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1980/81

Annual Report

1980-81

DREE



Government
of Canada

Gouvernement
du Canada

Regional
Economic
Expansion

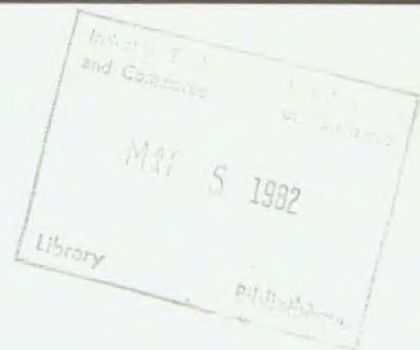
Expansion
Économique
Régionale

Canada

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DREE



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DREE

The Department of Regional Economic Expansion (DREE) was created in 1969 to assist and encourage each region of Canada in realizing its economic and social potential. The department works to broaden regional and local economic bases, expand production and employment opportunities and assist particular areas in dealing with problems of economic growth and social adjustment.

Statutes

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

- Department of Regional Economic Expansion Act* (RSC 1970, c. R-4);
- 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).

Milestones in DREE's History

1969—Department created

—Programs under the *Agricultural and Rural Development Act* (ARDA), the *Prairie Farm Rehabilitation Act* (PFRA), and the *Fund for Rural Economic Development Act* (FRED) transferred to new department

—*Regional Development Incentives Act* (RDIA) enacted

—15-year Comprehensive Development Plan signed with Prince Edward Island

1972—Major policy review initiated

1974—Department fully decentralized

—10-year General Development Agreements (GDAs) signed with all provinces except Prince Edward Island where the Comprehensive Development Plan was in place

1977—Montreal Special Area created

—5-year GDA signed with Yukon

1979—5-year GDA signed with Northwest Territories

1980—50% Special Investment Tax Credit Program launched

—Comprehensive policy and program review initiated focussing on future directions of department and regional development in Canada

1980-81 Program Highlights

Pulp and Paper—In 1980-81, the federal commitment to the modernization of the pulp and paper industry was confirmed with an increase of the contribution to the Quebec and Ontario agreements and the signing of an agreement with New Brunswick in August 1980.

Regional Development Incentives Program—The regional development incentives program was reinforced during 1980-81 by Parliament's extension of the *Regional Development Incentives Act* from December 31, 1981, to December 31, 1984.

Special Investment Tax Credit—Another tier was added to the federal system of tax credits in 1980-81. A 50 per cent investment tax credit implemented during the year focusses on areas of Canada with exceptionally high unemployment rates and low family incomes.

BBED—As part of the department's industrial development thrust, the Bureau of Business and Economic Development was created late in 1980 to identify manufacturing sectors, products and firms that show promise of assisting in the pursuit of regional development goals, and to encourage individual firms to engage in specific industrial projects.

LEDA—The Local Economic Development Assistance program, administered jointly by DREE and the Canada Employment and Immigration Commission, was established during the fiscal year to help high-unemployment, slow-growth communities develop local business and expand long-term employment opportunities.

ILAP—In January 1981, the three-year, \$350-million Industry and Labour Adjustment Program to promote industrial restructuring and labour adjustment was announced. The program, involving participation by DREE and three other federal departments, will be available to communities facing major lay-offs resulting from large-scale industrial dislocation.

Cape Breton Island—During the year, DREE took on the responsibility of coordinating federal initiatives relating to the economic development of Cape Breton Island. The resulting interdepartmental committee became a forum for discussion and analysis of the development options for the island.

Incentives—In 1980-81, the regional development incentives program resulted in 989 net accepted offers of incentives totalling almost \$192.3 million. These offers are expected to stimulate the creation of more than 20 000 direct jobs and to involve some \$992.3 million in capital investment by private industry.

Subsidiary Agreements—Nine subsidiary agreements were signed during the fiscal year, bringing the total to 117 since the federal-provincial General Development Agreements (GDAs) were signed in 1974. Of the 75 subsidiary agreements active during 1980-81, 18 were cost-shared with other federal departments.

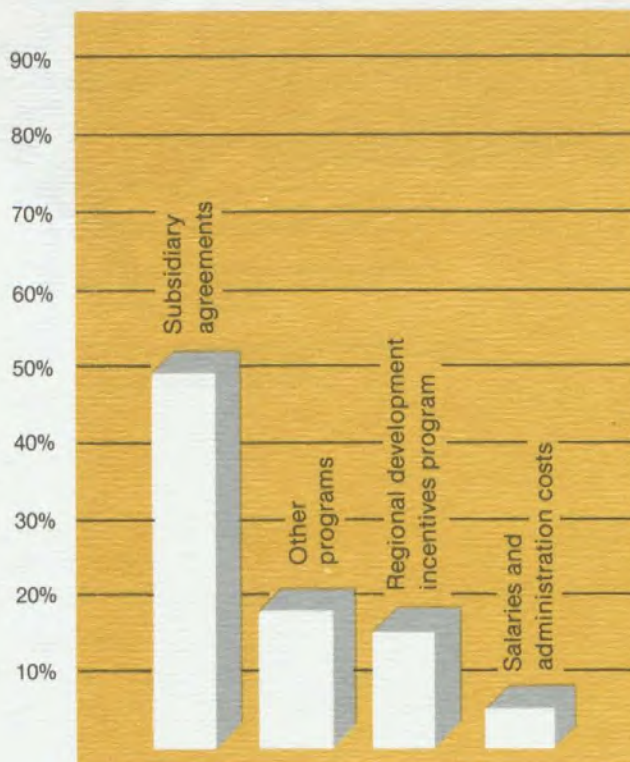
Branch Office—A new DREE branch office was opened in Sherbrooke, Quebec, in January 1981.

Statistical Highlights

- Total departmental expenditures during 1980-81 were just under \$630 million.
- Almost \$327 million was paid out under subsidiary agreements during 1980-81 (51.9% of total departmental expenditures).
- \$117.8 million was paid out under the regional development incentives program during 1980-81 (18.7% of total expenditures).
- Expenditures on other programs during the year amounted to more than \$131 million (20.8% 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 costs came to almost \$54 million during 1980-81 (8.6% of total expenditures).

A summary of total departmental expenditures for 1980-81 can be found in Appendix A.

Total departmental expenditures during 1980-81



DREE Offices



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A National Perspective

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A National Perspective

The 1980-81 fiscal year was one of transition for DREE. On the one hand, emphasis continued to focus on federal-provincial activities such as the regional development projects initiated under the General Development Agreements. These projects, formulated in close cooperation with the provinces and implemented chiefly by them, accounted for 51.9 per cent of DREE's annual budget.

Other joint programs, including the Prince Edward Island Comprehensive Development Plan, Special ARDA and the Prairie Farm Rehabilitation Administration, accounted for 20.8 per cent of expenditures; incentives to industry, 18.7 per cent; and planning and administration, 8.6 per cent.

On the other hand, the department made considerable progress toward revised policies more suited to current economic circumstances and evolving regional development requirements.

Traditional Programs

Under the *Department of Regional Economic Expansion Act* and the *Regional Development Incentives Act*, DREE's major traditional development programs continue to focus on the federal-provincial General Development Agreements (GDAs) and incentives to industry and business.

GDAs—These federal-provincial agreements recognize the fact that each part of Canada has its own set of development opportunities and problems; that the needs and priorities of one region, even within a province, are not necessarily the same as those of another. Each of the 10-year agreements with the provinces and the five-year agreements with the territories outlines the broad objectives and opportunities for development in the particular province or territory.

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, program details are defined: the objectives, cost, and means of implementation. Subsidiary agreements are often co-signed, cost-shared and co-managed by other federal departments in cooperation with DREE and the provincial or territorial government concerned. In almost all cases, other federal departments aid in drawing up the agreements and in defining initiatives.

Prince Edward Island is the only province that does not have a General Development Agreement. Instead, in 1969 it signed with the federal government a similar 15-year Comprehensive Development Plan.

Between 1974, when the GDAs were established, and March 31, 1981, 117 subsidiary agreements between DREE and the provincial and territorial governments had been signed. Of these, more than 80 have involved the participation of other government departments. During the year under review, nine subsidiary agreements and 48 amendments to existing agreements were signed. Six of the 75 agreements in effect during 1980-81 expired at the end of the fiscal year.

DREE expenditures under all subsidiary agreements during 1980-81 were \$326.9 million, 51.9 per cent of DREE's total expenditures for that period. A list of active subsidiary agreements can be found in Appendix B.

Industrial Incentives—The purpose of DREE's regional development incentives program is to stimulate the creation of jobs and to encourage capital investment in slow-growth areas of Canada. It provides financial assistance in the form of incentive grants and loan guarantees to business and industry to establish, expand or modernize facilities in regions of the country designated under the *Regional Development Incentives Act*.

The *Regional Development Incentives Act* was extended during 1980-81 for three years to December 31, 1984. During the parliamentary debate on the extension, support for DREE programs in general, and the regional development incentives program in particular, was widespread. The incentives program, with a record of substantial capital investment and job creation in disadvantaged regions of

Canada was recognized as an effective direct-delivery instrument of federal regional development policy.

In 1980-81, the regional development incentives program resulted in expenditures of \$117.8 million, 18.7 per cent of departmental expenditures for the year. There were 989 net accepted offers of incentives during the fiscal year. The projects assisted, which represent a DREE commitment of \$192.3 million, are expected to create more than 20 000 direct jobs and to involve some \$992.3 million in capital investment by private industry.

Two other traditional DREE programs, each of which focusses on assistance to the west, are the Prairie Farm Rehabilitation Administration (PFRA) and Special ARDA.

PFRA, with headquarters in Regina, Saskatchewan, began in 1935 and was incorporated into DREE when the department was established in 1969. The administration issues its own annual report, which is available on request. During 1980-81, DREE expenditures through PFRA totalled more than \$82 million.

Special ARDA rural development programs, arising from agreements entered into under the *Agricultural and Rural Development Act (ARDA)*, work to provide employment opportunities, increase income and improve living conditions for rural residents, particularly those of Native ancestry. DREE expenditures under Special ARDA totalled almost \$13.5 million in 1980-81.

Special 1980-81 Initiatives

Pulp and Paper—In 1979 the federal government announced its commitment of an estimated \$235 million in federal funds over five to seven years toward a federal-provincial cost-shared program of incentives to modernize the pulp and paper industry. In July 1980, the federal financial commitment to the program was raised to \$276 million.

Because of low profitability, modernization investment by the Canadian industry had lagged over the 1970s, and the mills were becoming non-competitive. Assistance from government was considered necessary to stimulate the industry to make the large investment necessary to ensure its long-term health.

Federal-provincial subsidiary agreements covering pulp and paper were signed with Ontario and Quebec in 1979. In August 1980, a \$42.25-million agreement was signed with New Brunswick, committing \$33.8 million in federal funds. Agreements at year end were being negotiated with the provinces of Newfoundland and Nova Scotia.

In the DREE Western Region, the federal government is working with the forest industry and the governments of British Columbia, Alberta, Saskatchewan and Manitoba toward the development of programs tailored to the specific forest industry needs of those provinces.

BBED—The Bureau of Business and Economic Development (BBED) was established late in 1980. The function of BBED is to identify manufacturing sectors, products and firms that exhibit good growth potential in both domestic and export markets. Once the leading companies have been identified, BBED will approach the firms to explore specific regional development project possibilities.

When the bureau is satisfied that the project will be commercially viable on a long-term basis, will offer substantial social and economic benefits and will meet certain other criteria, it will analyze the client firm's locational requirements in an effort to match them with two or three locations in DREE-designated regions. BBED then will provide the client with site-specific information about each location, assist the firm through administrative processes, and describe the government assistance that may be available.

Since its inception, BBED has already identified a series of leading industrial sectors, has completed a profile of the electronics sector, and has begun analyzing other industrial sectors in an effort to identify leading corporate candidates. At the end of 1980-81, the bureau was nearing completion of its first major project and was in various stages of negotiation with several other firms.

Community Data Base—Another initiative pursued during the year was the development of a comprehensive community data base to provide Members of Parliament, government organizations and the Canadian public with accurate and timely information on social and economic indicators at the local community level. Such “small area” information is essential for effective policy development or business investment decision making, and will be an important tool for future DREE programming.

The system that DREE is developing will not involve the collection of original data, but will rely on existing information currently collected by a variety of organizations: Statistics Canada, Revenue Canada, Employment and Immigration, Environment Canada, and other sources including non-government organizations.

Using the input data from various sources on population, income, employment, manufacturing, infrastructure and facilities, DREE has already begun to manipulate the information to create Community Master Files. These files are capable of producing statistical profiles containing information on some 700 variables, including demography, health, culture, communications, income, retail services, employment, police and crime, housing, education, recreation, transportation, sewer and water services, and climate.

By the end of the fiscal year, Community Master Files had been created for 1 133 Canadian communities. A list of these is available through departmental headquarters in Hull, Quebec.

Interdepartmental Coordination

There is a growing realization on the part of the federal government that combatting disparities and developing Canada's regions is the responsibility of the entire government, and not the mandate of any single department. During 1980-81, this recognition resulted in the creation of a number of special interdepartmental programs which significantly increased DREE's ongoing participation in cooperative activities having regional development implications.

Special Investment Tax Credit Program—On the recommendation of the Minister of DREE, a 50 per cent Special Investment Tax Credit program was announced in the October 1980 federal budget by the Minister of Finance. The credit is available mainly in those areas of the country that contain the five per cent of the population suffering the most from high family unemployment and low per-capita income. It therefore complements the 10 per cent and 20 per cent federal investment tax credits available in other DREE-designated regions. The 50 per cent credit applies to the eligible costs of assets acquired for use primarily in a manufacturing or processing activity, and it is claimed as a reduction of federal income tax payable.

National Energy Program—Another program which required DREE expertise at the developmental stage since it contains components related to regional development is the National Energy Program. Included in the program are the extension of the natural gas pipeline system to Quebec City and the Maritimes, the Atlantic “off-oil” fund, the expansion of non-oil electricity generating systems, support for coal mining and coal use, and the western economic development fund.

Cape Breton Island Development—Under the chairmanship of DREE, an interdepartmental committee was set up during the fiscal year to find ways in which Cape Breton Island can best realize its economic development potential. One of the committee's major accomplishments in 1980-81 was the development of recommendations concerning assistance to the Sydney Steel Corporation (SYSCO).

LEDA—The Local Economic Development Assistance program was established in 1980-81 to assist small and medium-sized communities experiencing slow growth and persistently high levels of unemployment to play a direct and active role in stimulating private sector employment through local enterprise. By the end of the fiscal year, the Ministers of DREE and Employment and Immigration had selected 13 communities across Canada for grants which will enable them to design detailed plans for local economic development. These communities are: Botwood, Newfoundland; Arichat, Nova Scotia; O'Leary, Prince Edward Island; Buctouche, New

Brunswick; the Magdalen Islands, Maniwaki and Matapédia, Quebec; Fort Frances and Kirkland Lake, Ontario; Brandon and Winnipeg, Manitoba; North Battleford, Saskatchewan; and Merritt, British Columbia.

ILAP—The Industry and Labour Adjustment Program, a three-year, \$350-million interdepartmental undertaking, is another example of coordinated programming and also of efforts directed to those communities suffering most from current problems of industrial adjustment. DREE plays an active role in the program through participation on federal committees responsible for the general administration of the \$350-million fund, and membership on community adjustment committees which act as advisory bodies concerning community economic and social redevelopment needs. The purpose of ILAP is to promote industrial restructuring and labour adjustment in communities that have recently experienced large-scale industrial dislocation that has resulted in a significant increase in the level of community unemployment.

Community Development

1980-81 saw increased federal emphasis on local participation in community development through the establishment of programs such as LEDA and ILAP, previously mentioned.

Another striking example of such programming, also introduced during the fiscal year, is DREE's Economic Development Program for the Magdalen Islands. Because of their regional remoteness, pronounced lack of raw materials and poorly diversified economy based mainly on fishing, the Magdalen Islands have a very high unemployment rate.

