 31/03/81

Costs shared by:

DREE	\$10 584 900
Provincial government	1 176 100
Total estimated cost	\$11 761 000
DREE expenditure 1978-79	\$ 747 000

The objective of this agreement is to raise the incomes of inshore fishermen and to increase employment and productivity in the fishing industry. The agreement includes provision for the upgrading of landing facilities in selected areas along the south coast of Labrador and on the Great Northern Peninsula, the construction of a cold-storage facility at Brig Bay, and the provision of fish plant water systems at St. Bride's and Port-aux-Basques.

An amendment signed in December increased the estimated cost by \$7.87 million, bringing the total estimated cost to \$11 761 000. Approximately \$2 million will be used to continue the fish plant water supply program while the remainder will be used for the construction of up to three new marine service centres and for the expansion of several of the existing centres.

### Highways 1976-81

Duration: 01/04/76 to 31/03/81

Costs shared by:

DREE	\$ 88 244 000
Provincial government	12 916 000
Total estimated cost	\$101 160 000
DREE expenditure 1978-79	\$ 20 041 000

Under the agreement, upgrading and paving of a number of trunk roads begun under earlier agreements are continuing. These roads include the Northern Peninsula Highway, the Burgeo Road, the Bay d'Espoir Highway, the Bonavista North Loop Road, and Baie Verte area roads.

The agreement was substantially amended during the year to provide funding for additional improvements to the trunk road system and to assist in overcoming an environmental health hazard: asbestos dust on local roads in the Baie Verte area.

## Planning

Duration: 01/04/76 to 31/03/81

Costs shared by:

DREE	\$4 000 000
Provincial government	2 385 000
Total estimated cost	<u>\$6 385 000</u>
DREE expenditure 1978-79	\$ 609 000

The objective of this agreement is to provide for studies to identify and analyze economic and socio-economic development opportunities in Newfoundland, and provide for the planning necessary to develop and implement strategies, programs, and subsidiary agreements pursuant to those opportunities.

The agreement has provided for studies on the following subjects: land registration, spruce budworm, peat soil inventory, infrastructure at Argentia, a polytechnical institute, regional data base for rural development, development opportunities at Stephenville/Port au Port, agricultural limestone, and Stephenville harbour. In addition, the province's planning capability has been enhanced with the engagement of specific professional people.

## Labrador

Duration: 03/12/76 to 31/03/81

Costs shared by:

DREE	\$18 258 300
Health & Welfare	1 404 000
Provincial government	2 434 700
Total estimated cost	<u>\$22 097 000</u>
DREE expenditure 1978-79	\$ 4 218 000

The components of this interim agreement include: provisions for municipal infrastructure and economic development in the Lake Melville area; the construction of a bridge in Northwest River; the construction of an industrial park for Wabush-Labrador City; and the provision for coastal residents of higher quality water, improved domestic sanitation, and improved access to medical services.

## Mineral Development

Duration: 17/12/76 to 31/12/81

Costs shared by:

DREE	\$ 5 606 100
Energy, Mines & Resources	5 606 100
Provincial government	1 245 800
Total estimated cost	<u>\$12 458 000</u>
DREE expenditure 1978-79	\$ 695 000

The objective of this agreement is to establish a comprehensive inventory of geoscientific data on areas where there are potential mineral deposits of commercial value. The agreement also provides for the development and evaluation of policies for resource management that will encourage exploration and development by the private sector. During the year, 12 geological mapping projects were conducted on the Island and 13 in Labrador.

## Tourism Development

Duration: 01/01/78 to 31/03/83

Costs shared by:

DREE	\$11 938 140
Provincial government	1 326 460
Total estimated cost	<u>\$13 264 600</u>
DREE expenditure 1978-79	\$ 479 000

This comprehensive tourism development agreement is designed to improve the efficiency of tourism marketing and visitor information programs, to develop tourist attractions, and to encourage the expansion of visitor accommodation.

## Rural Development

Duration: 01/04/78 to 31/03/83

Costs shared by:

DREE	\$13 122 000
Provincial government	1 458 000
Total estimated cost	<u>\$14 580 000</u>
DREE expenditure 1978-79	\$ 1 592 000

This agreement continues earlier initiatives under the ARDA III Agreement to revitalize and strengthen the rural sector of the province. Projects include assistance to incorporated regional development associations for administrative and community project purposes, assistance to craft associations and craftspeople, assistance to small rural enterprises, information and evaluation.

## Agriculture Development

Duration: 14/07/78 to 31/03/83

Costs shared by:

DREE	\$12 907 170
Agriculture Canada	1 800 000
Provincial government	1 634 130
Total estimated cost	<u>\$16 341 300</u>
DREE expenditure 1978-79	\$ 598 000

The objective of the agreement is to support the growth of the agriculture industry in Newfoundland through increased production, improvements in management and technical capabilities of farmers, improved marketing systems, effective land development, and modern agricultural support services. Projects include a capital assistance program for land development and a marketing program to increase consumption of local agriculture produce; land use planning and soil surveys; provision of analytical and veterinary laboratory facilities; development of the blueberry industry; and assistance for other development opportunities in agriculture.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

### INCENTIVE GRANTS

Net accepted offers	40
Number of jobs expected to be created	1 094
Eligible capital investment associated with offers	\$26 542 000
DREE commitment through these offers	\$ 7 749 000
Total payments 1978-79	\$ 3 968 000

### LOAN GUARANTEES

One loan guarantee for \$29 000 was offered and accepted during the fiscal year. Six direct jobs are expected to be created.

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.

## OTHER PROGRAMS

### Newfoundland and Labrador Development Corporation Limited (NLDC)

This corporation was established in 1972 to complement the incentives program as a source of venture capital for manufacturing and resource development in the province. Loan funding is provided to the corporation by DREE, equity funding by the Government of Newfoundland, and operating expenses are shared equally. The agreement will expire in 1982.

During 1978-79, DREE advanced \$4 000 000 in loan funds to the corporation and expended \$898 000 as its share of the operating costs.

# NOVA SCOTIA

As of March 31, 1979, 11 subsidiary agreements had been signed under the GDA. A new agreement on energy conservation was signed during the year. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

## SUBSIDIARY AGREEMENTS UNDER THE GDA

### Mineral Development

Duration: 17/02/75 to 31/03/80

Costs shared by:

DREE	\$ 15 870 400
Provincial government	3 967 600
Total estimated cost	<u>\$19 838 000</u>
DREE expenditure 1978-79	\$ 6 964 000

This agreement is designed to increase employment and investment in the province's mining sector by accelerating mineral exploration and resource assessment. The major elements of the agreement are resource development planning, mineral resource inventory, mineral evaluation survey, geological-geochemical survey, and laboratory services.

### Metropolitan Halifax-Dartmouth Area Development

Duration: 31/03/75 to 31/03/80

Costs shared by:

DREE	\$ 79 997 000
Provincial government	29 821 800
Total estimated cost	<u>\$109 818 800</u>
DREE expenditure 1978-79	\$ 8 738 000

This agreement calls for programs in three broad development categories: metropolitan, port-related and industrial. Included are programs for development of the Halifax and Dartmouth waterfront areas, new passenger ferries, a new water-supply system, and construction of buildings by both the public and private sectors. The agreement also recognizes the need to encourage the local development of technology and ocean-related industries.

### Strait of Canso Area Development

Duration: 31/03/75 to 31/03/80

Costs shared by:

DREE	\$19 265 000
Provincial government	6 570 400
Total estimated cost	<u>\$25 835 400</u>
DREE expenditure 1978-79	\$ 3 499 000

This agreement is designed to equip the area for an expected increase in the number of processing industries. Activities under the agreement include development planning for the region and infrastructure projects such as water-supply construction, airport and highway improvement, and direct industrial infrastructure.

### Agriculture Development

Duration: 22/06/76 to 31/03/81

Costs shared by:

DREE	\$29 980 000
Provincial government	18 237 000
Total estimated cost	<u>\$48 217 000</u>
DREE expenditure 1978-79	\$ 6 508 000

The objectives of the agreement are to improve the viability and stability of the agriculture industry, to maintain the existing and to create new employment opportunities, and to expand the output and productivity of under-exploited components of the agriculture industry which enjoy an economic advantage on local or export markets.

There are three elements of the agreement: expansion of the agricultural land base, livestock development, and horticulture.

**Industrial Development**

Duration: 22/06/76 to 31/03/81

Costs shared by:

DREE	\$13 031 200
Provincial government	3 257 800
Total estimated cost	<u>\$16 289 000</u>
DREE expenditure 1978-79	\$ 3 885 000

This agreement is designed to support the development of new employment opportunities in the secondary and tertiary sectors of the Nova Scotia economy; to encourage the development, expansion and efficiency of indigenous enterprises; and to increase the variety of employment opportunities available, with emphasis on higher skill and higher wage employment, particularly in certain intermediate-sized communities.

