

HT395
.C32
064

c. 1 aa

FREE - TORONTO
LIBRARY

A REVIEW OF ARDA IN ONTARIO - 1962-1975

A Report Commissioned by the Canada
Department of Regional
Economic Expansion - Ontario
Region.

Prepared by: Charles Singer

August 1976

F O R E W O R D

DREE - TORONTO
LIBRARY

PR
38
46

This review of the ARDA experience in Ontario over the past decade and a half was commissioned by the Canada Department of Regional Economic Expansion as an input to a federal ARDA review process. It is designed to assist in determining what federal policy might be subsequent to the end of the fiscal year, 1976-77, when all existing ARDA agreements come to an end.

The document is not a reflection necessarily of opinion in DREE. Rather, it represents the views of Mr. Charles Singer, a Ph.D. candidate at the University of Toronto, who was hired by DREE on a short-term contract to put into an orderly and coherent form an assembly of factual material extracted from departmental files by regional personnel. By design, Mr. Singer was not encouraged to contact directly either recipients of ARDA benefits or Ontario Government program implementators.

The provision of a data-base has taken a great deal of effort and some of the figures in the report have been updated in the interests of maximum possible accuracy subsequent to the completion by Mr. Singer of his assignment. These alterations have necessitated considerable editing in places. Nonetheless, the report remains basically the work of the consultant. DREE is circulating the document in order to stimulate and aid discussion on ARDA's future. However, the paper should be viewed only as an interim piece of work in the sense that the evidence is not yet all in with respect to ARDA III (1970-75) and ARDA IV (1975-77).

INDUSTRY, SCIENCE AND
TECHNOLOGY CANADA
LIBRARY

JUN 24 1982
BSQH
BIBLIOTHÈQUE
INDUSTRIE, SCIENCES ET
TECHNOLOGIE CANADA

ONTARIO REGIONAL OFFICE
DEPARTMENT OF REGIONAL
ECONOMIC EXPANSION
1300 Yonge Street
TORONTO, ONTARIO

TABLE OF CONTENTS

Chapter 1 - Introduction	1
Summary	2
Chapter 2 - Objectives	4
1. The Rural Sector	4
2. Rural Development	4
3. Primary And Secondary Objectives	6
4. The ARDA Experience	6
5. ARDA Program Objectives	7
Chapter 3 - Program Review	15
1. General	15
2. Project Analysis	19
3. Area Analysis	39
4. Target Analysis	52
Chapter 4 - Impact Assessment	58
1. General	58
2. Program Impact	58
3. ARDA Impact	64
Chapter 5 - Implications and Future Considerations	65
1. Implications of the ARDA Analysis	65
2. Further Considerations	66
3. The Role of DREE	66

CHAPTER 1

INTRODUCTION

The purpose of this report is to review the experience of Ontario ARDA since its inception in 1962. The report examines the federal role in ARDA to date, outlining the various expenditure patterns by project, location and target. An attempt is made to speculate on the overall impact of the various projects.

The report is extremely limited due to several factors. The data available are not consistent between sources. Combined with the fact that certain expenditures were not available on an area basis, accurate area totals could not be produced. Estimates have been made based on relative expenditure levels. As well, the lack of any systematic program evaluation since 1962 makes it impossible to do more than comment on probable impact. The information which is available is mainly expenditure and related numerical statistics. Although these are useful in determining where the money was spent for accounting purposes, it indicates nothing about the effects, both economically and socially, upon individuals in the rural areas. It is these very effects which should be of prime concern to policy planners.

The report, while utilizing the stated objectives within the ARDA Act and the four agreements, could not determine any overall purpose upon which to focus the analysis. As a result, it has been assumed that the primary concern of ARDA has been to alleviate rural deprivation or disadvantage. Notwithstanding the fact that ARDA has not undertaken any in-depth analysis of rural disadvantage nor even offered a convincing definition of the concept, the report indicates that no evidence could be found to indicate that rural deprivation was significantly reduced as a result of ARDA.