In an attempt to stimulate economic growth in the islands, DREE has designed a development program, drawn up through the close cooperation of the local community and federal departments. To reduce unemployment and slow down the exodus of people from the region, DREE will spend \$13.8 million over a four-year period on various economic studies and fisheries, transportation and industrial development projects aimed at diversifying the economic base and creating stable jobs.

In addition, DREE, Transport Canada and Fisheries and Oceans Canada will be contributing a total of \$8.2 million from their budgets to develop the Magdalen Islands tourist park, upgrade Highway 199, and build a new airport terminal and harbour facilities.

Policy Review

DREE's evolving policy directions have emerged from the department's recognition of the need to continuously re-examine and update Canada's approach to regional development.

Ongoing analysis within the department crystallized in a series of reports—the *Strategic Regional Development Overview*—presented to the House of Commons Standing Committee on Regional Development by the Honourable Pierre De Bané in June 1980, shortly after his appointment as Minister of Regional Economic Expansion.

Following on these and other departmental analyses, a fundamental review of DREE's policies and programs was undertaken during the fiscal year.

While not yet complete, this review has already identified several requirements for effective federal action to combat regional disparities in the 1980s. These include:

- increased targetting of regional development toward Canada's needier areas, with increasing emphasis on local participation in program development;
- development of direct federal program delivery systems, by DREE alone or in cooperation with other federal departments;
- emphasis on industrial support directly related to continuing employment opportunities; and
- devising of programs aimed at specific communities or areas rather than industrial sectors.

These, along with relevant economic trends and circumstances, will serve as discussion points in the design of future regional development policies and programs.

ERRATA

The last two paragraphs in the right-hand column on page 57 and the first paragraph in the left-hand column on page 58 belong under the subsidiary agreement on page 58.

On page 20, the sentence starting on the sixth line of the next-to-last paragraph in the right-hand column should begin "DREE has contributed \$4.1 million to..."

For the English names of the provinces listed underneath the graphic on page 69, see page 79 of the French version.

Atlantic Region

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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, 1981, were \$206 million. Expenditures under the subsidiary agreements totalled \$133 million. \$28.1 million was spent on industrial incentives and \$34.7 million for the Prince Edward Island Comprehensive Development Plan and other programs.

Five new subsidiary agreements came into effect during the year: one with Newfoundland (forestry), three with New Brunswick (pulp and paper, Saint John Market Square and forestry development) and one with Nova Scotia (assistance to Michelin Tires (Canada) Ltd.). In addition, a major amendment to the Nova Scotia Strait of Canso subsidiary agreement was signed. These agreements and the amendment are expected to result in DREE expenditures of \$164 million. During the year, industrial firms accepted offers totalling \$29.3 million under the regional development incentives program.

The Atlantic Region, with an economy based largely on resources or resource-related industries, being somewhat removed from major market centres and having relatively little secondary manufacturing, will remain an area of major DREE involvement.

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 certain of the natural resource sectors, particularly 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 toward this beneficial trend in the Atlantic economy by promoting permanent, full-time employment opportunities. Current subsidiary agreements with the Atlantic provinces, and the DREE industrial incentives program, serve to stimulate both resource and secondary industries and are encouraging 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, for instance, pulp and paper modernization programs; improved management and increased production in forestry; and improved urban infrastructure systems, including industrial parks and urban core development.

Newfoundland

As of March 31, 1981, 19 subsidiary agreements had been signed under the GDA. The fiscal year under review saw the signing of a subsidiary agreement on forestry. Following is a brief description of activities under subsidiary agreements and other programs during 1980-81.

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 to date	\$51 929 000
DREE expenditure 1980-81	\$ 3 122 000

This agreement is 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.

In the initial years, the agreement jointly funded the expansion and development of the facilities of the provincial Department of Forest Resources and

Lands, and paid the salaries of personnel. Subsequent agreements do not cover salaries.

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 \$11.5-million amendment was signed in 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 completed under the amendment (forestry economic stimulation program) include: site rehabilitation, pre-commercial thinning, roadside clearing, cone collection, cable logging and salvage harvesting. Both Abitibi-Price Inc. and Bowater Newfoundland Limited have undertaken industry projects such as stand improvement and pre-commercial thinning. At peak season some 410 people were employed on these projects.

This agreement expired September 30, 1979, except for the job creation component which expires March 31, 1983.

Gros Morne Park Area Development

Duration: 01/06/73 to 31/03/82

Costs shared by:

DREE	\$20 641 680
Provincial government	2 293 520
Total estimated cost	\$22 935 200
DREE expenditure to date	\$19 539 000
DREE expenditure 1980-81	\$ 1 878 000

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 the Bonne Bay area of 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.

During the year under review, water and sewer systems were installed in five communities in "enclave" areas of the park, and serviced residential subdivisions were developed in three of these. Roads were upgraded and paved in enclave communities, joining them to each other and to the park's road network.

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 to date	\$ 9 933 000
DREE expenditure 1980-81	\$ 4 386 000

The objectives of this agreement are 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 as well as the expansion of several others.

Completed projects under this agreement include: two new marine service centres at Harbour Breton and Bonne Bay; nine new water supplies, including St. Bride's, Port aux Basques and Triton; and the landing facilities and cold-storage building on the Great Northern Peninsula.

Projects undertaken in 1980-81 included: water supply systems to fish plants at several locations around the province; the beginning of construction of a marine service centre at Cartwright; the expansion of several other marine service centres; and the construction of four new service centre buildings.

During 1980-81, more than 700 fishing boats were stored at the various marine service centres around the province. Also, approximately 2 500 lifts were made for various reasons.

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 to date	\$ 86 438 000
DREE expenditure 1980-81	\$ 6 781 000

Under the agreement, upgrading and paving of a number of trunk roads begun under earlier agreements were continued. 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.

During 1980-81, some 290 km of paving was completed on these highways, and at year end all remaining work was under contract and scheduled for completion in 1981. The program has provided approximately 61 000 people with high quality connections to the Trans-Canada Highway.

Labrador Interim

Duration: 03/12/76 to 31/03/82

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 to date	\$15 264 000
DREE expenditure 1980-81	\$ 3 532 000

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

A 32-ha industrial park has been constructed at Wabush to serve western Labrador and northeastern Quebec; a bridge has been built across Northwest River, linking the two sides of the community,

and linking the north side to Goose Bay and Churchill Falls; and street and neighbourhood improvement has been undertaken in Happy Valley-Goose Bay, along with the construction of a residence for the vocational school. A development corporation has been funded to spearhead economic development. Water, sewer, and waste disposal services have been provided in a number of coastal communities. Nursing clinics have been constructed to serve the basic health needs of residents in three isolated coastal communities. Caribou herb studies, biophysical studies, community plans, and transportation and port planning have all been undertaken.

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 to date	\$ 3 569 000
DREE expenditure 1980-81	\$ 1 058 000

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.

During the year, eight geological mapping projects were conducted on the island and 11 in Labrador. As well, a core storage library costing \$350 000 was constructed in St. John's, and the design work for a similar facility to be built in Deer Lake at an estimated cost of \$850 000 was completed.

Planning

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

Costs shared by:

DREE	\$4 000 000
Provincial government	<u>2 385 000</u>
Total estimated cost	\$6 385 000
DREE expenditure to date	\$2 143 000
DREE expenditure 1980-81	\$ 414 000

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.

Studies undertaken during 1980-81 included a fishing-boat-building study, Lake Melville/Labrador freeze-up analysis, industrial infrastructure study, St. John's airport and environs development plan, and peat study (Phase 3) eastern Newfoundland. In addition, the province's planning capability has been enhanced by the engagement of specific professionals during the initial years of the agreement.

Tourism Development

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

Costs shared by:

DREE	\$11 938 140
Provincial government	<u>1 326 460</u>
Total estimated cost	\$13 264 600
DREE expenditure to date	\$ 4 909 000
DREE expenditure 1980-81	\$ 2 981 000

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 accommodations.

Projects include restoration of the Grenfell and Bradley historic houses; the building of tourism chalets in western and eastern Newfoundland; the restoration of the houses, churches and stores in the historic village of Trinity; upgrading and extending

tourist campground accommodations; and a financial incentive program for hotel and motel operations.

Rural Development

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

Costs shared by:

DREE	\$13 122 000
Provincial government	<u>1 458 000</u>
Total estimated cost	\$14 580 000
DREE expenditure to date	\$ 6 928 000
DREE expenditure 1980-81	\$ 2 813 000

This agreement continues earlier initiatives to revitalize and strengthen the rural sector of the province. Projects include assistance to incorporated regional development associations for administrative and community project purposes. Support is also provided to craft associations, craftspeople and small rural enterprises.

Assistance to the regional development associations includes funding for basic administrative purposes, training, and planning and implementation of locally designed community development projects, which have ranged from elementary forms of fish processing to a woolen mill.

Financial aid is provided to small rural enterprises that do not qualify for assistance under the regional development incentives program, such as boat building, wood working, fish processing and small manufacturing activities. Craft assistance is provided in the form of design assistance and for expansion of production and marketing.

Agriculture Development

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

Costs shared by:

DREE	\$12 907 170
Agriculture Canada	1 800 000
Provincial government	<u>1 634 130</u>
Total estimated cost	\$16 341 300
DREE expenditure to date	\$ 5 076 000
DREE expenditure 1980-81	\$ 2 468 000

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.

Under the capital assistance program for farm development, 200 applications have been approved for a financial commitment of \$2 million. A marketing program designed to increase production and consumption of local produce has resulted in the construction of a modern marketing building and the mounting of a promotion campaign to increase consumer awareness. Land-use planning and soil surveys have more precisely defined the agricultural land base, while provision of analytical and veterinary laboratory facilities will serve the ever-increasing demands of the farm industry. Further development of the blueberry industry is occurring through the construction of access roads and blueberry cloning trials.

Twenty-nine development opportunity projects valued at \$1.1 million are under way throughout the agricultural sector.

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	\$15 000 000
DREE expenditure to date	\$13 500 000
DREE expenditure 1980-81	nil

The objective of this agreement is to facilitate the socio-economic development and 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.

Under this agreement, contributions have been made toward necessary building modifications, the purchase and installation of equipment, and the rehabilitation of the existing facility to newsprint production.

The projected start-up for the mill is the summer of 1981. Construction activities to date are behind schedule due to a province-wide trades strike during the summer of 1980. The mill is expected to employ approximately 250 people at full production and another 100 to 150 in the woods operations.

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	\$26 650 000
DREE expenditure to date	\$ 6 057 000
DREE expenditure 1980-81	\$ 4 586 000

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 30-ha 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.

During 1980-81, grading of the 10-km Corner Brook access road was completed and contracts were awarded for paving and for two highway overpasses. The external water main to the park was constructed and design of the park completed in preparation for a tender call in the summer of 1981. Grading of 8 km of the 23-km Stephenville access road was completed and contracts were awarded for the remaining grading and for an underpass.

Forestry 1981-86

Duration: 09/01/81 to 31/03/85

Costs shared by:

DREE	\$46 883 700
Provincial government	5 209 300
Total estimated cost	\$52 093 000
DREE expenditure to date	\$ 2 331 000
DREE expenditure 1980-81	\$ 2 331 000

This agreement is designed to maintain and, where possible, increase the contribution from the forestry sector to the provincial and national economy; to lessen the future negative impact of projected reduction in the allowable annual cut on established industries in the main economic supply zone; and to promote increased use of forest resources within and outside the main economic supply zone.

Projects already undertaken and planned for the 1981 season involve reforestation, which includes the planting of some 900 000 seedlings; pre-commercial thinning; site rehabilitation in central and western Newfoundland; construction of forest access roads; and continuation of the forest resource inventory.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during 1980-81 was as follows:

Net accepted offers	22
Number of jobs expected to be created	415
Eligible capital investment associated with offers	\$14 268 000
DREE commitment through these offers	\$ 3 616 000
Total payments 1980-81	\$ 4 380 000

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



NEWFOUNDLAND AND LABRADOR DEVELOPMENT CORPORATION LIMITED (NLDC)

This corporation was established in 1972 to complement the regional development 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 and equity funding by the Government of Newfoundland. Operating expenses are shared equally. The agreement will expire in 1982.

During 1980-81, DREE advanced \$3 million in loan funds to the corporation and spent \$648 000 as its share of the operating costs.

Nova Scotia

As of March 31, 1981, 13 subsidiary agreements had been signed under the GDA. A new agreement for assistance to Michelin Tires (Canada) Ltd. was signed during the year, as well as a major amendment adding more than \$3 million to the Strait of Canso area agreement. Following is a brief description of activities under subsidiary agreements and other programs during 1980-81.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Metropolitan Halifax-Darmouth Area Development

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

Costs shared by:

DREE	\$ 79 997 000
Provincial government	29 302 786
Total estimated cost	\$109 299 786
DREE expenditure to date	\$ 79 764 000
DREE expenditure 1980-81	\$ 9 416 000

This agreement was designed to provide funds to complement private sector capabilities in the development of waterfront areas and metropolitan Dartmouth and Halifax projects. During 1980-81, the waterfront development project was completed, including a new ferry system and terminals in both cities. Private sector initiatives were stimulated in the radical transformation of waterfront areas. The

Fairview overpass, a major transportation bottleneck, was upgraded and improved to speed traffic to downtown Halifax. A study of land accumulation problems for Phase II of the Fairview Cove container terminal was completed. An additional 30 ha of serviced land was added to Burnside Industrial Park.

Strait of Canso Area Development

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

Costs shared by:

DREE	\$22 503 400
Provincial government	7 554 100
Total estimated cost	\$30 057 500
DREE expenditure to date	\$18 863 000
DREE expenditure 1980-81	\$ 424 000

The agreement is designed to equip the area for an expected increase in the number of processing industries which, it is hoped, will locate in the region. During the 1980-81 fiscal year, an amendment was signed to the agreement, providing for an additional \$3.2-million commitment by DREE. Construction and installation of a drydock was completed, an upgraded water supply was provided to a fishery processing unit, and funds were provided to maintain the operation of the Strait of Canso Development Authority.

Agriculture Development

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

Costs shared by:

DREE	\$29 980 000
Provincial government	18 237 000
Total estimated cost	\$48 217 000
DREE expenditure to date	\$28 071 000
DREE expenditure 1980-81	\$ 7 526 000

The objectives of the agreement are to improve the viability and stability of the agriculture industry, to maintain existing employment opportunities and create new ones, 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.

Over 40 400 ha of land have been improved through drainage, thus adding to the province's resource base. This action has also resulted in the

addition of some 6 000 ha of land for grain production. A central grain drying, grading and storing facility has also been built. More than 655 new on-farm milling, storage and silo units are being utilized.

To date, hog production in the province has been dramatically increased to over 200 000 hogs per year. To conserve animal waste and curb environmental pollution, 797 manure-storage facilities have been constructed. Over 100 farm innovative demonstration projects have been initiated during the course of the agreement, and assistance has been provided for the purchase of 40 refrigerated containers so that Nova Scotia farmers can better compete for the marketing of fruit in Europe.

Industrial Development

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

Costs shared by:

DREE	\$19 031 200
Provincial government	4 757 800
Total estimated cost	<u>\$23 789 000</u>
DREE expenditure to date	\$15 711 000
DREE expenditure 1980-81	\$ 5 874 000

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 growth potential areas: Amherst, Bridgewater, Debert, Kentville, Stellarton, and Windsor. Work is finished in the Debert and Kentville parks, and construction will be completed in 1981 in all other 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 to date	\$1 883 000
DREE expenditure 1980-81	\$ 510 000

This agreement continues and broadens the thrust begun under an earlier interim planning agreement. It defines three areas of 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 to date	\$24 685 000
DREE expenditure 1980-81	\$12 125 000

This agreement is designed to encourage better management of the province's forests, which should increase the production of useable wood for the province's industries.

As a result of this agreement, more than 2 000 forest-management agreements have been signed for private forest woodlots which total an area of more than 121 000 ha. Eight groups of private woodlot owners have also been formed, resulting in the creation of much larger blocks of land which can be more efficiently managed.

In order to upgrade the forests of the province, a tree-improvement centre, which will result in the development of genetically-improved stock for seed production and silviculture, has been established at Debert. More than 400 000 cords of softwood have been salvaged from areas of the province destroyed by the spruce budworm. This project has resulted in the creation of 850 person-years of employment for provincial workers.

