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Économique  
Régionale

Minister  
Edward C. Lumley

Régional  
Economic Expansion  
**Annual  
Report  
1981-1982**

Canada

Regional  
Economic Expansion  
**Annual  
Report  
1981-1982**

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His Excellency

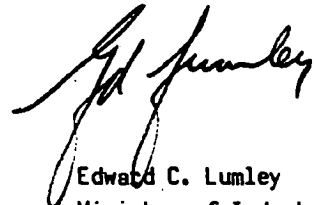
The Right Honourable Edward Schreyer, Q.C., C.M.M.  
Governor General of Canada

Your Excellency:

I have the honour to submit to Your Excellency the annual report for the Department of Regional Economic Expansion covering the period April 1, 1981 to March 31, 1982.

Your Excellency, you will find in this report, under appropriate headings, a summary of the accomplishments of the department.

Respectfully submitted,



Edward C. Lumley  
Minister of Industry,  
Trade and Commerce and  
Regional Economic  
Expansion

## ROLE AND STATUTES

The Department of Regional Economic Expansion (DREE) was created in 1969 by the Government Organization Act, 1969 (SC 1968-69, c.28), to assist and encourage each region of Canada in realizing its economic and social potential. Its mandate is continued in the Department of Regional Economic Expansion Act (RSC 1970, c.R-4). The department has worked toward broadening regional and local economic bases, expanding production and employment opportunities and assisting particular areas in dealing with problems of economic growth and social adjustment.

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

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

## STATISTICAL HIGHLIGHTS

Total departmental expenditures during 1981-82 were just over \$615 million.

Almost \$342 million was paid out under subsidiary agreements during 1981-82 (55.5% of total departmental expenditures).

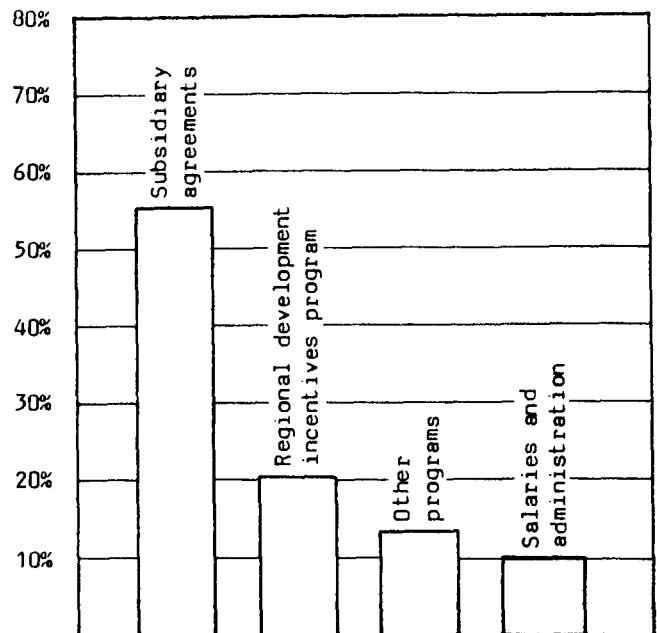
\$127.0 million was paid out under the regional development incentives program during 1981-82 (20.6% of total expenditures).

Expenditures on other programs during the year amounted to more than \$83 million (13.6% of total expenditures). Other programs include activities carried out under the Prairie Farm Rehabilitation Act (PFRA), the Prince Edward Island Comprehensive Development Plan Agreement, and the Agricultural and Rural Development Act (ARDA).

Salaries and administration costs came to \$63.4 million during 1981-82 (10.3% of total expenditures).

A summary of total departmental expenditures for 1981-82 can be found in Appendix A.

Total departmental expenditures during 1981-82



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## INTRODUCTION

### THE EVOLUTION OF FEDERAL REGIONAL DEVELOPMENT POLICY

DREE was formed in 1969 as the central federal government agency for all activities aimed at promoting regional development. It was felt that a central department could not only consolidate and coordinate the activities of other federal departments in this field, but also direct its own efforts toward reducing regional disparities. DREE's mandate was to draw together the existing successful programs (such as those carried out under the Agricultural and Rural Development Act, the Prairie Farm Rehabilitation Act and the Fund for Rural Economic Development Act) and to develop new approaches to promoting economic expansion and stimulating job creation in the less well developed regions of Canada.

The Special Areas program and the Regional Development Incentives Act were the first of DREE's initiatives. The aim of the Special Areas program was to promote economic expansion in specially designated areas in order to attract job-creating activities. Projects were directed at improving community infrastructure and implementing social adjustment measures. The purpose of the Regional Development Incentives Act was to create employment opportunities in regions of slow growth by providing financial incentives to investors willing to locate, expand or modernize their operations in these designated regions.

In 1972, a review of DREE's policy revealed that although existing programs dealt effectively with a wide range of economic development problems in slow-growth areas, the programs were often limited in scope, focussing on isolated problems rather than on the identification and pursuit of existing developmental opportunities. It was also recognized that each region required specially tailored measures to realize its own unique set of developmental opportunities.

The policy review recommendations led to the decentralization of the department in 1973-74, and the signing of the 10-year General Development Agreements (GDAs) in 1974. These agreements enabled the federal government, through DREE, to work with provincial governments in formulating a basic strategy for regional development.

The GDAs also provided for federal-provincial cost-sharing on project-specific subsidiary agreements, which soon became the principal mechanism through which the department's policy and activities were implemented. By the 1975-76 fiscal year, one year after the GDAs had been signed, subsidiary agreements accounted for 37 percent of the department's expenditures - more than for any other single program. Since 1977-78, more than half of DREE's annual budget has been spent on subsidiary agreement activities.

DREE's position as the federal focal point for addressing economic disparities has involved the close and frequent cooperation of the department with a number of other federal departments and agencies. One indication of the extent of this cooperation is the fact that 76 of the 126 subsidiary agreements signed with the provinces and territories between 1974 and the end of the year under review, have been co-managed with other departments and agencies, and 32 have been cost-shared with them. Nearly all subsidiary agreements have benefitted in their formulation stages from the expertise of other government departments.

During the last few years, there has been a growing realization on the part of the federal government as a whole, and DREE in particular, that addressing regional economic concerns is the responsibility of all economic departments, and not the mandate of a single department. During 1980-81, and again during the year under review, DREE participated in a number of interdepartmental activities having regional development implications - for example, the Industry and Labour Adjustment Program, the Local Economic Development Assistance program, and the activities of the Office of Industrial and Regional Benefits and the Canadian Industrial Renewal Board - and has worked carefully to sensitize other departments to the regional economic priorities of the federal government.

A second review of DREE policy, conducted in 1980-81, indicated that there should be an increased emphasis on direct federal program delivery systems, by DREE alone or in cooperation with other departments; an emphasis on industrial support directly related to continuing employment opportunities; and increased targetting of regional development activities toward Canada's needier areas.

In articulating these points, the policy review foreshadowed the announcement by the Prime Minister on January 12 that "the groundwork laid by the Department of Regional Economic Expansion will be substantially augmented by a government-wide focus on regional economic development", and that a new Department of Regional Industrial Expansion would be created through the amalgamation of most of DREE's program functions with the existing domestic responsibilities for industry of the Department of Industry, Trade and Commerce, namely, the industrial, tourism and small business elements of that department.

Also announced were the creation of a new central agency, the Ministry of State for Economic and Regional Development, which will ensure that regional concerns are elevated to a priority position in all economic decision-making by Cabinet; and a new Cabinet Committee on Economic and Regional Development, which will carry the responsibility for the economic development spending envelope (\$6.8 billion) and the energy spending envelope (\$2.6 billion), and which will review all existing and new national economic development programs to determine if they can be further directed toward regional economic objectives.

This organizational restructuring reflects the government's perception that the traditional Canadian economic balance between have and have-not provinces and territories is shifting, largely because of present and forecast resource developments in the West and off the Atlantic coast; and that for the first time in Canadian history, every region of the country, not only those that traditionally have shown economic strength, may enjoy major opportunities for development.

By the end of 1981-82, the amalgamation of the physical and human resources of DREE and the Department of Industry, Trade and Commerce was well under way, marking the beginning of a new era of federal regional development policy.

#### **DREE ACTIVITIES DURING 1981-82**

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

#### **GDAs**

These federal-provincial agreements recognize the fact that each part of Canada has its own set of development opportunities and problems; and 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, 1982, 126 subsidiary agreements between DREE and the provincial and territorial governments had been signed. Nearly all have involved the participation of other government departments, 96 involving direct participation through signing, managing or sharing in the costs. During the year under review, nine subsidiary agreements and 72 amendments to existing agreements were signed. Sixteen of the 77 agreements in effect during 1981-82 expired at the end of the fiscal year.

DREE expenditures under all subsidiary agreements during 1981-82 were \$341.8 million, approximately 56 percent of the department's total expenditures for that period. A list of subsidiary agreements active during the year can be found in Appendix B.

Following the Prime Minister's January announcement concerning the reorganization of economic departments, an interdepartmental task force was established to examine current subsidiary agreements and recommend which line departments should assume responsibility for them. The task force completed its work in March and made recommendations for consideration by Cabinet.



### Industrial Incentives

The purpose of DREE's regional development incentives program is to create 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 various designated regions of the country.

The incentives program has a record of substantial capital investment and job creation in disadvantaged regions of Canada and is recognized as an effective direct-delivery instrument of federal regional development policy.

In 1981-82, the regional development incentives program resulted in expenditures of \$127 million, approximately 21 percent of departmental expenditures for the year. There were 769 net accepted offers of incentives during the fiscal year. The projects assisted, which represent a DREE commitment of \$207.4 million, are expected to create more than 17 600 direct jobs and to involve over \$1 billion in capital investment by private industry.

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

### Other Programs

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 1981-82, DREE expenditures through PFRA totalled approximately \$46.1 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. During 1981-82, Special ARDA agreements were in effect in Manitoba, Saskatchewan, British Columbia, the Northwest Territories and Yukon. DREE expenditures under Special ARDA totalled \$14.8 million in 1981-82.

Although all Special ARDA agreements expired on March 31, 1982, preparations were well under way at that time for their renewal.

### Other Activities

In addition to the 1981-82 program activities described in the next sections of this report, the following were also important contributions to the fulfillment of DREE's mandate. It should be noted that on-going activities carried out separately during the year by DREE and the Department of Industry, Trade and Commerce will be integrated under the new Department of Regional Industrial Expansion.

- The efforts of the department's Bureau of Business and Economic Development led to the acceptance in July of three offers of incentives totalling \$20 million by the Mitel Corporation for the establishment of high-technology manufacturing facilities in Renfrew, Ontario and Bouctouche, New Brunswick. These projects are expected to create 1 700 new jobs.
- In August, the Office of Industrial and Regional Benefits was created within the Department of Industry, Trade and Commerce. The office works to ensure that major investment projects make the greatest possible use of Canadian planning skills, project development expertise, machinery and materiel supply capability, and potential for further processing of Canadian resources. The office provides analytical and administrative support for the Committee on Megaproject Industrial and Regional Benefits, which includes representatives from a core group of departments, including DREE and Industry, Trade and Commerce.
- The Federal Development Strategy for Prince Edward Island was announced in October. The strategy, representing a federal commitment of \$39 million and involving the participation of DREE and five other government departments including Industry, Trade and Commerce, will provide the framework for continued federal contributions to economic development in the province after the termination of the Comprehensive Development Plan in 1984.
- In October, the Prime Minister announced the formation of the Canadian Industrial Renewal Board, whose members included the Deputy Minister of DREE and the Deputy Minister of the Department of Industry, Trade and Commerce. The mandate of the board is to help restructure, consolidate and modernize the textile, clothing and footwear industries; to

renew the economic base of communities heavily dependent on those industries and most likely to be affected by the gradual liberalization of world trade in these commodities; and to help workers affected by these changes.

- During the fall of 1981, the Minister of DREE and his Swedish counterpart issued invitations to the ministers responsible for regional development in the 26 OECD countries to attend an informal meeting in Stockholm, Sweden in April 1982 to discuss regional policy concerns and approaches.
- During the year, DREE contributed to a strengthening of the regional distribution of the government's procurement activity by increasing its input into the development of procurement policy proposals, and increasing the level of its representation on government procurement boards and committees. In particular, assignments were made to the project offices associated with the Canadian Patrol Frigate Program, the Radar Modernization Program, and the Low-Level Air Defence Program.
- DREE's advisory and consultative functions on the Industry and Labour Adjustment Program of the Department of Industry, Trade and Commerce, and on the Local Economic Development Assistance program of the Canada Employment and Immigration Commission continued throughout 1981-82.

## 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, 1982 were \$188.4 million. Expenditures under the subsidiary agreements totalled \$135.3 million. Other expenditures included \$18.6 million for industrial incentives and \$22.6 million for the Prince Edward Island Comprehensive Development Plan and other programs.

