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Canada

DREE
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ANNUAL REPORT 1979-1980



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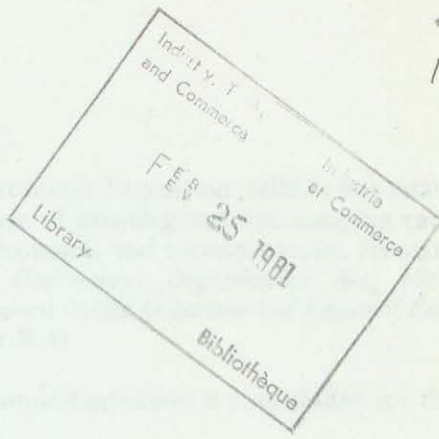
Regional
Economic
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Expansion
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PIERRE DE BANÉ

MINISTER

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Statutory

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ANNUAL REPORT 1979-1980

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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).

Statistical Highlights

- Total departmental expenditures during 1979–80 were just over \$590 million.
- 15 subsidiary agreements were signed during the fiscal year. This brings to 108 the number of subsidiary agreements signed since the program started in 1974.
- Almost \$360 million was paid out under subsidiary agreements during 1979–80 (60.8% of total departmental expenditures).
- The regional development incentives program resulted in 977 net accepted offers of incentives during the year. These are expected to create more than 17 000 direct jobs and to involve some \$672.7 million in capital investment by private industry.
- \$108.6 million was paid out under the regional development incentives program during 1979–80 (18.4% of total expenditures).
- Expenditures on other programs during the year amounted to more than \$77 million (13.1% 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 \$45.5 million during 1979–80 (7.7% of total expenditures).

A summary of total departmental expenditures for 1979–80 can be found in Appendix A.

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INTRODUCTION

Regional Development Trends

The process of renewing Canada's constitution and the ongoing need to address serious regional disparities require an understanding of the forces which are affecting and will continue to affect Canada's regional economies.

Since the Department of Regional Economic Expansion was created in 1969, and particularly since the department's policy review of 1973, a great deal of experience has been gained concerning regional disparities.

Several indicators suggest that Canada has managed to arrest and even reverse a trend toward regional disparity in some parts of the country over the last 10 years. But these same indicators show that there are areas in this country where poverty has been a continuous way of life, where social and economic development are sporadic, and where there are few employment opportunities for the local labour force, especially for the young. Regional policies which have been deployed during the last decade have had a measurable effect. Nevertheless, serious problems of regional disparity are expected to continue into the 1980s. In some areas, the prospects without direct government intervention are very limited. On the other hand, the potential for growth and development in some regions is greater now than it has been at any time in the past.

The multiple opportunities and the constraints to development facing the regions of Canada indicate that development strategies must be regionally sensitive; that the specific objectives of one region may not be equally shared by another; that instruments of policy which are applicable in one region may not be useful in another; and that the initiatives which bear fruit in, say the Atlantic and the Gaspé, may be inappropriate in the west and vice versa. These considerations suggest that a development strategy which is insensitive to regional issues is unacceptable. Further, government objectives need to be clearly stated on a regional basis, and a wide range of flexible development instruments brought into use.

Many of the major economic trends which will shape regional patterns of growth in the 1980s are already evident. New energy realities, the changing patterns of international trade, and the emergence of certain barriers to growth will all present major economic challenges in the coming decade.

Canada has been one of the great energy-consuming nations. In the 1980s, adjustment to increased costs and decreased international availability of energy will be a major factor affecting industrial development in Ontario, Quebec and the Atlantic provinces. In the west in particular, and perhaps also on the north and the east coasts, major energy projects will result in significant new growth and development but they will also strain regional economic capacities.

Canada has a declining comparative advantage in labour-intensive industries; at the same time, Canada has the prospect of gains in certain higher technology industries, and new markets for renewable and non-renewable resource products. Ontario and Quebec in particular face distinct problems of industrial adjustment. The resource sector industries, usually located outside the major metropolitan areas, will provide specific opportunities for economic expansion.

DREE has already developed tailored adjustment policies and programs to address some of these problems. Specific examples are the designation of Montreal as a Special Area to reinforce its role as a regional and national growth centre; and initiatives to assist the pulp and paper industry in upgrading its technological base.

Domestic barriers to growth are already evident in some regions. The new patterns of activities in the 1980s will strain the capacity of some support systems. In the west, inadequate bulk transportation systems have been identified as a key growth constraint. Water shortages and labour shortages may also constrain the growth of the western economy. In Ontario, the demographic trends suggest that the shortage of skilled labour may be an emerging barrier to growth. In Quebec, there is a requirement for increased investment and industrial adjustment. In the Atlantic provinces, uncertainties about resource endowments must be resolved before a firm, steady, regional growth prospect can emerge.

In the Canadian context, barriers to the free flow of resources are of major concern in light of the substantial differences in both the resource-based and goods-producing capabilities of the country's major economic regions. Of immediate concern is the degree to which spin-offs from development opportunities in one region of the country can be realized in other regions.

The problems and opportunities for regional development across Canada in the 1980s will be more diverse than they were in the last decade. Different situations will require different and selective combinations of development instruments. The means for encouraging social and economic growth in a particular region must be commensurate with the specific objectives of that region and its people.

Traditionally, the goals of regional economic development have been couched in terms of increasing incomes and employment, particularly in lagging regions of the country. Although inequitable regional circumstances waste manpower resources and are clearly unacceptable, these goals of increasing incomes and employment opportunities do not fully capture all of the regional concerns which should be addressed in a regional development strategy. Such a regional strategy must not only be tailor-made; it must also include an adequate array of government policies and programs to meet diverse regional objectives.

The emerging needs for the 1980s — providing employment opportunities for men and women; overcoming physical and institutional barriers to growth; ensuring the efficient and effective operation of regional linkages; and assisting residents of a region in adjusting to new occupations, innovations and more efficient systems — are not mutually exclusive. Without being overly protective of Canadian industry, strategies can be developed to pursue increased linkages within and among regions so as to increase Canadian value-added and related employment from both local resource developments and major projects. Further, processing of raw resources, close to the location of the resources, may focus development on areas where disparities are greatest. At the same time, the enhancement of industrial linkages has the potential to facilitate industrial development, or to ease industrial adjustment problems throughout the economy by establishing industrial opportunities.

To be fully effective, federal regional development policy must remain sensitive to diverse regional patterns of growth, barriers to growth, opportunities for linkages and directions of adjustments. New strategies, policies and program instruments must be based upon the realization that national development policies must be regionally sensitive.

The 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, Saskatchewan, the Northwest Territories and Yukon; and 50 per cent for Ontario, Alberta and British Columbia.

By March 31, 1980, 108 subsidiary agreements between DREE and the provincial governments had been signed. During the year under review, 15 subsidiary agreements and 68 amendments to existing agreements were signed. Of the 74 agreements in effect during 1979-80, eight expired by or at the end of the fiscal year.

DREE expenditures under all subsidiary agreements during 1979-80 were almost \$360 million, approximately 60.8 per cent of DREE's total expenditures for that period. A list of active subsidiary agreements can be found in Appendix B.