A nursery is being constructed at Strathlorne, on Cape Breton Island, for the reforestation of the Cape Breton Highlands damaged by the spruce budworm; it will have an annual capacity of 10 million seedlings. Eleven sawmills, accounting for

approximately 25 per cent of the lumber production in the province, have been assisted under the saw-mill-improvement project at a total cost of \$450 000.

Tourism Development

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

Costs shared by:

DREE	\$11 000 000
Provincial government	<u>2 750 000</u>
Total estimated cost	\$13 750 000
DREE expenditure to date	\$ 6 932 000
DREE expenditure 1980-81	\$ 2 769 000

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	<u>\$ 5 875 000</u>
Total estimated cost	\$24 875 000
DREE expenditure to date	\$ 3 073 000
DREE expenditure 1980-81	\$ 2 262 000

Designed to encourage the development of new industries based on alternate energy technologies, and assist in the reduction of loss of employment opportunities caused by the rise in conventional energy costs, the program has assisted the development of solar heat collectors, wood and biomass burners and low head hydro systems. In addition, grants have been provided to the industrial sector for insulation, new production methods, layout

changes and conversion to alternate fuels where such changes resulted in energy savings. A study on the development and utilization of coal, of which Nova Scotia has an abundance, was completed. A testing station for energy-using hardware was opened to locate excessive and unnecessary use of power.

Halifax Panamax Dry Dock

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

Costs shared by:

DREE	\$34 800 000
Provincial government	<u>8 700 000</u>
Total estimated cost	\$43 500 000
DREE expenditure to date	\$ 3 051 000
DREE expenditure 1980-81	\$ 2 758 000

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.

Assistance to Michelin Tires (Canada) Ltd.

Duration: 07/06/80 to 31/12/87

Costs shared by:

DREE	\$42 000 000
Provincial government	<u>14 000 000</u>
Total estimated cost	\$56 000 000
DREE expenditure to date	nil
DREE expenditure 1980-81	nil

Establishment of a third radial tire manufacturing facility and expansion of the two existing facilities will provide Canada with a large, efficient, internationally competitive radial tire operation. Upon completion of the project, it is expected that 1 850 new jobs will have been created in Nova Scotia. Construction of the third facility is progressing on schedule.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	55
Number of jobs expected to be created	990
Eligible capital investment associated with offers	\$20 614 000
DREE commitment through these offers	\$ 7 530 000
Total payments 1980-81	\$11 400 000

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 plan allows for the design and implementation of a broad range of programs to stimulate economic growth, create jobs, and raise per capita income.

During Phase I of the plan (1969 to March 31, 1975) emphasis was placed on providing a foundation upon which economic and social development could build. Phase II (April 1, 1975 to March 31, 1981) focussed more directly on productive sectors and the development of economic enterprises.

DREE expenditures during 1980-81 under the Comprehensive Development Plan amounted to \$30 332 000.

SELECTED PROGRAMS UNDER THE COMPREHENSIVE DEVELOPMENT PLAN

Agriculture

Agriculture programs in 1980-81 continued efforts to strengthen existing family farms and to encourage new farmers to enter the industry. Since 1969 approximately 70 per cent of island farmers have received capital assistance to expand, modernize, diversify, or establish new operations.

Assistance was also given for the construction of grain elevators, genetic improvement of livestock, agriculture research, extension services, land consolidation, and land improvement. These and other programs have contributed to significant increases in farm cash receipts, net incomes, and total farm area.

Fisheries

The objective of the fisheries program is to develop a self-sustaining industry that will result in higher levels of output and income to both fishermen and processors. The major emphasis has been on improving fish quality through improved handling methods. This is being accomplished by constructing and upgrading bait sheds, wet fish shelters, derricks, haulout slips, weather shelters, insulated tanks, and ice-making facilities.

These projects and others, including an aquaculture program to develop oyster, mussel, and trout production, have helped to more than triple the landed fish value since 1969.

Forestry

Programs have been established to improve the quality and use of the province's 243 000 ha of forest. Greenhouses capable of handling a total of 6 million seedlings per year were constructed and extension projects to improve management and harvesting practices are being carried out. In 1980-81, 200 private woodlot owners received financial incentives to establish and maintain high standards of forest management.

Industrial Development

Industrial development programs are aimed at generating employment, with emphasis on year-round jobs, and at diversifying 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. Approximately 200 firms have received assistance, resulting in the creation of over 850 jobs.

Tourism and Conservation

The general objective of the tourism and conservation program is to increase the benefits of tourism to the provincial economy while maintaining the environmental qualities of the island. Specific strategies were designed to lengthen the season, to increase average tourist expenditures, to distribute tourism more evenly throughout the island, and to encourage private investment. Projects including resorts at Mill River and Brudenell, improvements to the provincial park system and visitor information centres have helped to increase travel to all parts of the island.

Market and Product Development

This program helps to finance 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. Preliminary estimates indicate that over \$6 million in direct sales were created by Market Development Centre projects in 1980-81.

Educational Facilities

An integrated system of schools is being constructed under this program to provide facilities for academic and vocational training. The improved facilities have enabled the province to expand school curricula and to attract highly qualified teachers. The East Wiltshire Junior High School was completed in 1980-81, raising to 18 the total number of schools constructed.

Transportation

The province's road system has been substantially upgraded by the construction of over 480 km of resource and all-weather collector roads.

Urban Development

The objective of this program is to provide major economic and social improvements in designated centres of the province through improved water and sanitation systems, community improvements and urban renewal. The major programs in this sector are Charlottetown redevelopment, where a revitalization of the city core area is currently taking place,

and the Summerside waterfront development. Both programs are intended to provide a major enhancement of these areas as growing service and tourist centres and as attraction communities for the development of light industry.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	18
Number of jobs expected to be created	325
Eligible capital investment associated with offers	\$5 607 000
DREE commitment through these offers	\$2 002 000
Total payments 1980-81	\$1 970 000

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



New Brunswick

As of March 31, 1981, 20 subsidiary agreements had been signed under the GDA. During the fiscal year, subsidiary agreements for pulp and paper, Saint John Market Square development and forestry development were signed. Following is a brief description of activities under subsidiary agreements and other programs during 1980-81.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Forestry

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

Costs shared by:

DREE	\$56 502 800
Employment and Immigration	2 400 000
Provincial government	<u>15 325 700</u>
Total estimated cost	\$74 228 500
DREE expenditure to date	\$53 504 000
DREE expenditure 1980-81	\$ 3 589 000

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. This agreement expired March 31, 1980 except for the job creation component which expires March 31, 1982.

Kent Region Pilot Project

Duration: 17/02/75 to 31/03/81

Costs shared by:

DREE	\$6 200 800
Provincial government	<u>1 550 200</u>
Total estimated cost	\$7 751 000
DREE expenditure to date	\$6 197 000
DREE expenditure 1980-81	\$ 817 000

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 31/03/83

Costs shared by:

DREE	\$35 840 000
Provincial government	<u>15 360 000</u>
Total estimated cost	\$51 200 000
DREE expenditure to date	\$31 948 000
DREE expenditure 1980-81	\$ 2 048 000

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.

A major traffic circle on the Moncton Arterial Highway, at Hall's Creek, was completed and scheduled for opening to traffic in the early spring of 1981.

Planning

Duration: 01/04/75 to 31/03/82

Costs shared by:

DREE	\$2 437 500
Provincial government	<u>2 437 500</u>
Total estimated cost	\$4 875 000
DREE expenditure to date	\$1 362 000
DREE expenditure 1980-81	\$ 291 000

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

Minerals and Fuels Development

Duration: 24/06/76 to 31/03/82

Costs shared by:

DREE	\$ 9 050 500
Provincial government	2 262 625
Total estimated cost	<u>\$11 313 125</u>
DREE expenditure to date	\$ 7 844 000
DREE expenditure 1980-81	\$ 1 344 000

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.

DREE assistance to mineral development in previous years was directly responsible for the discovery of two major potash mines scheduled to be brought into production in 1982 and 1983. Detailed work on a third possible potash mine, also stimulated by DREE-funded exploration activities, started during the year.

Highways 1977-81

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 to date	\$40 115 000
DREE expenditure 1980-81	\$ 9 184 000

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.

During the year under review, a 10-km section of Highway 11, between Eel River (at Highway 275) and Church River was completed. A further 26-km section of the same highway, between McKee's Mills and Rexton, started under the 1975-76 highways agreement, was completed.

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 to date	\$33 495 000
DREE expenditure 1980-81	\$12 033 000

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.

Considerable work was completed on two major projects under this agreement during the year under review.

Construction of the Shippegan Marine Centre, which started in the 1977-78 fiscal year, was accelerated this past year and progressed well, making it possible to estimate a completion date of the fall of 1981, and an official opening for visitors early in 1982. DREE has contributed more than \$12 million to this vehicle for displaying marine life and highlighting traditional ways of fishing in the area. The project, expected to be a vital tourist attraction in the region, is designed to reflect the culture and way of life of the Acadian fisherman.

In addition, a further \$1.4 million was used for construction of a 15 240-m² building at Bathurst Community College. It will be used to teach, in French, technical courses related to forestry, agriculture and high-technology sectors. This phase of the college construction will be completed by September 1981. The entire community college is a \$10-million project, funded 50 per cent by DREE.

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	\$34 622 500
DREE expenditure to date	\$12 919 000
DREE expenditure 1980-81	\$ 5 494 000

This is the second subsidiary agreement on agriculture signed with New Brunswick. The objective of the agreement is to maximize the contribution of agricultural and related sectors to provincial output, earned income and employment. Separate commodity strategies have been developed and targets set for potatoes, fruits and vegetables, and livestock and livestock feeds. Specific goals are to increase volume and efficiency, expand processing and improve marketing.

Training programs, both on and off the farms, and seminars and tours relating to all aspects of agriculture have been carried out to develop human resources, and marketing techniques have improved.

DREE helped to purchase a building for an agriculture resource centre in Bathurst, to add to the resource centre at Wicklow on the western side of the province. The testing of some new technologies, such as the utilization of plastic mulch in vegetable production and the utilization of dairy wastes, has been carried out.

The program to provide financial incentives to farmers to plan and undertake on-farm investments has proven to be very popular.

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	\$26 274 000
DREE expenditure to date	\$ 3 625 000
DREE expenditure 1980-81	\$ 2 619 000

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.

Steering committees manage studies for five major projects worth about \$6.22 million in DREE funds under this agreement. Among them are a major development of the Miramichi port (Chatham and Newcastle) and construction of a coal desulphurization plant in the Minto-Chipman area.

Forestry Development

Duration: 01/04/80 to 31/03/84

Costs shared by:

DREE	\$30 000 000
Provincial government	7 500 000
Total estimated cost	\$37 500 000
DREE expenditure to date	\$ 5 526 000
DREE expenditure 1980-81	\$ 5 526 000

This agreement was signed in March 1981 and was made retroactive to April 1, 1980. The major thrust is toward intensive silvicultural treatment of forest lands to sustain a long-term wood supply. During the year under review, 28 million seedlings were grown in nurseries and planted on prepared forest land. Forest management and planning continued through careful monitoring of plantations and wild stands, fertilization trials and plantation thinning. Most of this was carried out on Crown lands.

Through intensified private woodlot management, woodlot management practices were planned and stands cleaned and thinned. Access roads were constructed, and aid was given to Christmas tree producers to better plan and manage their plots.

Pulp and Paper

Duration: 27/08/80 to 31/03/84

Costs shared by:

DREE	\$33 800 000
Provincial government	8 450 000
Total estimated cost	\$42 250 000
DREE expenditure to date	\$ 3 700 000
DREE expenditure 1980-81	\$ 3 700 000

Developed through a federal-provincial planning exercise in which DREE and the Department of Industry, Trade and Commerce were the federal participants, the agreement recognizes the need for extensive modernization and cost reduction programs in New Brunswick's pulp and paper industry, particularly in the older mills situated in the northern part of the province.

Nine of the province's mills are expected to apply for incentive assistance under the agreement. Total capital investment by these mills will exceed \$500 million if the full \$42.25 million in assistance is taken up.

During 1980-81, an offer of \$17 million, of which the federal share was \$13.6 million, was made to Fraser Inc. in support of a \$169-million modernization of the company's Atholville bleached sulphite pulp mill. The offer was accepted, resulting in a DREE expenditure, during 1980-81, of \$3.7 million. The three-year project will see the present ammonia-sulphite mill converted into a producer of 108 865 tonnes of softwood and hardwood pulp annually. The project will secure 212 jobs and create 43 new jobs. Meanwhile, construction over the three years will provide an estimated 500 person-years of employment.

Saint John Market Square

Duration: 14/10/80 to 31/03/83

Costs shared by:

DREE	\$ 8 085 800
Provincial government	2 021 500
Total estimated cost	\$10 107 300
DREE expenditure to date	\$ 569 000
DREE expenditure 1980-81	\$ 569 000

This agreement is designed to redevelop a portion of the downtown core area of the city of Saint John. This major urban core development, at an estimated cost of \$72 million, includes housing, a hotel, a trade centre, private offices, retail space and a library.

The agreement provides contributions toward the construction of the trade centre and hotel components of the Central Building Complex. In 1980-81 some site work was completed on the complex and foundation work progressed to permit framing by the fall of 1981. The seawall around the site is one third completed, and preliminary planning for the hotel design has begun.

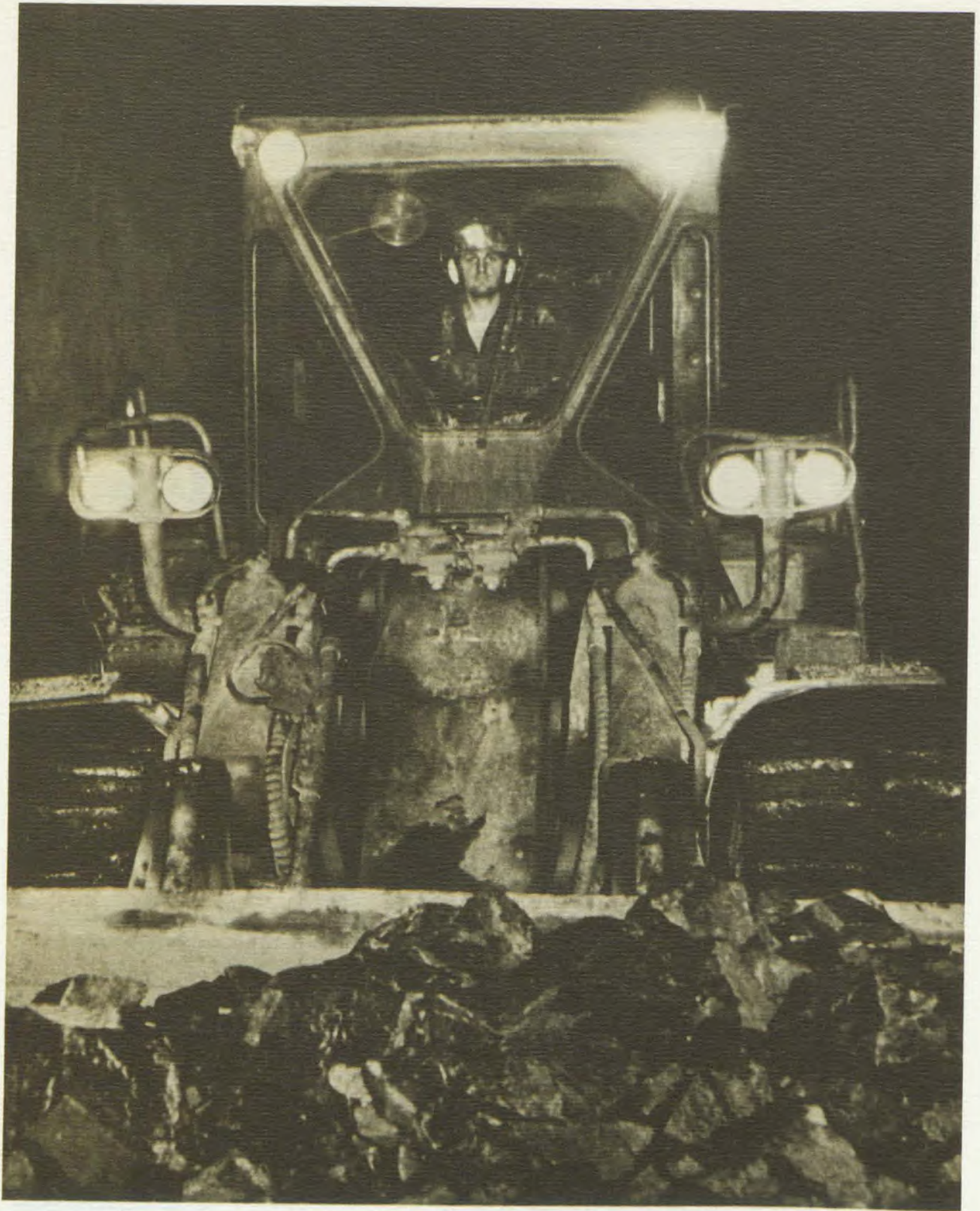
REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during 1980-81 was as follows:

Net accepted offers	40
Number of jobs expected to be created	1 064
Eligible capital investment associated with offers	\$75 509 000
DREE commitment through these offers	\$16 166 000
Total payments 1980-81	\$10 336 000

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





Quebec Region

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Quebec Region

During the 1980-81 fiscal year, DREE expenditures in Quebec totalled \$167.6 million. Of this, \$94.4 million (56 per cent) was spent on programs and projects under various subsidiary agreements under the Canada-Quebec General Development Agreement. Another \$63.9 million (38 per cent) was allocated to various businesses in Quebec for projects receiving financial assistance under the *Regional Development Incentives Act* or the Montreal Special Area program.