This conclusion should not be interpreted to mean that ARDA had either no effect or a minimal effect in this regard; rather it suggests that no information is presently available which would indicate the extent to which the objective had been realized. The analysis within the report, however, does indicate that the authorized programs and the method of program administration would tend to impact the rural agricultural sector in general. As such, ARDA can be considered as basically an agriculture rationalization program, albeit, limited to certain selected areas of the province which have in the past demonstrated relatively high levels of poverty. It would be erroneous, however, to assume that such an area limitation would be sufficient to ensure that rural deprivation was being effectively reduced.

Summary

ARDA was initiated in Ontario in 1962 to provide increased opportunity to people in disadvantaged areas by encouraging income and employment opportunities. Although each agreement reflected some change in emphasis, more than 75% of expenditures were allocated to agriculturally-oriented programs. The federal share of ARDA will eventually total more than 65 million dollars, with land use programs accounting for some 57%, resource programs 22% and alternative employment programs 13%. The other 8% was spent on field staff, research, information and a few miscellaneous items. The following table indicates the percentage allocation to the five largest programs.

Farm Enlargement	29%
Drainage Assistance	19%
Rural Reservoirs	11%
Tourism and Parks	10%
Capital Grants	8%
Total	77%

Area Covered

Apart from the reservoir program and a portion of capital grants and drainage during ARDA II, the expenditures were limited to designated areas. The major recipients of program benefits were 11 counties in Eastern Ontario and the counties of Grey and Bruce, and the District of Manitoulin in the Georgian Bay Area. Other than the area restriction, there is no indication that relative deprivation was a factor in program utilization. In fact, the program formats tended to favour relative wealth over poverty within the agricultural sector. This conclusion is highly speculative, however, because of the absence of any clear understanding of just what constitutes wealth or poverty in any given agricultural setting. Certainly, ARDA did not attempt to establish the exact meaning of viable when applied to farms for the purpose of program allocations. Without such an understanding, it is impossible to make any definitive statement regarding program impacts. On the other hand, available information does indicate that few program benefits were realized by small farm operators. To the extent that available information allows, it can be stated that ARDA has resulted in agricultural improvement within the selected areas, but the programs have tended to neglect the lower income operators.

Within the non-farm sector, the allocations to alternative employment have resulted in increased job opportunities. Unfortunately, no information is available with which to assess the overall impact of these jobs. It has also been assumed that the major impact of tourism promotion and parks is increased recreational facilities rather than economic opportunity.

There is no information to indicate that ARDA has been effective in reducing rural poverty, even within the areas which received the bulk of allocations.

As a development mechanism, ARDA should be completely restructured. In its present form, ARDA programs tend to duplicate existing mechanisms responsible for the encouragement and rationalization of the agricultural sector, the natural resources sector and the industrial sector. DREE should not be involved with such sector rationalization.

Given, however, that there are rural areas where a large proportion of residents are in a situation of socio-economic distress, then a specific need for programs and assistance does exist. This assistance can take the form of either area-wide development or individual-oriented programs. The purpose would be to provide additional assistance where special circumstances impede progress and adjustment.

To some extent, the General Development Agreement provides the means to achieve this objective. If ARDA is to have any future role, it must be to provide alternative forms of assistance in specified areas where existing mechanisms have proven ineffective. Indeed, it is quite probable that such a scheme would not even closely resemble the present ARDA.

CHAPTER 2

OBJECTIVES

1. The Rural Sector

Much has been written concerning the vast differences between urban and rural areas. In the past, planning and development have tended to neglect the rural areas, focussing instead on the more visible problems of the urban community. As a result, urban planning has become a sophisticated science, whereas much of rural development has been left to chance. More recently, however, increasing attention has been paid to the rural sector, which has generated a greater understanding of the diverse needs of rural populations.

Even the term "rural" is often misunderstood. Essentially rural is meant to denote the entire non-urban sector. This sector, however, is anything but homogeneous. "Rural" is often associated with agriculture and, although agriculture is a rural industry, not all rural areas perform an agricultural function. FIGURE 2.A below demonstrates in simplified form some of the various labels which can be applied to different non-urban areas. Although these labels do correspond to the principal economic base which characterizes any one area, they reflect nothing of the overall lifestyle of that area. Thus, it is also possible to differentiate between areas of wealth and areas of poverty, between areas of high potential and areas of low potential. It is into this broad spectrum that rural development must be introduced.