The agreement provides for industrial parks in the following areas which show growth potential: Amherst, Bridgewater, Debert, Kentville, Stellarton, and Windsor. Work is near completion in the Amherst, Debert and Kentville parks, and construction is projected to start in the fall of 1979 on the Windsor and Stellarton parks. The conceptual plan for the Bridgewater park is under review. Multi-purpose, industrial mall facilities have been constructed at Debert and Kentville; both will be opened in 1979.

**Planning**

Duration: 22/06/76 to 31/03/80

Costs shared by:

DREE	\$2 500 000
Provincial government	2 500 000
Total estimated cost	<u>\$5 000 000</u>
DREE expenditure 1978-79	\$ 386 000

This agreement continues and broadens the thrust begun under an earlier interim planning agreement. It defines three areas for planning and development initiatives: physical and resource planning, research and studies to investigate development opportunities, and general development planning.

Under the agreement, an overall development strategy for the province is being formulated and the necessary planning and studies to implement the strategy are being undertaken. Studies relating to the currently active subsidiary agreements for tourism and Sydney Steel Corporation assistance were funded under this agreement.

**Forestry**

Duration: 01/04/77 to 31/03/82

Costs shared by:

DREE	\$20 212 000
Employment & Immigration	15 930 000
Provincial government	24 395 500
Total estimated cost	<u>\$60 537 500</u>
DREE expenditure 1978-79	\$ 3 510 000

The objectives of the agreement are to maintain the existing aggregate employment based mainly on the softwood species, and to increase employment opportunities and incomes in harvesting and processing based mainly on the hardwood species. These objectives are to be attained by encouraging more intensive forest management, finding additional uses for under-utilized hardwood species, accelerating the harvesting of budworm-affected wood, improving the allocation of wood harvesting, increasing utilization of suitable timber in sawmills, and providing for more effective recovery and utilization of residues.

## Tourism Development

Duration: 01/04/77 to 31/03/82

Costs shared by:

DREE	\$11 000 000
Provincial government	2 750 000
Total estimated cost	\$13 750 000
DREE expenditure 1978-79	\$ 1 279 000

The objectives of the agreement are to create employment opportunities and to increase income from further development of the tourism industry.

Two programs have been included in the agreement. The first encompasses various province-wide projects aimed at promoting the industry within Nova Scotia, improving the efficiency of the industry and expanding it where possible and desirable, and extending the tourist season. The second program relates directly to the development of designated destination areas. Projects include the construction or expansion of major attractions; provision of suitable attractions for day trips; and the coordination of planning, promotion and implementation efforts within the destination areas.

## Sydney Steel Corporation Assistance Program

Duration: 01/08/77 to 31/03/79

Costs shared by:

DREE	\$15 156 000
Provincial government	4 344 000
Total estimated cost	\$19 500 000
DREE expenditure 1978-79	\$ 8 976 000

Outmoded steelmaking operations and obsolescent equipment of the Sydney Steel Corporation (SYSCO), coupled with depressed world steel markets, have threatened the SYSCO operation; a shutdown would seriously affect the community's economic base.

The objectives of this agreement were to help the province maintain employment levels at SYSCO through the provision of capital programs, and to identify additional employment opportunities in the steel industry in the Sydney area. Analytical studies are now being carried out to identify, through market analysis, a viable product mix. This will be followed by a design for a plant capable of producing competitively.

## Energy Conservation

Duration: 04/07/78 to 31/03/83

Costs shared by:

DREE	\$19 000 000
Provincial government	5 875 000
Total estimated cost	\$24 875 000
DREE expenditure 1978-79	nil

Rising energy costs in Nova Scotia have become crippling constraints to the expansion of existing enterprises and the establishment of new ones. This agreement is intended to reduce the loss of employment opportunities resulting from rising energy prices, and to encourage the development of new industries based on alternate energy technologies.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

Net accepted offers	84
Number of jobs expected to be created	1 085
Eligible capital investment associated with offers	\$36 942 000
DREE commitment through these offers	\$ 9 626 000
Total payments 1978-79	\$ 4 862 000

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.



## PRINCE EDWARD ISLAND

In 1969, Prince Edward Island and Canada signed a 15-year Comprehensive Development Plan agreement under the *Fund for Rural Economic Development Act* (FRED). The purpose of the plan is to assist in the development of economic enterprises aimed at creating more jobs and raising per capita income, while maintaining the unique Island environment.

Phase I of the plan covered the period from 1969 to March 31, 1975. Phase II covers the period from April 1, 1975 to March 31, 1980. DREE's commitment for the last year of Phase II is \$29 300 000.

DREE expenditures during 1978-79 under the Comprehensive Development Plan amounted to \$28 460 000.

## PROGRAMS UNDER THE COMPREHENSIVE DEVELOPMENT PLAN

### **Agriculture**

The objective of the agriculture program is to establish and maintain profitable family farms. The major elements of the program are capital incentives, extension services, and the genetic improvement of livestock.

### **Forestry**

The objective of the forestry program is to carry out reforestation on Crown and private lands, while providing seedlings, forestry management, and extension services to owners of existing woodlots.

### **Fisheries**

The fisheries program is aimed at increasing returns to fishermen by expanding the resource base, and by improving methods of harvesting, handling and processing fish. Projects include an aquaculture program for increasing oyster production; experiments with trout rearing; and the Lobster Vessel Certificate Retirement Program, which is aimed at voluntarily reducing the number of lobster fishermen, so that the incomes of those remaining can increase.

### **Industrial Development**

This program is aimed at generating employment, with emphasis on year-round jobs, and provides assistance to businessmen to diversify the Island's economic base. Some of the major projects include construction of industrial parks and malls, and financial assistance to small businesses and the service sector.

### **Educational Facilities**

An integrated system of schools is being constructed under this program to provide facilities for academic and vocational training. Construction of a major facility began this year at Elmsdale; completion is scheduled for September 1979.

### **Tourism and Conservation**

Tourism programs are intended to attract tourists to all parts of the Island, and to extend the shoulder seasons. Major activities include the development of parks and recreation complexes, such as Mill River, which is currently under construction in the western end of the province. In addition, marketing and industry development projects are being carried out.

### **Land Adjustment**

The basic function of this program is to continue agricultural land consolidation and farm enlargement. Projects include the acquisition of land for resale or lease to farmers, as well as for forestry, wildlife and tourism, and the development of community pastures.

### **Marketing and Product Development**

This program finances the Market Development Centre which provides producers, processors, and manufacturers with access to the marketing services necessary to compete more successfully. In addition, it develops new products and sales methods, and assists in improving the utilization of raw products.

### **Transportation**

This program provides for the construction and upgrading of three types of highways: resources roads, collector highways, and the expanded collector system.

## **REGIONAL DEVELOPMENT INCENTIVES PROGRAM**

Activity under the regional development incentives program during the fiscal year was as follows:

Net accepted offers	30
Number of jobs expected to be created	345
Eligible capital investment associated with offers	\$10 167 000
DREE commitment through these offers	\$ 2 911 000
Total payments 1978-79	\$ 1 330 000

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.

## NEW BRUNSWICK

As of March 31, 1979, 16 subsidiary agreements had been signed under the GDA. During the fiscal year, a subsidiary agreement on agricultural resources development, signed during the previous fiscal year, came into effect. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

### SUBSIDIARY AGREEMENTS UNDER THE GDA

#### Forestry

Duration: 15/10/74 to 31/03/82

Costs shared by:

DREE	\$56 502 800
Employment & Immigration	2 400 000
Provincial government	15 325 700
Total estimated cost	<u>\$74 228 500</u>
DREE expenditure 1978-79	\$ 9 449 000

Under this agreement, a comprehensive province-wide forestry development program aimed at increasing timber production and expanding the wood-processing industry is being mounted. Approximately one half of the funds provided under the agreement has been allocated for intensified forest management. This includes the development of better forest management information, the expansion of forest nursery activities, increased tree planting and stand improvement, and the development of an integrated network of forest roads.

#### Industrial Development

Duration: 17/02/75 to 31/03/80

Costs shared by:

DREE	\$24 182 200
Provincial government	6 045 550
Total estimated cost	<u>\$30 227 750</u>
DREE expenditure 1978-79	\$ 5 019 000

The purpose of the agreement is to expand, diversify and strengthen manufacturing and processing activities in the province. The agreement seeks to diversify manufacturing into higher value-added production requiring modern technology and skilled labour, and encourages the establishment of industries based on the province's natural resources or its strategic maritime location.

#### Kent Region Pilot Project

Duration: 17/02/75 to 31/03/80

Costs shared by:

DREE	\$6 200 800
Provincial government	1 550 200
Total estimated cost	<u>\$7 751 000</u>
DREE expenditure 1978-79	\$1 192 000

The purpose of the agreement is to assist residents of the Kent region in their attempts at increasing income and employment opportunities. Through this unique pilot project, residents are developing and implementing projects in fisheries, forestry, agriculture, resource-based manufacturing, tourism and recreation.

#### Saint John and Moncton Arterial Highways

Duration: 17/02/75 to 31/03/80

Costs shared by:

DREE	\$35 840 000
Provincial government	15 360 000
Total estimated cost	<u>\$51 200 000</u>
DREE expenditure 1978-79	\$ 4 420 000

The elements of this agreement are the completion of the Saint John Throughway, the completion of the Shediac Highway to Moncton, and continued construction of Wheeler Boulevard in Moncton.