In July 1980, a new subsidiary agreement was signed for the establishment of a newsprint mill in Amos. DREE's share in this agreement is \$25.5 million. In November 1980, a major modification was made to the subsidiary agreement for the modernization of the pulp and paper industry to increase DREE's share from \$90 to \$135 million.

Another major initiative was the February 1981 announcement creating a special area for the Magdalen Islands as of April 1, 1981. This has made it possible to set up a unilateral federal economic development program in the fisheries, transportation and industrial development sectors.

Major modifications to the Montreal Special Area program came into effect on April 1, 1980, to adapt the program more effectively to the geographical situation in the Montreal region and to promote adjustment of its industrial activity. This contributed to the increase in DREE commitments in Quebec's industrial development sector. During the year under review, more than 670 industrial projects in Quebec received financial assistance from DREE under one of the industrial incentives programs.

Approximately \$672 million in investments and close to 14 000 new jobs should result from the implementation of these projects. DREE's financial support to all these industrial projects represents commitments totalling \$126 million in 1980-81.

The economic development program in the Magdalen Islands marks a turning point in DREE's activities in Quebec. One of the development approaches likely to be favoured in years to come is defined action at the local level, which will mean economic development programs more suited to the needs of Quebec's various sub-regions. Furthermore, DREE is committed to identifying major development prospects in Quebec. The establishment of a paper mill in Amos is one example. The feasibility of other major projects will be studied during 1981-82.

Quebec

As of March 31, 1981, 14 subsidiary agreements had been signed under the GDA. Three of these agreements—one concerning SIDBEC, one pertaining to industrial studies, and the Saint-Félicien pulp mill agreement—terminated earlier. During the year under review, an agreement for the establishment of a newsprint mill at Amos was signed. A major amendment was also signed adding an additional \$45 million of DREE funds to the pulp and paper agreement. Following is a brief description of activities under subsidiary agreements and other programs during 1980-81.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Key Highway Networks

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

Costs shared by:

DREE	\$205 505 000
Provincial government	243 270 000
Total estimated cost	\$448 775 000
DREE expenditure to date	\$142 271 000
DREE expenditure 1980-81	\$ 17 605 000

The aims of the agreement are to ensure that Quebec has an adequate highway infrastructure which will favour industrial development in areas of the province with a high growth potential, to establish better links among these areas to increase industrial and commercial trade, and to distribute economic growth to create a better balance and reduce intra-provincial disparities.

Four projects were completed during 1980-81. Amounts spent on each project during the year are shown in parentheses. A second lane was constructed on Highway 55 between Trois-Rivières and Shawinigan (\$1 980 000) and on Highway 40 between Berthier and Pointe-du-Lac (\$4 860 000); Highway 138 was repaired between Sept-Îles and Port-Cartier (\$1 811 000); and Sherbrooke and Drummondville were linked by Highways 10, 51 and 55 (\$203 000).

Current projects include the reconstruction of Highway 117 at various points between Saint-Jovite and Louvicourt (\$2 762 000), and the reconstruction of Highway 132 in the Lower St. Lawrence region and Highway 199 in the Magdalen Islands (\$5 000 000).

The construction of Highway 138 between Brador and the Labrador border (\$990 000), including repairs to the access road to Blanc-Sablon Airport, was begun in 1980-81 and should be completed during 1981-82.

Over the past fiscal year, DREE also reassessed the direction of the agreement, with a view to broadening its scope within the framework of a development strategy for the Quebec transportation sector, to emphasize the development of means of transportation other than automobiles. This new approach, which will give direction to the department's future activities, will enable DREE to give greater overall support to the development of regional potential and to the implementation of individual projects with major economic impact.

Industrial Infrastructure

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

Costs shared by:

DREE	\$ 82 602 000
Provincial government	55 068 000
Total estimated cost	\$137 670 000
DREE expenditure to date	\$ 40 402 000
DREE expenditure 1980-81	\$ 5 923 000

This agreement consists of a program of financial assistance for municipalities to enable them to set up or improve their infrastructure for industry. This assistance facilitates the creation of industrial parks, the development of industrial space in existing parks, the expansion of industrial parks, and the establishment of well-equipped industrial fishery

parks in Gaspé and on the North Shore. There is extra support for municipalities that do not have the necessary infrastructure for a major industrial project.

In 1980-81, the various projects went ahead as planned. DREE expenditures during the year were: \$3 974 000 on industrial parks, \$533 000 on fishery parks, and \$1 416 000 on punctual interventions.

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	\$322 333 000
DREE expenditure to date	\$ 84 119 000
DREE expenditure 1980-81	\$ 20 439 000

Aimed at promoting optimum exploitation of forest resources while eliminating the danger of a shortage of wood in the short term, this agreement contributes to improving forest access infrastructure through a logging road construction and repair program and the setting up of a vast silviculture and reforestation program, primarily in the Saguenay/Lac-Saint-Jean region, on the North Shore and in the Lower St. Lawrence-Gaspé and Abitibi-Témiscamingue regions.

One of the highlights of 1980-81 was DREE's million-dollar contribution to the establishment of a major centre at the East-Angus forest station for the planting of seedlings in containers; the centre has been in operation since December 1980. In 1980-81, DREE spent \$9 762 000 for forest access roads, \$10 422 000 for silviculture and reforestation, and \$255 000 for studies under the agreement.

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	\$103 266 000
DREE expenditure to date	\$ 54 489 000
DREE expenditure 1980-81	\$ 7 152 000

This agreement promotes the consolidation and rationalization of use of the province's farmland, while significantly improving productivity and product diversification, with the aim of making the province more self-sufficient in food production, increasing farm incomes and encouraging the establishment of food-processing plants.

The agreement provides for the establishment of a land-use adjustment program in the agricultural regions of the Lower St. Lawrence-Gaspé, Saguenay/Lac-Saint-Jean, Abitibi-Témiscamingue, Quebec City, Beauce, Outaouais, the Eastern Townships, Trois-Rivières, L'Assomption and Nicolet. The agreement also provides for the implementation of a land reclamation program involving municipal water-course engineering and underground drainage, primarily in the Montreal Plain but also in the agricultural regions of Eastern Quebec, Saguenay/Lac-Saint-Jean and Abitibi-Témiscamingue.

In 1980-81, through its land reclamation program, DREE contributed to laying more than 19 million linear metres of drains on 1 900 farms in three major regions—the Montreal Plain, Saguenay/Lac-Saint-Jean and Eastern Quebec.

DREE's share in the financing of the land-reclamation project during this period amounted to approximately \$6.5 million in grants, of which \$4.5 million was for underground drainage of agricultural lands.

Mineral Development

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

Costs shared by:

DREE	\$17 160 000
Provincial government	11 440 000
Total estimated cost	\$28 600 000
DREE expenditure to date	\$16 734 000
DREE expenditure 1980-81	\$ 1 781 000

Intended to encourage the mining and utilization of Quebec's natural resources for the benefit of Quebecers by financing an integrated program of mineral and petroleum exploitation, mineral research and rational resource use, the agreement contributes to the construction of mining access roads, geoscientific mineral and hydrocarbon studies, and industrial research and development projects.

During the year, geoscientific studies, research and development projects and mining access studies continued. The agreement was also amended to prolong its duration by one year.

Mirabel 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	\$13 292 000
DREE expenditure to date	\$ 4 013 000
DREE expenditure 1980-81	\$ 359 000

To derive the maximum benefit from the potential created by the existence of Mirabel International Airport and its related infrastructure, and thus to contribute to industrial development in the Montreal area, measures had to be proposed to attract fast-growing, high-productivity industrial activities to Mirabel.

With a view to achieving this goal, the agreement contributes to the financing of the Société PICA-Mirabel to enable it to set up the infrastructure required to develop the airport industrial and commercial park and thus permit the implementation of industrial projects.

In 1980-81, activity under the agreement was restricted to participation in financing the projects of the Société PICA-Mirabel, which stepped up its efforts to find solutions to development constraints such as transfer of flights from Dorval to Mirabel, highway access to metropolitan Montreal and the airport area, zoning and the acquisition of industrial park land.

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 to date	\$116 500 000
DREE expenditure 1980-81	\$ 10 500 000

The Montreal area is the largest source of water pollution in Quebec. Studies on water from the St. Lawrence have shown that the large quantities of nutrients and toxic metals contained in the area's effluents have a decisive impact on the quality of the river's water.

This agreement is intended to assist Quebec in stepping up implementation of the water treatment program in the Montreal area. The aim of the program is to make sure that the area has an adequate supply of clean drinking water for consumption and recreational purposes, while ensuring that the development of industrial activities is in harmony with the environment.

The agreement consists of two parts: the Montreal Urban Community (MUC) program, and individual projects in certain Montreal area municipalities. In 1980-81, implementation of the MUC program continued at the projected rate; implementation of projects in other municipalities, however, was delayed.

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 to date	\$16 904 000
DREE expenditure 1980-81	\$ 8 760 000

The general objectives of this agreement are to increase and diversify tourist attractions, to increase the number of out-of-province visitors, and to encourage Quebecers to take greater advantage of tourist facilities in their own province. Specific projects (with 1980-81 DREE expenditures in parentheses) include: tourism promotion and the creation of tourist parks (\$5 899 000); restoration of buildings and historic sites, modernization of museums and tourist stopovers (\$1 017 000), and the establishment and improvement of open-air centres and holiday camps (\$1 844 000).

During the year, \$8 million was set aside under the agreement for the development of Mont-Tremblant Park into a year-round tourist resort. The project, which will cost an estimated \$30 million, will promote the development of Mont-Tremblant's ski slopes and facilities. It will permit the construction of a hotel, including a conference centre and various summer recreational facilities.

Public Infrastructure

Duration: 16/05/78 to 30/09/81

Costs shared by:

DREE	\$23 032 482
Employment and Immigration	228 518
Provincial government	11 615 000
Total estimated cost	\$34 876 000
DREE expenditure to date	\$18 469 000
DREE expenditure 1980-81	\$ 9 293 000

The objective of this agreement is to assist in the implementation of municipal infrastructure projects which will create short-term employment and encourage economic growth. The 22 municipalities at which this agreement is directed are in areas of high unemployment. Projects include constructing or improving water and sewage networks, filtration plants, services for streets and industrial and residential areas, trailer parks and recreational facilities.

One example of work carried out under the agreement is the installation of municipal infrastructure occasioned by the setting up of the Donohue plant in Saint-Félicien, the construction of the Alcan plant in La Baie and the development of the port of Gros-Cacouna. In 1980-81, several projects were completed and all other current projects were near completion.

Modernization of the Pulp and Paper Industry

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

Costs shared by:

DREE	\$135 000 000
Provincial government	105 000 000
Total estimated cost	\$240 000 000
DREE expenditure to date	\$ 6 469 000
DREE expenditure 1980-81	\$ 6 469 000

The pulp and paper industry is the most important component of Quebec's forest industry. However, over the last decade, economic factors have weakened the industry's competitiveness on the international market.

Through this agreement, the two governments hope to promote the modernization of mills in order to make them more competitive. To stimulate further investment from industry, financial assistance is provided in the form of direct incentives of up to 25 per cent of eligible assets. Incentives are granted primarily to reduce production costs and for the installation of equipment to protect the environment and conserve energy.

During 1980-81, DREE committed nearly \$33 million in incentives to 16 Quebec businesses, including Tembec Inc. in Témiscaming, John Breakey Inc. in Breakeyville, Domtar Inc. in Donnacona, E.B. Eddy Limitée in Hull, Sonoco Ltée in Terrebonne, Papiers Saint-Raymond Ltée in Chute-Panet, Cie Bennett Inc. in Chambly, F.F. Soucy Inc. in Rivière-du-Loup and several Consolidated-Bathurst Inc. and Canadian International Paper Company plants in various Quebec regions.

In July 1980, DREE's pulp and paper industry modernization program was revised for all areas of Canada, which made it possible to increase the funds allocated to Quebec from \$90 million to \$135 million.

Establishment of a Newsprint Mill in Amos

Duration: 24/07/80 to 31/03/83

Costs shared by:

DREE	\$25 500 000
Provincial government	17 000 000
Total estimated cost	\$42 500 000
DREE expenditure to date	\$ 6 070 000
DREE expenditure 1980-81	\$ 6 070 000

This agreement provides financial assistance to Donchué-Normick Inc. to establish a newsprint mill with an annual capacity of 160 000 tonnes in Amos. The establishment of this mill, the first part of the agreement, began during the year under review.

The new mill will make an important contribution to the region's economy by reinforcing its industrial structure, creating productive jobs and increasing the region's share in the value-added of the Quebec manufacturing industry.

The completion of the Donohue-Normick project (at a total cost of \$190 million) is expected, through the creation of about 700 direct and indirect jobs, to significantly increase the population of the area, and to favour the integration of a wood-chip sawmill and

the paper mill so that optimum use is made of the wood fibre. Because of this increase in activity and population, the towns of Amos and Amos-Est will require the installation of municipal infrastructure, notably water mains, sewers, roads and other related facilities.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Regional Development Incentives Act

Activity under the *Regional Development Incentives Act* during 1980-81 was as follows:

Net accepted offers	434
Number of jobs expected to be created	7 055
Eligible capital investment associated with offers	\$233 395 000
DREE commitment through these offers	\$ 51 072 000

Montreal Special Area

The aim of the Montreal Special Area program is to accelerate the development of Quebec's industrial structure by strengthening 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 during the 1980-81 fiscal year to extend it until March 31, 1984, to expand the eligible area, and to include the research sector as an eligible industrial activity. The program is designed to stimulate investment and create jobs in the region.

Activity under the program during the year was as follows:

Net accepted offers	237
Number of jobs expected to be created	6 841
Eligible capital investment associated with offers	\$439 661 000
DREE commitment through these offers	\$ 75 132 000

In 1980-81, DREE expenditures in Quebec under the regional development incentives program amounted to \$63.9 million, of which \$14.3 million was spent under the Montreal Special Area program.

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



Ontario Region

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Ontario Region

DREE activity in Ontario was again centered in the northern and eastern regions of the province, those areas experiencing the most notable long-term economic difficulties. The department's strategy in Ontario has been to eliminate barriers to growth and build upon the potential of underperforming areas in an effort to spur economic growth and create permanent employment opportunities.

Departmental expenditures in the Ontario Region totalled \$34.6 million during the year under review. This included program expenditures of \$27 million for subsidiary agreement activity and \$5.2 million for industrial incentives.