Six new subsidiary agreements came into effect during the year: two with Newfoundland (pulp and paper mill modernization and community development for coastal Labrador), one with New Brunswick (Consolidated-Bathurst Inc.) and three with Nova Scotia (pulp and paper modernization, ocean industry development and modernization of facilities at the Sydney Steel Corporation). In addition, an amendment to the Nova Scotia Panamax dry dock subsidiary agreement was signed. During the year, an amendment to the Canada/Prince Edward Island Comprehensive Development Plan Agreement was signed, providing for contributions to the third and final phase of the plan. As well, a major new program, the Federal Development Strategy for Prince Edward Island, was introduced. The program allows for direct federal program delivery by DREE and other federal government departments.

These new agreements and amendments are expected to result in DREE expenditures of \$289 million.

In order to take full advantage of ocean-related activities, an Ocean Industry Development Office was established in Halifax, Nova Scotia.

During the year, industrial firms accepted offers totalling \$53 million under the regional development incentives program.

The Atlantic Region, having an economy based largely on natural resources or resource-related industries, being somewhat removed from major market centres and having relatively little secondary manufacturing, will remain an area of major federal government economic 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 reason for cautious optimism for growth in certain of the natural resource sectors, particularly minerals and forest-based industries. In addition, ocean industries (defined as those establishments which manufacture equipment or provide services for all commercial and scientific activities in the oceans), are emerging as a new sector with considerable growth potential 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 contributed to this positive trend in the Atlantic economy by promoting permanent, full-time employment opportunities. Current subsidiary agreements 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 opportunity 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, such as pulp and paper modernization programs, ocean industries incentives, improved management and increased production in forestry; and improved urban infrastructure systems, including industrial parks and urban core development.

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### NEWFOUNDLAND

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As of March 31, 1982, 21 subsidiary agreements had been signed under the GDA. The fiscal year under review saw the signing of subsidiary agreements on pulp and paper mill modernization and on community development in coastal Labrador. Following is a brief description of activities under subsidiary agreements and other programs during 1981-82.

**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	<u>\$66 522 155</u>

DREE expenditure to date \$55 580 000

DREE expenditure 1981-82 \$ 3 652 000

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 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, 420 people were employed on projects under the forestry economic stimulation program.

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	<u>\$22 935 200</u>

DREE expenditure to date \$20 116 000

DREE expenditure 1981-82 \$ 597 000

This agreement was 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 provided for complementary tourism-related projects in nearby communities to generate employment and income opportunities for local residents. These projects included community infrastructure and roads, development of the inshore sports fishery, and planning of tourist services for the area.

Under the agreement, 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.

**Planning**

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

Costs shared by:

DREE	\$4 000 000
Provincial government	2 385 000
Total estimated cost	<u>\$6 385 000</u>

DREE expenditure to date \$2 505 000

DREE expenditure 1981-82 \$ 393 000

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

Studies undertaken during 1981-82 included Lake Melville Winter Navigation Study, Deer Lake Airport Socio-economic Study, Study of Module Fabrication for Offshore Oil and Gas, Flume Tank Construction Feasibility Study, Aluminum Smelter Feasibility Study and Peat Study (Phase 4). In addition, the province's planning capability was

enhanced by the engagement of specialists in various professional areas during the initial years of the agreement.

### Labrador

Duration: 03/12/76 to 31/03/83

Costs shared by:

DREE	\$18 258 300
Health & Welfare Canada	1 404 000
Provincial government	<u>2 434 700</u>
Total estimated cost	\$22 097 000

DREE expenditure to date	\$16 588 000
DREE expenditure 1981-82	\$ 1 402 000

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

A 32-ha industrial park has been constructed at Wabush to serve western Labrador and northeastern Quebec; a bridge has been built in North West 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, as well as 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 herd studies, biophysical studies, community plans, and transportation and port planning have all been undertaken.

### Mineral Development

Duration: 17/12/76 to 31/03/82

Costs shared by:

DREE	\$ 5 606 100
Energy, Mines and Resources	5 606 100
Provincial government	<u>1 245 800</u>
Total estimated cost	\$12 458 000

DREE expenditure to date	\$ 4 934 000
DREE expenditure 1981-82	\$ 1 368 000

The objective of this agreement was to establish a comprehensive inventory of geoscientific data on areas where there were 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 provided for the development and evaluation of policies for resource management that would encourage exploration and development by the private sector.

During the year, 13 geological mapping projects were conducted on the island and six in Labrador. As well, a core storage library costing \$850 000 was completed in Pasadena and a second one was built in Goose Bay at a cost of \$250 000.

### 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	\$ 7 105 000
DREE expenditure 1981-82	\$ 2 196 000

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 restoring the Grenfell and Bradley historic houses; building tourism chalets in western and eastern Newfoundland; restoring 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	\$ 9 795 000
DREE expenditure 1981-82	\$ 2 875 000

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, craftspersons and small rural enterprises.

Assistance to the regional development associations includes funding for basic administrative purposes; training; and planning and implementa-

tion of locally designed community development projects, which have ranged from elementary forms of fish processing to a woolens 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 funds are available 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	1 634 130
Total estimated cost	<u>\$16 341 300</u>

DREE expenditure to date	\$ 7 749 000
DREE expenditure 1981-82	\$ 2 674 000

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 with a total financial commitment of \$4.2 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.

Forty-two development opportunity projects valued at \$1.7 million are under way throughout the agricultural sector.

#### Industrial Development

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

Costs shared by:

DREE	\$23 985 000
Provincial government	2 665 000
Total estimated cost	<u>\$26 650 000</u>

DREE expenditure to date	\$11 941 000
DREE expenditure 1981-82	\$ 6 028 000

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, construction of a direct access road from the Trans-Canada Highway south of the city to the park and on to the downtown waterfront, and construction of a direct access road from the Stephenville industrial area and the Port au Port highway system to the Trans-Canada Highway.

During 1981-82, the 10 km of the Corner Brook access road between the Trans-Canada Highway and the industrial park was paved while design of the remaining 4.5 km was completed. Construction of the park got under way; its completion is expected by fall 1982.

Grading of the last 15 km of the 23 km Stephenville access road was completed, together with paving of the 8 km section constructed previously.

#### 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	<u>\$52 093 000</u>

DREE expenditure to date	\$ 7 720 000
DREE expenditure 1981-82	\$ 5 389 000

This agreement is designed to maintain and, where possible, increase the contribution of 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 1982 season involve reforestation, which includes planting projects involving 1 800 ha; pre-commercial thinning; site rehabilitation in central and western Newfoundland; construction of forest access roads; continuation of the forest resource inventory; and forest products development.

**Community Development for Coastal Labrador**

Duration: 29/05/81 to 31/03/87

Costs shared by:

DREE	\$33 800 000
Provincial government	5 196 000
Total estimated cost	<u>\$38 996 000</u>

DREE expenditure to date	\$ 6 212 000
DREE expenditure 1981-82	\$ 6 212 000

The components of this agreement include: reconstruction and paving of the Straits Highway in Southern Labrador and inter-community roads in Southeastern Labrador; provision of improved water and domestic sanitation facilities for coastal residents; construction of additional medical clinics; and funding for investigative studies on development of small industry in the region.

A 50 km section of the Straits Highway has been reconstructed and prepared for paving, which will begin in 1982-83; a contract has been awarded for construction of an access road between the communities of Williams Harbour and Georges Cove. A study has been carried out to identify constraints to effective communications along the coast.

A local advisory committee has been established to participate in the identification of project priorities in the coastal communities.

**Pulp and Paper Mill Modernization**

Duration: 01/06/81 to 31/03/85

Costs shared by:

DREE	\$30 000 000
Provincial government	3 000 000
Total estimated cost	<u>\$33 000 000</u>

DREE expenditure to date	nil
DREE expenditure 1981-82	nil

Under this agreement, the federal and provincial governments will participate jointly in a program of incentives for the pulp and paper industry in Newfoundland. The objectives of the agreement are to improve the viability, efficiency and inter-competitiveness of the Newfoundland pulp and paper industry by accelerating and maximizing

investment and encouraging policies within the private sector which are supportive of good forest management, pollution abatement, and industrial modernization.

The funds will be used to assist the Bowater Newfoundland Limited mill in Corner Brook and the Abitibi-Price Inc. mill in Grand Falls.

**REGIONAL DEVELOPMENT INCENTIVES PROGRAM**

Activity under the regional development incentives program during 1981-82 was as follows:

Net accepted offers	13
Number of jobs expected to be created	225
Eligible capital investment associated with offers	\$31 735 000
DREE commitment through these offers	\$ 4 244 000
Total payments 1981-82	\$ 1 912 000

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

**NEWFOUNDLAND AND LABRADOR DEVELOPMENT CORPORATION**

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 is due to expire in July 1982.

During 1981-82, DREE advanced \$1.5 million in loan funds to the corporation and spent \$326 000 as its share of the operating costs.

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NOVA SCOTIA

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As of March 31, 1982, 16 subsidiary agreements had been signed under the GDA. During the fiscal year, subsidiary agreements for pulp and paper modernization, ocean industry development and modernization of facilities at the Sydney Steel Corporation were signed, as well as a major amendment adding more than \$14 million to the Halifax Panamax dry dock agreement. Following is a brief description of activities under subsidiary agreements and other programs in 1981-82.

**SUBSIDIARY AGREEMENTS UNDER THE GDA****Metropolitan Halifax-Dartmouth Area Development**

Duration: 31/03/75 to 30/09/82

Costs shared by:

DREE	\$ 79 997 000
Provincial government	29 302 786
Total estimated cost	<u>\$109 299 786</u>

DREE expenditure to date \$ 79 783 000

DREE expenditure 1981-82 \$ 20 000

This agreement was designed to provide funds to complement private sector capabilities in the development of waterfront areas and metropolitan Halifax and Dartmouth 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 bottle-neck, 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.

All the projects in the agreement have been completed except for the evaluation.

**Strait of Canso Area Development**

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

Costs shared by:

DREE	\$22 503 400
Provincial government	7 554 100
Total estimated cost	<u>\$30 057 500</u>

DREE expenditure to date \$19 494 000

DREE expenditure 1981-82 \$ 645 000

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 1981-82 fiscal period, an amendment was signed extending the agreement for another two years, 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	<u>\$48 217 000</u>

DREE expenditure to date \$29 956 000

DREE expenditure 1981-82 \$ 1 902 000

The objectives of the agreement were 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 in local or export markets.

Over 40 400 ha of land were improved through drainage, adding to the province's resource base. This action also added some 6 000 ha of land for grain production. A central grain drying, grading and storing facility was also built. At year end, more than 682 new on-farm milling, storage and silo units were being utilized.

Hog production in the province has dramatically increased to over 200 000 hogs per year. To conserve animal waste and curb environmental pollution, 804 manure-storage facilities were constructed. Also during the course of the agreement, 180 farm innovative demonstration projects were initiated, and assistance was provided for the purchase of 40 refrigerated containers so that Nova Scotia farmers could better compete for the marketing of fruit in Europe.

**Industrial Development**

Duration: 22/06/76 to 31/03/83

Costs shared by:

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

DREE expenditure to date \$18 619 000

DREE expenditure 1981-82 \$ 2 916 000

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. Construction was almost entirely completed in all these parks during the year. 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	\$2 274 000
DREE expenditure 1981-82	\$ 399 000

This agreement defined 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 was formulated and the necessary planning and studies to implement the strategy were undertaken. Several studies in support of joint federal-provincial and private sector initiatives were conducted under the 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	\$34 238 000
DREE expenditure 1981-82	\$ 9 716 000

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

As a result of this agreement, more than 2 600 forest management agreements were signed for private forest woodlots which totalled an area of 195 000 ha. Eight groups of private woodlot owners were also 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, was established at Debert. Some 500 000 cords of softwood were salvaged from areas of the province destroyed by the spruce budworm. This project resulted in the creation of approximately 950 person-years of employment for provincial workers.

A nursery with an annual capacity of 10 million seedlings was constructed at Strathlorne on Cape Breton Island for the reforestation of the Cape Breton Highlands damaged by the spruce budworm. Eleven sawmills, accounting for approximately 25 percent of the lumber production in the province, were assisted under the sawmill improvement project at a total cost of \$450 000.

### Tourism Development

Duration: 01/04/77 to 31/03/83

Costs shared by:

DREE	\$11 000 000
Provincial government	2 750 000
Total estimated cost	<u>\$13 750 000</u>

DREE expenditure to date	\$ 9 573 000
DREE expenditure 1981-82	\$ 2 723 000

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 coordination of planning, promotion and implementation efforts within the destination areas.