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 assistance in the form of incentive 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 1979–80 resulted in expenditures of \$108.6 million, approximately 18.4 per cent of departmental expenditures for the year.

Activity during the year resulted in 977 net accepted offers of incentives. The projects assisted are expected to create more than 17 000 direct jobs and to involve some \$672.7 million in capital investment by private industry and a DREE commitment of \$154.3 million.

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.

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 1979–80 amounted to just over \$77 million, approximately 13.1 per cent of departmental expenditures for the 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 1979–80, PFRA operating and administrative costs were \$20 593 000. Capital expenditures were \$4 948 000; in addition, \$2 050 000 was expended on loans, and \$2 242 000 on contributions. Total capital, loan, and contribution expenditures were distributed as follows: Manitoba \$3 077 000; Saskatchewan \$4 422 000, and Alberta \$1 742 000.

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 1979–80 under the Comprehensive Development Plan amounted to \$27 013 000.

Special ARDA Agreements

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 1979–80, DREE expenditures under Special ARDA agreements were: Manitoba \$2 052 000; Saskatchewan \$4 139 000; British Columbia \$2 973 000; the Northwest Territories \$2 061 000; and Yukon \$374 000.

ATLANTIC REGION

In the DREE Atlantic Region, comprised of Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick, expenditures for the fiscal year ending March 31, 1980 were \$231.2 million. Expenditures under the subsidiary agreements totalled \$157.7 million, \$30.3 million was spent on industrial incentives and \$33.7 million for other programs.

Four new subsidiary agreements came into effect during the year: two with Newfoundland (industrial development and Stephenville mill conversion), one with Nova Scotia (Halifax Panamax dry dock), and one with New Brunswick (developing regions). These agreements are expected to result in DREE expenditures of \$92.7 million. During the year, industrial firms accepted offers totalling \$28.6 million under the regional development incentives program.

The Atlantic Region, with an economy based on either resources or resource-related industries dependent on fishing, forestry, minerals and agriculture, somewhat removed from major market centres and with relatively little secondary manufacturing, remains one of DREE's major 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.

There is cautious optimism for growth in the fishery and in the fish-processing, minerals and forest-based industries. In addition, a new sector with considerable growth potential, ocean industries (defined as those establishments which manufacture equipment or provide services for all commercial and scientific activities in the oceans), is emerging in the Atlantic Region. Oil and gas exploration off the Atlantic coast offers potentially huge, though as yet not entirely documentable, benefits to the Atlantic provinces.

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 and to encourage diversification into manufacturing and processing industries by selectively directing assistance to the areas of greatest opportunities in the region. These agreements are also used for providing and improving necessary transportation and infrastructure systems. Examples of these efforts are programs for:

- industrial development of secondary industries related to regional natural resources;
- improved management and increased production in forestry;
- mineral identification, exploration and resource planning;
- improved handling and processing of fish; 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.

In 1979-80, \$28.6 million in industrial incentive commitments to Atlantic Region businesses is expected to stimulate \$89.3 million in capital spending and to help create 3 221 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, provided funding for a number of services which operate on a regional basis, including:

- \$641 000 in support of the Land Registration and Information Service;
- \$100 000 to the Physical Distribution Advisory Service; and
- \$494 000 to the Atlantic Provinces Management Training Agreement.

Newfoundland

As of March 31, 1980, 18 subsidiary agreements had been signed under the GDA. The fiscal year under review saw the signing of new subsidiary agreements dealing with industrial development and the Stephenville mill conversion as well as a major amendment to the forestry agreement to include a labour-intensive economic stimulation program. Following is a brief description of activities under subsidiary agreements and other programs during 1979-80.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Forestry

Duration: 01/06/73 to 31/03/83

Costs shared by:

DREE	\$58 178 500
Provincial government	8 343 655
Total estimated cost	\$66 522 155
DREE expenditure 1979-80	\$ 4 148 000

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 the 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.

A major amendment, extending the expiry date of the agreement from September 30, 1979 to March 31, 1983, was signed June 11, 1979 in order to take advantage of opportunities for expanding and diversifying Newfoundland's forest industries through the undertaking of labour-intensive forestry activities which improve resource management.

Projects under the \$11.5-million amendment (forestry economic stimulation program) include harvesting of spruce-budworm-damaged wood, roadside clearing, and pre-commercial thinning.

Gros Morne Park Area Development

Duration: 01/06/73 to 31/03/81

Costs shared by:

DREE	\$20 641 680
Provincial government	2 293 520
Total estimated cost	\$22 935 200
DREE expenditure 1979-80	\$ 991 000

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	\$68 000 000
DREE expenditure 1979-80	\$ 4 968 000

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. Both projects are scheduled for completion by fall 1980.

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 1979-80	\$ 329 000

The objectives of this agreement, which expired at the end of the fiscal year under review, were 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.

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 1979-80	\$ 2 875 000

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, the provision of fish plant water systems, and the construction of three new marine service centres and the expansion of several others.

Implementation of this program is progressing well with the completion of two new service centres at Harbour Breton and Bonne Bay, nine new water supplies, including St. Brides, Port-aux-Basques and Triton, and the landing facilities and cold-storage building on the Northern Peninsula.

Highways 1976-81

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

Costs shared by:

DREE	\$ 88 244 000
Provincial government	13 191 556
Total estimated cost	\$101 435 556
DREE expenditure 1979-80	\$ 25 252 000

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.

At year end, nearly all remaining work under the agreement was under contract and scheduled for completion in 1980. Only one or two contracts will not be completed before 1981.

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	\$22 097 000
DREE expenditure 1979-80	\$ 5 874 000

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 North West 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	\$12 458 000
DREE expenditure 1979-80	\$ 542 000

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 and to provide a comprehensive inventory of known mineral deposits, relating them to technological and market conditions. The agreement also provides for the development and evaluation of policies for resource management that will encourage exploration and development by the private sector.

Planning

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

Costs shared by:	
DREE	\$4 000 000
Provincial government	2 385 000
Total estimated cost	\$6 385 000
DREE expenditure 1979-80	\$1 086 000

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.

Studies undertaken during 1979-80 included the following areas: feasibility of incubator malls, comprehensive development plan for the St. John's urban region, feasibility of thermo-mechanical pulp at Hawkes Bay and the Bonavista areas, Trans-Labrador railway, electrical-energy-intensive industries, Lake Melville/Labrador offshore winter navigation, and fishing port assessment. In addition, the province's planning capability has been enhanced with the engagement of specific professional people.

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	\$13 264 600
DREE expenditure 1979-80	\$ 1 485 000

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.

Projects include historic home restoration, marketing development and tour development programs, together with the erection of tourism information facilities such as chalets and amphitheatres.

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 1979-80	\$ 2 524 000

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 1979-80	\$ 2 227 000

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 farm development and a marketing program to increase consumption of local agricultural 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.