## Planning

Duration: 01/04/75 to 31/03/80

Costs shared by:	
DREE	\$2 437 500
Provincial government	2 437 500
Total estimated cost	<u>\$4 875 000</u>
DREE expenditure 1978-79	\$ 211 000

This agreement recognizes the need to reinforce and supplement the provincial government's capability to identify and analyse socio-economic development opportunities. The four elements of the agreement are: research opportunities, physical development, coordinated subsidiary agreement activities, and general development planning.

## Tourism Development

Duration: 03/11/75 to 31/03/80

Costs shared by:	
DREE	\$11 794 400
Provincial government	2 948 600
Total estimated cost	<u>\$14 743 000</u>
DREE expenditure 1978-79	\$ 2 835 000

Tourism activities make an important contribution to employment and incomes in New Brunswick. The purpose of the agreement is to encourage tourism by increasing the number of visitors, lengthening the average visit, and increasing the number of tourist activities in the shoulder and winter seasons.

## Minerals and Fuels Development

Duration: 24/06/76 to 31/03/81

Costs shared by:	
DREE	\$ 9 050 500
Provincial government	2 262 625
Total estimated cost	<u>\$11 313 125</u>
DREE expenditure 1978-79	\$ 1 960 000

The objectives of this agreement are the promotion of private investment in both exploration and mine development, the encouragement of further processing of minerals, and the implementation of measures aimed at national self-sufficiency in fuel supply.

## Highways 1977-80

Duration: 01/04/77 to 31/03/80

Costs shared by:	
DREE	\$42 000 000
Provincial government	14 000 000
Total estimated cost	<u>\$56 000 000</u>

Four subsidiary agreements on highways have been signed with New Brunswick covering the following periods: 1974-75, 1975-76, 1976-77, and 1977-80. Their purpose is to encourage, through improved highway systems, broader community and area development, and development in resource-based secondary manufacturing and service industries.

## Northeast New Brunswick

Duration: 23/06/77 to 31/03/82

Costs shared by:	
DREE	\$67 175 000
Provincial government	28 325 000
Total estimated cost	<u>\$95 500 000</u>
DREE expenditure 1978-79	\$ 7 270 000

The purpose of the agreement is to improve the long-term well-being and standard of living of residents of the area through the increased application of programs which improve the utilization of human and physical resources and which accelerate development. The programs are aimed at creating employment and increasing earned income.

## Development of Agricultural Resources

Duration: 01/04/78 to 31/03/83

Costs shared by:	
DREE	\$27 698 000
Provincial government	6 924 500
Total estimated cost	<u>\$34 622 500</u>
DREE expenditure 1978-79	\$ 1 878 000

This is the second subsidiary agreement on agriculture signed with New Brunswick. The object of the agreement is to maximize the contribution of agricultural and related sectors to provincial output, earned income and employment. The agreement initiatives are based on the New Brunswick two-year Agricultural Resources Study and on experience gained from the first agreement. Separate commodity strategies have been developed and targets set for potatoes, fruit and vegetables, and livestock and livestock feeds. Specific agreement objectives are to increase volume and efficiency, expand processing, and improve marketing.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

### INCENTIVE GRANTS

Net accepted offers	65
Number of jobs expected to be created	1 469
Eligible capital investment associated with offers	\$32 520 000
DREE commitment through these offers	\$12 212 000
Total payments 1978-79	\$ 3 451 000

### LOAN GUARANTEES

One loan guarantee for \$1 667 000 was offered and accepted during the fiscal year. The number of jobs expected to be created is 150.

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.

# Quebec Region

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DREE expenditures in the Quebec Region during the 1978-79 fiscal year were close to \$172 million, including approximately \$130.7 million for activities under subsidiary agreements and \$33.5 million for industrial incentives.

During the year, new subsidiary agreements were signed on tourism development and public infrastructure. DREE's commitments under these agreements total approximately \$68.9 million. The year was also highlighted by the opening of branch offices at Val-d'Or and Alma.

Another important aspect of DREE's involvement in Quebec is the financial assistance it offers for some manufacturing projects. Two separate programs exist for this purpose. First, the *Regional Development Incentives Act* provides for financial contribution to industrial projects located in the Quebec designated region. The second program is intended to finance certain manufacturing projects in the Montreal region and surrounding cities. The Montreal Special Area program provides incentives for regional development within the framework of a selective industry policy which concentrates on sectors exhibiting high productivity and rapid growth.

During the year, DREE's commitments through these incentives programs amounted to approximately \$47.5 million. These commitments are expected to stimulate capital investments of almost \$237 million and to create more than 7 600 direct jobs.

DREE's programs in Quebec are designed to provide the means for the various regions of the province to speed up the completion of projects suited to their needs and potential. During the year, the department concentrated its activities on industrial development, the creation of urban and industrial infrastructure, and tourism development.

Economic growth, and resource processing and development are of prime concern in the Quebec region. DREE is making every effort, in concert with the Quebec government, to identify and implement new programs and projects which will improve Quebec's economic situation.

## QUEBEC

As of March 31, 1979, 12 subsidiary agreements had been signed under the GDA. During the year under review, subsidiary agreements on tourism development and public infrastructure were signed. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

### SUBSIDIARY AGREEMENTS UNDER THE GDA

#### Key Highway Networks

Duration: 13/09/74 to 31/03/82

Costs shared by:

DREE	\$205 505 000
Provincial government	243 270 000
Total estimated cost	\$448 775 000
DREE expenditure 1978-79	\$ 33 752 000

The purposes of this agreement are to encourage industrial, regional, and urban development by providing a rapid means of communication between various urban centres; and to promote a greater movement of industrial products among various regions of Quebec.

Current projects include improving highways 10, 51 and 55; repairing Highway 138 between Sept-Îles and Port-Cartier; constructing a second lane and traffic interchanges on Highway 40 between Berthier and Pointe-du-Lac, and on Highway 55 between Trois-Rivières and Shawinigan; resurfacing Highway 132 in the Lower St. Lawrence/Gaspé region, and Highway 199 on the Magdalen Islands; repairing Highway 117 between Saint-Jovite and Louvicourt; constructing Highway 70 between Saint-Bruno and La Baie; completing Highway 13; and further construction of Highway 50 between Dorval and Mirabel.

#### Forest Development

Duration: 26/03/75 to 31/03/82

Costs shared by:

DREE	\$ 83 000 000
Provincial government	55 333 000
Total estimated cost	\$138 333 000
DREE expenditure 1978-79	\$ 17 480 000

Formerly known as the Subsidiary Agreement on Access to Forest Resources, this agreement was intended to develop an improved network of access roads to forests in northern Quebec. It provides for improvements to 220 miles of existing roads, the construction of 410 miles of new roads and the construction of 12 bridges. Construction is concentrated in the regions of Saguenay/Lac-Saint-Jean/Chibougamau, Eastern Quebec, Abitibi/Témiscamingue and the North Shore. The agreement was amended in 1977 to provide for a vast silviculture and reforestation program in all regions of the province.

#### Industrial Infrastructure

Duration: 26/03/75 to 31/03/83

Costs shared by:

DREE	\$ 82 602 000
Provincial government	55 068 000
Total estimated cost	\$137 670 000
DREE expenditure 1978-79	\$ 4 623 000

The manufacturing sector in Quebec is dependent on an infrastructure network to encourage industry in various urban centres that are not necessarily in a position to finance the growth or establishment of new industrial parks.

There are three main elements to the agreement: creating or expanding industrial parks in 30 urban centres; establishing and developing industrial parks for fish processing in the Gaspé and Magdalen Islands, and other fisheries infrastructure on the North Shore; and providing essential infrastructure in municipalities that are not in a position to meet the requirements of certain businesses.

## Agricultural Development

Duration: 29/03/76 to 31/03/82

Costs shared by:	
DREE	\$ 61 960 000
Provincial government	41 306 000
Total estimated cost	<u>\$103 266 000</u>
DREE expenditure 1978-79	\$ 11 976 000

A priority of the agriculture industry in Quebec is to increase revenues through greater productivity and product diversification which, in turn, favour the establishment of food-processing plants.

The purpose of this agreement is to carry out an integrated land reclamation program in the Montreal Plain; soil improvement programs in eastern Quebec, Lac-Saint-Jean and northwestern Quebec; and a land-use adjustment program in the regions of Eastern Quebec, Saguenay/Lac-Saint-Jean/Chibougamau, and Abitibi/Témiscamingue.

## Mineral Development

Duration: 29/03/76 to 31/03/80

Costs shared by:	
DREE	\$17 160 000
Provincial government	11 440 000
Total estimated cost	<u>\$28 600 000</u>
DREE expenditure 1978-79	\$ 4 678 000

The purpose of the agreement is to encourage the exploitation and use of Quebec's natural resources. The agreement provides for the following: the construction of access roads to the most promising geological areas; geoscientific mineral and petroleum studies; and the development of procedures for the mining and processing of complex ores which at present can not be produced in forms concentrated enough for the specifications of processing plants.