### Energy Conservation

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

Costs shared by:

DREE	\$19 000 000
Provincial government	5 875 000
Total estimated cost	<u>\$24 875 000</u>

DREE expenditure to date	\$ 6 085 000
DREE expenditure 1981-82	\$ 3 012 000

The agreement is designed to encourage the development of new industries based on alternate energy technologies and to assist in the reduction of employment loss caused by the rise in conventional energy costs. Under the agreement, grants have been provided to approximately 150 manufac-

turing and service industry firms to undertake energy retrofit projects. The agreement has assisted the development of solar heat collectors, wood and biomass burners and low head hydro systems.

The use of waste heat and management of electricity loads are being investigated under the agreement. A testing centre for energy-using hardware is operating. Energy system planning within the province has been advanced under the subsidiary agreement. An extensive public information and education program was undertaken during 1981-82.

#### Halifax Panamax Dry Dock

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

Costs shared by:

DREE	\$43 900 000
Provincial government	13 700 000
Total estimated cost	<u>\$57 600 000</u>

DREE expenditure to date	\$35 298 000
DREE expenditure 1981-82	\$32 247 000

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. Construction of the floating dry dock and related infrastructure is under way, with completion expected in the summer of 1983.

#### Assistance to Michelin Tires (Canada) Ltd.

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

Costs shared by:

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

DREE expenditure to date	nil
DREE expenditure 1981-82	nil

This agreement provides for establishment of a third radial tire manufacturing facility and expansion of the two existing facilities to provide a large, efficient, internationally competitive radial tire operation.

#### Modernization of Facilities at the Sydney Steel Corporation

Duration: 01/04/81 to 31/03/84

Costs shared by:

DREE	\$77 000 000
Provincial government	19 250 000
Total estimated cost	<u>\$96 250 000</u>

DREE expenditure to date	\$ 1 841 000
DREE expenditure 1981-82	\$ 1 841 000

The objectives of the agreement are to assist the province to maintain employment levels consistent with efficient plant operations and to improve the financial position at the Sydney Steel Corporation through the provision of a capital works program which will ensure a physical plant capable of working efficiently.

#### Pulp and Paper Modernization

Duration: 23/05/81 to 31/03/84

Costs shared by:

DREE	\$17 000 000
Provincial government	4 250 000
Total estimated cost	<u>\$21 250 000</u>

DREE expenditure to date	nil
DREE expenditure 1981-82	nil

Capital investment of approximately \$121 million in mill modernization, pollution abatement, and energy cost-reduction projects is expected to be encouraged by incentives to be provided under this agreement. This agreement is intended to assist Nova Scotia mills in maintaining their competitive position and enable the mills to meet current pollution-control requirements.

#### Ocean Industry Development

Duration: 24/07/81 to 24/07/86

Costs shared by:

DREE	\$22 950 000
Provincial government	12 050 000
Total estimated cost	<u>\$35 000 000</u>

DREE expenditure to date	nil
DREE expenditure 1981-82	nil

This agreement, the first major initiative in Canada relating to ocean industry, consists of two groups of programs funded individually by the federal and provincial governments and carried out jointly under the umbrella of the GDA. The objectives of the agreement are to stimulate the growth of a complex of medium-to-high-technology ocean manufacturing and service industries and to

provide support for applied research and technology transfer to enable Nova Scotia to become a true centre of excellence in the ocean industry sector.

The federal program consists of capital and marketing assistance grants, assistance for ocean industry trade associations, an incubator mall for fledgling ocean industries, and an Ocean Industry Development Office to undertake promotion, development and coordination of federal programs. The provincial program provides grant assistance for municipal taxes, development of an ocean industry park, and an innovation centre to provide business management and advice to ocean industries.

#### REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	66
Number of jobs expected to be created	1 255
Eligible capital investment associated with offers	\$46 624 000
DREE commitment through these offers	\$13 840 000
Total payments 1981-82	\$ 7 500 000

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

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### PRINCE EDWARD ISLAND

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On October 7, 1981, the federal government announced a three-year (April 1, 1981 to March 31, 1984) \$92 million package of economic development programs for Prince Edward Island. The package includes a \$53 million cost-sharing agreement with the province for the third and final phase of the 15-year Comprehensive Development Plan Agreement and the \$39 million Federal Development Strategy for Prince Edward Island that provides for coordinated implementation of federal programs designed specifically for the province.

The Federal Development Strategy, which involves the participation of six federal departments including DREE, will provide the framework for continued federal contribution to economic development on Prince Edward Island after termination of the Comprehensive Development Plan Agreement in 1984.

A federal management committee, chaired by DREE and having representation from the departments of Industry, Trade and Commerce; Agriculture; Transport; Fisheries and Oceans; and Energy, Mines and Resources, has been established by Treasury Board to ensure coordination of program planning.

DREE expenditures during 1981-82 under the Comprehensive Development Plan and the Federal Development Strategy for Prince Edward Island totalled \$19 925 000, of which the latter accounted for \$185 000.

#### SELECTED DREE PROGRAMS UNDER THE FEDERAL DEVELOPMENT STRATEGY FOR PRINCE EDWARD ISLAND

From April 1, 1981 to March 31, 1984, DREE will allocate \$10.8 million to the implementation of economic development programs under the Federal Development Strategy for Prince Edward Island.

##### Small Business Assistance Program

The objectives of the program are to encourage the development of the small business sector on Prince Edward Island by providing financial assistance for capital projects which are not currently eligible for assistance under existing federal programs, and to generate employment and income opportunities within the small business sector.

##### Acadian Community Development Program

The objective of the program is to encourage francophone individuals and groups to initiate economic projects that contribute to the development and strengthening of the French language and Acadian culture on Prince Edward Island.

##### Community Industrial Support Program

The objective of the program is to encourage Area Industrial Commissions in Prince Edward Island to promote, coordinate and implement economic development activities in the communities within their jurisdiction.

##### Community Assistance Program

The objective of the program is to encourage municipalities not currently within the jurisdiction of an Area Industrial Commission to undertake economic development activities.

##### Pilot Program

The objective of the program is to encourage the expansion, diversification and development of the manufacturing and processing sectors by assisting

industry-specific organizations to gather information and review and analyze new opportunities.

#### SELECTED PROGRAMS UNDER THE COMPREHENSIVE DEVELOPMENT PLAN

From April 1, 1981 to March 31, 1984, DREE will contribute \$41 million to the implementation of programs under the Prince Edward Island Comprehensive Development Plan.

#### Agriculture

Agricultural programs in 1981-82 continued efforts to strengthen existing family farms and encourage new farmers to enter the industry. Since 1969, approximately 70 percent of Prince Edward Island farmers have received capital assistance to expand, modernize, diversify or establish new operations.

During the year, a new commodity-specific incentive program was introduced to provide for more selective development in the agricultural industry.

#### Tourism

During the year, Tourist Information Centres were completed in the Brackley Beach and Summerside areas. The other cost-shared projects are travel sales development and tourism industry development. Their objectives are to promote marketing and development of the tourist sector. These latter activities will continue to be cost-shared and will be coordinated with the programs being delivered directly by the Canadian Government Office of Tourism.

#### Forestry

Programs to improve the quality and use of forests, initiated during Phase II of the Comprehensive Development Plan, were continued in 1981-82.

The forest resource incentive program has received strong support from the private sector, resulting in 300 approved forestry management plans.

During the year, an inventory of Prince Edward Island's biomass was completed. This is the first inventory of its kind in Canada.

#### Market and Product Development

This program helps to finance the Market Development Centre which assists producers, processors, and manufacturers in gaining access to the

marketing services necessary to compete more successfully. In addition, it promotes new products, develops sales methods, and assists in improving sales of island products in new markets.

#### Transportation

Construction on ten resource and all-weather collector roads was carried out during the year. All projects were part of a highway construction program developed jointly by DREE and the provincial government.

#### REGIONAL DEVELOPMENT INCENTIVES PROGRAM

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

Net accepted offers	12
Number of jobs expected to be created	205
Eligible capital investment associated with offers	\$4 277 000
DREE commitment through these offers	\$1 259 000
Total payments 1981-82	\$2 143 000

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

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## NEW BRUNSWICK

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As of March 31, 1982, 21 subsidiary agreements had been signed under the GDA. During the 1981-82 fiscal year, a new subsidiary agreement for the modernization of the Consolidated-Bathurst pulp mill was signed. Following is a brief description of activities under subsidiary agreements and other programs during 1981-82.

#### 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	15 325 700
Total estimated cost	<u>\$74 228 500</u>

DREE expenditure to date	\$55 769 000
DREE expenditure 1981-82	\$ 2 323 000

Under this agreement, a comprehensive province-wide forestry development program was undertaken aimed at increasing timber production and expanding the wood-processing industry. Approximately half of the funds was allocated for intensified forest management. This included development of better forest management information, expansion of forest nursery activities, increased tree planting and stand improvement, and development of an integrated network of forest roads. Although the main agreement expired on March 31, 1980, the job creation component did not terminate until March 31, 1982. An additional \$2.323 million was spent in 1981-82 on forestry-related job creation activities such as: stand improvement, Christmas tree and maple bush production, and boundary line maintenance.

#### Saint John and Moncton Arterial Highways

Duration: 17/02/75 to 31/03/83

Costs shared by:

DREE	\$35 840 000
Provincial government	15 360 000
Total estimated cost	<u>\$51 200 000</u>

DREE expenditure to date	\$33 304 000
DREE expenditure 1981-82	\$ 1 510 000

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

All work on the Saint John Throughway was completed during 1981-82.

#### Planning

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

Costs shared by:

DREE	\$2 437 500
Provincial government	2 437 500
Total estimated cost	<u>\$4 875 000</u>

DREE expenditure to date	\$1 557 000
DREE expenditure 1981-82	\$ 203 000

This agreement recognized 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 were: 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	\$ 8 747 000
DREE expenditure 1981-82	\$ 946 000

The objectives of this agreement were promotion of private investment in both exploration and mine development, encouragement of further processing of minerals, and 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. At year end, detailed work was continuing on a third possible potash mine, also stimulated by DREE-funded exploration activities.

#### Northeast New Brunswick

Duration: 23/06/77 to 31/03/84

Costs shared by:

DREE	\$67 175 000
Provincial government	28 325 000
Total estimated cost	<u>\$95 500 000</u>

DREE expenditure to date	\$38 780 000
DREE expenditure 1981-82	\$ 5 595 000

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 possible an official opening for visitors early in 1982. DREE has contributed more than \$4.1 million to this centre 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-m<sup>2</sup> 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 was completed by September 1981. The entire community college is a \$10 million project, with 50 per cent of funds provided 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	<u>\$34 622 500</u>

DREE expenditure to date	\$19 474 000
DREE expenditure 1981-82	\$ 6 649 000

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 farm, and seminars and tours relating to all aspects of agriculture have been carried out to develop human resources, and marketing techniques have improved.

Four main land drainage systems have been constructed and community pasture development has continued.

Tests and demonstrations of new technology have been done, including those on a precision seeder, and on several varieties of cereal and forage crops.

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	<u>\$26 274 000</u>

DREE expenditure to date	\$ 6 267 000
DREE expenditure 1981-82	\$ 2 682 000

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 sectoral agreements, are aimed at the creation and maintenance of employment, income and economic activity.

In 1981-82, two major tourism sector projects, involving approximately \$225 600 in federal funds, were completed: a Tourist Information Centre at St. Stephen and renovations at Katy's Cove near the Algonquin Hotel in St. Andrews. In addition, approximately \$200 000 was contributed toward the acquisition of required land for the Grand Falls Gorge development, a major tourist attraction. Under the municipal development program, a further \$1.64 million was contributed toward municipal infrastructure projects in the Northwest and Charlotte regions of the province.

#### 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	<u>\$37 500 000</u>

DREE expenditure to date	\$12 012 000
DREE expenditure 1981-82	\$ 6 612 000

The primary objective of this agreement is intensive silvicultural treatment of forest lands to sustain a long-term wood supply. The main emphasis is on softwood species. During the year under review, 28.6 million seedlings were shipped by nurseries for planting 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 the use of intensified private woodlot management practices, stands were cleaned and thinned, access roads were constructed, and aid was given to Christmas tree and maple product producers to better plan and manage their stands.

#### 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	<u>\$42 250 000</u>

DREE expenditure to date	\$17 453 000
DREE expenditure 1981-82	\$13 753 000

Developed through a federal-provincial planning exercise in which DREE and the Department of Industry, Trade and Commerce were the federal participants, this 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. To date, four mills have signed agreements with the federal and provincial governments.

The Boise Cascade Canada Ltd. pulp mill at Newcastle will receive a \$4 million incentive toward modernization. Boise Cascade will invest \$41 million for capital improvements in the areas of process modernization, pollution abatement and energy conservation.

NBIP Limited will receive \$12.5 million toward modernization of its newsprint mill at Dalhousie. Total cost of the company's modernization project is \$160.4 million.

St. Anne Nackawic Pulp and Paper Ltd. will receive a \$5 million incentive toward its pulp mill modernization. Total cost of the company's modernization project is \$62.2 million.