Stephenville Mill Conversion and Reactivation

Duration: 01/01/79 to 31/03/81

Costs shared by:

DREE	\$13 500 000
Provincial government	1 500 000
Total estimated cost	<u>\$15 000 000</u>
DREE expenditure 1979-80	\$13 500 000

The objective of this agreement is to facilitate the socio-economic development and to improve the real standard of living in the Stephenville area of Newfoundland by participating in the conversion and reactivation of the former Labrador Linerboard Limited manufacturing facility.

This agreement will make contributions towards necessary building modifications, the purchase and installation of equipment, and the rehabilitation of the existing facility to newsprint production.

The existing schedule calls for the mill to start operations by October 1, 1980. Construction activities to date are on schedule.

Industrial Development

Duration: 11/06/79 to 31/03/84

Costs shared by:

DREE	\$23 985 000
Provincial government	2 665 000
Total estimated cost	<u>\$26 650 000</u>
DREE expenditure 1979-80	\$ 1 475 000

The first phase of this agreement supports industrial development in the province, initially in the Corner Brook and Stephenville areas of western Newfoundland, through the provision of the infrastructure necessary for the development of industrial and commercial enterprises.

The agreement provides funding for the development of a 75-acre industrial park in Corner Brook; the construction of a direct access road from the park to the Trans-Canada Highway and the urban street system; and the construction of a direct access road from the Stephenville industrial area and the Port au Port Highway system to the Trans-Canada Highway.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	29
Number of jobs expected to be created	541
Eligible capital investment associated with offers	\$11 621 000
DREE commitment through these offers	\$ 2 980 000
Total payments 1979-80	\$ 5 533 000

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 1979-80, DREE advanced \$2 500 000 in loan funds to the corporation and expended \$895 000 as its share of the operating costs.

Nova Scotia

As of March 31, 1980, 12 subsidiary agreements had been signed under the GDA. A new agreement for a Panamax dry dock was signed during the year. Following is a brief description of activities under subsidiary agreements and other programs during 1979-80.

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	\$19 838 000
DREE expenditure 1979-80	\$ 1 024 000

This agreement was 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 31/03/82

Costs shared by:

DREE	\$ 79 997 000
Provincial government	29 651 700
Total estimated cost	\$109 648 700
DREE expenditure 1979-80	\$ 11 515 000

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.

Strait of Canso Area Development

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

Costs shared by:

DREE	\$19 265 000
Provincial government	6 744 500
Total estimated cost	\$26 009 500
DREE expenditure 1979-80	\$ 1 951 000

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	\$48 217 000
DREE expenditure 1979-80	\$ 6 079 000

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	\$19 031 200
Provincial government	4 757 800
Total estimated cost	<u>\$23 789 000</u>
DREE expenditure 1979-80	\$ 4 038 000

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 started in the fall of 1979 on the Bridgewater, Stellarton and Windsor parks. Multi-purpose industrial mall facilities have been opened at Debert and Kentville.

Planning

Duration: 22/06/76 to 31/03/82

Costs shared by:

DREE	\$2 500 000
Provincial government	2 500 000
Total estimated cost	<u>\$5 000 000</u>
DREE expenditure 1979-80	\$ 459 000

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. Several studies in support of joint federal-provincial and private sector initiatives have been conducted under this agreement.

Forestry

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

Costs shared by:

DREE	\$34 799 000
Employment & Immigration	1 343 000
Provincial government	21 634 000
Total estimated cost	<u>\$57 776 000</u>
DREE expenditure 1979-80	\$ 8 007 000

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	<u>\$13 750 000</u>
DREE expenditure 1979-80	\$ 2 809 000

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.

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	<u>\$24 875 000</u>
DREE expenditure 1979-80	\$ 1 006 000

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.

Halifax Panamax Dry Dock

Duration: 22/01/80 to 31/03/85

Costs shared by:

DREE	\$34 800 000
Provincial government	8 700 000
Total estimated cost	<u>\$43 500 000</u>
DREE expenditure 1979-80	\$ 294 000

This agreement calls for joint participation in a program to provide key marine infrastructure to the port of Halifax, particularly a Panamax-type floating dry dock, dock mooring and servicing facilities and ancillary equipment for ship repair and metal fabrication.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	85
Number of jobs expected to be created	1 607
Eligible capital investment associated with offers	\$39 198 000
DREE commitment through these offers	\$14 515 000
Total payments 1979-80	\$10 857 000

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, 1981. DREE's commitment for the last year of Phase II is \$32 500 000.

DREE expenditures during 1979-80 under the Comprehensive Development Plan amounted to \$27 013 000.

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 in 1979-80 were financial incentives to established and new farmers, extension services and infrastructure.

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 objective of the fisheries program is to develop a viable and self-sustaining fishery sector that will result in higher levels of output and income to both fishermen and processors. This objective is being pursued through programs to expand the resource base; improve the harvesting, handling and processing of fish; and through increased marketing efforts. Projects include an aquaculture program to develop oyster, mussel, and trout production; a product-handling program to improve fish quality through better handling methods; a processing and quality-control program to develop new products and improve processing in the plants; and a resource harvesting program to promote better fishing methods.

Industrial Development

The 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. The Elmsdale project, which represents the largest single project under this program, was completed in October 1979.

Tourism and Conservation

Tourism programs, such as the development of parks and recreation complexes, are intended to attract tourists to all parts of the Island, and to extend the shoulder seasons. In addition, marketing and industry development projects are under way and an analysis of the tourist plant is currently being conducted with a view to assisting private tourist operations.

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.

Market and Product Development

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

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	24
Number of jobs expected to be created	149
Eligible capital investment associated with offers	\$3 241 000
DREE commitment through these offers	\$1 025 000
Total payments 1979-80	\$2 143 000

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

New Brunswick

As of March 31, 1980, 17 subsidiary agreements had been signed under the GDA. During the fiscal year, a subsidiary agreement for developing regions was signed. Following is a brief description of activities under subsidiary agreements and other programs during 1979-80.

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 1979-80	\$ 8 830 000

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 1979-80	\$ 4 166 000

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 31/03/81

Costs shared by:

DREE	\$6 200 800
Provincial government	1 550 200
Total estimated cost	<u>\$7 751 000</u>
DREE expenditure 1979-80	\$1 481 000

The purpose of the agreement is to assist residents of the Kent region in their attempts to increase 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 31/03/81

Costs shared by:

DREE	\$35 840 000
Provincial government	15 360 000
Total estimated cost	<u>\$51 200 000</u>
DREE expenditure 1979-80	\$ 3 819 000

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 31/03/82

Costs shared by:	
DREE	\$2 437 500
Provincial government	2 437 500
Total estimated cost	<u>\$4 875 000</u>
DREE expenditure 1979-80	\$ 183 000

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 1979-80	\$ 2 678 000

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 1979-80	\$ 1 458 000

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 31/03/81

Costs shared by:	
DREE	\$42 000 000
Provincial government	14 000 000
Total estimated cost	<u>\$56 000 000</u>
DREE expenditure 1979-80	\$10 398 000

Four subsidiary agreements on highways have been signed with New Brunswick covering the following periods: 1974-75, 1975-76, 1976-77, and 1977-81. 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 1979-80	\$11 573 000

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 accelerate development. The programs are aimed at creating employment and increasing earned income and economic activity.