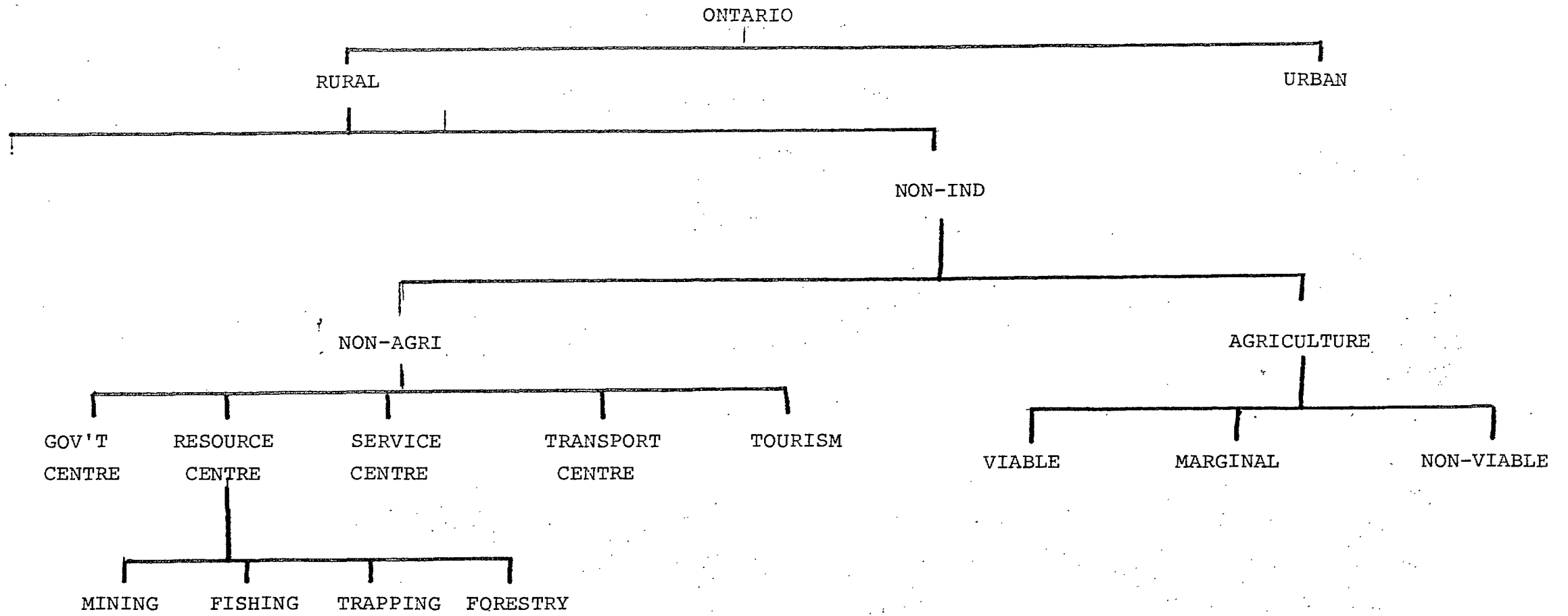
2. Rural Development

The term development is used in a wide variety of contexts, ranging from the simplest project to the most complex community plan. Yet any development program, no matter how simple, will act as a change stimulus upon the community or social system in which it occurs. Rural areas, in general, do not tend to adapt quickly to change.

The most vulnerable areas, however, are those which are described as being economically depressed. It is in these areas that rural development, as an integrated strategy, is vital.

Development, then, can be described as the determination and implementation of a feasible strategy by which the residents of any locale can attain a satisfactory and viable lifestyle in both economic and social terms. Any assessment of development programs must be made within such an integrated context. This is not to imply that only all-encompassing community-style development projects should be attempted. On the contrary, it is well understood that partial and specific programs are necessary. Such, however, does not negate the requirement for all such programs to assist in the realization of the more broad development goals of the area. In other words, the various program objectives must be compatible with each other and must conform to the development strategy for the area.