Fraser Incorporated of Edmundston will receive a \$17 million incentive in support of a \$169 million modernization of its Atholville mill. The three-pronged modernization program encompasses updating of equipment, pollution control and measures to improve efficiency of energy use.

**Saint John Market Square Development**

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

Costs shared by:	
DREE	\$ 8 085 800
Provincial government	2 021 500
Total estimated cost	<u>\$10 107 300</u>

DREE expenditure to date	\$ 2 087 000
DREE expenditure 1981-82	\$ 1 518 000

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.

During 1981-82, the following major elements of the trade centre were completed: sitework, caissons, structural steel, metal deck, roofing and metal doors. Other construction items that were partially completed included: masonry, exterior carpentry, plumbing, heating and ventilation, sprinkler systems, fireproofing and electrical services. In summary, the exterior structure, excluding the masonry, was completed. The hotel caissons were drilled and the design plans progressed.

**Modernization of the Consolidated-Bathurst Inc. Facility at Bathurst, New Brunswick**

Duration: 30/03/82 to 31/03/89

Costs shared by:	
DREE	\$ 19 600 000
Consolidated-Bathurst	175 000 000
Provincial government	4 900 000
Total estimated cost	<u>\$199 500 000</u>

DREE expenditure to date	\$ 1 120 000
DREE expenditure 1981-82	\$ 1 120 000

The purpose of this agreement is to enable the federal and provincial governments and the company to implement an investment program and thereby maintain employment opportunities, and to encourage appropriate industrial and commercial development in the area.

The agreement is to be the catalyst for a modernization investment of \$175 million by Consolidated-Bathurst Inc. Under the modernization plan, the kraft operation at the Bathurst mill will be terminated. In its place, the company will construct a 400-tonne-per-day thermo-mechanical pulp plant at Bathurst, at a cost of \$98 million. The plant will come on stream in 1983.

During the period from 1981 to 1987, \$7 million will be spent upgrading the corrugating medium plant. An additional \$60 million will be spent to buy a new corrugating medium machine that will start production in 1988.

The entire plant will be brought up to federal-provincial environmental standards at an estimated cost of \$10 million.

**REGIONAL DEVELOPMENT INCENTIVES PROGRAM**

Activity under the regional development incentives program during 1981-82 was as follows:

Net accepted offers	31
Number of jobs expected to be created	2 122
Eligible capital investment associated with offers	\$267 189 000
DREE commitment through these offers	\$ 34 110 000
Total payments 1981-82	\$ 7 055 000

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



## QUEBEC REGION

The 1981-82 fiscal year was highlighted by efforts for economic and industrial expansion in Eastern Quebec, and a wide range of projects in the Quebec City and Montreal areas. It is important to note that while continuing its activities on the incentives program for manufacturers and on subsidiary agreements signed with the Province of Quebec, DREE engaged, through its participation in the programs of other federal departments, in new regional initiatives, primarily in the Magdalen Islands, Gaspé, North Shore and Saguenay/Lac-Saint-Jean regions.

During the year, DREE expenditures in Quebec totalled \$182.8 million - an increase of 9 percent over the previous year's total. Of this, \$97.7 million was spent on various subsidiary agreements under the Canada-Quebec General Development Agreement and nearly \$75 million on incentives to manufacturing enterprises.

The Magdalen Islands economic development program announced last year was implemented during 1981-82. Among the projects undertaken is an incentives program better adapted to the particular needs of the region's small and medium-sized business.

A new Canada-Quebec subsidiary agreement was concluded for the establishment of the Société Inter-Port de Québec. The agreement is aimed at encouraging the economic growth of Quebec City by establishing an industrial complex that could make use of the existing harbour infrastructure. DREE's share in this agreement is \$5.5 million.

An amendment to the agreement on tourism development provides funding for the Palais des Congrès project in Montreal. The federal commitment to this project is \$24 million, of which DREE's share is set at \$9 million.

Under DREE's regional development incentives program (including the Magdalen Islands program), 485 manufacturing firms in Quebec received financial assistance during 1981-82. More than \$650 million in investment and more than 10 000 new jobs are expected. DREE assistance to all these firms represents commitments totalling \$123 million.

As of March 31, 1982, 15 subsidiary agreements had been signed under the GDA. During the year under review, an agreement for the financial assistance

of the Société Inter-Port de Québec was signed. An amendment was also signed adding an additional \$60 million to the tourism development agreement. The amendment increases the provincial share by \$36 million and the federal share by \$24 million. Following is a brief description of activities under subsidiary agreements and other programs during 1981-82.

### SUBSIDIARY AGREEMENTS UNDER THE GDA

#### Transport Development

Duration: 13/09/74 to 31/03/84

Costs shared by:

DREE	\$209 105 000
Provincial government	245 670 000
Total estimated cost	<u>\$454 775 000</u>

DREE expenditure to date	\$150 240 000
DREE expenditure 1981-82	\$ 7 988 000

DREE expenditures under this agreement during the year were for six highway projects, three of which have now been completed. Amounts spent on each project are shown in parentheses. Among the projects completed in 1981-82 were improvements to Highways 10, 55 and 51 between Sherbrooke and Drummondville (\$55 000); construction of a second lane on Highway 40 between Berthier and Pointe-du-Lac (\$1 200 000); and construction of Highway 138 between Brador and the Labrador border, including repairs to the access road to Blanc-Sablon Airport (\$810 00).

DREE continued its participation in the reconstruction of sections of Highway 117 between Saint-Jovite and Louvicourt (\$556 000) as well as Highways 132 and 199 in Gaspé and the Magdalen Islands (\$5 000 000). During the year, construction of Highway 70 between La Baie and Alma began (\$367 000).

During the year, DREE also broadened the agreement to include the financing of transportation infrastructure other than highways, with the aim of promoting regional economic development throughout Quebec. This could entail medium-term financial assistance for rail, air and marine infrastructure. As part of this new, broader approach, DREE has agreed to help finance construction of a wharf for the rail-ferry at Port-Cartier. DREE's commitment to this project, which will begin in 1982-83, is set at \$3 600 000.

### Industrial Infrastructure

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

Costs shared by:

DREE	\$ 82 602 000
Provincial government	55 068 000
Total estimated cost	<u>\$137 670 000</u>

DREE expenditure to date	\$ 46 711 000
DREE expenditure 1981-82	\$ 6 314 000

This agreement consists of a financial assistance program to enable municipalities to set up or improve their industrial infrastructure. The assistance facilitates the creation and expansion of industrial parks, as well as the establishment of well equipped industrial fishery parks in Gaspé and on the North Shore. There is also support for municipalities that do not have the necessary infrastructure for a major industrial project.

In 1981-82, the various projects went ahead as planned, with the exception of activities in the fishery sector, where revamped provincial government policies and programs are expected to be implemented in 1982-83.

During the year, DREE expenditures were \$3 223 000 for industrial park development, \$61 000 for fishery parks and \$3 030 000 for special projects.

### Forest Development

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

Costs shared by:

DREE	\$193 400 000
Provincial government	128 933 000
Total estimated cost	<u>\$322 333 000</u>

DREE expenditure to date	\$108 648 000
DREE expenditure 1981-82	\$ 24 593 000

The aim of the forest development agreement is to help build forest access roads and improve existing ones with a view to the development and optimum exploitation of vast wooded areas in Quebec. The major projects in 1981-82 involved government controlled work to build the Maniwaki-Témiscaming highway, and the financing of roads being built by the paper and pulp industry through grants equal to 50 percent of the cost of construction.

The agreement also calls for a large-scale silviculture and reforestation program. In 1981-82, close to 8.5 million seedlings were planted in public forests, representing a decrease of 30 percent compared with that of last year. Private forests, however, received 24 million new seedlings, representing a 21 percent increase over

that of last year. This marks a trend toward reforestation in suburban forest zones.

In 1981-82, DREE spent \$13 110 000 on forest access roads, \$11 387 000 on silviculture and reforestation, and \$96 000 on studies dealing with rationalizing wood allotments.

### Agricultural Development

Duration: 29/03/76 to 31/03/84

Costs shared by:

DREE	\$ 61 960 000
Provincial government	41 306 000
Total estimated cost	<u>\$103 266 000</u>

DREE expenditure to date	\$ 55 843 000
DREE expenditure 1981-82	\$ 1 354 000

This agreement promotes the consolidation and rationalization of use of the province's farmland. The program is applied in 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 watercourse development work and underground drainage in the Montreal Plain, eastern Quebec, Saguenay/Lac-Saint-Jean and Abitibi/Témiscamingue.

DREE's share in the financing of land reclamation projects during 1981-82 amounted to \$1 042 000, of which \$673 000 was used for underground drainage of agricultural land in eastern Quebec and in Saguenay/Lac-Saint-Jean.

Funds earmarked for the farm consolidation program are gradually diminishing as needs in the outlying regions are close to being met. As a result, DREE expenditures in these regions were down in 1981-82 to \$312 000 compared with \$708 000 last year.

### 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	<u>\$28 600 000</u>

DREE expenditure to date	\$17 136 000
DREE expenditure 1981-82	\$ 402 000

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, this agreement contributed to the construction of mining access roads, geoscientific mineral and hydrocarbon studies, and industrial research and development projects.

1981-82 was the final year of the agreement and saw the completion of geoscientific studies and various research and development projects.

#### **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	<u>\$13 292 000</u>

DREE expenditure to date	\$ 4 301 000
DREE expenditure 1981-82	\$ 287 000

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

In 1981-82, funds committed under this agreement were spent on operating the Société PICA-Mirabel. The agreement expired March 31, 1982.

#### **Water Treatment Facilities for the Montreal Area**

Duration: 30/03/78 to 31/03/83

Costs shared by:

DREE	\$120 000 000
Provincial government	80 000 000
Total estimated cost	<u>\$200 000 000</u>

DREE expenditure to date	\$118 900 000
DREE expenditure 1981-82	\$ 2 400 000

The Montreal area is the largest source of water pollution in Quebec. Studies 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 water from the St. Lawrence River.

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

The agreement is two-fold: funding for the Montreal Urban Community (MUC) program and assistance for individual projects in 13 Montreal area municipalities. In 1981-82, implementation of the MUC program proceeded as planned, and projects began in Valleyfield, Châteauguay and Laval.

#### **Tourism Development**

Duration: 06/04/78 to 31/03/84

Costs shared by:

DREE	\$ 54 600 000
Canadian Government	
Office of Tourism	15 000 000
Provincial government	66 400 000
Total estimated cost	<u>\$136 000 000</u>

DREE expenditure to date	\$ 31 896 000
DREE expenditure 1981-82	\$ 14 992 000

The agreement's overall objectives are to increase and diversify tourist attractions in order to increase the number of out-of-province visitors and encourage Quebecers to take greater advantage of tourist facilities in their own province. Specific programs include tourist promotion and the creation of tourist parks; restoration of buildings and historic sites; modernization of museums; development of tourist stopovers; and establishment and improvement of open-air centres and holiday camps.

The agreement was amended during 1981-82 to include a funding project for the Palais des Congrès in Montreal, and to extend the agreement itself until March 31, 1984. The federal government's contribution has been set at \$24 million: \$15 million from the national program of the Canadian Government Office of Tourism for assistance to convention centres in major Canadian urban centres; and \$9 million from DREE.

#### **Public Infrastructure**

Duration: 16/05/78 to 30/09/82

Costs shared by:

DREE	\$23 032 500
Employment and Immigration	228 500
Provincial government	11 615 000
Total estimated cost	<u>\$34 876 000</u>

DREE expenditure to date	\$20 109 000
DREE expenditure 1981-82	\$ 1 640 000

The objective of this agreement is to help carry out municipal infrastructure projects that will create short-term employment and encourage economic growth. The 22 municipalities targetted by the agreement are located in areas of high unemployment. Projects include construction or

improvement of water and sewage networks, construction of filtration plants, provision of services for industrial zones, development of streets and trailer parks, and construction of recreational facilities.

Among examples of the work carried out are the installation of municipal services connected with 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 1981-82, all projects were completed except for the one in Parent.

#### 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	<u>\$240 000 000</u>

DREE expenditure to date	\$ 24 876 000
DREE expenditure 1981-82	\$ 18 407 000

The pulp and paper industry is the most important component of Quebec's forest industry. Over the last decade, however, 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 to make them more competitive. In order to encourage companies to increase their investments, financial assistance is provided in the form of direct incentives of up to 25 percent of eligible assets. Incentives are granted primarily to reduce production costs and for the installation of equipment to protect the environment and conserve energy.

In 1981-82, DREE committed close to \$77 million in incentives to 21 Quebec businesses, including Gaspesia Ltd. in Gaspé, Domtar in Roberval, Donohue in Charlevoix, Reed Ltd. in Limoilou, Glassine Canada Inc. in Quebec City, Papiers Perkins Ltd. in La Prairie, James Maclaren Ltd. in Gatineau, Papier Q.N.S. Ltd. in Manicouagan, and several plants of Abitibi-Price Ltd., C.I.P. Ltd., Papiers Scott Ltd., Rolland Inc. and Kruger Inc.