## Establishment of a Bleached Kraft Pulp Mill at Saint-Félicien

Duration: 21/04/76 to 31/03/80

Costs shared by:	
DREE	\$ 30 000 000
Private sector, up to	248 000 000
Provincial government	20 000 000
Total estimated cost	<u>\$298 000 000</u>
DREE expenditure 1978-79	\$ 15 000 000

For the past 17 years the Government of Quebec has been coordinating all the factors which could allow the best use of the Crown forest in the disadvantaged region of Roberval/Chibougamau/Saint-Félicien — one of the last great reserves of wood capable of supporting an integrated forestry complex of optimum size.

By contributing to the financing of the bleached kraft pulp mill and sawmills at Saint-Félicien, the agreement meets the specific objectives of the forestry sector identified in the GDA.

## Airport Industrial and Commercial Park (PICA)

Duration: 18/06/76 to 31/03/82

Costs shared by:	
DREE	\$ 7 975 200
Provincial government	5 316 800
Total estimated cost	<u>\$13 292 000</u>
DREE expenditure 1978-79	\$ 571 000

The construction of a new international airport at Mirabel was part of a plan to modify the entire infrastructure of the region north of Montreal. This agreement is aimed at increasing industrial development through the establishment of an industrial airport complex, and at integrating the whole range of activities of a modern airport with the various means of transportation converging on it. The complex will encourage the creation of new jobs and promote the establishment of high-growth industries.

## Water Treatment Facilities for the Montreal Area

Duration: 30/03/78 to 31/03/82

Costs shared by:	
DREE	\$120 000 000
Provincial government	80 000 000
Total estimated cost	<u>\$200 000 000</u>
DREE expenditure 1978-79	\$ 40 000 000

The Montreal region is the largest source of water pollution in Quebec. Studies of the St. Lawrence River have shown that the large amount of nutritive elements and toxic metals in the region's sewage is a major influence on the quality of the river's water.

The aim of the agreement is to assist Quebec in accelerating its program for water treatment facilities for the Montreal area. The program is designed to ensure that the area will be supplied with water suitable for drinking and recreation.



### Tourism Development

Duration: 06/04/78 to 31/03/83

Costs shared by:

DREE	\$45 600 000
Provincial government	30 400 000
Total estimated cost	\$76 000 000
DREE expenditure 1978-79	\$ 994 000

The general objectives of this agreement are to increase and diversify tourist attractions, with the aim of increasing the number of out-of-province visitors, and of encouraging Quebeckers to take greater advantage of tourist facilities in their own province. Specific projects include tourism promotion, the creation of recreational parks, restoration of buildings and sites, modernization of museums and tourist stopovers, and the establishment and improvement of open-air centres and holiday camps.

### Public Infrastructure

Duration: 16/05/78 to 31/03/80

Costs shared by:

DREE	\$17 424 000
Employment & Immigration	5 837 000
Provincial government	11 615 000
Total estimated cost	\$34 876 000
DREE expenditure 1978-79	\$ 1 651 000

The purpose of this agreement is to provide assistance for municipal infrastructure projects which will create short-term jobs and encourage economic growth. The 17 municipalities affected by the agreement are located in regions characterized by high unemployment. Projects include the construction or improvement of water and sewer systems, water-filtration plants, services for industrial zones, port facilities, residential areas and streets, trailer parks and recreation facilities.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

### Regional Development Incentives Act

Activity under the *Regional Development Incentives Act* during the fiscal year was as follows:

#### INCENTIVE GRANTS

Net accepted offers	305
Number of jobs expected to be created	4 778
Eligible capital investment associated with offers	\$144 642 000
DREE commitment through these offers	\$ 33 002 000

#### LOAN GUARANTEES

Two loan guarantees for a total of \$4 769 000 were offered and accepted during the fiscal year. An incentive grant was also offered and accepted for one of the projects; the number of jobs expected to be created is included above under Incentive Grants.

### Montreal Special Area

The aim of the Montreal Special Area program is to accelerate the development of Quebec's industrial structure by cementing the role of the Montreal region as the centre of manufacturing development in the province. The program, effective from July 1, 1977 to June 30, 1980, favours those industries which show the greatest potential for market growth and productivity, and to which the Montreal region offers certain comparative advantages.

Activity under this program during the year was as follows:

Net accepted offers	117
Number of jobs expected to be created	2 881
Eligible capital investment associated with offers	\$92 340 000
DREE commitment through these offers	\$14 481 000

During 1978-79, DREE expenditures on incentives to industry in Quebec amounted to \$33 459 000, of which \$5 149 000 was spent under the Montreal Special Area program.

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.



# Ontario Region

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DREE expenditures in the Ontario Region during the 1978-79 fiscal year were just under \$22.6 million, of which approximately \$6 million was spent for activities under subsidiary agreements, \$6.7 million for industrial incentives, and \$7.7 million for other programs.

During the year, activity in the region was highlighted by the signing of the forest management subsidiary agreement, which is designed to enhance forest management activity and accelerate reforestation efforts in northern Ontario. Amendments to the subsidiary agreement on community and rural resource development were signed to provide assistance for the development of new forests in eastern Ontario (including development of fast-growing hybrid poplar) and for a program of geoscientific surveys in the Kirkland Lake area. Together, the signing of the forest management agreement and the amendments to the community and rural resource development agreement reflect an increasing emphasis on sectoral programming within the Ontario Region.

During the fiscal year, the subsidiary agreement on single-industry resource communities was amended to provide assistance to the Hornepayne and Longlac areas of northeastern Ontario, and an amendment to the subsidiary agreement for northeastern Ontario was signed to provide support for industrial development in North Bay.

Another important component of DREE activity in Ontario is the financial assistance offered under the *Regional Development Incentives Act* for selected manufacturing projects in the designated portion of the province. During the year, 51 net accepted offers resulted in DREE commitments of \$4.8 million. These offers are expected to create almost 600 direct new jobs and to generate capital investments of approximately \$18.5 million.

The Canada–Ontario agreement signed under the *Agricultural and Rural Development Act* (ARDA) expired March 31, 1979. DREE expenditures under ARDA during 1978–79 totalled \$7 613 000. Programs for future rural development needs could be incorporated under the General Development Agreement mechanism.

During the year, the branch office at Sudbury was officially opened.

# ONTARIO

As of March 31, 1979, eight subsidiary agreements had been signed with Ontario. One of these, the agreement on forest management, was signed during the year under review. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

## SUBSIDIARY AGREEMENTS UNDER THE GDA

### Northwestern Ontario

Duration: 23/05/74 to 31/03/79

Costs shared by:

DREE	\$25 444 325
Provincial government	25 444 325
Total estimated cost	<u>\$50 888 650</u>
DREE expenditure 1978-79	\$ 1 715 000

The purpose of this agreement was to accelerate the economic growth of the northwest region by reinforcing the role of Thunder Bay as the region's primary centre, improving the region's transportation network, and providing urban services in some key communities.

Program elements included sewage system improvements in Thunder Bay and Ignace, a road construction program, studies on a Thunder Bay industrial complex and on wild rice harvesting, and improvements to the Kenora airport and highway intersections.

### Northeastern Ontario

Duration: 25/03/76 to 31/03/82

Costs shared by:

DREE	\$12 806 065
Central Mortgage & Housing Corporation	1 692 260
Provincial government	14 498 325
Total estimated cost	<u>\$28 996 650</u>
DREE expenditure 1978-79	\$ 471 000

The purpose of this agreement is to strengthen the urban system and maximize the benefits of growth in northeastern Ontario by alleviating the constraints to development in selected key population centres and concentrating new economic activity in such centres.

Program elements include the provision of services for industrial park development in Sudbury and Parry Sound; assessment of industrial development activity in Parry Sound; infrastructure in the Timmins area as well as an industrial park location study and a bypass-road needs study; and the provision of services for industrial park development and related needs in North Bay.

### Single-Industry Resource Communities

Duration: 18/10/76 to 31/03/81

Costs shared by:

DREE	\$ 9 363 786
Indian Affairs & Northern Development	305 000
Ministry of Transport	150 000
Central Mortgage & Housing Corporation	386 214
Provincial government	9 595 000
Total estimated cost	<u>\$19 800 000</u>
DREE expenditure 1978-79	\$ 3 014 000

Phase I of the agreement was designed to assist selected single-industry pulp and paper communities to stabilize their socio-economic base and thus benefit from the major Kimberly-Clark expansion in Terrace Bay. Program components include infrastructure projects in Nakina, Longlac and Geraldton as well as airport development and improved access to the airport for Geraldton.

Phase II is designed to provide White River with the infrastructure required to accommodate anticipated population growth and attract the skilled labour force required by the Abitibi Paper Company expansion.

Phase III of the agreement, in an effort to ameliorate local living conditions and help stabilize the local labour force, provides support for the site preparation and construction of a town centre for the community of Hornepayne.

Under Phase IV of the agreement, support will be provided for infrastructure improvements in the town of Longlac and the adjoining native settlement on the Long Lake No. 77 Indian Reserve.