FIGURE 2.A



3. Primary and Secondary Objectives

Development programs can serve a multiplicity of functions and achieve a variety of goals. Besides the stated objectives, programs often have implicit objectives as well. Although multiple objectives may be realized by any one program, it is just as possible that objectives may be mutually exclusive. For instance, the objectives of increased production and greater farm viability might be used as a program directive. If the emphasis is placed on maximum output, the scale economies required will dictate against small farms with the result that the quality of life in marginal areas may be considerably diminished. On the other hand, if the emphasis is on farm viability, then some increase in production should result, but not to the same extent as the maximum output model would achieve.

It is evident, then, that in multiple objective programs, there are primary and secondary goals. It is the primary goal which determines the ultimate direction of the program and the extent to which the secondary goals can be achieved. Furthermore, a program that is rural-based does not necessarily contribute beneficially to rural development. Program benefits must be analyzed in terms of a target, whether this be an individual or a larger group. It is quite possible for rural program benefits to be targetted to the urban population. Again, there is a primary and a secondary emphasis which must be explicitly acknowledged.

4. The ARDA Experience

i) General

As originally conceived, the purpose of ARDA was to encourage and "develop income and employment opportunities" in rural areas and to "improve the standards of living" (ARDA legislation). By rural, ARDA referred almost exclusively to those areas where agriculture was the economic base. Although the general purpose had some rural development orientation, ARDA developed as a series of programs often related only indirectly to rural development. The implied objectives of these programs were extremely diverse and not entirely consistent one to the other.

The wide range of component programs is by no means the only problem in assessing ARDA. Since the beginning, it has evolved through four agreements, each with a somewhat changed emphasis.

The initial three ARDA agreements in Ontario reflect differences in the types and amounts of program support. Thus, there is not only a difference in program goals at any one time, but a definite change in objectives over time.

ii) Progression of Agreements

The preamble to ARDA I stated that ^{initially, it} the purpose of ARDA was to facilitate the economic adjustment of rural areas, increase rural income and employment opportunities, and improve rural standards of living. As well, it noted the desirability of improving the use and productivity of resources in rural areas. Obviously, then, the objectives of ARDA I were to achieve economic advantage and effective use of available resources. ARDA I also placed a heavy emphasis on research to determine the principal needs in the agricultural community, while attempting to rationalize the use of marginal and low productivity land.

By 1965, when the second ARDA agreement was signed, a significant shift in emphasis had taken place. There was specific recognition of the effects of both social and economic change influences, as well as the need for direct action to overcome the disadvantage in selected areas. As in ARDA I, resource projects, including soil and water conservation as well as forestry improvement, received major emphasis. The second agreement, however, demonstrated a stronger commitment to the idea of rural development in selected areas of economic depression. It also marked the beginning of programs designed to assist individuals to adjust to changing circumstances, a significant departure from the strictly economic assistance available through ARDA I. Programs such as rural field staff, as well as counselling and adjustment assistance, were initiated during ARDA II. Ontario's regional strategy as embodied in the Design for Development Program launched in the latter half of the 1960s re-emphasized the need for an integration of rural development programs to service area needs.

The third agreement demonstrated a continuance of this trend towards emphasis of rural poverty areas, and an attempt to coordinate better economic and social adjustment. ARDA III also established a greater commitment to the rural non-farm sector than its predecessors. In discussing the role of Rural Development Officers and Counsellors, the agreement recognized that there were specific "areas of rural Ontario where there is a need for adjustment and... the in-depth counselling so essential to the motivation of rural people". Thus, by 1970, ARDA had evolved into a program whose goals were not only to provide economic advantage, but also to assist in the lifestyle adjustments necessary to allow for an overall improvement in the quality of life.)

As suggested previously, however, the stated objectives of the various agreements did not necessarily coincide with the objectives (stated and implicit) of the several programs administered through them.