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 1979-80	\$ 5 876 000

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.

Developing Regions

Duration: 17/05/79 to 31/03/83

Costs shared by:

DREE	\$20 401 500
Provincial government	5 872 500
Total estimated cost	<u>\$26 274 000</u>
DREE expenditure 1979-80	\$ 1 097 000

This agreement is designed to accelerate the economic and socio-economic development of certain areas in the province not covered by other regional agreements. Special emphasis is given to urban centres with growth potential. The programs, complementary to those under existing sectorial agreements, are aimed at the creation and maintenance of employment, income and economic activity.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	56
Number of jobs expected to be created	924
Eligible capital investment associated with offers	\$35 279 000
DREE commitment through these offers	\$10 068 000
Total payments 1979-80	\$11 794 000

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

QUEBEC REGION

During the 1979-80 fiscal year, DREE expenditures in Quebec totalled \$179.1 million of which approximately \$118.6 million was for activities under subsidiary agreements and \$53.4 million for industrial incentives.

In May 1979 a new subsidiary agreement was signed for the modernization of the pulp and paper industry; DREE's commitment under this agreement is some \$90 million. The fiscal year was also highlighted by major amendments to the Montreal Special Area program which will take effect on April 1, 1980.

Two separate programs exist under which DREE offers financial assistance to manufacturing projects. First, the *Regional Development Incentives Act* provides for financial contributions 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 fiscal year DREE committed some \$91.5 million under these incentives programs. This is expected to generate more than \$440 million in investment, and more than 10 700 direct jobs are expected to be created by projects assisted.

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 fiscal year, the department concentrated its activities on industrial development, the creation of urban and industrial infrastructure, the modernization of the pulp and paper industry 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, 1980, 13 subsidiary agreements had been signed under the GDA. Two of these agreements, one concerning SIDBEC and one pertaining to industrial studies, terminated earlier. The Saint-Félicien pulp mill agreement expired March 31, 1980. During the year under review, one agreement, for the pulp and paper industry, was signed. Following is a brief description of activities under subsidiary agreements and other programs during 1979-80.

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	<u>\$448 775 000</u>
DREE expenditure 1979-80	\$ 37 930 000

The objectives 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 Alma and La Baie; completing Highway 13; and further construction of Highway 50 between Dorval and Mirabel.

Forest Development

Duration: 26/03/75 to 31/03/84

Costs shared by:

DREE	\$193 400 000
Provincial government	128 933 000
Total estimated cost	<u>\$322 333 000</u>
DREE expenditure 1979-80	\$ 23 914 000

This agreement was intended to develop an improved network of access roads to forests in northern Quebec. It calls for improvement 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. In addition, it calls 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	<u>\$137 670 000</u>
DREE expenditure 1979-80	\$ 9 126 000

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 1979-80	\$ 12 760 000

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 31/03/81

Costs shared by:

DREE	\$17 160 000
Provincial government	11 440 000
Total estimated cost	<u>\$28 600 000</u>
DREE expenditure 1979-80	\$ 3 671 000

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 31/03/81

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 1979-80	nil

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 for 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 1979-80	\$ 481 000

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	\$200 000 000
DREE expenditure 1979-80	\$ 16 000 000

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 1979-80	\$ 7 150 000

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 Quebecers 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 31/03/81

Costs shared by:

DREE	\$23 032 482
Employment & Immigration	228 518
Provincial government	11 615 000
Total estimated cost	\$34 876 000
DREE expenditure 1979-80	\$ 7 525 000

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.

Modernization of the Pulp and Paper Industry

Duration: 15/05/79 to 31/03/84

Costs shared by:

DREE	\$ 90 000 000
Provincial government	60 000 000
Total estimated cost	\$150 000 000
DREE expenditure 1979-80	nil

The pulp and paper industry is the most important component of Quebec's forest industry. However, over the last decade there has been a general downturn in the industry as certain economic factors weakened its competitive position on the international market.

The main objective of the two governments in establishing the agreement was to promote the modernization of mills in order to make them more competitive internationally. The way to stimulate investment from industry is to provide financial assistance in the form of direct incentives which may go as high as 25 per cent of eligible assets. Incentives are granted primarily for changes that would lower production costs and for the installation of equipment that would help protect the environment and conserve energy.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Regional Development Incentives Act

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

Net accepted offers	399
Number of jobs expected to be created	6 239
Eligible capital investment associated with offers	\$215 544 000
DREE commitment through these offers	\$ 50 031 000

Montreal Special Area

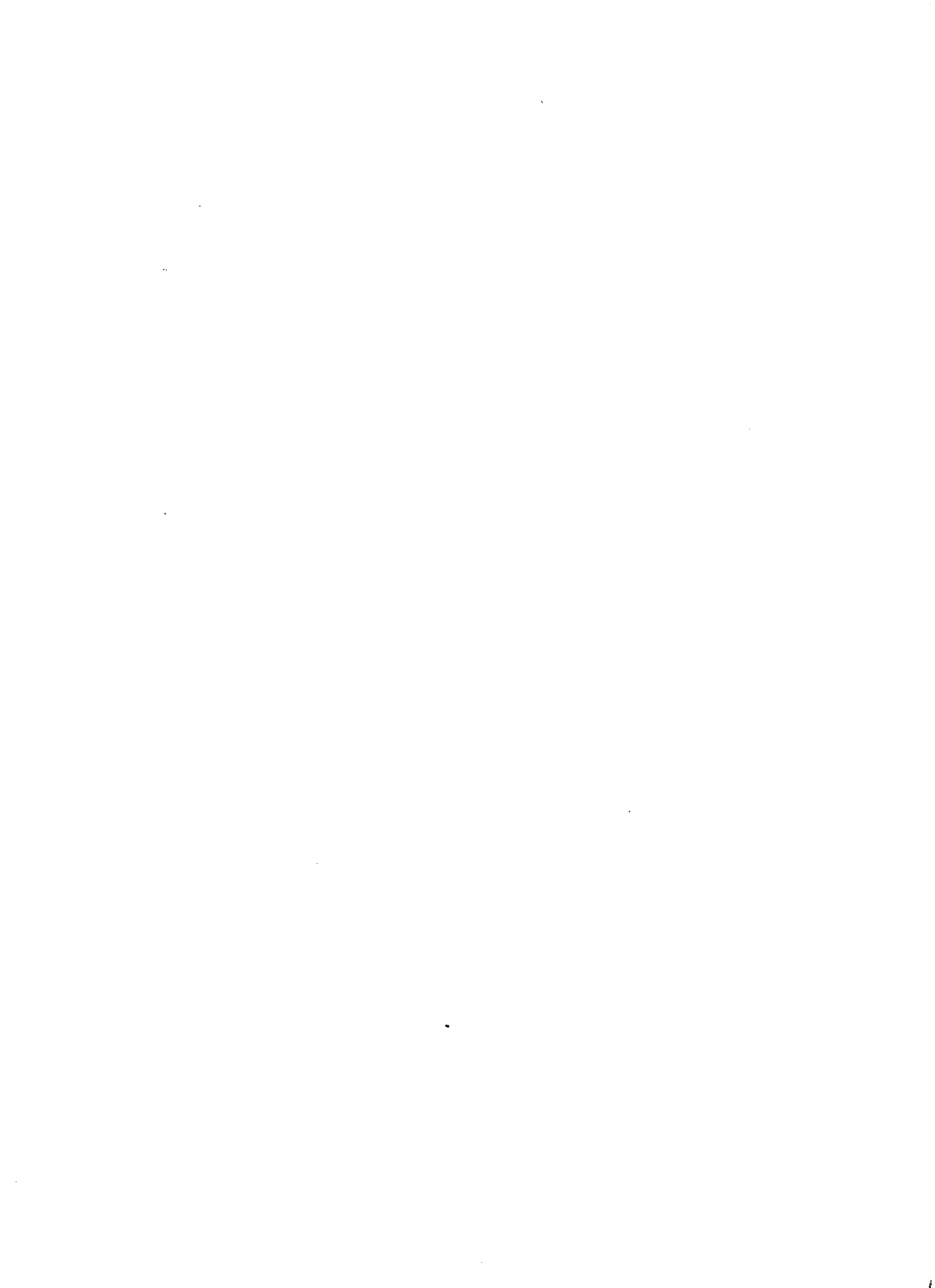
The aim of the Montreal Special Area program is to accelerate the development of Quebec's industrial structure by cementing the role of the Montreal region as the centre of manufacturing development in the province. In effect since July 1, 1977, this program was modified and extended until March 31, 1984 during the 1979-80 fiscal year. It is designed to stimulate investment and create jobs in the region.