### Community and Rural Resource Development

Duration: 07/12/77 to 31/03/83

Costs shared by:

DREE	\$4 728 325
Provincial government	4 728 325
Total estimated cost	<u>\$9 456 650</u>
DREE expenditure 1978-79	\$ 797 000

The initial phase of the agreement is designed to stimulate employment growth and increased incomes in the resource and manufacturing industries of Renfrew County. Program elements include forest and mineral resource assessments, industrial land development studies, and assistance to establish a county-wide development organization.

Amendments signed during the 1978-79 fiscal year provide for hybrid poplar research and development; hardwood forest renewal activity and a forest and agricultural resource inventory within eastern Ontario; and a program of geoscientific surveys in the Kirkland Lake area of northeastern Ontario.

### Forest Management

Duration: 08/12/78 to 30/09/83

Costs shared by:

DREE	\$41 118 250
Provincial government	41 118 250
Total estimated cost	<u>\$82 236 500</u>
DREE expenditure 1978-79	nil

The purpose of this agreement is to create new employment opportunities and sustain existing employment within the province's wood-based industries. Program elements include the construction of forest access roads, the establishment of silvicultural camps, the upgrading of tree nursery production facilities, soil surveys, applied pilot research, a hardwood utilization study, and evaluation.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

### INCENTIVE GRANTS

Net accepted offers	51
Number of jobs expected to be created	594
Eligible capital investment associated with offers	\$18 460 000
DREE commitment through these offers	\$ 4 803 000
Total payments 1978-79	\$ 6 696 000

### LOAN GUARANTEES

One loan guarantee for \$286 000 was offered and accepted during the fiscal year. Ten jobs are expected to be created.

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.

## OTHER PROGRAMS

### **Agricultural and Rural Development Act (ARDA)**

The Federal-Provincial Rural Development Agreement, signed with Ontario under the *Agricultural and Rural Development Act*, terminated March 31, 1979. Departmental expenditures under the ARDA program totalled \$7 613 000 during the 1978-79 fiscal year.





# Western Region

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In the Western Region, comprised of Manitoba, Saskatchewan, Alberta, British Columbia, the Northwest Territories and Yukon, DREE expenditures amounted to more than \$112 million during the 1978-79 fiscal year: approximately \$36.8 million for subsidiary agreements, \$13.6 million for industrial incentives, and the remainder for administration and activities under such legislation as the *Agricultural and Rural Development Act* (ARDA) and the *Prairie Farm Rehabilitation Act* (PFRA).

Six subsidiary agreements were signed during the year: three with Manitoba (industrial development, tourism and value-added crops), two with Saskatchewan (interim minerals and northlands), and one with British Columbia (tourism development). Other highlights during the year included: the opening of new offices at La Ronge, Saskatchewan, and Whitehorse, Yukon; the signing of a Special ARDA agreement with Yukon; and the designation of Yukon for assistance under the incentives program.

Development activities in the region are concentrated in three broad program areas: western northlands, rural areas and urban/industrial development.

Northlands programs are designed to assist residents to take a full part in the life and development of their regions. DREE's expenditures on active northlands and transportation subsidiary agreements with the four western provinces totalled \$27 778 000 in 1978-79.

Special ARDA programs, which complement northlands programs, encourage disadvantaged peoples, particularly those of Indian and Inuit ancestry, to start commercial ventures which will employ native people; these programs are also aimed at improving incomes derived from primary producing activities. Special ARDA assistance to commercial enterprises during the year is expected to result in 625 new

jobs. Contributions under the program helped another 2 504 persons improve their incomes by exploiting development opportunities in such fields as trapping, hunting, fishing and agriculture. During the year, DREE expenditures under Special ARDA totalled \$8 340 000.

Western rural programs, implemented through subsidiary agreements and PFRA, are aimed at helping secondary and rural communities achieve better balanced economies through agricultural and industrial diversification. Subsidiary agreements contributing to this goal include ones on nutritive processing (Alberta), agriculture and rural development (British Columbia) and the Agricultural Service Centre agreements signed with the three prairie provinces and implemented by PFRA. PFRA also administers programs which range from individual on-farm water projects to large-scale irrigation schemes, and administers, under its land program, a network of community pastures on the prairies. A separate PFRA annual report is available on request.

Industrial development remains a key element in the Western Region's overall objective of promoting a more diversified economy with a better balanced distribution of opportunities and employment. Subsidiary agreements contributing to this goal include those on industrial development (British Columbia); iron, steel and other related metal industries (Saskatchewan); and tourism (British Columbia and Manitoba).

DREE also contributes to industrial development in the Western Region through the regional development incentives program. With the designation during the year of Yukon for inclusion under the *Regional Development Incentives Act*, assistance is now available throughout the region, except for the southern parts of Alberta and British Columbia.

During the year, 163 net accepted offers in the region resulted in DREE commitments of \$25 million. These offers are expected to create 3 075 direct new jobs and to generate capital investments of approximately \$110.5 million.

# MANITOBA

As of March 31, 1979, seven subsidiary agreements had been signed under the GDA. During the year under review, subsidiary agreements were signed on industrial development, value-added crops production and tourism development. However, only the agreement on industrial development came into effect during the year. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

## SUBSIDIARY AGREEMENTS UNDER THE GDA

### Mineral Exploration and Development

Duration: 01/04/75 to 31/03/79

Costs shared by:	
DREE	\$1 725 000
Energy, Mines & Resources	2 525 000
Provincial government	4 250 000
Total estimated cost	<u>\$8 500 000</u>
DREE expenditure 1978-79	\$ 7 000

The purpose of this agreement was to contribute to the effective management of the province's mineral resources, and to assist in maintaining an acceptable level of exploration activity in Manitoba.

Projects undertaken included base-metal exploration, uranium reconnaissance, regional surveys, industrial minerals evaluation, pegmatite mineral exploration, and mineral development analysis.

Although the agreement expired at the end of the fiscal year, selected activities which relate to northern areas will be continued under the northlands agreement.

### Manitoba Northlands

Duration: 01/04/76 to 31/03/81

Costs shared by:	
DREE	\$ 73 000 000
Employment & Immigration	5 516 000
Ministry of Transport	12 500 000
Indian Affairs & Northern Development	14 993 000
Provincial government	49 407 000
Total estimated cost	<u>\$155 416 000</u>
DREE expenditure 1978-79	\$ 10 442 000

The objectives of this agreement are to enable the people of northern Manitoba to contribute to and participate in the development of the area while continuing, if they wish, their own way of life; and to encourage the orderly utilization of the natural resources of the area.

The basic elements of the agreement are: resources and community economic development, human development and community services, and transportation and communications.

The agreement was amended during the year to provide for further strengthening of the major regional road network, initiatives in resource improvement (including forestry management), parks development and mineral reconnaissance.

### Industrial Development

Duration: 01/04/78 to 31/03/83

Costs shared by:	
DREE	\$25 400 000
Industry Trade & Commerce	1 000 000
Provincial government	17 600 000
Total estimated cost	<u>\$44 000 000</u>
DREE expenditure 1978-79	\$ 174 000

The objectives of this agreement are to encourage industrial activities which are closely linked to those activities already significant in the province's economy; to develop industries in which Manitoba has advantages compared to other areas; and to support high-wage industries and industries which provide stable long-term employment.

Priority industries are food and beverage, health care products, light machinery, transportation equipment, aerospace products, and electronics.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

Net accepted offers	101
Number of jobs expected to be created	1 801
Eligible capital investment associated with offers	\$37 253 000
DREE commitment through these offers	\$10 358 000
Total payments 1978-79	\$ 6 383 000

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.

## OTHER PROGRAMS

### **Special ARDA**

The purpose of the Special ARDA agreement, entered into under the *Agricultural and Rural Development Act* (ARDA), is to assist in the economic development and social adjustment of residents of rural areas, particularly those of Indian ancestry, who have previously had little or no access to regular earnings and employment opportunities. Financial assistance is provided to eligible commercial undertakings or primary producing activities for job creation and income improvement. The agreement will expire on March 31, 1982.

DREE expenditures under Special ARDA totalled \$1 592 000 during 1978-79.

### **Prairie Farm Rehabilitation Administration (PFRA)**

PFRA is a significant component of DREE in the prairie provinces; its own annual report is available on request. During 1978-79, PFRA accounted for \$5 588 000 in expenditures in Manitoba, of which \$775 000 was in the form of loans.

# SASKATCHEWAN

As of March 31, 1979, eight subsidiary agreements had been signed under the GDA. Two new agreements, interim mineral development and northlands, were signed during the year under review. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

## SUBSIDIARY AGREEMENTS UNDER THE GDA

### Planning

Duration: 01/04/74 to 31/03/79

Costs shared by:

DREE	\$1 300 000
Provincial government	1 300 000
Total estimated cost	<u>\$2 600 000</u>
DREE expenditure 1978-79	\$ 79 000

The prime objectives of this agreement were to identify and analyze economic and socio-economic development opportunities in Saskatchewan, and to develop strategies, programs and subsidiary agreements pursuant to those opportunities.