5. ARDA Program Objectives

Figure 2.B lists all the programs undertaken in the four agreements to date. The list clearly demonstrates both the expansion of the programs over time and the changing emphasis previously discussed. Figure 2.C attempts to demonstrate the program objectives, including the principal goal. It is evident that the vast proportion of programs are intended to assist individual farmers with regard to their economic situation. At the same time, the various land use programs allow for the institution of resource management projects. Thus, this is a case where, although the primary objective of the resource projects is clear, the projects themselves are a secondary objective or benefit of the land use rationalization programs.

Basically, ARDA can be summarized by several program categories:

- (a) Land Use Rationalization
- (b) Resource Conservation
- (c) Rehabilitation and Counselling
- (d) Alternative Employment
- (e) Research and Information

FIGURE 2.B

ARDA I

- (a) Land use projects
 - i) Farm enlargement
 - ii) Community pastures
- (b) Soil and water conservation projects
- (c) Rural development projects
 - i) Park and tourist facilities
- (d) Research

ARDA II

- (a) Research
- (b) Land use projects
 - i) Farm enlargement
 - ii) Drainage
 - iii) Community pastures (land purchases)
 - iv) Private woodlots
- (c) Rehabilitation
 - i) Retraining allowance
 - ii) Moving expenses
 - iii) Old age assistance (retirement allowances)
- (d) Rural development staff & training services
 - i) Counsellors
 - ii) Seminars & related programs
- (e) Rural development areas
 - i) Land development
 - (1) Community pastures (development)
 - (2) Foliage, blueberries, etc.
 - (3) Forests
 - (4) Public parks, recreation etc.
 - ii) Forest stand improvement
 - iii) Private recreation and wildlife projects
 - iv) Improvement of land on existing farms
 - v) Fisheries
 - vi) Tourism

FIGURE 2.B (cont'd)

- (f) Public information
- (g) Soil and water conservation

ARDA III

- (a) Research
- (b) Land use projects
 - i) Farm enlargement
 - ii) Drainage
 - iii) Community pastures
 - iv) Private woodlots
- (c) Capital grants
 - i) Fencerow removal
 - ii) Wells and ponds
 - iii) Special water
- (d) Rural community water supply
- (e) Rehabilitation
 - i) Courses and counselling
 - ii) Mobility adjustment allowances
 - (1) Old age assistance (retirement allowances)
 - (2) Moving expenses
- (f) Rural development field staff
- (g) Employment and income opportunities
 - i) Industrial incentives
 - ii) Parks and tourist facilities
 - iii) Forest stand improvements
- (h) Public information

ARDA IV

Same as ARDA III, except for the following addition:

- (c) Capital Grants
 - iv) Tile drainage

FIGURE 2.C.

PROGRAM OBJECTIVES OF ARDA

OBJECTIVE TARGET (*Indicates Primary Goal)

PROGRAM	ARDA				<u>INDIVIDUAL</u>		<u>COMMUNITY-WIDE</u>	
	1	2	3	4	RURAL FARM	RURAL NON-FARM	RURAL LOCAL	NON-LOCAL
<u>Land Use Rationalization</u>								
i) Farm enlargement and land consolidation.	X	X	X	X	Income*	Capital recovery, alternate Occupation or retirement		Food, land retention, alternate land use
ii) Pastures	X	X	X		Income*			Food
iii) Drainage		X	X	X	Income*		Area Viability *	Food
iv) Woodlots		X	X	X	Income* (alternate source)			
v) Fencerow removal			X	X	Income*			Food
vi) Wells, ponds, special water			X	X	Income*, health, safety			
vii) Tile drainage				X	Income*			
<u>Resource Conservation</u>								
i) Rural water supply		X	X	X	Income		Land/water stabilization* safety, health, recreation	Recreation
ii) Soil & water Conservation	X	X	X		Income		Flood control*, land assessment*, optimal use	Land inventory
iii) Forests								
(a) Public		X	X	X			Recreation, jobs*	Timber*, recreation
(b) Private		X	X	X	Income *	Income (alternate source)		Timber*

FIGURE 2.C (cont'd)