The year was highlighted by the signing in March 1981 of the northern Ontario rural development agreement, which is intended to sustain, expand and diversify the economic base of the rural areas of northern Ontario. In addition, under a second amendment to the pulp and paper industry facilities improvement subsidiary agreement, the federal government committed an additional \$10 million, bringing to \$60 million its commitment under this agreement for improving the viability and competitiveness of the industry in Ontario.

More than 800 new jobs and capital investments of more than \$53 million are anticipated as a result of 1980-81 activity under the regional development incentives program. During the year, 54 offers of assistance were accepted. This assistance is available to firms starting manufacturing or processing projects and to firms expanding or modernizing existing operations in designated portions of Ontario.

Ontario

As of March 31, 1981, 11 subsidiary agreements had been signed with the province under the GDA. The year under review was marked by the signing of the northern Ontario rural development agreement and a major amendment to the pulp and paper agreement. A brief description of DREE activity under active subsidiary agreements and under the regional development incentives program follows.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Northeastern Ontario

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

Costs shared by:

DREE	\$13 414 000
Canada Mortgage and Housing Corporation	1 546 000
Provincial government	14 960 000
Total estimated cost	\$29 920 000
DREE expenditure to date	\$ 7 918 000
DREE expenditure 1980-81	\$ 347 000

Under this agreement, steps are being taken to strengthen the urban system of northeastern Ontario by alleviating constraints to development in selected key urban areas and by concentrating new economic activity in these areas. Under the agreement, programs have been developed for Parry Sound, Timmins, Sudbury and North Bay.

Under the Sudbury area program, two major components of the Walden Industrial Park were completed, costing a total of \$2.5 million over three years. Projects completed during the year included the water distribution system to fully service phases I and V of the park located north and south of Highway 17, and the paved roads and appropriate drainage ditching for obtaining access to these serviced lands.

In the North Bay area, progress was under way on projects to provide road, water and sewer services related to the development of a municipal industrial park. Development programs in the Parry Sound and Timmins areas were completed in previous fiscal years.

Single-Industry Resource Communities

Duration: 18/10/76 to 31/03/83

Costs shared by:

DREE	\$ 9 367 836
Indian Affairs and Northern Development	305 000
Ministry of Transport	150 000
Canada Mortgage and Housing Corporation	382 164
Provincial government	<u>9 595 000</u>
Total estimated cost	\$19 800 000
DREE expenditure to date	\$ 7 875 000
DREE expenditure 1980-81	\$ 1 058 000

This agreement is designated 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.

During 1980-81, construction of the terminal building and maintenance garage at Geraldton Airport was completed, substantially improving air travel for residents of the area. The Hornepayne town centre was also opened, providing a range of social and economic services previously unavailable to the residents of this community.

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 to date	\$2 912 000
DREE expenditure 1980-81	\$1 077 000

The initial phase of the agreement, the Upper Ottawa Valley program, is designed to increase employment opportunities and 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 economic development organization. Subsequent amendments provide for a program for new forests in eastern Ontario and a Kirkland Lake geoscientific surveys program.

Under the Upper Ottawa Valley program, all data development work was completed on the Renfrew County Forest Resource Assessment Study, which consists of a forest resource inventory, a reconnaissance inventory and a forest and mill utilization survey. The Mineral Resource Assessment of Renfrew County, conducted in the preceeding two years, enabled the development of four major reports during the year under review. The reports deal with industrial minerals, radioactive metals, base and precious metals and the geology of Renfrew County.

Work was well under way on five major projects under the program for new forests in eastern Ontario. These include hybrid poplar development, hardwood forest renewal, and forest and agricultural resource inventories.

Under the Kirkland Lake program, the airborne geophysical survey and the resulting data series maps, completed between 1979 and 1981, sparked substantial mineral exploration activity during the year under review in the Swastika, Kirkland Lake, Virginiatown and Larder Lake areas. Under this program, more than \$435 000 was spent on mineral survey and evaluation projects during 1980-81.

Forest Management

Duration: 08/12/78 to 31/03/84

Costs shared by:

DREE	\$41 118 250
Provincial government	41 118 250
Total estimated cost	<u>\$82 236 500</u>
DREE expenditure to date	\$ 5 203 000
DREE expenditure 1980-81	\$ 4 825 000

The objectives of this agreement are to improve forest management activity and accelerate reforestation so that the viability of the province's forest sector is increased. Program elements include the construction of forest access roads, the establishment of silviculture camps, the upgrading of nursery production facilities, soil surveys, applied pilot research, and a hardwood utilization study and evaluation.

Forest access road projects that have been approved for construction and which are being cost-shared with the private sector include, among others, the Dubreuil Brothers, Austin Lumber, Martell Lumber, Kimberly-Clark Ogoki and the Obonga Lake access roads. Road projects under way on Crown lands, and therefore fully funded under the agreement, include the Pitopiko, Blount, Killarney, and Vermilion River access roads.

In addition, a number of studies are being carried out to classify soils and identify suitable growing areas for various tree species. The development of planting stock for forest regeneration operations is being funded at provincial nurseries in such locations as Dryden, Swastika and Thunder Bay. Also, by the end of the 1980-81 fiscal year, approval was given for 14 projects involving silviculture camps.

Pulp and Paper Industry Facilities Improvement

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

Costs shared by:	
DREE	\$ 60 000 000
Provincial government	<u>120 000 000</u>
Total estimated cost	\$180 000 000
DREE expenditure to date	\$ 27 686 000
DREE expenditure 1980-81	\$ 16 636 000

The purpose of this 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 encourage the industry to make the investments necessary to meet environmental requirements and to improve its competitive position in international markets.

During 1980-81, four companies signed agreements, bringing to nine the number of major pulp and paper companies to receive assistance under the program. Also during the fiscal year, a major amendment to the agreement was signed, increasing the federal commitment by \$10 million to \$60 million.

To date, expenditures by the companies under this program have exceeded \$270 million. It is anticipated that DREE's maximum contribution of \$60 million will be instrumental in spurring corporate investment of some \$1.6 billion over the next four years.

Eastern Ontario

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

Costs shared by:	
DREE	\$25 175 000
Provincial government	<u>25 175 000</u>
Total estimated cost	\$50 350 000
DREE expenditure to date	\$ 3 158 000
DREE expenditure 1980-81	\$ 3 056 000

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.

Approximately \$2 million in forgivable loans was offered to 38 enterprises during the 1980-81 fiscal year. As a result of these incentives, \$10.4 million of private sector investment was levered, creating the potential for establishing 350 full-time jobs.

The field survey phase of the forest inventory program was completed, thereby providing data for subsequent interpretation and mapping phases. Forest renewal operations provided part-time employment for local residents during the winter months. In addition, construction was started on 94 municipal outlet drains and 46 agriculture technology-transfer projects were begun.

Northern Ontario Rural Development

Duration: 02/03/81 to 31/03/84

Costs shared by:	
DREE	\$ 9 250 000
Indian Affairs and Northern Development	750 000
Provincial government	<u>8 500 000</u>
Total estimated cost	\$18 500 000
DREE expenditure to date	nil
DREE expenditure 1980-81	nil

The intent of this agreement is to expand and diversify the economic base of rural northern Ontario by stimulating small-scale, local entrepreneurial activity—an essential element in the long-term development of the north. Financial assistance is available for a range of economic activities, including agriculture, natural resources, tourism and small business development.

Following the March 1981 signing of the agreement, subcommittees began the formulation of criteria for assistance under each of the programs.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

All of northern Ontario, including the districts of Parry Sound and Nipissing, and the Renfrew-Pembroke area of eastern Ontario, are eligible for assistance under the *Regional Development Incentives Act*.

Activity under the regional development incentives program during 1980-81 was as follows:

Net Accepted Offers	54
Number of jobs expected to be created	816
Eligible capital investment associated with offers	\$53 490 000
DREE commitment through these offers	\$11 024 000
Total payments 1980-81	\$ 5 207 000

In terms of jobs anticipated, the leading industries were wood products (9 projects involving 226 jobs), machinery (7 projects and 118 jobs), metal fabricating (9 projects and 109 jobs), transportation (9 projects and 104 jobs), and printing (5 projects and 84 jobs).

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



Western Region

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Western Region

DREE expenditures during 1980-81 in the Western Region—comprised of Manitoba, Saskatchewan, Alberta, British Columbia, Yukon and the Northwest Territories—totalled more than \$200 million.

Of this sum, approximately \$72.6 million was for subsidiary agreements, \$20.5 million for industrial incentives, \$82.3 million for Prairie Farm Rehabilitation Administration (PFRA) programs, and the remainder for activities such as Special ARDA under the *Agricultural and Rural Development Act* (ARDA).

New subsidiary agreements signed in 1980-81 included one with Manitoba for water management and one with British Columbia for the Ridley Island access road.

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 full part in the life and development of their regions. DREE expenditures on active northlands subsidiary agreements with western provinces totalled more than \$30 million during the fiscal year.

In addition, almost \$1.8 million was spent on economic development programs in the Northwest Territories and Yukon under subsidiary agreements.

Special ARDA agreements 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. Such agreements exist with 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.

Special ARDA assistance to commercial enterprises during 1980-81 is expected to result in 690 new jobs. Contributions under the program helped another 2 925 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 \$13.4 million.

Western rural programs, implemented through subsidiary agreements and PFRA, are aimed at helping smaller rural communities achieve better balanced economies through agricultural and industrial diversification. Subsidiary agreements contributing to this goal include Alberta nutritive processing, British Columbia agriculture and rural development, Manitoba and Saskatchewan crop enhancement and diversification, and water development agreements signed with Saskatchewan and Manitoba and administered by PFRA.

PFRA came into being in 1935, during the severe and extended drought of the Dirty Thirties. Originally under the Department of Agriculture, PFRA became a key regional development agency of DREE when the department was formed in 1969.

With offices throughout the prairie provinces, PFRA is engaged in numerous soil and water developments and conservation projects (many requiring much engineering input) to reduce the effects of drought and thus develop and stabilize the prairie economy. It is a significant part of DREE prairie regional development operations and issues its own annual report, which is available on request.

1980 brought a greater than normal demand for PFRA assistance, because drought conditions prevailed in much of the prairie region during the spring and summer months. As a result, special programs were instituted to combat drought effects. Funds for pumping water from water sources to dry areas were made available and financial assistance for water supply projects increased.

PFRA activities during the year under review included administration of the Herd Maintenance Assistance Program, which paid out almost \$43 million to assist prairie livestock producers in maintaining their breeding herds throughout the 1980 drought. Despite drought conditions, a good carry-over of grass permitted PFRA to maintain its 89 pastures (covering 926 899 ha) at the average stocking rate and for the average length of grazing season. Patrons, who numbered 4 800, pastured 253 000 animals.

PFRA's Water Development Division assisted technically and financially in the construction of 8 038 on-farm water projects. These included wells, dugouts, stockwatering dams and irrigation schemes. Of the total, 3 421 projects, toward which Canada paid \$2 million, were in Alberta; 3 154, toward which the federal contribution was \$1.7 million, were in Saskatchewan; and 1 463, for which Canada paid \$0.6 million, were in Manitoba.

PFRA's Tree Nursery at Indian Head, Saskatchewan, distributed 6.3 million seedlings to 9 735 prairie farmers. Of these, 68 per cent went to Saskatchewan farmers, 29 per cent to Manitoba, and the remainder to Alberta and British Columbia.

PFRA's Engineering Division undertook 30 construction projects or other work. Eight were in Alberta, 15 in Saskatchewan and seven in Manitoba. These were in addition to Agricultural Service Centres Agreement work.

The Agricultural Service Centres (ASC) Program, which provides financial and technical assistance for the construction of municipal water and sewer facilities, was introduced in Saskatchewan and Manitoba in 1972, and is due to expire March 31, 1982. A request to extend the Saskatchewan agreement for one year has subsequently been granted.

In 1980-81, PFRA operating and administrative costs were \$25.4 million. Capital expenditures were \$7.1 million. In addition, \$2.2 million was expended on loans and \$47.6 million on contributions. Total capital, loan and contribution expenditures were distributed as follows: Manitoba, \$4.4 million; Saskatchewan, \$6.9 million; and Alberta, \$2.8 million. Herd maintenance contributions were made as follows: Manitoba, \$16.5 million; Saskatchewan, \$23.5 million; and Alberta, \$2.9 million.

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

Manitoba

As of March 31, 1981, five subsidiary agreements signed under the GDA were active. The following is a brief description of the objectives and activities of these agreements and other programs during 1980-81.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Manitoba Northlands

Duration: 01/04/76 to 31/03/82

Costs shared by:

DREE	\$ 73 317 000
Employment and Immigration	5 516 000
Ministry of Transport	12 183 000
Indian Affairs and Northern Development	14 993 000
Provincial government	49 407 000
Total estimated cost	\$155 416 000
DREE expenditure to date	\$ 67 452 000
DREE expenditure 1980-81	\$ 16 789 000

The objective of this agreement is to provide a mechanism to 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.

Under the northlands agreement, all-weather road access has been provided linking Jenpeg, Cross Lake and Norway House—previously isolated communities—to the urban settlement of Thompson and the rest of the northern road network. The community of Cross Lake, with a population of over 2 500, partially on mainland, partially on islands, is located some six water miles from the road site.

People, goods and services are transported to the community by ferry barge from a landing site near the road. As well, a cable ferry serves as the internal community transportation system, allowing some 400 children to attend school daily. The effect of the new transportation system has been to reduce the costs of goods coming in to the residents, reduce outward transportation costs of fish and timber, and allow residents access to the outside world.

The northlands agreement, due to expire March 31, 1981, was amended to extend its term to March 31, 1982, to provide for the completion of a number of projects such as the Split Lake Road, Cross Lake Road and other Indian reserve community infrastructure projects.

Industrial Development

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

Costs shared by:

DREE	\$25 400 000
Industry, Trade and Commerce	1 000 000
Provincial government	<u>17 600 000</u>
Total estimated cost	\$44 000 000
DREE expenditure to date	\$ 5 675 000
DREE expenditure 1980-81	\$ 2 786 000

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 which are significant to the province's economy are food and beverages, health-care products, light machinery, transportation equipment, aerospace and electronics.

The Rural Small Enterprise Incentives program (RSEI) under the agreement is intended to encourage and assist the modernization, expansion or establishment of small business enterprises that,

due to size or function, do not meet the criteria of the *Regional Development Incentives Act*. A further objective is to develop and expand small business in secondary centres outside of Winnipeg. To date, 156 offers have been accepted, with a DREE commitment of some \$2.8 million.

An example of a new business is Nor-Grit Abrasives in Thompson, Manitoba. Through extensive cooperation with INCO Metals Company in the research and development stage, Nor-Grit manufactures an abrasive material for sand blasting, using slag from INCO's mining operations. Sales are planned for both domestic and export markets, and the project is expected to create at least five new jobs for Native people in the Thompson area. Due to the unlimited supply and dust-free nature of the abrasive material, the company has already received numerous inquiries from abroad.

Value-Added Crops Production

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

Costs shared by:

DREE	\$11 100 000
Provincial government	<u>7 400 000</u>
Total estimated cost	\$18 500 000
DREE expenditure to date	\$ 1 425 000
DREE expenditure 1980-81	\$ 886 000

The purpose of this agreement is to accelerate the expansion of value-added crops 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.

The corn production and demonstration project is a major action designed to demonstrate the commercial application of improved corn hybrids in various regions of Manitoba and to increase the economic field production of corn for grain and silage.

Under the project, 19 farmers cultivated 8-ha experimental fields, and over 90 per cent of these farmers are continuing with corn production. Corn production has increased from only 20 000 ha in 1976 and 52 000 ha in 1978 to over 130 000 ha in 1981 — a dramatic 49 per cent increase over 1980.

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	\$20 000 000
DREE expenditure to date	\$ 369 000
DREE expenditure 1980-81	\$ 310 000

The overall objective of this agreement is to strengthen the destination areas in the province and to improve the productivity of the tourism industry through joint industry and government action.

During the year, assistance was given to the Winnipeg Folk Festival, a nationally acclaimed event held outdoors every year at Birds Hill Park, to promote and increase awareness of its 1980 program. The result was a dramatic increase in ticket sales to people in the mid-United States and a record attendance of over 26 000 people.