### Qu'Appelle Valley

Duration: 01/04/74 to 31/03/84

Costs shared by:

DREE	\$ 7 743 680
Fisheries & Environment	9 000 000
Indian Affairs & Northern Development	1 200 000
Industry, Trade & Commerce	16 320
Provincial government	15 740 000
Total estimated cost	<u>\$33 700 000</u>
DREE expenditure 1978-79	\$ 438 000

The Qu'Appelle Valley is a major tourist attraction for Saskatchewan residents and, potentially, for out-of-province tourists travelling the Trans-Canada Highway.

The agreement has three main objectives: to ensure the long-term productivity of the Qu'Appelle Valley's recreation and tourism resource base; to increase the benefits from utilization of this resource base; and to improve the management of land and water resources.

### Iron, Steel and Other Related Metal Industries

Duration: 04/07/74 to 31/03/80

Costs shared by:

DREE	\$ 35 000 000
Private sector	137 800 000
Provincial government	10 000 000
Total estimated cost	<u>\$182 800 000</u>
DREE expenditure 1978-79	\$ 191 000*

This agreement is designed to enhance the viability of the existing iron and steel industry, and to expand and diversify iron and steel production in Saskatchewan. The five major elements of the agreement are: iron-ore exploration, infrastructure, foundries and related metal industries, establishment of an ore-reduction plant, and studies and administration.

An amendment signed during the year extended the duration of the agreement for one year to allow time for a potential evaluation of a major project.

\* Includes \$185 000 under the RDIA portion of the agreement.

### Canadian Western Agribition and Mexabition Expansion

Duration: 23/06/77 to 31/03/79

Costs shared by:

DREE	\$ 850 000
Provincial government	850 000
Total estimated cost	<u>\$1 700 000</u>
DREE expenditure 1978-79	\$ 145 000

The objectives of this agreement were to encourage the diversification of western agricultural production into livestock, to ensure the continued growth of Agribition as a successful international livestock show and sale, and to improve the capability of Regina to host trade shows and demonstrations of Saskatchewan-manufactured products.

The expansion, which was completed in time for the November 1977 show, involved the construction of a new display building for livestock and farm machinery as well as renovations to the existing exhibition complex.

### Mineral Development

Duration: 01/04/78 to 31/03/80

Costs shared by:

DREE	\$ 834 750
Energy, Mines & Resources	400 000
Provincial government	1 234 750
Total estimated cost	<u>\$2 469 500</u>
DREE expenditure 1978-79	\$ 68 000

This interim agreement continues programs initiated under the subsidiary agreement on mineral exploration and development, which expired March 31, 1978.

The new agreement is comprised of six elements: mineral resource planning, geoscience surveys, peat resource study, metallogenic studies and resource evaluation, underwater scintillometry, and report compilation and printing.

### Northlands

Duration: 01/04/78 to 31/03/83

Costs shared by:

DREE	\$ 58 300 000
Ministry of Transport	12 500 000
Employment & Immigration	9 000 000
Indian Affairs & Northern Development	7 200 000
Provincial government	40 000 000
Total estimated cost	<u>\$127 000 000</u>
DREE expenditure 1978-79	\$ 9 150 000

This agreement essentially continues work initiated under the interim northlands agreement, which expired March 31, 1978. The objectives of the agreement are to provide options and opportunities for north-erners to participate in social and economic development; to encourage the development of the natural resources of the area; and to provide the opportunity for northern residents to continue their way of life within an improved social and physical environment.

The major elements of the agreement are economic and resource development, human development, transportation and communication development, and public information and consultation.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

Net accepted offers	30
Number of jobs expected to be created	556
Eligible capital investment associated with offers	\$41 333 000
DREE commitment through these offers	\$ 7 842 000
Total payments 1978-79	\$ 3 261 000

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.

## OTHER PROGRAMS

### Special ARDA

The Special ARDA agreement, entered into under the *Agricultural and Rural Development Act* (ARDA), assists people of Indian ancestry to develop new and better opportunities for improving their economic and socio-economic circumstances. Under this third Special ARDA agreement with Saskatchewan, geographic designation has been extended to all parts of the province except the cities of Saskatoon and Regina. The agreement expires on March 31, 1982.

DREE expenditures under Special ARDA totalled \$4 047 000 during 1978-79.

**Prairie Farm Rehabilitation Administration (PFRA)**

PFRA is a significant component of DREE in the prairie provinces; its own annual report is available on request. During 1978-79, PFRA accounted for \$24 659 000 in expenditures in Saskatchewan, of which \$1 996 000 was in the form of loans. PFRA headquarters is located in Regina and its operating and administrative costs are included in the amount shown.



## ALBERTA

By March 31, 1979, six subsidiary agreements under the GDA had been signed with Alberta. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

### SUBSIDIARY AGREEMENTS UNDER THE GDA

#### Nutritive Processing Assistance

Duration: 01/07/74 to 31/03/80

Costs shared by:

DREE	\$ 8 500 000
Provincial government	8 500 000
Total estimated cost	<u>\$17 000 000</u>
DREE expenditure 1978-79	\$ 485 000

The objectives of this agreement are to strengthen the economic viability of small rural communities, and further process in Alberta those nutritive products which may achieve a competitive position on national or export markets.

Since inception of the program, 92 offers totalling \$5 970 450 have been accepted by companies in rural Alberta. They are expected to create a total of 531 jobs. Another 118 applications were being evaluated at the end of the fiscal year. Projects which accepted assistance included: abattoirs; cheese, milk and food processors; alfalfa plants and feedmills; extruded snack-food processors; and pet and livestock food-supplement processors.

#### 1976-79 Western Northlands Northern Alberta Transportation

Duration: 01/04/76 to 31/03/79

Costs shared by:

DREE	\$ 7 500 000
Ministry of Transport	7 500 000
Provincial government	15 000 000
Total estimated cost	<u>\$30 000 000</u>
DREE expenditure 1978-79	\$ 2 500 000

The purpose of this agreement was to provide financing for improvements to specified transportation facilities in northern Alberta in support of economic and socio-economic development, and in support of development of an efficient national transportation system.

#### Alberta North

Duration: 01/04/77 to 31/03/82

Costs shared by:

DREE	\$27 500 000
Indian Affairs & Northern Development	5 000 000
Provincial government	22 500 000
Total estimated cost	<u>\$55 000 000</u>
DREE expenditure 1978-79	\$ 4 280 000

This agreement, which expands on an earlier interim agreement, is aimed at improving the incomes, employment opportunities, living standards, and community facilities in northern Alberta, so that residents can participate more actively in northern development. Program areas are: human development, community services and facilities, community services and facilities on Indian Reserves, social adjustment and professional development, and community economic development.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

Net accepted offers	5
Number of jobs expected to be created	235
Eligible capital investment associated with offers	\$15 010 000
DREE commitment through these offers	\$ 2 353 000
Total payments 1978-79	\$ 1 749 000

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.

## OTHER PROGRAMS

### **Prairie Farm Rehabilitation Administration (PFRA)**

PFRA is a significant component of DREE in the prairie provinces; its own annual report is available on request. Expenditures in Alberta during 1978-79 by PFRA totalled \$5 496 000, of which \$383 000 was in the form of loans.

## BRITISH COLUMBIA

As of March 31, 1979, nine subsidiary agreements had been signed under the GDA. A new agreement for travel industry development was signed during the fiscal year, and work on an intensive forest management subsidiary agreement was well advanced. Following is a brief description of activities under subsidiary agreements and other programs during 1978-79.

### SUBSIDIARY AGREEMENTS UNDER THE GDA

#### Fort Nelson

Duration: 23/09/74 to 30/09/78

Costs shared by:

DREE	\$1 900 000
Central Mortgage & Housing Corporation	1 100 000
Estimated municipal contributions	1 000 000
Provincial government	3 000 000
Total estimated cost	\$7 000 000
DREE expenditure 1978-79	nil

The purpose of this agreement was to provide assistance to Fort Nelson to alleviate economic and social problems resulting from the inadequate infrastructure of the community.

The infrastructure program included water system and sewage system improvements. Water system improvements included the construction of a new intake system, a booster station and transmission line to a new water reservoir, a clear-water storage reservoir, a chlorination and transmission main, and the upgrading of the distribution system. Sewage system improvements included the construction of a new sewage lagoon and a sewage interceptor program. Work is now completed and the facility was officially opened on October 6, 1978.

#### 1976-79 Western Northlands Highways in Northern British Columbia

Duration: 01/04/76 to 31/03/79

Costs shared by:

DREE	\$ 7 500 000
Ministry of Transport	7 500 000
Provincial government	15 000 000
Total estimated cost	\$30 000 000
DREE expenditure 1978-79	\$ 1 406 000

The objective of this agreement was to encourage the orderly development of British Columbia by providing improved road or highway access to areas with resource development potential.

Work was concentrated on construction or improvement of Highway 37 between Stewart and the British Columbia/Yukon border, and the link to Highway 16 from Meziadin Junction to Kitwanga.