	ARDA							
	1	2	3	4				
<u>Rehabilitation and Counselling</u>								
i) Field staff		X	X	X	ARDA advice*, farming assistance	Adjustment counselling*	Community development	
ii) Grants		X	X	X		relocation, training*, retirement assistance	Labour pool, area stability	Labour pool
iii) Courses & seminars		X	X	X	Farm management*			
<u>Alternative Employment</u>								
i) Industrial incentives			X	X		Income*	Area stability, secondary industry	
ii) Parks/tourist	X	X	X	X		Income*	Area income	Recreation*
iii) Forest stand improvement (see public forests above)								
<u>Research & Information</u>	X	X	X	X	General benefit to all sectors - the objective is to indicate program concerns and assess results. Visibility and improved communications with ARDA target groups are also important			

(a) Land Use Rationalization

Within this category are included all land use programs, such as farm enlargement, land consolidation, drainage, capital grants, private forestry and woodlots. Within the basic farm consolidation program, two objectives are most evident. Firstly, the program is designed to allow farmers to expand their usable acreage without incurring a major capital debt. In this case, the general feeling is that marginal farms are limited by size from becoming truly viable. The program allows farmers to lease or buy added acreage and thus, hopefully, to achieve an economically profitable operation. A second objective is to allow farmers owning parcels of marginal or sub-marginal agricultural land to sell them, thus creating the option of moving to a better location or seeking some other source of income.

At this point, it is important to note that there are several possible interpretations of the term, viable farm. One example would be a farm competing in the marketplace completely without subsidy. A second would be the achievement of an acceptable lifestyle. This latter example suggests a need for a wider, more rural development-oriented set of programs.

Land rationalization is not limited to farm enlargement or land retirement. The objective can also be met through alternate land usage.

The drainage program was instituted in order to upgrade agricultural land. The removal of excess water from soil can result in changes in soil properties which are beneficial to agriculture. The objectives of greater food production, increased farm income, and improved area viability can thus all be achieved. Two types of drainage project have been funded through ARDA --- tile drainage, included as part of the capital grants program, and ditch drainage, which is administered separately.

The capital grants program is designed to assist farmers in making capital improvements. The aim is to increase overall farm viability through facility upgrading. Better facilities result not only in increased production, but also in increased safety and health through well and pond subsidies. The capital grants program is more directly related to improving selected individual operations than any other single program. The resultant improvements will assist in the achievement of greater income through increased efficiency. Although increased production will also result, the aggregate secondary benefit impact will not be as obvious as in the case of more general programs such as farm enlargement and drainage.

A final objective of land use programs is the preservation of valuable agricultural land. This objective is becoming increasingly prominent.

(b) Resource Conservation

This category includes soil and water conservation as well as forestry projects. Although soil and water projects directly assist the farm community, they tend as well to have a wider area impact.

It is often difficult to make a definitive statement regarding the primary objective of the programs included in the resource conservation category. For instance, the development or improvement of public forests can result in recreational and employment benefits as well as resource growth. On the other hand, many land use programs which tend to improve the soil can also be considered as assisting in the conservation of resources. It is, however, reasonable to assume that resource management is not, of itself, a primary objective of ARDA; rather, it is either a residual benefit from other programs or a necessary complement to the achievement of related program objectives.

(c) Rehabilitation and Counselling

The second ARDA Agreement included provisions for field staff (and certain allowances to assist older rural residents, manpower training grants, and moving and resettlement assistance). Recognizing that there are "certain rural people who are in need of assistance as a result of underemployment or low income", the programs were designed "to provide rehabilitation assistance not available in other public or private programs". The recognition that supplementary aid might be required by rural residents indicated a more general concern for the improvement of life quality than was evident in the case of ARDA I.

Funds were also allocated in ARDA II for field service personnel who would counsel recipients of ARDA assistance and generally help to implement ARDA programs at the local level. The agreement further states that Rural Development Officers were to "encourage effective community and area leadership" and to "involve local people in the solution of socio-economic problems of the community and area." This is an obvious reference to a more integrated development approach utilizing planning principles to achieve area stabilization and viable growth.

The third ARDA Agreement continued with the rehabilitation and counselling programs initiated previously and specifically recognized the need for social development and adjustment counselling both for persons choosing to relocate and for individuals attempting to improve their situation through continuance of farming. These programs also emphasized the importance of area cooperation in the development process, and the need for maximum participation by rural residents.