Water Development for Regional Economic Expansion and Drought Proofing

Duration: 30/05/80 to 31/03/82

Costs shared by:

DREE (PFRA)	\$5 350 000
Provincial government	3 600 000
Total estimated cost	\$8 950 000
DREE expenditure to date	\$ 173 000
DREE expenditure 1980-81	\$ 173 000

The Manitoba Affairs Office of PFRA is responsible for the management of the federal interest in this agreement, which calls for studies to assess the effects of drought on present and future economic development, with particular emphasis on the

Assiniboine South-Hespeler area of Manitoba. In addition to investigating the effects of drought, the studies will also examine ways and means of improving water supplies to meet both current and future water demands. The result of the drought-proofing studies will be a long-term water-resource management strategy aimed at reducing the impact of future drought.

Also called for in the agreement is the construction of several small-to-medium-sized water-storage and delivery projects, engineering studies of water-supply problems at a number of communities, and an investigation of groundwater in the province.

During the year under review, the construction of water-supply projects at Morden, Grandview, and Edwards Creek was approved and work was initiated.

At Morden, construction of the first phase of the project, a lowering of the town's water-supply intake in Lake Minnewasta, was 70 per cent completed. Work on the second phase, the raising of the existing Morden Dam, consisted of preparation of designs, plans, and specifications; the project was expected to go to tender in May of 1981. The Grandview and Edwards Creek projects were studied by PFRA engineers and the preparation of plans and specifications was started. Construction of these two projects is expected to commence in the fall of 1981.

The groundwater studies were well under way during the year. Exploratory drilling and well testing were carried out under provincial guidance by both private contractors and PFRA forces. Total expenditures exceeded \$300 000.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	77
Number of jobs expected to be created	1 449
Eligible capital investment associated with offers	\$106 308 000
DREE commitment through these offers	\$ 16 625 000
Total payments 1980-81	\$ 9 665 000

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

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 Native people 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 Special ARDA expenditures in 1980-81 in Manitoba were \$1 966 000.

An example of Special ARDA in operation in Manitoba is that of Moose Lake Loggers, located in the Native community of Moose Lake, close to The Pas. A Crown corporation involved in a forest-harvesting operation, its objectives since its creation in 1971 have been the employment and training of local unemployed residents; economic self-



sufficiency has been another of its goals. From 1971 to 1977, the corporation was subsidized, but for the last three years it has been self-sufficient. With the assistance of Special ARDA, the corporation has gradually transferred ownership of skidders (large timber-moving machines) to owner/operators to take advantage of the noticeably high productivity achieved compared with corporation-owned machines. Production has nearly tripled, and the project is having a significant impact on the small community.

PRAIRIE FARM REHABILITATION ADMINISTRATION (PFRA)

PFRA expenditures in Manitoba during 1980-81 totalled \$23.4 million including payments made under the Herd Maintenance Assistance Program. Loans accounted for \$1.1 million, contributions for \$1.3 million, and herd maintenance for \$16.5 million.

PFRA is now recognized as the lead agency in dealing with water-supply development for individual farmers, with the Manitoba Department of Agriculture taking the lead role in dealing with communities. The Manitoba Affairs Office acted as liaison between Manitoba Department of Agriculture officials and the PFRA Soil and Water Conservation Branch to rationalize the delivery of on-farm and community water-supply programs.

The Manitoba Affairs Office also represented PFRA on the federal-provincial implementation committee for the Canada/Manitoba Emergency Water Supply Agreement. The agreement provides for cost-sharing of emergency overland transportation of water to relieve drought-induced water-supply problems. Development of water sources for communities where supplies were threatened by the 1980 drought was also accomplished under the agreement.

Agricultural Service Centres Agreement construction valued at \$2.5 million was completed in Manitoba during this year, \$2.2 million of which was funded by the Canadian government. Of the total \$20 million program funds allotted to Manitoba, \$17.7 million has been spent to date. Engineering work or construction was carried out at 12 of the 16 eligible centres.

Saskatchewan

As of March 31, 1981, six subsidiary agreements were in effect under the GDA. Following are brief descriptions of activities under subsidiary agreements, the regional development incentives program and Special ARDA during 1980-81.

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
Parks Canada	1 200 000
Industry, Trade and Commerce	16 320
Provincial government	15 740 000
Total estimated cost	<u>\$33 700 000</u>
DREE expenditure to date	\$ 2 773 000
DREE expenditure 1980-81	\$ 492 000

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. Environment Canada has a major role in the management of land and water resources through programs for river channel improvement, water-quality monitoring, and the control of flood-prone lands. Tertiary treatment of effluent from Regina, Moose Jaw and small municipalities remains the responsibility of DREE.

Some of the more successful recreational projects are those related to the production of waterfowl, the increase in sport-fishing potential and the preservation of the white-tail deer population.

The tourist industry has received assistance through the commercial development incentives program under which financial assistance is made available for major renovations and new construction of tourist services and accommodation facilities.

Northlands

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

Costs shared by:

DREE	\$ 58 300 000
Ministry of Transport	12 500 000
Employment and Immigration	9 000 000
Indian Affairs and Northern Development	7 200 000
Provincial government	40 000 000
Total estimated cost	\$127 000 000
DREE expenditure to date	\$ 25 496 000
DREE expenditure 1980-81	\$ 6 820 000

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.

A typical community project completed during the year involved the construction of a \$900 000 health centre in Pinehouse, a remote community of some 600 people. The centre is staffed by two resident nurses and a community health worker, and includes space for treatment rooms, a nursery, a two-bed hospital room and a two-chair dental clinic.

An important training program funded under this agreement is the Northern Teacher Education Program (NORTEP), which is at present training over 70 northern students in a four-year course leading to a provincially accepted Standard "A" Teaching Certificate. The students spend one or two weeks each month taking classes at a central location in northern Saskatchewan and the remaining time in their home community working in their school.

A recently introduced activity is the construction of industrial parks in three large northern communities, cost-shared with the provincial government's Saskatchewan Economic Development Corporation (SEDCO). The parks are intended to provide low-cost serviced land for northern businesses.

Water Development for Regional Economic Expansion and Drought Proofing

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

Costs shared by:

DREE (PFRA)	\$ 7 400 000
Environment Canada	500 000
Provincial government	7 350 000
Total estimated cost	\$15 250 000
DREE expenditure to date	\$ 900 000
DREE expenditure 1980-81	\$ 900 000

Recurring droughts on the prairies have had severe effects on the social and economic life of the region. Development is often constrained due to lack of water and uneven distribution of surface supplies.

This agreement calls for studies to assess economic development opportunities in the province and constraints on development due to lack of water. From these studies, long-term economic and water-resource development strategies will be worked out.

Also called for are the construction of a number of small-to-medium-sized water-storage reservoirs and water-supply systems of immediate concern, and the investigation of major groundwater aquifers. Provision for undertaking some of the flood-damage-reduction measures, recommended in the Canada-Saskatchewan-Manitoba Souris River Basin Study Report of June 1978, is included.

To date, a preliminary outline of studies needed to assess the effects of drought and water-supply shortages has been developed. Phase I groundwater studies on four aquifers have been completed and Phase II investigations involving drilling test holes will commence in the spring of 1981.

Engineering investigations, which sought solutions to water supply problems, have been completed for the communities of Ceylon, Melfort and Radville and are in progress at Canora, Humboldt, Kerrobert, Grenfell, Maidstone and Wynyard. Water-supply project construction has been completed at Birch Hills, is nearing completion at Kipling and is in progress at Melfort. Tenders have been called for the main embankment of the Weyburn dam and a contract should be awarded early in the next fiscal year. Other elements of this project are in various stages of design.

Field surveys for specific structural measures to reduce flood damage are complete, and design and screening of alternatives is under way. The purchase of two parcels of flood-prone agricultural land and the relocation of a farm residence have been approved. Improvements in flood forecasting techniques are also in progress.

Planning 1979-84

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 to date	\$ 124 000
DREE expenditure 1980-81	\$ 124 000

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.

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 to date	\$ 6 074 000
DREE expenditure 1980-81	\$ 2 943 000

The primary objectives of the agreement are to plan for the long-term development of the forest industry in Saskatchewan; to identify industrial opportunities in forestry; to upgrade forest management and silvicultural practices; to undertake site-specific planning for the development of commercial forest areas; to improve the cost competitiveness of the industry in domestic and export markets; and to maximize total utilization of the forest resource.

More than half of the funds available under the agreement are expended on forest management and silviculture. This ensures a continuing supply of timber for the industry and allowable cost estimates based on adequate data. Planning for the development of potential commercial forest areas is also facilitated.

The inventory of Saskatchewan's forests is being updated by use of computerized mapping based on aerial photography and on-site inspection of random sample plants. In addition, a new seed-extraction and cone-storage facility was built during 1980-81.

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	\$15 320 000
DREE expenditure to date	\$ 3 406 000
DREE expenditure 1980-81	\$ 1 745 000

The primary objectives of the agreement are to broaden and diversify the agricultural base of the province by encouraging the production of special crops which have a potential for processing, and thereby strengthen the linkages from primary production to processing; to enable the transfer of technology from applied research to farm production; to improve the efficiency of production and conversion of crops through livestock into red meats; and to increase the level of value-added processing of crops and meats.

There are two main programs to be implemented under this agreement—crop diversification and technology transfer, and productivity enhancement. Under the former there are two projects directed to dryland demonstration activities and innovative crops and related technology, and a project to encourage irrigation farmers to become established in special crops and vegetable production. Under the latter there are several programs related to improving the productivity of crop and livestock enterprises through grazing lease improvement and preventive veterinary health services for livestock, weed control, drainage and other productivity measures for crops, and other programs for farm management.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	32
Number of jobs expected to be created	657
Eligible capital investment associated with offers	\$12 666 000
DREE commitment through these offers	\$ 3 661 000
Total payments 1980-81	\$ 6 430 000

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

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 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 in Saskatchewan totalled \$4 266 000 during 1980-81.

One company that has received aid through Special ARDA is the Amahewespimawin Co-op Association in Stanley Mission. In May 1978, the group applied for assistance to re-establish a co-op store that had been operating in the community for a number of years. The store was part of a large, centralized organization that had run into severe financial difficulties. As a result, the community was faced with the loss of its only source of supplies other than that provided by the Bay. The community group, led by a councillor from the La Ronge Band, decided to purchase the store from the owners and re-establish it as a local, autonomous co-operative.

In consultation with the group, it was decided that Special ARDA could best assist by providing funds for inventory, training and working capital. That was considered adequate to provide the necessary leverage required to finance the purchase of the existing store and facilitate future plans to erect a new store. The proposal was ultimately approved and the new co-op was formed.

The financial package for the new store was arranged and the community finally succeeded in taking over a dilapidated facility on the verge of bankruptcy and converting it into a spacious new store with gross sales increased by 600 per cent.

**PRAIRIE FARM REHABILITATION
ADMINISTRATION (PFRA)**

During the year under review, PFRA continued to operate 23 water storage and six irrigation projects in southwest Saskatchewan. These permit the growing of forage crops in the local dryland farming area. In addition, they supply domestic and industrial water to a city and three towns and allow the controlled release of water to the United States under international treaty.

PFRA accounted for \$51.9 million in expenditures in Saskatchewan, including payments made under the Herd Maintenance Assistance Program. Loans accounted for \$1.1 million, contributions for \$1.4 million, and herd maintenance for \$23.5 million.

In Saskatchewan, \$2.3 million was spent on Agricultural Service Centres construction; of this \$2.2 million was funded under the program. By the end of the fiscal year, \$23.6 million of the \$28 million allocated to the province had been spent. Engineering investigations and construction continued at 19 of 26 centres.



Alberta

By March 31, 1981, 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 1980-81.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Nutritive Processing Assistance

Duration: 01/07/74 to 30/06/81

Costs shared by:

DREE	\$ 8 500 000
Provincial government	8 500 000
Total estimated cost	\$ 17 000 000
DREE expenditure to date	\$ 3 659 000
DREE expenditure 1980-81	\$ 946 000

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, 224 offers totaling \$13 091 000 have been accepted by companies in rural Alberta. They are expected to create a total of 1 121 jobs. Another 157 applications were being evaluated at the end of the fiscal year.

In keeping with the objectives of the agreement, offers of assistance have been accepted by a variety of operations involved in further processing nutritive products, e.g., bakeries, alfalfa plants, feed mills, meat-processing plants, and cheese and dairy plants. The vast majority of these projects are situated in the smaller rural centres of the province, utilizing local raw materials and employing local people.

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	\$55 000 000
DREE expenditure to date	\$17 412 000
DREE expenditure 1980-81	\$ 6 688 000

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.

A typical example of the projects initiated under this agreement is the Opportunity Corps. Its overall objective is to reduce the dependency of welfare recipients, by providing practical training to those persons who do not qualify for standard training projects or existing employment opportunities.

DREE spent more than \$3.4 million on this project during the 1978-81 period; of this, \$1.4 million was spent in 1980-81. Most trainees come from northern centres such as Slave Lake, High Prairie, Fort Vermilion, Fort Chipewyan and Janvier, and from much smaller remote communities. Typical projects range from constructing and renovating day care facilities to building and installing creative playground equipment, using local materials.

Two other projects concern Métis settlement and isolated community housing. The objectives of these projects are to assist in providing affordable and suitable housing to residents of Métis settlements and isolated communities, in order to encourage them to establish a healthy and safe environment to live in.

Over \$1.5 million was expended by DREE on these projects during the 1978-81 period, resulting in the construction of approximately 90 units. DREE's 1980-81 expenditure was \$643 000.

A rural development project funded under this agreement provides assistance to four specific regional economic development councils (REDCs) in northern Alberta, with the objective of encouraging rural residents to participate in the economic development of their communities.

The REDCs are located in Lac La Biche, High Level, McLennan and High Prairie. The main benefits from them to date have been the provision of management and financial counselling to small businesses, the initiating of provincial action in such areas as the construction and paving of roads, and the promotion of industrial development through the establishment of industrial parks in two communities.

Total DREE expenditures on this project have reached approximately \$137 000, with a 1980-81 expenditure of \$47 000.

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	422
Eligible capital investment associated with offers	\$26 606 000
DREE commitment through these offers	\$ 4 074 000
Total payments 1980-81	\$ 2 225 000

The *Regional Development Incentives Act* applies in the northern portion of Alberta. DREE's objective is to encourage economic development by providing improved options and opportunities for people of Indian ancestry, by supporting the diversification of single-industry centres and by facilitating the growth of smaller communities. RDIA is considered to be a major instrument in achieving those goals.



A recent example is the new sawmill constructed by British Columbia Forest Products Ltd. near Grande Cache. This mill, for which an incentive offer of \$3 715 440 was accepted, will provide a source of varied employment for the town of Grande Cache, which at present primarily serves the coal industry. The mill is expected to create 168 new jobs, and an additional 192 jobs are expected in the woodlands operations; most of these jobs will be available to local residents.

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

PRAIRIE FARM REHABILITATION ADMINISTRATION (PFRA)

By the end of the fiscal year, about \$700 000 in repairs to the Bassano Dam, which stores water for diversion from the Bow River to the Brooks area of southern Alberta, had been supervised by PFRA's regional engineering staff. Expenditures in Alberta during 1980-81 by PFRA totalled almost \$7 million, including \$2.9 million in payments under the Herd Maintenance Assistance Program. Of the remainder, \$14 000 was in the form of loans and \$2 million in the form of contributions.

In addition to programs of financial and technical assistance to farmers and ranchers administered by the Soil and Water Conservation Branch, and the Engineering Services Branch's provision of engineering expertise for water management projects, PFRA has become actively involved with three Indian Bands in southern Alberta by assisting them to carry out irrigation and water management studies on their reserves. These studies are intended to assist these Bands to gain greater economic benefit from the water on their lands.

British Columbia

As of March 31, 1981, 11 subsidiary agreements had been signed under the GDA. A new agreement for Ridley Island road access was signed during the fiscal year. Following is a brief description of activities under subsidiary agreements and other programs during 1980-81.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Evaluate Northeast Coal 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 to date	\$ 3 518 000
DREE expenditure 1980-81	\$ 1 222 000

This agreement, which expired March 31, 1981, permitted the planning and design of initiatives to respond quickly to private sector initiatives and improved coal market opportunities.