#### 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	<u>\$42 500 000</u>

DREE expenditure to date	\$25 077 000
DREE expenditure 1981-82	\$19 007 000

Under this agreement, the two governments provide financial assistance to the Donohue-Normick company to establish a newsprint mill in Amos and to help the municipalities of Amos and Amos-Est set up the necessary residential infrastructure to accommodate the increased population resulting from the establishment of the plant.

The construction of the mill, which has an annual capacity of 160 000 tonnes, began in the fall of 1980 and was completed in the spring of 1982. The mill was made operational according to schedule in March 1982 after only 20 months of construction. It should be pointed out that, despite a difficult economic situation and high interest rates, the project was completed within the \$190 million cost estimated. The mill, which uses pulp made entirely by a thermo-mechanical process, has created 700 direct and indirect jobs.

All the residential infrastructure, except for paving, was completed in 1981-82, making it possible to service nearly 200 homes.

#### Société Inter-Port de Québec

Duration: 03/07/81 to 31/03/84

Costs shared by:

DREE	\$5 550 000
Provincial government	3 700 000
Total estimated cost	<u>\$9 250 000</u>

DREE expenditure to date	\$ 315 000
DREE expenditure 1981-82	\$ 315 000

This program provides financial assistance to the Société Inter-Port de Québec in order to promote the economic development of the Quebec City area. In addition to assuming administrative, research and advertising costs, the agreement allows the company to defray the costs of acquiring industrial land, setting up necessary infrastructure and funding industrial projects.

The creation of the Société Inter-Port de Québec represents the desire to give the Quebec City area a more competitive and diversified industrial base. It indicates the growing awareness of Quebec City harbour as an area of great potential for industrial development and of the need for greater coordination in efforts to achieve this development. The Quebec Department of Industry, Commerce and Tourism controls 60 percent of the company; the remainder is controlled by DREE.

The company's main objective is the establishment of an industrial complex in the Quebec City metropolitan area that will take advantage of existing harbour facilities and contribute to the area's development.

Following the signing of the agreement in July 1981, the company's main activities during the year were concerned primarily with acquiring land near Pointe-de-la-Martinière.

### REGIONAL DEVELOPMENT INCENTIVES PROGRAM

#### Regional Development Incentives Act

Activity under the Regional Development Incentives Act during 1981-82 was as follows:

Net accepted offers	310
Number of jobs expected to be created	5 809
Eligible capital investment associated with offers	\$283 704 400
DREE commitment through these offers	\$ 57 833 200

#### 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 area as the centre of manufacturing development in the province.

Activity under the program during 1981-82 was as follows:

Net accepted offers	168
Number of jobs expected to be created	4 168
Eligible capital investment associated with offers	\$365 812 000
DREE commitment through these offers	\$ 64 950 000

In 1981-82, DREE expenditures in Quebec under the regional development incentives program amounted to \$74.6 million, of which \$37 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.

### MAGDALEN ISLANDS ECONOMIC DEVELOPMENT PROGRAM

Compared with other regions of Quebec, the Magdalen Islands have not reached a level of economic development that would help to ease the chronic unemployment plaguing the region. The islands' geographic location is one of the reasons for this sluggish economic growth. DREE is well aware of the situation and, with the participation of other federal departments, has implemented a program aimed primarily at improving the living conditions of the local population and creating permanent jobs to help lower unemployment and reduce the number of people leaving the islands.

The program represents a federal commitment of \$13 775 000 over a four-year period ending March 31, 1985. Four program elements have been developed by DREE, the Department of Fisheries and Oceans and Transport Canada: the construction of harbour infrastructure related to fisheries; the construction of a new runway and a fuel supply depot for air transport carriers; an industrial incentives program; and various economic development studies. DREE is responsible for the industrial incentives program.

Activity under the industrial incentives program during 1981-82 was as follows:

Net accepted offers	7
Number of jobs expected to be created	30
Eligible capital investment associated with offers	\$969 600
DREE commitment through these offers	\$484 800
Total payments 1981-82	\$101 000

In addition, DREE had planned joint financial assistance initiatives with the Quebec government, including the establishment of land infrastructure related to fisheries and projects in the agriculture and tourism sectors.



## ONTARIO REGION

The traditional slow-growth areas of northern and eastern Ontario accounted for most of the DREE activity in the Ontario Region. At the same time, however, serious discussions and negotiations were under way with provincial officials with a view to providing appropriate assistance to all areas of the province which have been negatively affected by recent economic trends.

During 1981-82, departmental expenditures in the Ontario Region totalled \$48.5 million. Included in this amount are program expenditures of \$33.9 million for subsidiary agreement activity and \$11.7 million for industrial incentives.

More than 1 500 new jobs and capital investments of almost \$54 million are anticipated as a result of 1981-82 activity under the regional development incentives program. During the year, 55 incentives offers were accepted. Assistance under the program is available to firms initiating manufacturing or processing projects and to firms expanding or modernizing existing operations in designated portions of Ontario.

By March 31, 1982, 11 subsidiary agreements had been signed with Ontario under the GDA. Seven agreements are currently active. 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 31/03/83

Costs shared by:

DREE	\$13 755 000
Canada Mortgage and Housing Corporation	1 546 000
Provincial government	15 301 000
Total estimated cost	<u>\$30 602 000</u>
DREE expenditure to date	\$10 272 000
DREE expenditure 1981-82	\$ 2 354 000

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. In 1981-82, the Valley East area program was added to the agreement, increasing the total value of the

Northeastern Ontario agreement by \$682 000 to \$30 602 000. Area programs under the agreement have now been developed for Parry Sound, Timmins, Sudbury, North Bay and Valley East.

During the year, a water distribution system, sewer system and industrial park road improvements were completed in Valley East. Final sewage and water hook-ups to the existing municipal system are to be completed in 1982-83. Most of the work under the sanitary sewers sub-program of the Sudbury area program was completed during 1981-82. Final sewer pump modifications and hook-up to the existing municipal system will be completed during 1982-83.

To allow for the completion of all municipal industrial park projects under the North Bay area program, the agreement was extended during 1981-82 to March 31, 1983. Final water and sewer testing and the remaining underground work along Lakeshore Drive will be completed in 1982-83, along with the pumping station, water standpipe, paving, road access and storm sewer works.

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	\$ 9 383 630
Indian Affairs and Northern Development	314 908
Ministry of Transport	150 000
Canada Mortgage and Housing Corporation	366 462
Provincial government	9 585 000
Total estimated cost	<u>\$19 800 000</u>

DREE expenditure to date	\$ 8 143 000
DREE expenditure 1981-82	\$ 268 000

This agreement is designed to diversify and stabilize the economies of single-industry resource communities in northern Ontario and to initiate programs aimed at easing the social and economic problems characteristic of single-industry towns.

Projects under this agreement are rapidly nearing completion. The Geraldton Airport was officially

opened in July 1981 and completion of runway, grading and paving are scheduled for the 1982 construction season. Completion of the airport at Geraldton will significantly improve air travel for area residents.

Also well under way is the Ministry of Natural Resources fire base. Construction of the operating building has now been completed and dock construction is in process.

#### 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	\$3 741 000
DREE expenditure 1981-82	\$ 829 000

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 geoscientific surveys program in Kirkland Lake.

Under the Upper Ottawa Valley program, the county-wide economic development association has involved itself in numerous local economic initiatives. Of particular local interest was the commissioning of a manufacturing opportunities study which is intended to assist the area in developing a stronger economic base for the future. The findings of the industrial land development studies project led to federal-provincial discussions concerning the need for an industrial park in Pembroke. An amendment to include a Pembroke Industrial Park program under this agreement is expected to be signed in 1982-83. During 1981-82, the Pembroke-Renfrew area mineral resource assessment project issued a summary report of publications which had been issued during the previous three years and which related to area mineral and aggregate occurrences.

Work is 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 continue to generate substantial mineral exploration activity in the Swastika, Kirkland Lake, Virginiatown and Larder Lake areas. Under this program, more than \$575 000 was spent on mineral survey and evaluation projects during 1981-82.

#### 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	\$12 221 000
DREE expenditure 1981-82	\$ 7 018 000

This agreement is intended to enhance forest management activity and accelerate reforestation so that long-term availability of wood supplies can be ensured. Program elements include construction of forest access roads, establishment of silviculture camps, upgrading of nursery production facilities, soil surveys, applied pilot research, and a hardwood utilization study and evaluation.

To March 31, 1982, a total of 92 projects had been approved under the forest management agreement. The construction of certain forest access roads under the agreement is being cost-shared with the private sector; those on Crown lands are fully funded under the agreement.

The development of planting stock for forest regeneration operations is being funded at provincial nurseries in Thunder Bay, Dryden and Swastika. In October 1981, the irrigation system at the Thunder Bay nursery was officially opened.

#### Pulp and Paper Industry Facilities Improvement

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

Costs shared by:

DREE	\$ 60 000 000
Provincial government	120 000 000
Total estimated cost	<u>\$180 000 000</u>

DREE expenditure to date	\$ 41 718 000
DREE expenditure 1981-82	\$ 14 032 000

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 the international markets.

Nine major pulp and paper companies have signed agreements to receive assistance under the program.

By the end of the year under review, expenditures by the companies had exceeded \$900 million. One company completed its modernization program during 1981-82, well ahead of schedule, and was toured by the Minister and department officials. Another company, because of internal difficulties, has asked for a one-year extension.

The program is progressing well and is meeting its objectives. It is anticipated that DREE's maximum contribution of \$60 million will be instrumental in spurring corporate investment of some \$2 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	25 175 000
Total estimated cost	<u>\$50 350 000</u>

DREE expenditure to date	\$12 418 000
DREE expenditure 1981-82	\$ 9 260 000

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 \$1.6 million in forgivable loans was offered to 51 enterprises during the 1981-82 fiscal year. As a result of these incentives, \$7.7 million of private sector investment was levered, creating potential for establishing an average of 385 full-time jobs over the next three years.

Forest-renewable operations continued to provide part-time employment for local residents during the winter months. Gradiometer survey technology was transferred from government to the private sector to stimulate mineral exploration through air surveys of mineral potential in eastern Ontario.

In addition, the construction of 62 municipal drains was approved under this agreement during 1981-82.

#### Northern 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	<u>\$18 500 000</u>

DREE expenditure to date	\$ 131 000
DREE expenditure 1981-82	\$ 131 000

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.

During 1981-82, agreement sub-committees completed the formulation of criteria for assistance under each of the programs and began receiving applications for assistance. To the end of March 1982, a total of 69 projects was approved for assistance, representing a total federal commitment of almost \$1.3 million.

#### 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 1981-82 was as follows:

Net accepted offers	55
Number of jobs expected to be created	1 516
Eligible capital investment associated with offers	\$53 939 000
DREE commitment through these offers	\$11 860 000
Total payments 1981-82	\$11 692 000

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



## WESTERN REGION

In the Western Region - comprised of Manitoba, Saskatchewan, Alberta, British Columbia, the Northwest Territories and Yukon - DREE expenditures during the 1981-82 fiscal year amounted to nearly \$170 million.

Of this sum, approximately \$74.9 million was for subsidiary agreements, \$22.0 million for industrial incentives, and the remainder for administration and activities under such legislation as the Agricultural and Rural Development Act (ARDA) and the Prairie Farm Rehabilitation Act.

From early 1974 to March 31, 1982, 42 subsidiary agreements had been signed in the Western Region. New subsidiary agreements signed in 1981-82 included one with Alberta (nutritive processing assistance) and one with Manitoba (Winnipeg core area).

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 and the territories totalled more than \$32.6 million during the fiscal year.

Special ARDA assistance during the year aided commercial enterprises and also exploited development opportunities in such fields as trapping, hunting, fishing and agriculture. DREE expenditures during the year under Special ARDA totalled \$14 813 000.

Western rural programs, implemented through subsidiary agreements and the Prairie Farm Rehabilitation Administration (PFRA), are aimed at helping secondary and rural communities achieve better balanced economies through agricultural and industrial diversification.

Legislation enacted in 1935 established PFRA under the Department of Agriculture for the purpose of combatting the severe and extended drought of the dirty thirties. In 1969, PFRA became an agency of DREE when that department was formed. PFRA is a significant part of DREE prairie regional

development operations and issues its own annual report, which is available on request.

PFRA administers programs to reduce the effects of drought and soil erosion in the semi-arid prairie provinces. With offices throughout Alberta, Saskatchewan and Manitoba, PFRA is engaged in a diversity of soil and water developments and conservation projects, many of which require considerable engineering input.

During 1981-82, a total of 8 558 on-farm water development projects - dugouts, wells, stock-watering dams and irrigation schemes - were given technical and financial assistance valued at \$5 871 000.