#### Northeast Coal Evaluation and Related Developments

Duration: 01/04/77 to 31/03/80

Costs shared by:

DREE	\$ 5 000 000
Provincial government	5 000 000
Total estimated cost	\$10 000 000
DREE expenditure 1978-79	\$ 228 000

Two subsidiary agreements to evaluate northeast coal have been signed: the first expired March 31, 1977 and was followed immediately by this second, or Phase II, agreement.

The program of studies being carried out under the current agreement will enable governments to respond to developmental proposals from the private sector. Program elements include coal resource analysis, transportation analysis, environmental baseline studies, community development evaluation, human resources data development, and identification and evaluation of ancillary development opportunities.

## Industrial Development

Duration: 08/07/77 to 31/03/82

Costs shared by:

DREE	\$35 000 000
Provincial government	35 000 000
Total estimated cost	<u>\$70 000 000</u>
DREE expenditure 1978-79	\$ 2 922 000

The purpose of the agreement is to encourage greater sectoral and spatial diversification of economic activity and thereby improve opportunities for productive employment in the target areas and achieve a more balanced level of development among the different areas of the province.

The agreement provides for the following: research to identify and analyze industrial opportunities for communities; grant assistance to regional industrial commissions; low-interest loans to help communities service industrial parks and malls, prepare sites for specific industries, and erect advance factory space; interest-free, forgivable loans to establish, modernize, or expand small manufacturing or processing businesses or the maintenance and repair businesses that serve them; and public information.

## Agriculture and Rural Development

Duration: 01/08/77 to 31/07/82

Costs shared by:

DREE	\$30 000 000
Local contribution	26 750 000
Provincial government	30 000 000
Total estimated cost	<u>\$86 750 000</u>
DREE expenditure 1978-79	\$ 2 082 000

The objectives of this agreement are to identify, research, plan and pursue new or unexploited projects related to agriculture and rural development; to expand employment in those existing aspects of the agriculture and food-processing industries which demonstrate production and market potentials; and to sustain the growth of the existing industries.

Programs are designed to identify new opportunities for development in agriculture; strengthen management and production techniques; increase demand for British Columbia's food products; increase the grazing capacity of Crown range for livestock in harmony with forestry, recreation and wildlife interests; encourage utilization of underdeveloped farmland that has potential for increased production; and provide assistance for secondary food processing to improve rural employment opportunities.

## Travel Industry Development

Duration: 17/10/78 to 17/10/83

Costs shared by:

DREE	\$25 000 000
Provincial government	25 000 000
Total estimated cost	<u>\$50 000 000</u>
DREE expenditure 1978-79	\$ 1 054 000

The purpose of the agreement is to strengthen the role of the travel industry in the province's economic development. Programs are designed to develop long-term strategies for the travel industry by identifying trends, gaps and future directions, and by conducting feasibility and opportunity studies; to develop the institutional structure needed to coordinate travel industry associations; to upgrade travel industry facilities and infrastructure; to support creation, improvement or expansion of major travel generators such as cultural centres, special interest parks, historic sites and developed natural attractions; and to aid development of world-class ski resorts offering year-round, multi-recreational facilities.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

Net accepted offers	23
Number of jobs expected to be created	453
Eligible capital investment associated with offers	\$16 459 000
DREE commitment through these offers	\$ 4 322 000
Total payments 1978-79	\$ 2 157 000

For overall information on the regional development incentives program and for definitions of its terminology, see Appendix C.

## OTHER PROGRAMS

### Special ARDA

This agreement, entered into under the *Agricultural and Rural Development Act (ARDA)*, provides assistance for the establishment, expansion or modernization of commercial undertakings which will provide employment for people of native ancestry. Assistance is also available for special training needs for potential native employees and for the community services and facilities required to support development in remote parts of the province. In contrast to other western provinces, British Columbia does not have a northlands agreement focused on native people; therefore, Special ARDA meets many of the needs for community assistance, especially in the north. The agreement expires on March 31, 1982.

During 1978-79, DREE expenditures under Special ARDA totalled \$1 820 000.

# NORTHWEST TERRITORIES

At the end of the 1978-79 fiscal year, preparation was near completion for signing of the General Development Agreement and an interim subsidiary agreement on community economic development. Following is a brief description of program activities during the year.

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during the fiscal year was as follows:

Net accepted offers	4
Number of jobs expected to be created	30
Eligible capital investment associated with offers	\$477 000
DREE commitment through these offers	\$125 000
Total payments 1978-79	\$ 80 000

## OTHER PROGRAMS

### Special ARDA

The Special ARDA agreement, entered into under the *Agricultural and Rural Development Act (ARDA)*, was signed with the Northwest Territories in 1977. It is designed to assist residents, in particular those of Indian and Inuit ancestry, to start commercial ventures employing native people and to help improve the incomes of Indian and Inuit people involved in such primary producing activities as hunting, trapping, fishing and forestry. The program also provides for social adjustment measures to enable people of native ancestry to take advantage of employment and income-earning opportunities. The agreement expires on March 31, 1982.

During 1978-79, 44 offers of assistance were accepted and a total of \$1 623 000 was committed to a wide variety of projects. During this period, DREE expenditures under the program amounted to \$717 000.

## YUKON

DREE activity in Yukon began officially in June 1978 with the opening of an office in Whitehorse, the signing of a Special ARDA agreement, and the designation of the territory for assistance under the *Regional Development Incentives Act*.

At the end of the 1978-79 fiscal year, preparation for the signing of a subsidiary agreement on renewable resource development was well advanced. Following is a brief description of program activities during the year.

### REGIONAL DEVELOPMENT INCENTIVES PROGRAM

By the end of the fiscal year, no offers of assistance had been made under this program. However, five applications for assistance had been received for review.

### OTHER PROGRAMS

#### **Special ARDA**

The Special ARDA agreement, entered into under the *Agricultural and Rural Development Act (ARDA)*, is designed to assist residents, in particular those of Indian and Inuit ancestry, to start commercial ventures employing native people and to help improve the incomes of Indian and Inuit people involved in such primary producing activities as hunting, trapping, fishing and forestry. The program also provides for social adjustment measures to enable people of native ancestry to take advantage of employment and income-earning opportunities. The agreement expires on March 31, 1982.

In its initial year, the Special ARDA program supported such diverse projects as a halfway house, a trucking operation, and native arts and crafts. During the year, 14 offers of assistance had been accepted, resulting in DREE commitments of \$516 450. DREE expenditures under the program during 1978-79 amounted to \$165 000.

# Appendices



## APPENDIX A

### SUMMARY OF EXPENDITURES

Total departmental expenditures for 1978-79 were just over \$534 000 000. The following tables show expenditures under the various activities administered by DREE. Expenditures throughout this report are gross except where otherwise noted, in accordance with the method used in the Public Accounts of Canada.

In addition to those listed under the various programs for each province in the foregoing chapters, the department incurs expenditures which are not attributable to a given province or program. Included in this category are operating expenses for the regional and provincial offices and departmental head office, for planning and administration, special studies, liaison, and coordination.

#### DREE Expenditures 1978-79 (\$000)

	Planning and Administration	Subsidiary Agreements	Industrial Incentives	Other Programs		Totals
				Budgetary	Non-Budgetary	
Head Office	18 058	-	-	-	-	18 058
Newfoundland	1 320	51 267	3 968	1 412	4 000	61 967
Nova Scotia	1 363	46 249	4 862	392	45	52 911
Prince Edward Island	618	-	1 330	28 462	-	30 410
New Brunswick	1 564	46 548	3 451	403	788	52 754
Atlantic Regional Office	3 955	-	-	6 756	-	10 711
Atlantic Development Council	373	-	-	-	-	373
Quebec	6 217	130 725	33 459	1 396	193	171 990
Ontario	2 205	5 998	6 696	7 691	-	22 590
Manitoba	1 547	10 623	6 383	8 975	775	28 303
Saskatchewan	1 588	10 676	3 261	28 429	1 996	45 950
Alberta	825	7 783	1 749	6 587	383	17 327
British Columbia	1 323	7 692	2 157	4 440	-	15 612
Northwest Territories	-	-	80	717	-	797
Yukon	-	-	-	165	-	165
Western Regional Office	4 112	-	-	-	-	4 112
<b>Total</b>	<b>45 068</b>	<b>317 561</b>	<b>67 396</b>	<b>95 825</b>	<b>8 180</b>	<b>534 030</b>

**DREE Expenditures 1969-70 through 1978-79 (\$000)**

Province	1969-70 to 1977-78	1978-79	Total	1978-79 Per Capita (\$)
Newfoundland	472 913	61 967	534 880	108.16
Nova Scotia	376 356	52 911	429 267	62.59
Prince Edward Island	209 218	30 410	239 628	248.65
New Brunswick	478 861	52 754	531 615	75.45
Quebec	1 005 539	171 990	1 177 529	27.35
Ontario	191 568	22 590	214 158	2.66
Manitoba	220 965	28 303	249 268	27.48
Saskatchewan	233 565	45 950	279 515	48.24
Alberta	148 184	17 327	165 511	8.73
British Columbia	68 392	15 612	84 004	6.11
Other*	195 278	34 216	229 494	-
<b>TOTAL</b>	<b>3 600 839</b>	<b>534 030</b>	<b>4 134 869</b>	
All Canada				22.63

\* Includes expenditures for head office, Atlantic Development Council, Atlantic and Western regional offices, Northwest Territories and Yukon.