(d) Alternative Employment

The third ARDA Agreement included a section having the objective of increasing the income and alternative employment opportunities available to low income people in selected rural areas of Ontario. Relevant programs were industrial incentives in the case of both expansions and new facilities, park and tourist facility growth, and the improvement of Crown and public forest areas. Although not stated as a comprehensive objective previously, the encouragement of public park/tourist facilities and forest projects had been a part of ARDA from its inception. In essence, the inclusion of this new section indicated a recognition that the rural non-farm sector was also in need of assistance, and that such assistance must be coordinated with the strategy for agricultural development.

The aim of the employment programs was to provide increased choice in terms of vocation as well as an opportunity to supplement farm income through part-time employment. Increased economic opportunity would also tend to improve the viability of a particular area and thus assist in its stabilization.

It is difficult to determine whether parks would be established primarily because of job opportunities or whether jobs are a secondary benefit from the provision of recreational facilities. Certainly, the primary target of recreational areas is not the local community, although such a community would be able to enjoy some advantage from its proximity.

The forestry program not only provides job opportunities but also tends to improve timber resources. To the extent that it does not duplicate existing schemes, it benefits both the local area affected (jobs) and the non-local area (resources and recreation).

The employment programs, coupled with the rehabilitation and counselling activities, create the opportunity for ARDA to become a vehicle for truly integrated rural development, including both the agricultural and non-agricultural sectors.

(e) Research and Information

These two areas are not directly related, yet are included together because neither is a field program. The research element is utilized to identify needs and areas of concern as well as possible solutions. Research is used to establish program criteria and priorities, to design and test new program approaches, and to assess program impacts on rural areas and people.

The information aspect aims to increase the visibility of ARDA so as to improve communications with all parties, but especially users and potential users.

CHAPTER 3
PROGRAM REVIEW

1. General

Over the sixteen-year period extending from 1962 to 1978, the federal share of Ontario ARDA expenditures is likely to exceed \$66,000,000. When federal, provincial and local contributions are included, ARDA-sponsored projects represent more than \$150,000,000 in total outlays. Although the average outlay of about \$10 million per annum is sizable, it should be compared to an average annual farm revenue figure of over \$1.3 billion. ARDA expenditures, then, represent less than 1% of total annual farm receipts in Ontario.

Table 3.1 indicates that, since ARDA II, total federal contributions have not increased significantly when figures are discounted to constant 1971 dollars.

TABLE 3.1

ARDA Spending, 1962-78

<u>Agreement</u>	<u>Discount Rate</u> <u>1971=1.000</u>	<u>Total Expenditure</u> <u>Current Dollars</u>	<u>Total Expenditure</u> <u>Constant Dollars</u> <u>(1971)</u>
ARDA I	.779	1,978,291	2,539,526
ARDA II	.869	24,454,987	28,141,527
ARDA III	1.079	*28,148,500	*26,087,800
ARDA IV	1.399	**11,953,700	** 8,544,500
TOTAL		66,535,478	65,313,353

* Anticipated total expenditure

** Authorized expenditures for FYs 1975-78 as of 31 August 1976

Of this total, land use rationalization projects accounted for 57.3%, resource projects 21.9% and employment projects 12.9% (cf. Table 3.2). While the bulk of the expenditures in the latter category have been for park and tourist facilities, the industrial incentives program, introduced in 1970, has utilized about 6% of the funds spent since that time. It is readily apparent that the overall emphasis in ARDA has been on farm-related projects.

TABLE 3.2

Expenditures by Category, ARDA Agreements I-IV*

(1962 to May 1976)

<u>Category</u>	<u>Total Expenditures</u>	
	\$	%
<u>Land Use Rationalization</u>		
Farm Enlargement)		
Capital Grants)		
Drainage)	37,251,287.	57.3
Pastures)		
<u>Resource Conservation</u>		
Water/Soil)	14,231,913	21.9
Forests)		
<u>Alternative Employment</u>		
Industry)	8,377,952	12.9
Parks/Tourism)		
Sub-Total	59,861,152	92.1
<u>Other</u>		
Research and Information	5,115,363	7.9
Rehabilitation		
Miscellaneous		
Total	64,976,515*	100.0

As mentioned previously, a global analysis of ARDA is not truly representative of the overall ARDA experience. Since each of the four agreements differed in terms of priorities, it is necessary to examine programs over time as well as in the aggregate.