The PFRA Tree Nursery at Indian Head, Saskatchewan distributed 6.1 million seedlings for shelterbelt use to 10 451 recipients in the four western provinces during 1981-82.

PFRA is responsible for DREE's interest in the interim subsidiary agreements with Manitoba and Saskatchewan on water development for regional economic expansion and drought proofing. These agreements, which were due to expire at the end of the year under review, have been extended to March 31, 1984.

The Agricultural Service Centres Program, which provides financial and engineering assistance for the construction of municipal sewer and water facilities, started in 1972 and has been extended to September 1982 in Manitoba, and to March 1983 in Saskatchewan. The program in Alberta commenced in 1973 and expired in 1979. The total federal commitment to the program is \$54 million, provided half as grants and half as loans. Of the total program funds of \$20 million allocated to Manitoba, \$19.7 million had been spent by March 31, 1982. In Saskatchewan, \$26 million of the \$28 million allocated had been spent by the end of the fiscal year. Alberta received \$5.8 million of the \$6 million allocated.

The Herd Maintenance Assistance Program, designed to help livestock producers survive the 1980 drought, terminated March 31, 1982. By this date, DREE had spent \$45.0 million on this program.

PFRA expenditures in 1981-82 were \$46.1 million. Of this amount, operating and administrative costs were \$26.8 million; capital costs, \$7.6 million;

contributions, \$9.4 million; and loans, \$2.3 million. Total capital, contributions and loans expenditures, excluding those for the Herd Maintenance Assistance Program were: Manitoba, \$4.8 million; Saskatchewan, \$9.6 million; and Alberta, \$2.7 million. Contributions under the Herd Maintenance Assistance Program in 1981-82 were: \$0.1 million to Manitoba, \$1.5 million to Saskatchewan and \$0.5 million to Alberta.

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

DREE also contributes to industrial development in the Western Region through the regional development incentives program. Assistance is available throughout the region, except for the southern parts of Alberta and British Columbia. During the year, 107 industrial incentive offers were accepted in the region, resulting in DREE commitments of \$18.8 million. The projects assisted are expected to create 2 324 direct new jobs and to generate capital investments of approximately \$70.8 million.

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## M A N I T O B A

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As of March 31, 1982, nine subsidiary agreements had been signed under the GDA. An agreement for the Winnipeg core area was signed during the year under review. Following is a brief description of activities under subsidiary agreements and other programs during 1981-82.

### SUBSIDIARY AGREEMENTS UNDER THE GDA

#### Manitoba Northlands

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

Costs shared by:

DREE	\$ 77 817 000
Employment and Immigration	5 516 000
Ministry of Transport	12 183 000
Indian Affairs and Northern Development	14 993 000
Provincial government	52 407 000
Total estimated cost	<u>\$162 916 000</u>

DREE expenditure to date \$ 76 798 000  
DREE expenditure 1981-82 \$ 9 346 000

The objective of this agreement was 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 focussed on resources and community economic development, human development and community services, and transportation and communication services. An amendment made after the third year of the agreement emphasized the economic development priority through increased resource development and expansion of the road program.

#### Industrial Development

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

Costs shared by:

DREE	\$25 400 000
Industry, Trade and Commerce	1 000 000
Provincial government	17 600 000
Total estimated cost	<u>\$44 000 000</u>

DREE expenditure to date \$10 644 000  
DREE expenditure 1981-82 \$ 4 969 000

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 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 Winnipeg. To date, 207 offers have been accepted, with a DREE commitment of some \$2.5 million.

#### Value-Added Crops Production

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

Costs shared by:

DREE	\$11 100 000
Provincial government	7 400 000
Total estimated cost	<u>\$18 500 000</u>

DREE expenditure to date \$ 2 959 000  
DREE expenditure 1981-82 \$ 1 534 000

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.

#### Tourism Development

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

Costs shared by:

DREE	\$12 000 000
Provincial government	8 000 000
Total estimated cost	<u>\$20 000 000</u>

DREE expenditure to date	\$ 599 000
DREE expenditure 1981-82	\$ 230 000

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.

#### Water Development for Regional Economic Expansion and Drought Proofing

Duration: 30/05/80 to 31/03/84

Costs shared by:

DREE (PFRA)	\$5 350 000
Provincial government	3 600 000
Total estimated cost	<u>\$8 950 000</u>

DREE expenditure to date	\$1 762 000
DREE expenditure 1981-82	\$1 589 000

The Manitoba Affairs Office of PFRA is responsible for managing the federal interest in this interim agreement which includes studies to assess the effects of drought on present and future development. Drought sensitivity studies are being conducted by PFRA and by the Department of Agricultural Economics of the University of Manitoba under a contractual arrangement. They were well under way at the end of the fiscal year.

Studies of groundwater availability were continued. Both private contractors and PFRA staff and drilling equipment were involved in drilling and test-pumping.

The Assiniboine South-Hespeler area studies were started during the year. Two major projects are being examined: a diversion from the Assiniboine River to the La Salle River Basin to provide water

for agricultural use, and provision of water by a major storage and diversion system from the Assiniboine River to the remainder of the Assiniboine South-Hespeler area. Such diversions, it is believed, would provide significant irrigation opportunities within the area.

Specific water supply projects included water development investigations for the communities of Altona, McAuley and Pine River; the near completion of the raising of the Morden Dam; the design, tendering and awarding of a contract for the Edwards Creek rehabilitation project; and the preparing of plans and specifications for the Grandview water supply dugout.

#### Winnipeg Core Area

Duration: 04/09/81 to 31/03/86

Costs shared by:

DREE	\$32 000 000
City of Winnipeg	32 000 000
Provincial government	32 000 000
Total estimated cost	<u>\$96 000 000</u>

DREE expenditure to date	\$ 1 409 000
DREE expenditure 1981-82	\$ 1 409 000

The Canada-Manitoba-Winnipeg Tripartite Agreement responds to the social, economic and neighbourhood conditions in the city's core. This area covers the downtown and surrounding older neighbourhoods of Winnipeg and accounts for one fifth of the city's population. Historically, the area has played a major role in the development of Manitoba and the West. However, during the past 30 years of rapid suburban growth, its major strengths and opportunities have been overshadowed by social, economic and physical deterioration.

The objectives of the agreement are to provide increased employment opportunities; to encourage appropriate industrial, commercial and residential development and to revitalize the physical and social environment of the core area; and to facilitate the effective social and economic participation of core area residents in development opportunities.

These objectives will be pursued through a comprehensive and integrated set of programs including industrial and commercial development programs; an employment preparation and affirmative action program; and housing, community improvement, community facilities and community services programs designed to revitalize older residential neighbourhoods.

**REGIONAL DEVELOPMENT INCENTIVES PROGRAM**

Activity under the regional development incentives program during 1981-82 was as follows:

Net accepted offers	71
Number of jobs expected to be created	1 560
Eligible capital investment associated with offers	\$47 422 000
DREE commitment through these offers	\$11 598 000
Total payments 1981-1982	\$14 875 000

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) was to assist in the economic development and social adjustment of residents of rural areas, particularly Native people who had previously had little or no access to regular earnings and employment opportunities. Financial assistance was provided to eligible commercial undertakings or primary-producing activities for job creation and income improvement. The agreement expired on March 31, 1982.

DREE Special ARDA expenditures in 1981-82 in Manitoba were \$3 237 000.

**PRAIRIE FARM REHABILITATION ADMINISTRATION (PFRA)**

PFRA expenditures in Manitoba during 1981-82 totalled \$7.6 million, of which \$1 million was for loans and \$1.1 million was for contributions other than for the Herd Maintenance Assistance Program. The latter accounted for \$0.1 million during the year.

Agricultural Service Centres Program expenditures accounted for \$2.3 million, of which \$2.1 million was federally funded. Of the total of \$20 million committed by Canada, \$19.7 million had been spent by the end of the year under review.

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**S A S K A T C H E W A N**


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As of March 31, 1982, 12 subsidiary agreements had been signed under the GDA. Following is a brief description of activities under subsidiary agreements and other programs during 1981-82.

**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	\$ 4 541 000
DREE expenditure 1981-82	\$ 1 803 000

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 sports-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	<u>\$127 000 000</u>

DREE expenditure to date	\$ 42 676 000
DREE expenditure 1981-82	\$ 17 363 000

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 resource development program for the fur trapping industry, a significant source of income for several hundred residents of northern Saskatchewan, continued to receive funding during the year. Over \$140 000 in assistance enabled a trapper's association to continue operating and allowed modest start-up grants to be provided to new trappers.

Three new community corrections facilities were constructed at a cost of over \$1.3 million. The facilities represent a new approach to the treatment of northern people sentenced to correctional terms by retaining them in a familiar environment and encouraging reintegration into the community.

A new activity, the training of volunteer firefighters, moved into full operation as the introduction of firefighting equipment to a dozen communities, under a separate agreement program, was being completed. Over 100 firefighters received basic training at a cost of almost \$60 000, adding a new aspect of community protection to northern Saskatchewan.

An important training program funded under this agreement is the Northern Teacher Education Program, 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. 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 31/03/84

Costs shared by:	
DREE (PFRA)	\$ 7 400 000
Environment Canada	500 000
Provincial government	7 350 000
Total estimated cost	<u>\$15 250 000</u>

DREE expenditure to date	\$ 2 501 000
DREE expenditure 1981-82	\$ 1 601 000

Recurring droughts have had severe effects on the social and economic climate of Saskatchewan since the early settlers arrived. Development is often constrained by lack of water and uneven distribution of supplies.

Under this interim agreement, studies to assess the social and economic effects of drought and water-supply shortages are well advanced and completion of Phase One is expected by December 31, 1982. Groundwater studies of the Judith River formation and the Hatfield aquifer have been completed and final reports are being prepared. Investigation of the Estevan Valley aquifer is under way with completion expected by fall 1982.

Water-supply project development is complete at Birch Hills, Kipling and Melfort. Construction is under way at Weyburn and Humboldt. Engineering investigations on water supplies are complete for the communities of Radville, Ceylon, Canora, Kerrobert, Wynyard and Grenfell. Field investigations are under way at Maidstone and will be carried out later in the year at Melville. Redvers and Watrous have been added to the schedule of investigation sites.

Field surveys for specific measures to reduce flood damages on the Souris River have been undertaken and the design of alternatives is nearing completion. Two parcels of flood-prone agricultural land were purchased and one farm residence has been relocated. Improvements to flood forecasting techniques have been carried out.

### Planning 1979-84

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

Costs shared by:	
DREE	\$ 750 000
Provincial government	750 000
Total estimated cost	<u>\$1 500 000</u>

DREE expenditure to date	\$ 224 000
DREE expenditure 1981-82	\$ 100 000

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	<u>\$24 000 000</u>

DREE expenditure to date	\$ 8 788 000
DREE expenditure 1981-82	\$ 2 770 000

The primary objectives of the agreement were 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 the federal funds available under the agreement were expended on forest management and silviculture to ensure 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 has also been facilitated.

The inventory of Saskatchewan's forests was updated by use of computerized mapping based on aerial photography and on-site inspection of random sample plants.

### Productivity Enhancement and Technology Transfer in Agriculture

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

Costs shared by:

DREE	\$ 7 660 000
Provincial government	7 660 000
Total estimated cost	<u>\$15 320 000</u>

DREE expenditure to date	\$ 5 676 000
DREE expenditure 1981-82	\$ 2 336 000

The primary objectives of the agreement were 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 to 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 were two main programs implemented under this agreement - crop diversification and technology transfer, and productivity enhancement. Under the former, two projects were directed toward dryland demonstration activities and innovative crops and related technology, and a project was carried out to encourage irrigation farmers to become established in special crops and vegetable production. Under the latter, there were several programs related to improving the productivity of crop and livestock enterprises, such as 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 1981-82 was as follows:

Net accepted offers	24
Number of jobs expected to be created	431
Eligible capital investment associated with offers	\$12 601 000
DREE commitment through these offers	\$ 4 013 000
Total payments 1981-82	\$ 5 809 000

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), assisted 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 was extended to all parts of the province except the cities of Saskatoon and Regina. The agreement expired on March 31, 1982.

During the year, 204 projects were approved with federal commitments of \$7 300 000. DREE expenditures under Special ARDA in Saskatchewan totalled \$5 030 000 during 1981-82.



### PRAIRIE FARM REHABILITATION ADMINISTRATION (PFRA)

During the year under review, PFRA continued to operate 23 water storage and six irrigation projects in southwestern Saskatchewan. These permit the growing of forage crops in the local dryland farming area. They also supply domestic and industrial water to one city and three towns and permit control of releases of water to the United States under international treaty.

PFRA expenditures in Saskatchewan totalled \$33.5 million during 1981-1982. Of this amount, \$1.3 million was for loans and \$3.7 million for contributions other than those for the Herd Maintenance Assistance Program, which accounted for \$1.5 million.