## APPENDIX B

## Subsidiary Agreements Active During 1978-79

Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
<b>NEWFOUNDLAND</b>			
Forestry	01/06/73 to 30/09/79	54 966 600	47 778 500
Gros Morne Park Area	01/06/73 to 31/03/80	22 935 200	20 641 680
St. John's Urban Region	30/09/74 to 31/03/80	68 000 000	51 000 000
Ocean Research and Development (NORDCO)	01/01/75 to 31/03/80	4 910 080	4 419 072
Inshore Fisheries	01/06/75 to 31/03/81	11 761 000	10 584 900
Highways 1976-81	01/04/76 to 31/03/81	101 160 000	88 244 000
Planning	01/04/76 to 31/03/81	6 385 000	4 000 000
Labrador	03/12/76 to 31/03/81	22 097 000	19 662 300
Mineral Development	17/12/76 to 31/12/81	12 458 000	11 212 200
Tourism Development	01/01/78 to 31/03/83	13 264 600	11 938 140
Rural Development	01/04/78 to 31/03/83	14 580 000	13 122 000
Agriculture Development	14/07/78 to 31/03/83	16 341 300	14 707 170
<b>NOVA SCOTIA</b>			
Mineral Development	17/02/75 to 31/03/80	19 838 000	15 870 400
Metropolitan Halifax-Dartmouth Area Development	31/03/75 to 31/03/80	109 818 800	79 997 000
Strait of Canso Area Development	31/03/75 to 31/03/80	25 835 400	19 265 000
Agriculture Development	22/06/76 to 31/03/81	48 217 000	29 980 000
Industrial Development	22/06/76 to 31/03/81	16 289 000	13 031 200
Planning	22/06/76 to 31/03/80	5 000 000	2 500 000
Forestry	01/04/77 to 31/03/82	60 537 500	36 142 000
Tourism Development	01/04/77 to 31/03/82	13 750 000	11 000 000
Sydney Steel Corporation Assistance	01/08/77 to 31/03/79	19 500 000	15 156 000
Energy Conservation	04/07/78 to 31/03/83	24 875 000	19 000 000
<b>NEW BRUNSWICK</b>			
Forestry	15/10/74 to 31/03/82	74 228 500	58 902 800
Industrial Development	17/02/75 to 31/03/80	30 277 750	24 182 200
Kent Region Pilot Project	17/02/75 to 31/03/80	7 751 000	6 200 800
Saint John and Moncton Arterial Highways	17/02/75 to 31/03/80	51 200 000	35 840 000
Planning	01/04/75 to 31/03/80	4 875 000	2 437 500
Tourism Development	03/11/75 to 31/03/80	14 743 000	11 794 400
Minerals and Fuels Development	24/06/76 to 31/03/81	11 313 125	9 050 500
Highways 1977-80	01/04/77 to 31/03/80	56 000 000	42 000 000
Northeast New Brunswick	23/06/77 to 31/03/82	95 500 000	67 175 000
Development of Agricultural Resources	01/04/78 to 31/03/83	34 622 500	27 698 000

Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
<b>QUEBEC</b>			
Key Highway Networks	13/09/74 to 31/03/82	448 775 000	205 505 000
Forest Development	26/03/75 to 31/03/82	138 333 000	83 000 000
Industrial Infrastructure	26/03/75 to 31/03/83	137 670 000	82 602 000
Agricultural Development	29/03/76 to 31/03/82	103 266 000	61 960 000
Mineral Development	29/03/76 to 31/03/80	28 600 000	17 160 000
Establishment of a Bleached Kraft Pulp Mill at Saint-Félicien	21/04/76 to 31/03/80	298 000 000	30 000 000
Airport Industrial and Commercial Park (PICA)	18/06/76 to 31/03/82	13 292 000	7 975 200
Water Treatment Facilities for the Montreal Area	30/03/78 to 31/03/82	200 000 000	120 000 000
Tourism Development	06/04/78 to 31/03/83	76 000 000	45 600 000
Public Infrastructure	16/05/78 to 31/03/80	34 876 000	23 261 000
<b>ONTARIO</b>			
Northwestern Ontario	23/05/74 to 31/03/79	50 888 650	25 444 325
Northeastern Ontario	25/03/76 to 31/03/82	28 996 650	14 498 325
Single-Industry Resource Communities	18/10/76 to 31/03/81	19 800 000	10 205 000
Community and Rural Resource Development	07/12/77 to 31/03/83	9 456 650	4 728 325
Forest Management	08/12/78 to 30/09/83	82 236 500	41 118 250
<b>MANITOBA</b>			
Mineral Exploration and Development	01/04/75 to 31/03/79	8 500 000	4 250 000
Manitoba Northlands	01/04/76 to 31/03/81	155 416 000	106 009 000
Industrial Development	01/04/78 to 31/03/83	44 000 000	26 400 000
<b>SASKATCHEWAN</b>			
Planning	01/04/74 to 31/03/79	2 600 000	1 300 000
Qu'Appelle Valley	01/04/74 to 31/03/84	33 700 000	17 960 000
Iron, Steel and Other Related Metal Industries	04/07/74 to 31/03/80	182 800 000	35 000 000
Agribition and Mexabition	23/06/77 to 31/03/79	1 700 000	850 000
Mineral Development	01/04/78 to 31/03/80	2 469 500	1 234 750
Northlands	01/04/78 to 31/03/83	127 000 000	87 000 000
<b>ALBERTA</b>			
Nutritive Processing Assistance	01/07/74 to 31/03/80	17 000 000	8 500 000
1976-79 Northern Transportation	01/04/76 to 31/03/79	30 000 000	15 000 000
Alberta North	01/04/77 to 31/03/82	55 000 000	32 500 000
<b>BRITISH COLUMBIA</b>			
Fort Nelson	23/09/74 to 30/09/78	7 000 000	3 000 000
1976-79 Northlands Highways	01/04/76 to 31/03/79	30 000 000	15 000 000
Northeast Coal Evaluation	01/04/77 to 31/03/80	10 000 000	5 000 000
Industrial Development	08/07/77 to 31/03/82	70 000 000	35 000 000
Agriculture and Rural Development	01/08/77 to 31/07/82	86 750 000	30 000 000
Travel Industry Development	17/10/78 to 17/10/83	50 000 000	25 000 000

## APPENDIX C

### SUMMARY OF REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Two principal types of incentives — incentive grants and loan guarantees — are provided under the program. Both incentive grants and loan guarantees are available for expansion and modernization of existing manufacturing and processing industries, as well as for new facilities. Loan guarantees are also available for new facilities in certain service industries.

Following is the activity under the incentives grants portion of the program in 1978-79. Applications received numbered 1 952, an increase of about 21 per cent; expected new jobs numbered 15 321, up about 9 per cent. Capital investment, an expected \$472 145 000 in capital costs, was approximately the same as that of 1977-78, and the amount of accepted incentive offers was \$109 785 000.

### EXPLANATION OF TERMS

Applications are received for incentive assistance to launch manufacturing or processing projects, or to expand or modernize existing operations. These applications are assessed, and those which are eligible under the act and regulations may result in an incentive offer.

For a new plant or the expansion of an existing plant into new product lines, the offer is based on approved capital costs and approved wages and salaries related to the eligible jobs created. For a plant modernization or an expansion that does not involve a new product, only approved capital costs can be considered. If the offer by DREE is accepted by the entrepreneur, the project becomes, as described in this report, an "accepted offer".

Since a number of accepted offers are subsequently withdrawn by the entrepreneur, and others fail or default, the figure "net accepted offers" has been adjusted to allow for those occurrences. Thus, the net accepted offers is less than the total number of projects for which offers were originally accepted. Similarly, the figure "expected direct jobs" reflects adjustments made to offers accepted during the fiscal year.

DREE monitors an accepted offer for two or three years after commercial production has begun. Therefore, figures for net accepted offers, expected direct jobs created, and eligible capital investment are projections. Accordingly, "expected direct jobs" consists of actual jobs created by projects which have completed the control period plus estimated jobs for those projects which are either still within their control period, are under construction, or have only recently been accepted.

## Breakdown of Net Accepted Offers During 1978-79 Fiscal Year

Province/Territory	Net Accepted Offers	Estimated Amount of Incentive (\$000)	Expected Eligible Investment (\$000)	Expected Direct Jobs
Newfoundland	40	7 749	26 542	1 094
Nova Scotia	84	9 627	36 941	1 085
Prince Edward Island	30	2 911	10 167	345
New Brunswick	65	12 212	32 520	1 469
Quebec	422	47 483	236 983	7 659
Ontario	51	4 803	18 460	594
Manitoba	101	10 358	37 253	1 801
Saskatchewan	30	7 842	41 333	556
Alberta	5	2 353	15 010	235
British Columbia	23	4 322	16 459	453
Northwest Territories	4	125	477	30
Total	855	109 785	472 145	15 321