Activity under this program during the year was as follows:

Net accepted offers	182
Number of jobs expected to be created	4 526
Eligible capital investment associated with offers	\$224 868 000
DREE commitment through these offers	\$ 41 510 000

During 1979-80, DREE expenditures on incentives to industry in Quebec amounted to \$53.4 million, of which \$9.1 million 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

DREE's development efforts under the GDA and RDIA mechanisms have traditionally been concentrated in northern and eastern Ontario — those regions which have experienced the most notable long-term economic difficulties. The department's strategy in Ontario has been to build upon the strengths and potential of these underperforming areas, in an effort to stimulate economic growth and promote long-term employment opportunities.

DREE expenditures in the Ontario Region during the 1979–80 fiscal year totalled \$28.9 million, including approximately \$16.9 million for subsidiary agreement activity, \$8.5 million for industrial incentives, and \$1.2 million for other programs.

During the year, activity in the region was highlighted by the signing of the pulp and paper industry facilities improvement subsidiary agreement and the eastern Ontario subsidiary agreement. The signing of these agreements continued the emphasis within the Ontario Region on sectorial programming and comprehensive area development.

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, 48 net accepted offers resulted in DREE commitments of \$12.9 million. The projects assisted are expected to create over 900 new jobs and to generate capital investments of approximately \$51.9 million.

Ontario

As of March 31, 1980, 10 subsidiary agreements had been signed under the GDA. During the year under review, subsidiary agreements for eastern Ontario and for the pulp and paper industry were signed. The following is a brief description of activities under active subsidiary agreements and other programs during 1979-80.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Northeastern Ontario

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

Costs shared by:

DREE	\$13 414 000
Canada Mortgage & Housing Corporation	1 546 000
Provincial government	14 960 000
Total estimated cost	\$29 920 000
DREE expenditure 1979-80	\$ 2 395 000

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 by 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	\$ 9 367 836
Indian Affairs & Northern Development	305 000
Ministry of Transport	150 000
Canada Mortgage & Housing Corporation	382 164
Provincial government	9 595 000
Total estimated cost	\$19 800 000
DREE expenditure 1979-80	\$ 1 927 000

The agreement is designed to diversify and stabilize the economies of single-industry resource communities in northern Ontario by ameliorating the social and economic problems of those communities with significant development potential.

Under Phase I of the agreement, assistance was provided to selected single-industry pulp and paper communities in northwestern Ontario to allow them to benefit from a major expansion by Kimberly-Clark in Terrace Bay. Program components included community infrastructure projects in Nakina, Longlac and Geraldton as well as airport development and airport access improvements in Geraldton. Subsequent phases provide infrastructure assistance for White River and Long Lake No. 77 Indian Reserve, in addition to support for the construction of a town centre in Hornepayne.

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 1979-80	\$1 025 000

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.

Subsequent amendments provide assistance for hybrid poplar research and development, hardwood forest renewal activity and a forest and agricultural resource inventory, all within eastern Ontario, as well as 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 1979-80	\$ 379 000

The objectives of the agreement are to enhance forest management activity and accelerate reforestation and private sector employment in an effort to increase the viability of the province's forest sector. Program elements include the construction of forest access roads, the establishment of silvicultural camps, the upgrading of nursery production facilities, soil surveys, applied pilot research, a hardwood utilization study and evaluation.

Pulp and Paper Industry Facilities Improvement

Duration: 15/05/79 to 31/03/84

Costs shared by:

DREE	\$ 50 000 000
Provincial government	100 000 000
Total estimated cost	<u>\$150 000 000</u>
DREE expenditure 1979-80	\$ 11 050 000

The purpose of the agreement is to stimulate private sector investment in the province's pulp and paper industry by the provision of incentives for mill modernization, energy conservation and pollution-abatement measures. The agreement is designed to capitalize on current opportunities to strengthen Ontario's pulp and paper industry by encouraging the industry to make the investments required to meet environmental requirements and to improve its competitive position in international markets.

Eastern Ontario

Duration: 20/12/79 to 31/03/84

Costs shared by:

DREE	\$25 175 000
Provincial government	25 175 000
Total estimated cost	<u>\$50 350 000</u>
DREE expenditure 1979-80	\$ 102 000

The agreement is designed to help stabilize, diversify and expand the economic base of rural eastern Ontario by developing and ensuring the long-term viability of the natural resource base and by stimulating private investment in the region. Assistance has been allocated for agriculture, forestry, minerals, tourism and small business incentives.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

That portion of the province which is eligible for incentives assistance comprises all of northern Ontario including the districts of Parry Sound and Nipissing, as well as the Renfrew-Pembroke area of eastern Ontario. Activity under the regional development incentives program during the fiscal year was as follows:

Net accepted offers	48
Number of jobs expected to be created	914
Eligible capital investment associated with offers	\$51 930 000
DREE commitment through these offers	\$12 919 000
Total payments 1979-80	\$ 8 451 000

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

WESTERN REGION

In the Western Region — comprised of Manitoba, Saskatchewan, Alberta, British Columbia, the Northwest Territories and Yukon — DREE expenditures during the 1979–80 fiscal year amounted to more than \$133 million.

Of this sum, approximately \$65.9 million was for subsidiary agreements, \$16.4 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).

Eight subsidiary agreements were signed during the year: four with Saskatchewan (planning, interim water development, agriculture and forestry), two with Yukon (renewable resource development and interim tourism) and one each with British Columbia (forestry) and the Northwest Territories (interim community economic development).

Development activities in the region continue to be 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 expenditures on active northlands subsidiary agreements with the four western provinces totalled more than \$30 million during the fiscal year.