Six programs of analysis were undertaken: coal resource, transportation, environment, townsite/community development, manpower/human resources and economic/financial. More than 100 studies have so far been published.

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 to date	\$ 17 268 000
DREE expenditure 1980-81	\$ 7 887 000

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 area and achieve a more balanced level of development among the different areas of the province.

The agreement provides for: 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 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.

During the year, 18 industrial studies were undertaken under the agreement, accounting for an expenditure of more than \$200 000 in DREE funds. Activities during 1980-81 focussed mainly on special studies related to specific aspects of B.C. industry.

An example of the type of study completed is the SPW Lumber market study, which had a gross budget of \$50 000. This study analyzed the market potential of varieties of dressed lumber and specialty panels in five regional markets in the U.S.A. The conclusions detailed opportunities for B.C. producers, showing individual grades and volumes of products for the forest-related industry to consider for export.

During the year, four new regional economic development commissions were approved for funding, bringing to 20 the number of commissions which have been established since the signing of the agreement in 1977.

A total of 104 ha of industrial land has been developed at a federal cost of \$4.1 million, resulting in a total investment of \$8.7 million. Activities were dispersed throughout the province and benefits were provided to the following communities: Castlegar, Elkford, Invermere, Quesnel, Cranbrook and Oliver, Summerland and Osoyoos in the Okanagan area.

Since 1977, the parks and sites program has assisted in the development of 372 ha of industrial land at a total federal cost of \$16.2 million. The largest development is the Duke Point Industrial Park in Nanaimo, which received a federal contribution of \$6.5 million toward the development of 95 ha. A major sawmill was recently completed on one of the sites.

DREE has also provided funding under the advance factory space program for a major winery in the Okanagan and the Marine Technology Centre in North Saanich, near Victoria, adjacent to the Institute of Ocean Sciences at Patricia Bay.

Assistance was offered to 116 firms for the establishment or expansion of small manufacturing, processing and related repair businesses. These projects are expected to result in more than \$5.2 million in capital investments for buildings, machinery and equipment, and the creation of more than 460 direct permanent jobs. Since the signing of the agreement in 1977, 425 offers of assistance have been accepted. The offers are expected to result in capital investments of \$20.6 million and the creation of 1 953 new direct jobs. The department's commitment to these projects is \$4 174 000.

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	<u>30 000 000</u>
Total estimated cost	\$86 750 000
DREE expenditure to date	\$10 782 000
DREE expenditure 1980-81	\$ 5 383 000

Programs are designed to expand markets; encourage improved management and production techniques; increase the productivity of Crown rangelands through coordinated planning among livestock, forestry, and wildlife users; improve the agricultural capability of underdeveloped lands; provide basic services to the more remote communities; and expand rural employment opportunities by assisting the food processing industry.

To date, 285 projects have been approved under this agreement, 41 of these in 1980-81. Examples of projects assisted during the past year include the East Chilliwack Fruit Co-op processing plant and the Southern Interior Beef Corporation feedlot. The new \$4-million fruit plant will process up to 4.54 million kg of raspberries annually, as well as 3.63 million kg of strawberries and vegetables. It specializes in the production of individually quick-frozen berries for

expanding export markets, and will provide 60 new jobs. The beef feedlot will use primarily local Okanagan feeds to grow and finish calves owned by area ranchers. The feedlot has a capacity of 3 800 head and provides four new jobs.

Travel Industry Development

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

Costs shared by:

DREE	\$25 000 000
Provincial government	<u>25 000 000</u>
Total estimated cost	\$50 000 000
DREE expenditure to date	\$13 765 000
DREE expenditure 1980-81	\$ 8 483 000

The purpose of the agreement is to strengthen and develop the travel industry in the province. Programs are designed to provide 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 development of major travel generators such as cultural centres, special-interest parks and historic sites; and to aid development of world-class ski resorts offering year-round, multi-use recreation facilities.

To date, 233 projects have been approved under this agreement, 48 of these in 1980-81.

A provincial tourism development strategy has been completed and published as a foundation for planning over the next 20 years, as have regional tourism plans which will serve as working documents for the various segments of the industry.

Industry upgrade and travel generator projects to date have resulted in 1 452 new full-time and 284 part-time jobs, in addition to many construction jobs.

The resort municipality of Whistler, which is being developed as one of North America's major year-round international tourism complexes catering to the skiing market, received support for roads, sewer, water, parking and recreation facilities. The public investment of \$10.45 million is expected to generate more than \$440 million in private capital investment in accommodation services and facilities.

Another example is the historic O'Keefe Ranch near Vernon which, based on ranch life at the turn of the century, has been developed as a major travel attraction for the area. Support was in the form of an interest-free, forgivable loan of \$510 000 which was awarded to the O'Keefe Ranch and Interior Heritage Society in July 1980 for improvements to the 25-ha site. Improvements include a central core building with meeting rooms, retail outlets and eating facilities. This project will result in the creation of 10 full-time and 18 seasonal jobs, as well as the economic impact of increased tourist spending in the area.

Intensive Forest Management

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

Costs shared by:

DREE	\$25 000 000
Provincial government	<u>25 000 000</u>
Total estimated cost	\$50 000 000
DREE expenditure to date	\$11 512 000
DREE expenditure 1980-81	\$ 5 812 000

The purpose of this agreement is to enhance British Columbia's forest resource base through intensive forest management. Specifically, it is designed to strengthen the job-creating potential of the forest resource and increase the wood yield beyond that secured by the normal forest regeneration programs of the Ministry of Forests.

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 to assist in the work planning stage. Work done during the first two years included the reforestation of 7 800 ha, juvenile spacing of 21 000 ha and fertilization of 19 700 ha. That work created 240 000 person-days of employment.

Ridley Island Road Access

Duration: 26/11/80 to 31/03/82

Costs shared by:

DREE	\$4 800 000
Provincial government	4 800 000
Total estimated cost	<u>\$9 600 000</u>
DREE expenditure to date	\$1 322 000
DREE expenditure 1980-81	\$1 322 000

The purpose of the agreement is to provide an industrial access road from provincial Highway 16 to the planned bulk-commodity port facility on Ridley Island near Prince Rupert. This improvement in transportation will facilitate economic development in the western provinces by creating employment, income, trade and balance-of-payments benefits.

Program elements include the clearing, grubbing and construction of a 7-km road and a CNR over-pass. During 1980-81, clearing and grubbing were completed and the construction of the road was started.

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	10
Number of jobs expected to be created	94
Eligible capital investment associated with offers	\$3 906 000
DREE commitment through these offers	\$1 220 000
Total payments 1980-81	\$2 120 000

The activity during 1980-81 brings to 42 the number of offers accepted since the region was designated in 1977, and to 80 the total number of offers accepted in British Columbia since the inception of the program in 1969.

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



SPECIAL ARDA

The Special ARDA program is designed to support and assist people of Indian ancestry in rural areas to formulate, implement, manage and control projects which will create new opportunities for increased income and employment, and improve their living standards and quality of life according to their own needs and priorities.

This program, in effect since 1972, has expanded rapidly over the past two years to the point where the number of applications received during the year under review equalled all those received during the first five years of operation, and 1980-81 expenditures exceeded those of the previous year by 50 per cent. Indications are that this trend will continue.

The Special ARDA 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 focussed on Native people; therefore, Special ARDA meets many of the needs for community assistance, especially in the north. The current agreement expires March 31, 1982.

DREE expenditures under Special ARDA in British Columbia totalled \$4.6 million during 1980-81.

Examples of projects that have received financial assistance from Special ARDA include: N & V Services Ltd. and Clambay Shellfish Company. Through the expansion of N & V Services Ltd., a service station and restaurant in the northwest of the province, the company now employs 15 people. The Clambay Shellfish Company, an oyster farm on Kuper Island and a wholly owned subsidiary of the Penclakut Indian Band, will produce about 2 220 cubic decimetres of oysters a year when it reaches full production.

Northwest Territories

Although the department has been active in the Northwest Territories only since early 1977, its programs—and in particular those directed toward Native residents—are already playing a significant role in the economic life of this frontier area. Following are summaries of these initiatives.

SPECIAL ARDA

The five-year Special ARDA agreement signed with the Northwest Territories in 1977 has provided widespread benefits for residents, particularly those living off the land or in remote communities scattered across the north.

During 1980-81, 79 offers of assistance were accepted and \$2 540 000 was committed toward them. DREE expenditures under the program in the year were \$2.2 million.

Special ARDA funds were provided to hunters, trappers and fishermen to purchase equipment, establish outpost camps and set up two-way radio communications with their home settlements.

Since the signing of the agreement late in 1979, N.W.T. residents have been using the funding to discover some exciting potential for economic development in their communities.

A number of projects have been devoted to tourism. A plan for the development of parks and outdoor recreation was developed, and a booklet promoting canoeing in the territories' rivers was produced. Community-based inventories, program development and promotion were carried out in the Keewatin, at Pangnirtung and in the Beaufort Delta area.

An even greater number and variety of projects were undertaken in renewable resources. Musk-ox, moose, polar bear and caribou were inventoried to determine safe harvest levels. Fisheries studies assessed the commercial possibilities of lakes and rivers on Baffin Island and in the central Arctic, and explored methods for improving the efficiency of the Great Slave Lake fishery. There were projects on forestry planning, and innovative studies on inter-settlement trade, country food and hand-held harpoon guns for narwhal harvesting. The Kissiliriyeet Project was an educational program aimed at improving the return on the N.W.T. seal harvest.

Many N.W.T. cooperatives used Special ARDA funds for management training and for education programs for boards of directors. Financing was also provided for feasibility studies into a wide range of commercial ventures.

Other approved projects included freight-hauling and taxi service, hotels and lodges and a wide range of retail and commercial operations.

SUBSIDIARY AGREEMENT UNDER THE GDA

Interim Community Economic Development

Duration: 04/04/79 to 30/09/81

Costs shared by:

DREE	\$2 000 000
Indian Affairs and Northern Development	460 000
Territorial government	<u>1 373 000</u>

Total estimated cost \$3 833 000

DREE expenditure to date \$ 306 000

DREE expenditure 1980-81 \$ 192 000



As a result of research funding under this agreement, people in Arctic Bay, Pond Inlet, Clyde River, Igloodik and Grise Fiord are working on job rotation plans developed in consultation with the residents themselves. A feasibility study into the supply of local natural gas to Inuvik and a study of Baffin Island food costs were carried out. Seven communities were able to hire planners to work with local people on directories for their communities.

The interim subsidiary agreement has been directed at funding work in areas which N.W.T. residents considered important for their economic future and the preservation of Native lifestyles.

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	20	
Eligible capital investment associated with offers		\$112 000
DREE commitment through these offers		\$ 82 000
Total payments 1980-81		\$ 58 000

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

Yukon

As of March 31, 1981, two subsidiary agreements had been signed under the GDA. Following is a brief description of activities under the subsidiary agreements and other programs during 1980-81.

SUBSIDIARY AGREEMENTS UNDER THE GDA

Renewable Resources

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

Costs shared by:

DREE	\$3 120 000
Indian Affairs and Northern Development	1 400 000
Territorial government	2 080 000
Total estimated cost	\$6 600 000
DREE expenditure to date	\$1 305 000
DREE expenditure 1980-81	\$ 859 000

The development of renewable resources in Yukon is of the utmost importance to the economy of the territory. As a direct result of environmental and land-use planning carried out by both levels of government, development has proceeded in an orderly fashion, benefiting both the tourism industry and the people of Yukon.

A highly successful program has upgraded many of Yukon's territorial parks and campgrounds. Marmot Lake; Kusawa Lake and the new Dempster Highway campsites are now providing excellent outdoor recreational facilities.

A typical campground is located in the Kluane Park area on the old Dalton Trail. This site includes a traveller's lunch stop and tenting and vehicle camping, all within walking distance of the Million Dollar Falls on the Taxhanna River.

Much of the work involved has been done by the Resource Development Corps which provides skill training, experience and counselling for people who have not had opportunities for regular employment.

Tourism Development

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

Costs shared by:

DREE	\$3 600 000
Indian Affairs and Northern Development Territorial government	1 500 000 900 000
Total estimated cost	\$6 000 000
DREE expenditure to date	\$ 705 000
DREE expenditure 1980-81	\$ 705 000

The construction of a \$1.5-million cross-country ski chalet in Whitehorse has fostered more good will among various levels of government and the people of Yukon than any other single recent project.

The chalet, a co-operative federal-, territorial- and local-government project, was designed in Yukon and built by local tradespeople and volunteers. It was started in August 1980, and completed in time for the F.I.S. World Cup and the North American Ski Championships in March 1981.

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	\$163 000
DREE commitment through these offers	\$ 54 000
Total payments 1980-81	\$ 29 000

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

SPECIAL ARDA

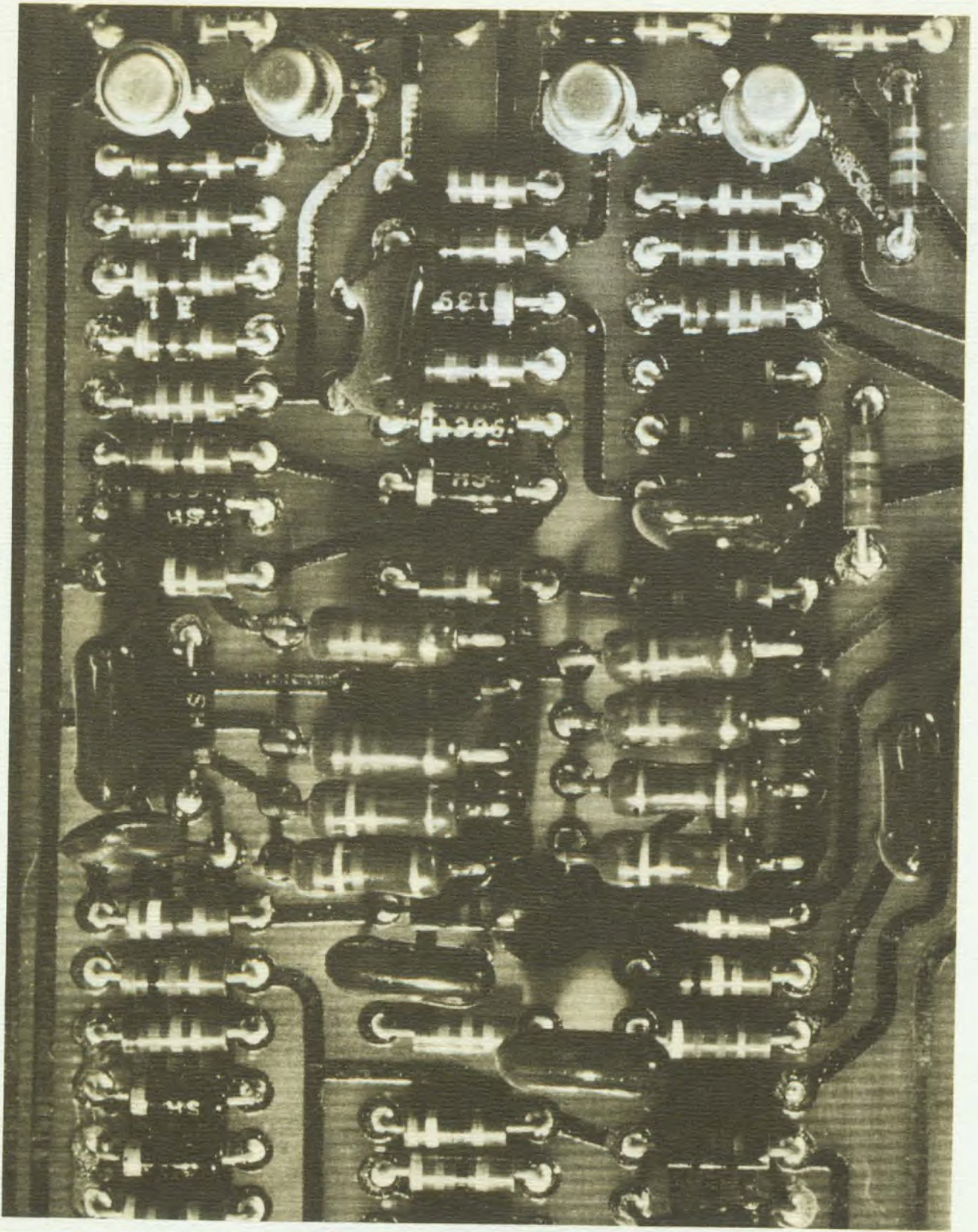
Special ARDA continues as an integral part of DREE programming in Yukon and the 19 accepted offers of assistance during 1980-81 resulted in DREE commitments of \$673 000. Actual expenditures during the year totalled \$431 000.