Agricultural Service Centres Program construction costs were \$2.8 million, of which \$2.5 million was federally funded. Of the total \$28 million allocated for this program in Saskatchewan, \$26 million had been spent by March 31, 1982.

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## A L B E R T A

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By March 31, 1982, seven subsidiary agreements under the GDA had been signed with Alberta. A new three-year nutritive processing assistance agreement was signed during the year under review. Following is a brief description of activities under subsidiary agreements and other programs during 1981-82.

### SUBSIDIARY AGREEMENTS UNDER THE GDA

#### Alberta North

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

Costs shared by:

DREE	\$27 500 000
Indian Affairs and Northern Development	5 000 000
Provincial government	22 500 000
Total estimated cost	<u>\$55 000 000</u>

DREE expenditure to date \$21 494 000

DREE expenditure 1981-82 \$ 4 082 000

This agreement was aimed at improving incomes, employment opportunities, living standards and community facilities in northern Alberta, so that residents could participate more actively in northern development. Program areas were: human development, community services and facilities, community services and facilities on Indian

reserves, social adjustment and professional development, and community economic development.

### Nutritive Processing Assistance

Duration: 19/08/81 to 31/03/84

Costs shared by:

DREE	\$14 000 000
Provincial government	14 000 000
Total estimated cost	<u>\$28 000 000</u>

DREE expenditure to date \$ 461 000

DREE expenditure 1981-82 \$ 461 000

This agreement expands on the earlier nutritive processing assistance agreement which expired on June 30, 1981. Its objectives are to strengthen the economic viability of small rural communities, and encourage the further processing in Alberta of those nutritive products which have, or may achieve, a competitive position in national or export markets through development of new technology. To date, 17 offers totalling \$2 323 000 have been accepted by companies in rural Alberta, with the expectation that 92 jobs will be created. Another 157 applications were being evaluated at the end of the year under review.

Projects assisted under this agreement include: meat, dairy and vegetable processing facilities; bakeries; feedmills; and several specialty nutritive processors.

### REGIONAL DEVELOPMENT INCENTIVES PROGRAM

During the year under review, no offers of assistance were made under the regional development incentives program. Total payments in 1981-82 for offers accepted in previous years amounted to \$191 000.

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

### PRAIRIE FARM REHABILITATION ADMINISTRATION (PFRA)

In Alberta, PFRA was involved in substantial water storage and irrigation development studies on the Blood and Peigan Indian reserves and flood-control abatement on the Blackfoot Indian reserve.

Other work in Alberta involved a review of the Milk River project, investigation of the Crawling Valley damsite, continuation of investigations of the St. Mary spillway, assessment of four dams within Alberta's Special Areas, the investigation of the Cameron dam project and the design for the rehabilitation of the Deadfish Creek dam.

Total federal expenses in Alberta during the year were \$4.9 million, which includes operating costs of \$1.7 million, and \$0.5 million for the Herd Maintenance Assistance Program.

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## BRITISH COLUMBIA

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As of March 31, 1982, 11 subsidiary agreements had been signed under the GDA. Following is a brief description of activities under subsidiary agreements and other programs during 1981-82.

### SUBSIDIARY AGREEMENTS UNDER THE GDA

#### Industrial Development

Duration: 08/07/77 to 31/03/83

Costs shared by:

DREE	\$35 000 000
Provincial government	35 000 000
Total estimated cost	<u>\$70 000 000</u>

DREE expenditure to date	\$24 756 000
DREE expenditure 1981-82	\$ 7 497 000

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

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

A new funding arrangement, the first of its kind in Canada, was established which permits the repayments from loans extended under the industrial infrastructure program to go into a revolving fund. As a result, more than \$50 million, originally slated to be returned to federal and provincial coffers, will now be available for new loans to future industrial development projects in the province. The new revolving fund will effectively extend the agreement's industrial land programs until 1992.

#### Agriculture and Rural Development

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

Costs shared by:

DREE	\$30 000 000
Local contribution	26 750 000
Provincial government	30 000 000
Total estimated cost	<u>\$86 750 000</u>

DREE expenditure to date	\$15 412 000
DREE expenditure 1981-82	\$ 4 793 000

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

Programs are designed to encourage research, training and market promotion; strengthen management and production techniques; increase the capacity of Crown range through coordinated planning among livestock, forestry and wildlife users; develop farmland that has potential for increased production; and provide assistance for secondary food processing to improve rural employment opportunities.

#### Travel Industry Development

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

Costs shared by:

DREE	\$25 000 000
Provincial government	25 000 000
Total estimated cost	<u>\$50 000 000</u>

DREE expenditure to date	\$18 607 000
DREE expenditure 1981-82	\$ 4 842 000

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

Response to the programs has been enthusiastic - so much so that the program funds have been heavily oversubscribed. Consequently, applications are no longer being encouraged as the majority of the funds in the agreement will probably be required to accommodate proposals already in hand.

#### Intensive Forest Management

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

Costs shared by:

DREE	\$25 000 000
Provincial government	25 000 000
Total estimated cost	<u>\$50 000 000</u>

DREE expenditure to date	\$15 000 000
DREE expenditure 1981-82	\$ 3 492 000

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

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

#### Ridley Island Road Access

Duration: 26/11/80 to 31/03/83

Costs shared by:

DREE	\$4 800 000
Provincial government	4 800 000
Total estimated cost	<u>\$9 600 000</u>

DREE expenditure to date	\$3 801 000
DREE expenditure 1981-82	\$2 479 000

The purpose of the agreement is to provide an industrial access road from provincial Highway 16 to the 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

overpass. Construction of the road continued during the year under review and is scheduled for completion in the summer of 1982.

#### 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	297
Eligible capital investment associated with offers	\$8 765 000
DREE commitment through these offers	\$2 594 000
Total payments 1981-82	\$ 785 000

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

#### SPECIAL ARDA

This agreement, entered into under the Agricultural and Rural Development Act (ARDA), provided assistance for the establishment, expansion or modernization of commercial undertakings which provided employment for people of Native ancestry. Assistance was 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 subsidiary agreement focussed on Native people; therefore, Special ARDA has met many of these needs for community assistance, especially in the north. The agreement expired on March 31, 1982.

DREE expenditures under Special ARDA in British Columbia totalled \$3.4 million during 1981-82.

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#### NORTHWEST TERRITORIES

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The department has been active in the Northwest Territories since 1977. Its programs are playing a significant role in the economic life of residents of the territory. A brief description of activities under departmental programs during 1981-82 follows.

**SUBSIDIARY AGREEMENT UNDER THE GDA****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	1 373 000
Total estimated cost	<u>\$3 833 000</u>

DREE expenditure to date \$ 844 000

DREE expenditure 1981-82 \$ 538 000

This interim agreement provided for projects in tourism, renewable resources use, planning and development, and community-based economic development planning. Originally intended to expire March 31, 1981, the agreement was extended to September 30, 1981.

**REGIONAL DEVELOPMENT INCENTIVES PROGRAM**

Activity under the regional development incentives program during 1981-82 was as follows:

Net accepted offers	1
Number of jobs expected to be created	3
Eligible capital investment associated with offers	\$ 506 000
DREE commitment through these offers	\$ 90 000
Total payments 1981-82	\$ 88 000

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), was signed with the Northwest Territories in 1977. It was designed to assist residents, in particular those of Indian and Inuit ancestry, to start, expand or modernize commercial ventures employing Native people and to help improve the incomes of Indian and Inuit people involved in such primary producing activities as hunting, trapping, fishing and forestry.

The program also provided for social adjustment measures to enable people of Native ancestry to take advantage of employment and income-earning opportunities.

The Special ARDA agreement with the Northwest Territories expired on March 31, 1982.

During 1981-82, 80 offers of assistance were accepted. These offers represent a potential commitment of \$4.7 million in support of a wide variety of projects. During this period, DREE expenditures under the program amounted to \$2 203 000.

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**Y U K O N**

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As of March 31, 1982, two subsidiary agreements had been signed under the GDA. Following is a brief description of activities under the subsidiary agreements and other programs during 1981-82.

**SUBSIDIARY AGREEMENTS UNDER THE GDA****Renewable Resource Development**

Duration: 04/04/79 to 31/03/83

Costs shared by:

DREE	\$3 120 000
Indian Affairs and Northern Development	1 400 000
Territorial government	2 080 000
Total estimated cost	<u>\$6 600 000</u>

DREE expenditure to date \$1 305 000

DREE expenditure 1981-82 nil

Under this agreement, the federal and territorial governments are cooperating in a joint program to expand the renewable resource information base. During the year under review, the termination date of the agreement was extended by one year to March 31, 1983.

**Tourism Development**

Duration: 14/02/80 to 31/03/83

Costs shared by:

DREE	\$3 600 000
Indian Affairs and Northern Development	1 500 000
Territorial government	900 000
Total estimated cost	<u>\$6 000 000</u>

DREE expenditure to date \$1 991 000

DREE expenditure 1981-82 \$1 286 000

This interim agreement, which provides for tourism development, research and planning, is intended to develop a long-term strategy for the Yukon tourism industry to help counterbalance the traditional "boom or bust" pattern of Yukon's resource based economy. During 1981-82, the agreement was extended by one year to March 31, 1983.

### REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Activity under the regional development incentives program during 1981-82 was as follows:

Net accepted offers	1
Number of jobs expected to be created	33
Eligible capital investment associated with offers	\$1 540 000
DREE commitment through these offers	\$ 540 000
Total payments 1981-82	\$ 219 000

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), was designed to assist residents, in particular those of Indian ancestry, to start commercial ventures employing Native people and to help improve the incomes of Indian people involved in such primary producing activities as hunting, trapping, fishing and forestry. The program also provided for social adjustment measures to enable people of Native ancestry to take advantage of employment and income-earning opportunities.

The Special ARDA agreement with Yukon expired on March 31, 1982.

During 1981-82, 38 offers of assistance were accepted and a total of approximately \$1.6 million was committed to a variety of projects. During this period, DREE expenditures under the program amounted to \$989 000.



## **APPENDICES**





## A P P E N D I X A

## SUMMARY OF EXPENDITURES

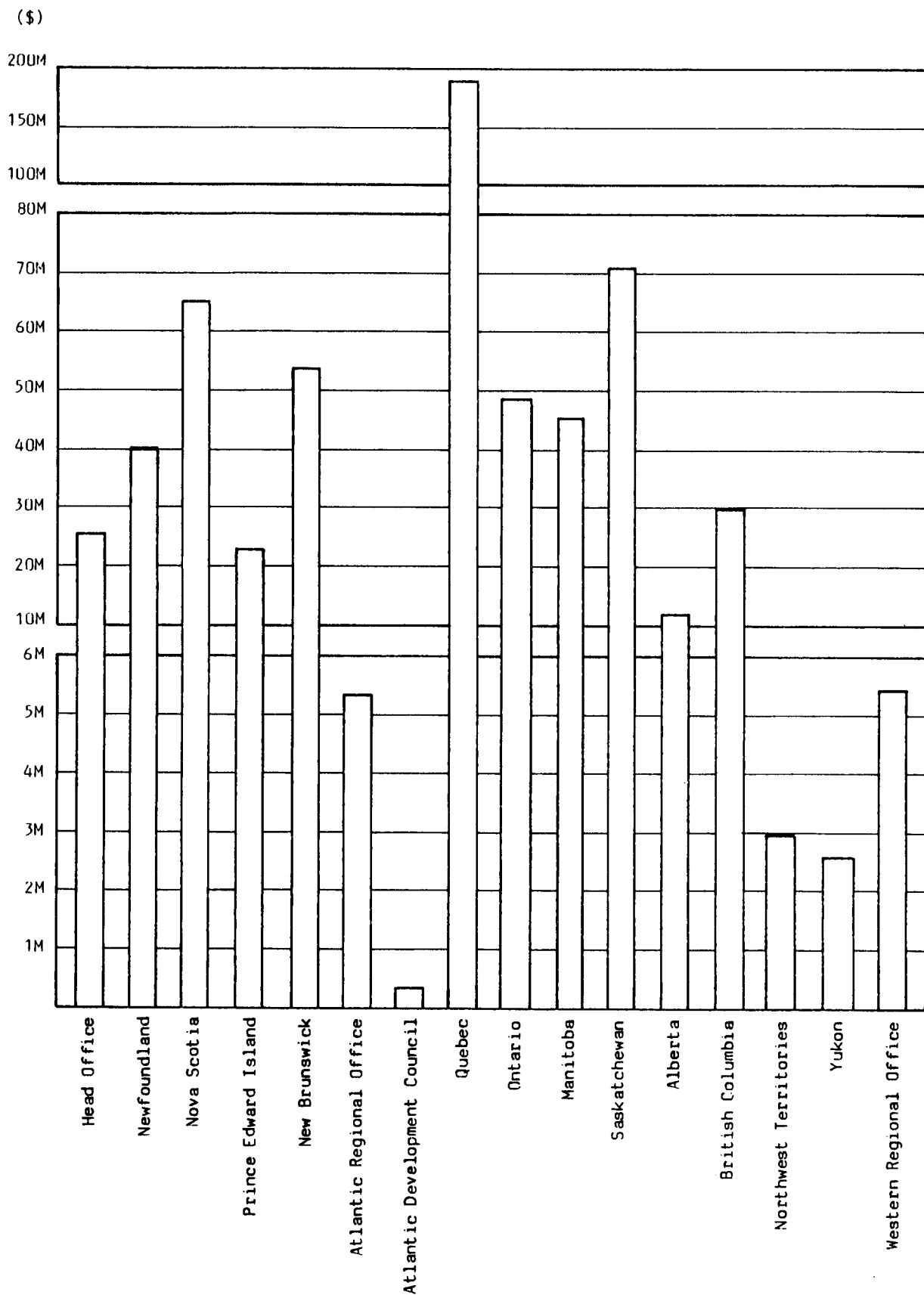
Total departmental expenditures for 1981-82 were just over \$615 million. The following tables show expenditures under the various activities administered by DREE. Expenditures throughout this report are gross except where otherwise noted, in accordance with the method used in the Public Accounts of Canada.