Additionally, \$560 000 was spent on economic development programs in the Northwest Territories and Yukon under new subsidiary agreements signed in 1979–80.

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 2 038 new jobs. Contributions under the program helped another 1 764 persons improve their incomes by exploiting development opportunities in such fields as trapping, hunting, fishing and agriculture. DREE expenditures during the year under Special ARDA totalled \$11 599 000.

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), crop enhancement and diversification (Manitoba and Saskatchewan), and the Agricultural Service Centres agreements signed with the three prairie provinces and implemented by PFRA. PFRA 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. It also administers drought sensitivity and water development subsidiary agreements with Manitoba and Saskatchewan. 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, Manitoba and Yukon).

DREE also contributes to industrial development in the Western Region through the regional development incentives program. Assistance is now available throughout the region, except for the southern parts of Alberta and British Columbia.

During the year, 154 net accepted offers in the region resulted in DREE commitments of \$21.3 million. The projects assisted are expected to create 2 563 direct new jobs and to generate capital investments of approximately \$91.1 million.

Manitoba

As of March 31, 1980, seven subsidiary agreements had been signed under the GDA. During the year under review, two agreements came into effect: value-added crops production and tourism development. Following is a brief description of activities under subsidiary agreements and other programs during 1979-80.

SUBSIDIARY AGREEMENTS UNDER THE GDA

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 1979-80	\$ 13 568 000

The objective of this agreement is to provide a mechanism, by way of options and initiatives, which will promote economic development, expand employment opportunities and improve the standard of living for those people living in the rural and remote communities of northern Manitoba. The programs within the agreement focus on resources and community economic development, human development and community services, and transportation and communication services. An amendment made after the third year of the agreement emphasized the economic development priority through increased resource development and expansion of the road program.

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 1979-80	\$ 2 714 000

The objectives of this agreement are to accelerate the industrial development process in the province through knowledge and promotion of industrial opportunities and through technology transfers, to support small business and to offset industrial infrastructure costs associated with plant location.

Priority industries for Manitoba are food and beverage, health care products, light machinery, transportation equipment, aerospace and electronics, as activities in these sectors are already significant in the province's economy.

Value-Added Crops Production

Duration: 01/04/79 to 31/03/84

Costs shared by:

DREE	\$11 100 000
Provincial government	7 400 000
Total estimated cost	<u>\$18 500 000</u>
DREE expenditure 1979-80	\$ 540 000

The purpose of this agreement is to accelerate the expansion of value-added crops production and improve the efficiency of production and conversion of crops through livestock into red meats. This is to be achieved by stimulating the production of crops grown mainly for industrial processing, by encouraging improvement in the efficiency of forage production and livestock feeding, and by providing measures to remove constraints to production of value-added crops.

Tourism Development

Duration: 01/04/79 to 31/03/84

Costs shared by:

DREE	\$12 000 000
Provincial government	8 000 000
Total estimated cost	<u>\$20 000 000</u>
DREE expenditure 1979-80	\$ 60 000

The overall objective of this agreement is to strengthen the destination areas in the province and to improve the productivity of the tourist industry through joint industry and government action. During the first year of the agreement, a major study was initiated to provide guidelines for the development of the tourist industry in Manitoba over the medium term. Completion of the study is anticipated during the next fiscal year.

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	1 790
Eligible capital investment associated with offers	\$67 878 000
DREE commitment through these offers	\$14 784 000
Total payments 1979-80	\$11 131 000

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 \$2 052 000 during 1979-80.

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 1979-80, PFRA accounted for \$5 314 000 in expenditures in Manitoba, of which \$906 000 was in the form of loans and \$559 000 was in the form of contributions.

Saskatchewan

As of March 31, 1980, 12 subsidiary agreements had been signed and eight were in effect under the GDA. Four new agreements, interim water development for regional economic expansion and drought proofing (administered by PFRA), productivity enhancement and technology transfer in agriculture, forest development and a second planning agreement were signed during the year under review. Following is a brief description of activities under subsidiary agreements and other programs during 1979-80.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Qu'Appelle Valley

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

Costs shared by:

DREE	\$ 7 743 680
Environment Canada	9 000 000
Indian Affairs & Northern Development	1 200 000
Industry, Trade & Commerce	16 320
Provincial government	15 740 000
Total estimated cost	\$33 700 000
DREE expenditure 1979-80	\$ 529 000

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

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	\$182 800 000
DREE expenditure 1979-80	\$ 4 415 000*

This agreement was 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 were: iron-ore exploration, infrastructure, foundries and related metal industries, establishment of an ore-reduction plant, and studies and administration.

* Includes \$1 802 000 under the RDIA portion of the agreement.

Mineral Development

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

Costs shared by:

DREE	\$ 794 750
Energy, Mines & Resources	440 000
Provincial government	1 234 750
Total estimated cost	\$2 469 500
DREE expenditure 1979-80	\$ 669 000

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

This 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	\$127 000 000
DREE expenditure 1979-80	\$ 10 273 000

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 northerners 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.

Water Development for Regional Economic Expansion and Drought Proofing

Duration: 01/04/79 to 31/03/82

Costs shared by:

DREE	\$ 7 400 000
Environment Canada	500 000
Provincial government	\$ 7 350 000
Total estimated cost	\$15 250 000
DREE expenditure 1979-80	nil

Federal administration of this interim agreement is the responsibility of the Prairie Farm Rehabilitation Administration (PFRA), a DREE agency.

Although sizeable sums will be available for water management activities such as drought proofing studies and water management investigations, better than two thirds of the total funds (\$10.7 million) has been earmarked for water supply activities including multi-purpose and community water storage projects, water delivery schemes, and water supply investigations.

The area where Environment Canada is active and where DREE plays no part is in flood damage reduction. The province has a heavy share here as land acquisition, bridge raising and other provincial activities are included.

Planning

Duration: 01/04/79 to 31/03/84

Costs shared by:

DREE	\$ 750 000
Provincial government	750 000
Total estimated cost	\$1 500 000
DREE expenditure 1979-80	\$ 34 000*

The prime objectives of this second planning agreement are to identify and analyze economic opportunities; to conduct studies in the areas of urban social adjustment, community planning and mapping, and core redevelopment in Saskatchewan; and to develop strategies, programs and subsidiary agreements pursuant to those opportunities and studies.

* DREE expenditure for 1979-80 made under the first planning agreement.

Forest Development

Duration: 17/05/79 to 31/03/82

Costs shared by:

DREE	\$12 000 000
Provincial government	12 000 000
Total estimated cost	\$24 000 000
DREE expenditure 1979-80	\$ 3 140 000

This agreement's principal areas of activity, which will account for expenditure of more than half of the available funds, are forest management and silvicultural practices. Forest harvesting logistics and productivity improvement are other major concerns. Opportunity identification and the advancement of forest technology are also included under the agreement.