Of the several Special ARDA programs currently operating in Yukon, one has stirred the imagination of many Native Yukoners. In December 1978, the Yukon Indian Arts and Crafts Society was offered \$10 000 to finance a study for the development and marketing of Indian arts and crafts.

DREE approved an application for financial assistance from the Yukon Native Production Centre Ltd. in May 1981. The small parka-making factory in Whitehorse now plans to expand operations, adding new equipment and eventually employing as many as 16 people, most of Indian ancestry. Employees will be enrolled in an on-the-job training program. Although this production centre is separate from the Arts and Crafts Society, the two will be working together toward a common goal.

This Special ARDA program is important to Native people from a cultural and industrial standpoint. In the outlying communities, the sale of arts and crafts is a good source of income, supplementing that from trapping and fishing. At the same time, the production and sale of high-quality Indian arts and crafts will be a welcome addition to Yukon's tourism industry.





Appendices

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Appendices

Appendix A

Summary of Expenditures

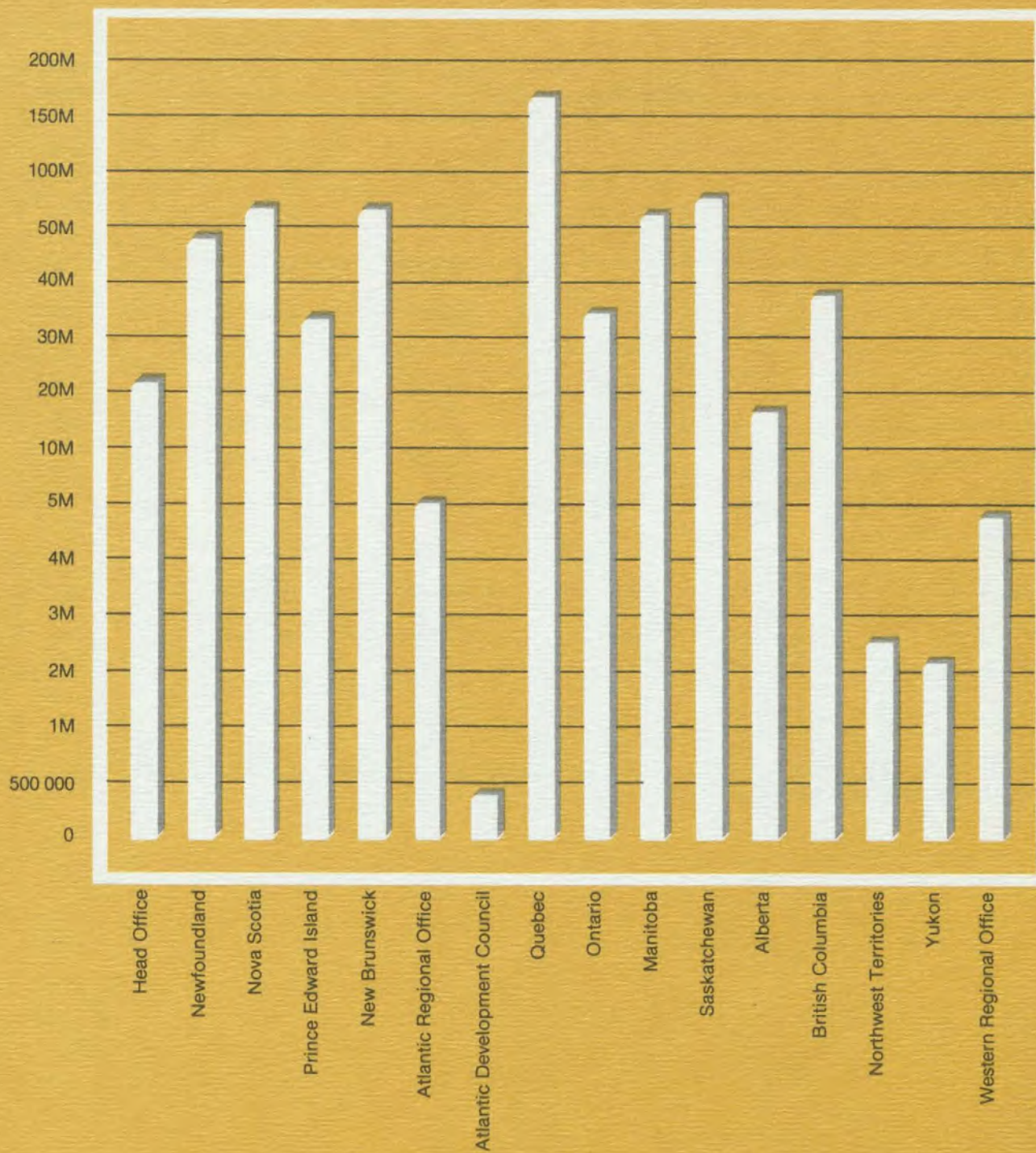
Total departmental expenditures for 1980-81 were just under \$630 million. The following tables show expenditures under the various activities administered by DREE. Expenditures (rounded) throughout this report are gross except where otherwise noted, in accordance with the method used in the Public Accounts of Canada.

In addition to those listed under the various programs for each province and territory in the foregoing chapters, the department incurs expenditures which are not attributable to a given province, territory 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 1980-81 (\$000)

	Planning and Adminis- tration	Sub- sidiary Agree- ments	Industrial Incentives*	Other Programs		Total
				Budgetary	Non- Budgetary	
Head Office	21 200			7		21 207
Newfoundland	1 582	38 410	4 379	692	3 000	48 063
Nova Scotia	1 701	43 695	11 400	75		56 871
Prince Edward Island	707		1 970	30 332		33 009
New Brunswick	1 852	50 856	10 336			63 044
Atlantic Regional Office	4 421			582		5 003
Atlantic Development Council	372					372
Quebec	8 639	94 352	63 943	657		167 591
Ontario	2 232	26 999	5 208	125		34 564
Manitoba	1 911	20 861	9 666	24 242	1 123	57 803
Saskatchewan	1 979	12 207	6 430	55 128	1 093	76 837
Alberta	839	7 633	2 225	6 969	14	17 680
British Columbia	1 665	30 108	2 120	4 582		38 475
Northwest Territories	105	192	57	2 154		2 508
Yukon	92	1 564	29	431		2 116
Western Regional Office	4 661			40		4 701
TOTAL	53 958	326 877	117 763	126 016	5 230	629 844

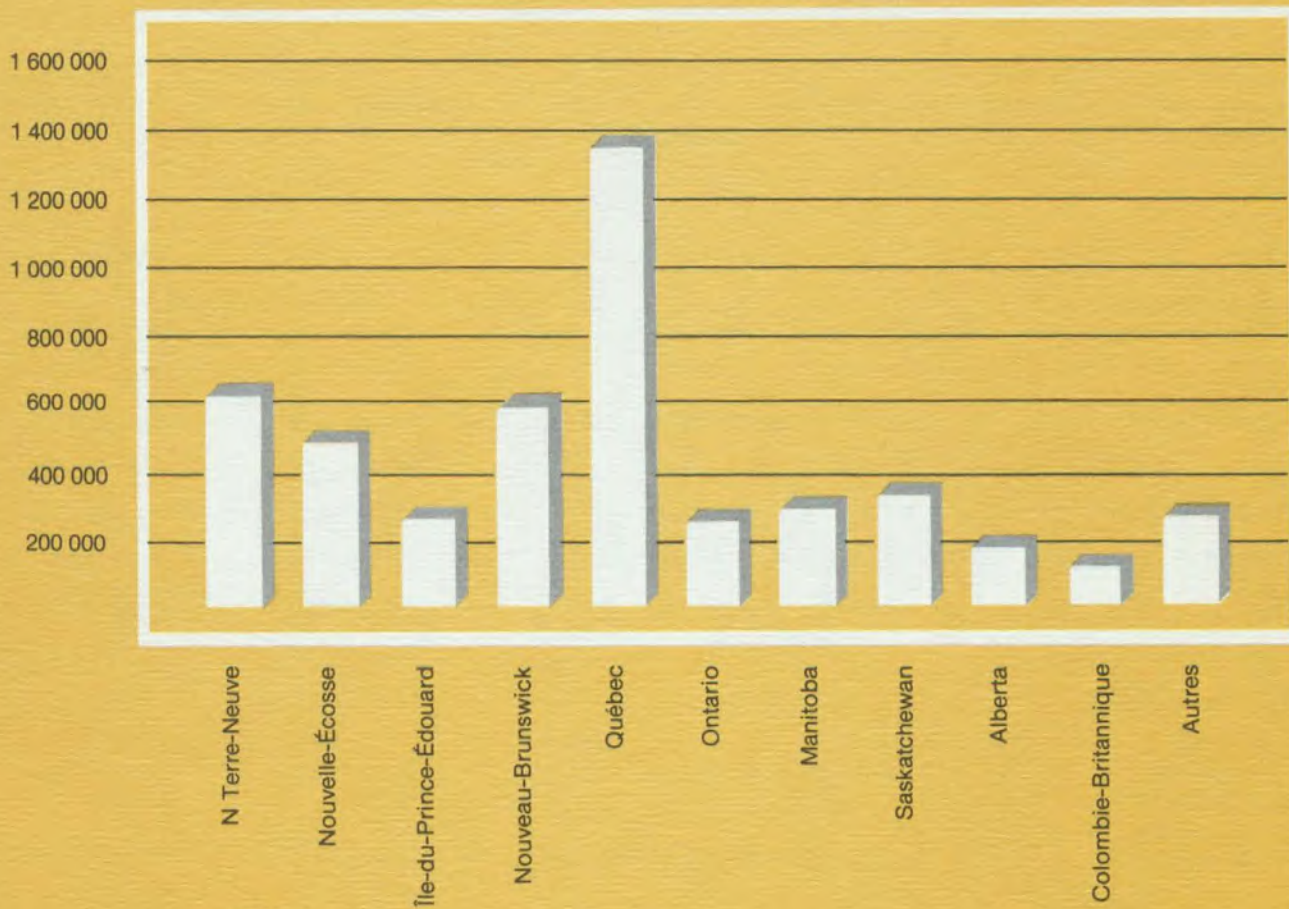
* Includes statutory payments for loan guarantees under the *Regional Development Incentives Act*.



DREE Expenditures 1969-70 through 1980-81 (\$000)

Province	1969-70 to 1979-80	1980-81	Total	1980-81 Per Capita (\$)
Newfoundland	612 506	48 063	660 569	82.88
Nova Scotia	480 560	56 871	537 431	66.71
Prince Edward Island	269 393	33 009	302 402	265.56
New Brunswick	598 455	63 044	661 499	89.16
Quebec	1 356 661	167 590	1 524 251	26.59
Ontario	243 051	34 564	277 615	4.03
Manitoba	286 319	57 803	344 122	56.21
Saskatchewan	328 913	76 838	405 751	79.28
Alberta	177 651	17 681	195 332	8.51
British- Columbia	111 929	38 475	150 404	14.59
Other*	260 184	35 906	296 090	—
TOTAL	4 725 622	629 844	5 355 466	
All Canada				26.34

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



Appendix B

Subsidiary Agreements Active during 1980-81

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 31/03/82	22 935 200	20 641 680
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 Interim	03/12/76 to 31/03/82	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
Forestry 1981-86	09/01/81 to 31/03/85	52 093 000	46 883 700
NOVA SCOTIA			
Metropolitan Halifax- Dartmouth Area Development	31/03/75 to 31/03/82	109 299 786	79 997 000
Strait of Canso Area Development	31/03/75 to 31/03/82	30 057 500	22 503 400
Agriculture Development	22/06/76 to 31/03/82	48 217 000	29 980 000
Industrial Development	22/06/76 to 31/03/82	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

Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
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
Assistance to Michelin Tires (Canada) Ltd.	07/06/80 to 31/12/87	56 000 000	42 000 000
NEW BRUNSWICK			
Forestry	15/10/74 to 31/03/82	74 228 500	58 902 800
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 31/03/83	51 200 000	35 840 000
Planning	01/04/75 to 31/03/82	4 875 000	2 437 500
Minerals and Fuels Development	24/06/76 to 31/03/82	11 313 125	9 050 500
Highways 1977-81	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
Pulp and Paper	27/08/80 to 31/03/84	42 250 000	33 800 000
Saint John Market Square Development	14/10/80 to 31/03/83	10 107 300	8 085 800
Forestry Development	01/04/80 to 31/03/84	37 500 000	30 000 000

Agreement	Duration	Total Estimated Cost (\$)	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 31/03/82	28 600 000	17 160 000
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 30/09/81	34 876 000	23 261 000
Modernization of the Pulp and Paper Industry	15/05/79 to 31/03/84	240 000 000	135 000 000
Establishment of a Newsprint Mill at Amos	24/07/80 to 31/03/83	42 500 000	25 500 000
ONTARIO			
Northeastern Ontario	25/03/76 to 31/03/82	29 920 000	14 960 000
Single-Industry Resource Communities	18/10/76 to 31/03/83	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 31/03/84	82 236 500	41 118 250
Pulp and Paper Industry Facilities Improvement	15/05/79 to 31/03/84	180 000 000	60 000 000
Eastern Ontario	20/12/79 to 31/03/84	50 350 000	25 175 000
Northern Rural Development	02/03/81 to 31/03/84	18 500 000	10 000 000

Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
MANITOBA			
Manitoba Northlands	01/04/76 to 31/03/82	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
Interim Water Development for Regional Economic Expansion and Drought Proofing	30/05/80 to 31/03/82	8 950 000	5 350 000
SASKATCHEWAN			
Qu'Appelle Valley	01/04/74 to 31/03/84	33 700 000	17 960 000
Northlands	01/04/78 to 31/03/83	127 000 000	87 000 000
Interim Water Development for Regional Economic Expansion and Drought Proofing	01/04/79 to 31/03/82	15 250 000	7 900 000
Planning 1979-84	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 30/06/81	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			
Evaluate Northeast Coal and Related Developments	01/04/77 to 31/03/81	10 000 000	5 000 000
Industrial Development Agriculture and Rural Development	08/07/77 to 31/03/82	70 000 000	35 000 000
Travel Industry Development	01/08/77 to 31/07/82	86 750 000	30 000 000
Intensive Forest Management	17/10/78 to 17/10/83	50 000 000	25 000 000
Ridley Island Road Access	17/05/79 to 31/03/84	50 000 000	25 000 000
	26/11/80 to 31/03/82	9 600 000	4 800 000
NORTHWEST TERRITORIES			
Interim Community Economic Development	04/04/79 to 30/09/81	3 833 000	2 460 000
YUKON			
Renewable Resource Development	04/04/79 to 31/03/82	6 600 000	4 520 000
Interim Tourism Development	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 1980-81. Applications received numbered 2 131; expected new jobs numbered 20 154. Capital investment increased to an expected \$992 305 000 in capital costs, and the amount of accepted incentive offers was \$192 258 000.

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 1980-81

Province/Territory	Net Accepted Offers	Estimated Amount of Incentive (\$000)	Expected Eligible Investment (\$000)	Expected Direct Jobs
Newfoundland	22	3 616	14 268	415
Nova Scotia	55	7 530	20 614	990
Prince Edward Island	18	2 002	5 607	325
New Brunswick	40	16 166	75 509	1 064
Quebec	671	126 204	673 056	13 896
Ontario	54	11 024	53 490	816
Manitoba	77	16 625	106 308	1 449
Saskatchewan	32	3 661	12 666	657
Alberta	7	4 074	26 606	422
British Columbia	10	1 220	3 906	94
Northwest Territories	1	82	112	20
Yukon	2	54	163	6
Total	989	192 258	992 305	20 154