In addition to those listed under the various programs for each province 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, planning and administration, special studies, liaison and coordination.

## DREE Expenditures 1981-82 (\$000)

	Planning and Administration	Subsidiary Agreements	Industrial Incentives*	Other Programs		Total
				Budgetary	Non- Budgetary	
Head Office	25 887			10		25 897
Newfoundland	1 956	35 071	1 912	364	1 500	40 803
Nova Scotia	2 064	55 422	7 500	4		64 990
Prince Edward Island	807		2 143	19 925		22 875
New Brunswick	2 001	44 786	7 055	169		54 011
Atlantic Regional Office	4 713			659		5 372
Atlantic Development Council	357					357
Quebec	9 828	97 698	74 745	492		182 763
Ontario	2 777	33 891	11 692	149		48 509
Manitoba	2 223	17 795	14 875	9 541	1 031	45 465
Saskatchewan	2 197	25 418	5 809	36 740	1 269	71 433
Alberta	1 014	5 991	191	4 891		12 087
British Columbia	1 919	23 914	785	3 365		29 983
Northwest Territories	133	538	88	2 203		2 962
Yukon	107	1 286	219	989		2 601
Western Regional Office	5 453			31		5 484
TOTAL	63 436	341 810	127 014	79 532	3 800	615 592

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

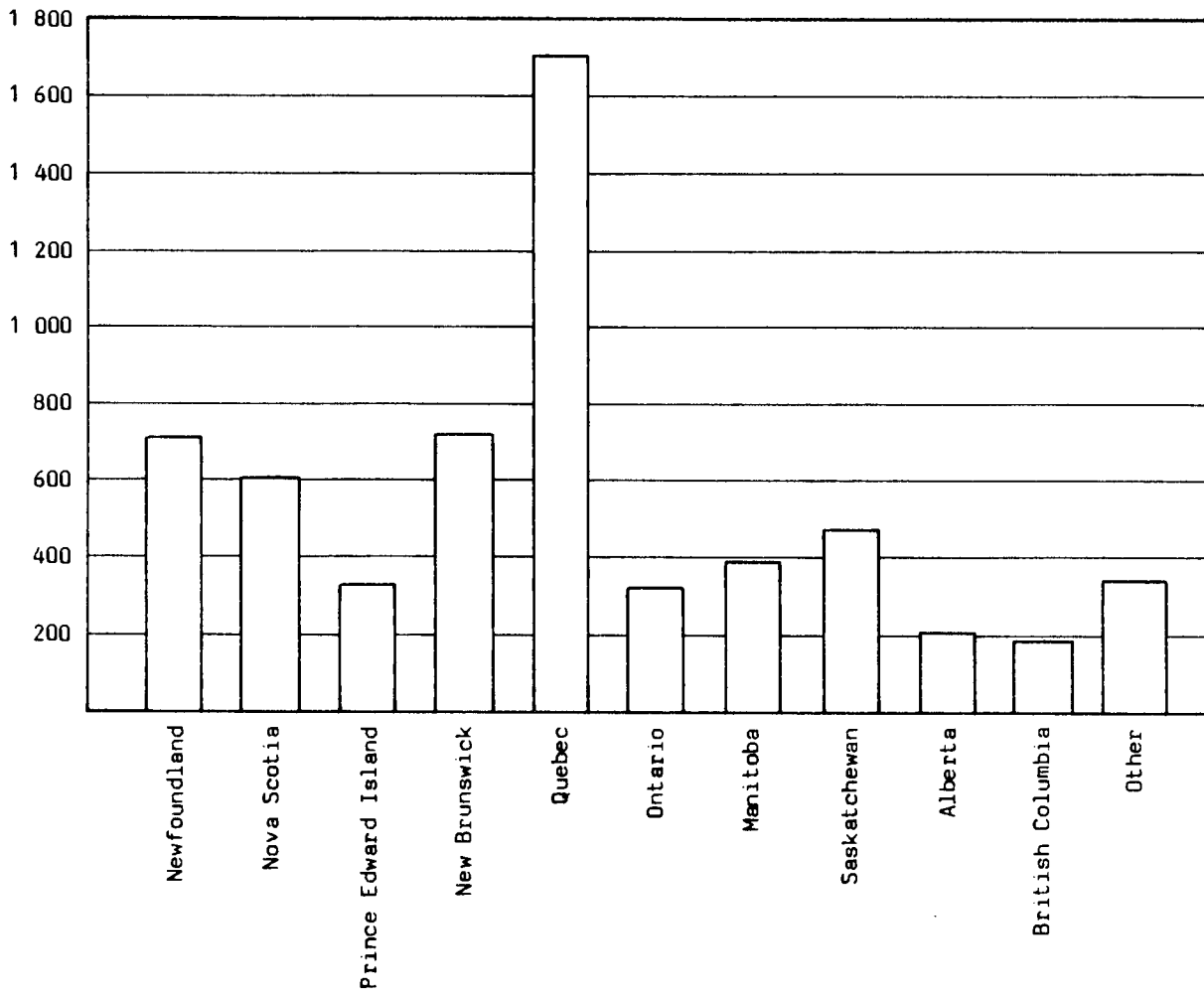


## DREE Expenditures 1969-70 through 1981-82 (\$000)

Province	1969-70 to 1980-81	1981-82	Total	1981-82 Per Capita (\$)
Newfoundland	660 569	40 803	701 372	71.62
Nova Scotia	537 431	64 990	602 421	76.29
Prince Edward Island	302 402	22 875	325 277	186.28
New Brunswick	661 499	54 011	715 510	77.20
Quebec	1 524 251	182 763	1 707 014	28.26
Ontario	277 615	48 509	326 124	5.59
Manitoba	344 122	45 465	389 587	44.00
Saskatchewan	405 751	71 433	477 184	72.91
Alberta	195 332	12 087	207 419	5.24
British Columbia	150 404	29 983	180 387	10.80
Other*	296 090	42 673	338 763	-
TOTAL	5 355 466	615 592	5 971 058	
All Canada				25.06

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

(\$ million)



## APPENDIX B

## SUBSIDIARY AGREEMENTS ACTIVE DURING 1981-82

Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
<b>NEWFOUNDLAND</b>			
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
Planning	01/04/77 to 31/03/82	6 385 000	4 000 000
Labrador	03/12/76 to 31/03/83	22 097 000	19 662 300
Mineral Development	17/12/76 to 31/03/82	12 458 000	11 212 200
Tourism Development	01/01/78 to 31/03/83	13 264 600	11 938 140
Rural Development	01/04/78 to 31/03/83	14 580 000	13 122 000
Agriculture Development	14/07/78 to 31/03/83	16 341 300	14 707 170
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
Community Development for Coastal Labrador	29/05/81 to 31/03/87	38 996 000	33 800 000
Pulp and Paper Mill Modernization	01/06/81 to 31/03/85	33 000 000	30 000 000
<b>NOVA SCOTIA</b>			
Metropolitan Halifax-Dartmouth Area Development	31/03/75 to 30/09/82	109 299 786	79 997 000
Strait of Canso Area Development	31/03/75 to 31/03/84	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 31/03/83	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 31/03/83	13 750 000	11 000 000

Agreement	Duration	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	57 600 000	43 900 000
Assistance to Michelin Tires (Canada) Ltd.	07/06/80 to 31/12/87	56 000 000	42 000 000
Modernization of Facilities at the Sydney Steel Corporation	01/04/81 to 31/03/84	96 250 000	77 000 000
Pulp and Paper Modernization	23/05/81 to 31/03/84	21 250 000	17 000 000
Ocean Industry Development	24/07/81 to 24/07/86	35 000 000	22 950 000
<b>NEW BRUNSWICK</b>			
Forestry	15/10/74 to 31/03/82	74 228 500	58 902 800
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
Northeast New Brunswick	23/06/77 to 31/03/84	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
Forestry Development	01/04/80 to 31/03/84	37 500 000	30 000 000
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
Consolidated-Bathurst Inc.	30/03/82 to 31/03/89	199 500 000	19 600 000
<b>QUEBEC</b>			
Transport Development	13/09/74 to 31/03/84	454 775 000	209 105 000
Industrial Infrastructure	26/03/75 to 31/03/84	137 670 000	82 602 000
Forest Development	26/03/75 to 31/03/84	322 333 000	193 400 000
Agricultural Development	29/03/76 to 31/03/84	103 266 000	61 960 000
Mineral Development	29/03/76 to 31/03/82	28 600 000	17 160 000

Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
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 31/03/83	200 000 000	120 000 000
Tourism Development	06/04/78 to 31/03/84	136 000 000	69 600 000
Public Infrastructure	16/05/78 to 30/09/82	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 in Amos	24/07/80 to 31/03/83	42 500 000	25 500 000
Société Inter-Port de Québec	03/07/81 to 31/03/84	9 250 000	5 550 000
<b>ONTARIO</b>			
Northeastern Ontario	25/03/76 to 31/03/83	30 602 000	15 301 000
Single-Industry Resource Communities	18/10/76 to 31/03/83	19 800 000	10 215 000
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
<b>MANITOBA</b>			
Manitoba Northlands	01/04/76 to 31/03/82	162 916 000	110 509 000
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
Water Development for Regional Economic Expansion and Drought Proofing	30/05/80 to 31/03/84	8 950 000	5 350 000
Winnipeg Core Area	04/09/81 to 31/03/86	96 000 000	32 000 000



Agreement	Duration	Total Estimated Cost (\$)	Federal Share (\$)
<b>SASKATCHEWAN</b>			
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
Water Development for Regional Economic Expansion and Drought Proofing	01/04/79 to 31/03/84	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
<b>ALBERTA</b>			
Alberta North	01/04/77 to 31/03/82	55 000 000	32 500 000
Nutritive Processing Assistance	19/08/81 to 31/03/84	28 000 000	14 000 000
<b>BRITISH COLUMBIA</b>			
Industrial Development	08/07/77 to 31/03/83	70 000 000	35 000 000
Agriculture and Rural Development	01/08/77 to 31/07/82	86 750 000	30 000 000
Travel Industry Development	17/10/78 to 17/10/83	50 000 000	25 000 000
Intensive Forest Management	17/05/79 to 31/03/84	50 000 000	25 000 000
Ridley Island Road Access	26/11/80 to 31/03/83	9 600 000	4 800 000
<b>NORTHWEST TERRITORIES</b>			
Community Economic Development	04/04/79 to 30/09/81	3 833 000	2 460 000
<b>YUKON</b>			
Renewable Resource Development	04/04/79 to 31/03/83	6 600 000	4 520 000
Tourism Development	14/02/80 to 31/03/83	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 1981-82. Applications received numbered 1 434; expected new jobs numbered 17 654. Capital investment increased to an expected \$1 125 084 000 in capital costs, and the amount of accepted incentive offers was \$207 416 000.

**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 1981-82

Province/Territory	Net Accepted Offers	Estimated Amount of Incentive (\$000)	Expected Eligible Investment (\$000)	Expected Direct Jobs
Newfoundland	13	4 244	31 735	225
Nova Scotia	66	13 840	46 624	1 255
Prince Edward Island	12	1 259	4 277	205
New Brunswick	31	34 110	267 189	2 122
Quebec	485	123 268	650 486	10 007
Ontario	55	11 860	53 939	1 516
Manitoba	71	11 598	47 422	1 560
Saskatchewan	24	4 013	12 601	431
Alberta	-	-	-	-
British Columbia	10	2 594	8 765	297
Northwest Territories	1	90	506	3
Yukon	1	540	1 540	33
TOTAL	769	207 416	1 125 084	17 654