Productivity Enhancement and Technology Transfer in Agriculture

Duration: 17/05/79 to 31/03/82

Costs shared by:

DREE	\$ 7 660 000
Provincial government	7 660 000
Total estimated cost	<u>\$15 320 000</u>
DREE expenditure 1979-80	\$ 1 736 000

There are two main areas of activity under this agreement: crop diversification and technology transfer; and productivity improvement. Under the former there are demonstration activities, identification of innovative crops, irrigation and the imparting of machinery and technology information. Under the latter there are several principal areas related to livestock production — grazing lease improvements and preventive veterinary health services. Another concern is crops, including such matters as weed control, and drainage and production improvement. Other areas receiving attention are rat control and eradication, and farm management.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	29
Number of jobs expected to be created	490
Eligible capital investment associated with offers	\$13 355 000
DREE commitment through these offers	\$ 3 731 000
Total payments 1979-80	\$ 2 859 000

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 \$4 139 000 during 1979-80.

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 1979-80, PFRA accounted for \$21 639 000 in expenditures in Saskatchewan, of which \$1 132 000 was in the form of loans and \$544 000 was in the form of contributions. PFRA headquarters is located in Regina and its operating and administrative costs are included in the amount shown.

Alberta

By March 31, 1980, 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 1979-80.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Nutritive Processing Assistance

Duration: 01/07/74 to 30/09/80

Costs shared by:

DREE	\$ 8 500 000
Provincial government	8 500 000
Total estimated cost	<u>\$17 000 000</u>
DREE expenditure 1979-80	\$ 1 116 000

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, 171 offers totalling \$9 644 706 have been accepted by companies in rural Alberta. They are expected to create a total of 833 jobs. Another 134 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.

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 1979-80	\$ 6 444 000

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	7
Number of jobs expected to be created	113
Eligible capital investment associated with offers	\$1 875 000
DREE commitment through these offers	\$ 637 000
Total payments 1979-80	\$ 816 000

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 1979-80 by PFRA totalled \$2 880 000, of which \$12 000 was in the form of loans and \$1 140 000 was in the form of contributions.

British Columbia

As of March 31, 1980, 10 subsidiary agreements had been signed under the GDA. A new agreement for intensive forest management was signed during the fiscal year. Following is a brief description of activities under subsidiary agreements and other programs during 1979-80.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Northeast Coal Evaluation and Related Developments

Duration: 01/04/77 to 31/03/81

Costs shared by:

DREE	\$ 5 000 000
Provincial government	5 000 000
Total estimated cost	<u>\$10 000 000</u>
DREE expenditure 1979-80	\$ 778 000

This agreement was extended from March 31, 1980 to March 31, 1981, to permit the completion of planning and design initiatives required to enable the private sector coal companies in northeastern British Columbia to respond quickly and effectively to improved coal market opportunities.

Six programs of analysis have been undertaken: coal resource, transportation, environment, townsite/community development, manpower/human resources, and economic and financial.

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 1979-80	\$ 6 785 000

The purpose of the agreement is to encourage greater sectorial 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 1979-80	\$ 3 504 000

The objectives of this agreement are to identify, research, plan and pursue new opportunities 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 encourage research, training and market promotion; 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 1979-80	\$ 4 649 000

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-use recreation facilities.

Intensive Forest Management

Duration: 17/05/79 to 31/03/84

Costs shared by:

DREE	\$25 000 000
Provincial government	25 000 000
Total estimated cost	<u>\$50 000 000</u>
DREE expenditure 1979-80	\$ 5 700 000

The purpose of this agreement is to strengthen the job creating potential of British Columbia's forest resources by increasing wood-yield and expanding some of the intensive forest management programs of the province.

Program elements include reforestation of lands which have been previously logged or fire damaged; juvenile spacing of young, dense forests to allow selected trees to grow larger and faster; fertilization, fire protection and implementation contracts.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	14
Number of jobs expected to be created	156
Eligible capital investment associated with offers	\$7 598 000
DREE commitment through these offers	\$2 067 000
Total payments 1979-80	\$1 619 000

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 1979-80, DREE expenditures under Special ARDA totalled \$2 973 000.

Northwest Territories

With the signing of a General Development Agreement and an interim subsidiary agreement on community economic development in April 1979, the Northwest Territories joined the remainder of the western region in sharing the benefits of jointly-funded programming. Following is a brief description of activities under the subsidiary agreement and other programs during 1979-80.

SUBSIDIARY AGREEMENT UNDER THE GDA

Community Economic Development

Duration: 04/04/79 to 31/03/81

Costs shared by:

DREE	\$2 000 000
Indian Affairs & Northern Development	460 000
Territorial government	1 373 000
Total estimated cost	<u>\$3 833 000</u>
DREE expenditure 1979-80	\$ 114 000

This interim agreement is aimed at expanding community economic bases, developing increased tourism and providing a source for training, employment and income.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	1
Number of jobs expected to be created	8
Eligible capital investment associated with offers	\$185 000
DREE commitment through these offers	\$ 37 000
Total payments 1979-80	nil

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)*, 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 1979-80, 64 offers of assistance were accepted and a total of \$2 020 000 was committed to a wide variety of projects. During this period, DREE expenditures under the program amounted to \$2 061 000.

Yukon

Yukon's first two subsidiary agreements under the GDA — one for renewable resource development and an interim agreement for tourism development — were signed during the fiscal year. Following is a brief description of activities under the subsidiary agreements and other programs during 1979–80.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Renewable Resource Development

Duration: 04/04/79 to 31/03/82

Costs shared by:	
DREE	\$3 120 000
Indian Affairs & Northern Development	1 400 000
Territorial government	2 080 000
Total estimated cost	<u>\$6 600 000</u>
DREE expenditure 1979–80	\$ 446 000

Under this program, the federal and territorial governments are cooperating in a joint program to expand the renewable resource information base.

Tourism Development

Duration: 14/02/80 to 31/03/82

Costs shared by:	
DREE	\$3 600 000
Indian Affairs & Northern Development	1 500 000
Territorial government	900 000
Total estimated cost	<u>\$6 000 000</u>
DREE expenditure 1979–80	nil

This interim agreement, which provides up to \$5 250 000 for tourism development and \$750 000 for research and planning, is intended to develop a long-term strategy for the Yukon tourism industry in order to help counter-balance the traditional "boom-or-bust" pattern of Yukon's resource-based economy.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	2
Number of jobs expected to be created	6
Eligible capital investment associated with offers	\$130 000
DREE commitment through these offers	\$ 46 000
Total payments 1979–80	\$ 16 000

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), 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 1979-80, 18 offers of assistance were accepted and a total of approximately \$1 million was committed to a variety of projects. During this period, DREE expenditures under the program amounted to \$374 000.

APPENDICES

APPENDIX A

SUMMARY OF EXPENDITURES

Total departmental expenditures for 1979-80 were just over \$590 million. 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 1979-80 (\$000)

	Planning and Administration	Subsidiary Agreements	Industrial Incentives*	Other Programs		Totals
				Budgetary	Non-Budgetary	
Head Office	17 707	-	-	7	-	17 714
Newfoundland	1 403	67 276	5 533	914	2 500	77 626
Nova Scotia	1 379	38 899	10 857	158	-	51 293
Prince Edward Island	607	-	2 143	27 015	-	29 765
New Brunswick	1 572	51 560	11 794	1 035	879	66 840
Atlantic Regional Office	4 103	-	-	1 235	-	5 338
Atlantic Development Council	362	-	-	-	-	362
Quebec	6 362	118 558	53 404	808	-	179 132
Ontario	2 315	16 880	8 451	1 247	-	28 893
Manitoba	1 626	16 907	11 137	6 474	907	37 051
Saskatchewan	1 707	18 994	2 859	24 706	1 132	49 398
Alberta	884	7 560	816	2 868	12	12 140
British Columbia	1 369	21 915	1 619	3 022	-	27 925
Northwest Territories	74	114	-	2 061	-	2 249
Yukon	92	446	16	374	-	928
Western Regional Office	3 984	-	-	115	-	4 099
TOTAL	45 546	359 109	108 629	72 039	5 430	590 753

* Includes statutory payments under the RDIP loan guarantee provisions.

DREE Expenditures 1969-70 through 1979-80 (\$000)

Province	1969-70 to 1978-79	1979-80	Total	1979-80 Per Capita (\$)
Newfoundland	534 880	77 626	612 506	134.25
Nova Scotia	429 267	51 293	480 560	60.23
Prince Edward Island	239 628	29 765	269 393	240.04
New Brunswick	531 615	66 840	598 455	94.71
Quebec	1 177 529	179 132	1 356 661	28.44
Ontario	214 158	28 893	243 051	3.38
Manitoba	249 268	37 051	286 319	36.07
Saskatchewan	279 515	49 398	328 913	51.06
Alberta	165 511	12 140	177 651	5.87
British Columbia	84 004	27 925	111 929	10.63
Other*	229 494	30 690	260 184	-
TOTAL	4 134 869	590 753	4 725 622	
All Canada				24.75

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

APPENDIX B

Subsidiary Agreements Active During 1979-80

Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
NEWFOUNDLAND			
Forestry	01/06/73 to 31/03/83	66 522 155	58 178 500
Gros Morne Park Area Development	01/06/73 to 31/03/81	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 Development	01/06/75 to 31/03/81	11 761 000	10 584 900
Highways 1976-81	01/04/76 to 31/03/81	101 435 556	88 244 000
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
Planning	01/04/77 to 31/03/82	6 385 000	4 000 000
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
Stephenville Mill Conversion and Reactivation	01/01/79 to 31/03/81	15 000 000	13 500 000
Industrial Development	11/06/79 to 31/03/84	26 650 000	23 985 000
NOVA SCOTIA			
Mineral Development	17/02/75 to 31/03/80	19 838 000	15 870 400
Metropolitan Halifax-Dartmouth Area Development	31/03/75 to 31/03/82	109 648 700	79 997 000
Strait of Canso Area Development	31/03/75 to 31/03/82	26 009 500	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	23 789 000	19 031 200
Planning	22/06/76 to 31/03/82	5 000 000	2 500 000
Forestry	01/04/77 to 31/03/82	57 776 000	36 142 000
Tourism Development	01/04/77 to 31/03/82	13 750 000	11 000 000
Energy Conservation	04/07/78 to 31/03/83	24 875 000	19 000 000
Halifax Panamax Dry Dock	22/01/80 to 31/03/85	43 500 000	34 800 000
NEW BRUNSWICK			
Forestry	15/10/74 to 31/03/82	74 228 500	58 902 800
Industrial Development	17/02/75 to 31/03/80	30 227 750	24 182 200
Kent Region Pilot Project	17/02/75 to 31/03/81	7 751 000	6 200 800
Saint John and Moncton Arterial Highways	17/02/75 to 31/03/81	51 200 000	35 840 000
Planning	01/04/75 to 31/03/82	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 31/03/81	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
Developing Regions	17/05/79 to 31/03/83	26 274 000	20 401 500

Agreement	Duration	Estimated Cost Total (\$)	Federal Share (\$)
QUEBEC			
Key Highway Networks	13/09/74 to 31/03/82	448 775 000	205 505 000
Forest Development	26/03/75 to 31/03/84	322 333 000	193 400 000
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 31/03/81	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 31/03/81	34 876 000	23 261 000
Modernization of the Pulp and Paper Industry	15/05/79 to 31/03/84	150 000 000	90 000 000
ONTARIO			
Northeastern Ontario	25/03/76 to 31/03/82	29 920 000	14 960 000
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
Pulp and Paper Industry Facilities Improvement	15/05/79 to 31/03/84	150 000 000	50 000 000
Eastern Ontario	20/12/79 to 31/03/84	50 350 000	25 175 000
MANITOBA			
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
Value-Added Crops Production	01/04/79 to 31/03/84	18 500 000	11 100 000
Tourism Development	01/04/79 to 31/03/84	20 000 000	12 000 000
SASKATCHEWAN			
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
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
Water Development for Regional Economic Expansion and Drought Proofing	01/04/79 to 31/03/82	15 250 000	7 900 000
Planning	01/04/79 to 31/03/84	1 500 000	750 000
Forest Development	17/05/79 to 31/03/82	24 000 000	12 000 000
Productivity Enhancement and Technology Transfer in Agriculture	17/05/79 to 31/03/82	15 320 000	7 660 000
ALBERTA			
Nutritive Processing Assistance	01/07/74 to 30/09/80	17 000 000	8 500 000
Alberta North	01/04/77 to 31/03/82	55 000 000	32 500 000

Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
BRITISH COLUMBIA			
Northeast Coal Evaluation and Related Developments	01/04/77 to 31/03/81	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
Intensive Forest Management	17/05/79 to 31/03/84	50 000 000	25 000 000
NORTHWEST TERRITORIES			
Community Economic Development	04/04/79 to 31/03/81	3 833 000	2 460 000
YUKON			
Renewable Resource Development	04/04/79 to 31/03/82	6 600 000	4 520 000
Tourism	14/02/80 to 31/03/82	6 000 000	5 100 000

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 incentive grants portion of the program in 1979–80. Applications received numbered 1 950; expected new jobs numbered 17 463. Capital investment increased to an expected \$672 702 000 in capital costs, and the amount of accepted incentive offers was \$154 350 000.

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 will subsequently be withdrawn by the entrepreneur, and others fail or default, the figure "net accepted offers" has been adjusted to allow for those occurrences. Thus, the number of 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 1979–80 Fiscal Year

Province/Territory	Net Accepted Offers	Estimated Amount of Incentive (\$000)	Expected Eligible Investment (\$000)	Expected Direct Jobs
Newfoundland	29	2 980	11 621	541
Nova Scotia	85	14 515	39 198	1 607
Prince Edward Island	24	1 025	3 241	149
New Brunswick	56	10 068	35 279	924
Quebec	581	91 541	440 412	10 765
Ontario	48	12 919	51 930	914
Manitoba	101	14 784	67 878	1 790
Saskatchewan	29	3 731	13 355	490
Alberta	7	637	1 875	113
British Columbia	14	2 067	7 598	156
Northwest Territories	1	37	185	8
Yukon	2	46	130	6
TOTAL	977	154 350	672 702	17 463