ARDA I

The first ARDA Agreement, signed in 1962, covered a period of approximately 2½ years. Table 3.3 indicates that ARDA programs were relatively restricted during this period, the majority of funds being spent on farm enlargement, land consolidation, rehabilitation, public information and community pasture projects.

The experience of ARDA I demonstrates the uncertainty following the signing of a new federal-provincial agreement and reflects the time-lag required to establish both suitable programs and administrative mechanisms.

* Total identical to that in Table 3.3. It is less than that in Table 3.1 by \$1,558,963. The difference is largely explained by the fact that the lower figure only takes into account expenditures and authorizations up to 12 May 1976. From here on, the report relies mainly on the data compiled to that date. In some cases, however, the program reviews cover an even shorter time period.

FEDERAL EXPENDITURES UNDER THE CANADA-ONTARIO RURAL DEVELOPMENT AGREEMENTS

PROGRAM	ARDA I Total Expenditure \$	ARDA II Total Expenditure \$	ARDA III Total Expenditure \$	ARDA IV Total Authorizations \$	ARDA I-IV Totals \$
Farm Enlargement and Land Consolidation ²	873,316	7,932,507	7,690,679	2,495,030	18,991,532
Agricultural Drainage Outlets	-	6,205,538	4,625,903	1,500,000	12,331,441
Capital Grants for Farm Development ³	-	1,442,161	1,738,554	2,214,982	5,395,697
Community Pastures ⁴	353,643	133,104	45,870	-	532,617
Water and Soil Conservation ⁵	155,065	1,132,490	1,212,056	-	2,499,611
Reservoirs for Rural Water Supply	-	3,922,474	1,952,675	1,000,000	6,875,149
Establishment of and Improvements to Private Woodlots	-	835,520	1,673,115	500,000	3,008,635
Forest Stand Improvements on Publicly-Owned Lands	-	6,368	1,313,970	528,180	1,848,518
Establishment or Expansion of Publicly-Owned Park and Tourist Facilities ⁶	29,316	886,041	4,735,692	555,625	6,206,674
Establishment or Expansion of Processing, Manufacturing and Other Resource-Related Facilities	-	-	1,629,822	541,456	2,171,278
Rural Development Field Staff	-	301,848	1,287,582	280,000	1,869,430
Research ⁸	151,880	435,990	775,639	38,000	1,401,509
Miscellaneous ⁹	415,071	1,220,946	122,407	86,000	1,844,424
TOTALS¹	1,978,291	24,454,987	28,803,964	9,739,273	64,976,515

NOTES

1. Totals shown for ARDA I and II reflect records kept in DREE-Ottawa offices; totals shown for ARDA III and IV reflect records kept in DREE-Toronto. ARDA III total includes actual expenditure of \$28,664,964 and anticipated expenditure of \$139,000. ARDA IV total includes actual expenditure of \$3,532,855 and recommended FY 1976-77 expenditure of \$6,206,418. All actual expenditures are as of 30 April 1976; anticipated and recommended expenditures are as of 12 May 1976.
2. Includes land acquired for expansion of County and Conservation Authority Forests.
3. ARDA II total includes Farm Pond Assistance Program. ARDA IV total includes Tile Drainage Program.
4. Amounts of \$19,987 and \$8,983 apply to Indian projects under ARDA II and ARDA III respectively.
5. Includes Marsh and Watershed Development Program under ARDA I and ARDA II, and Dike Reconstruction Works authorized under Special Agreement and shown under ARDA III for the purpose of these tables.
6. ARDA III total includes amount of \$1,110,620 for Indian lands and people. ARDA IV includes amount of \$254,000 for Indian lands and people.
7. ARDA IV total includes amount of \$131,307 for Indian lands and people.
8. Includes feasibility and evaluation studies and pilot action research. Amounts of \$188,000 and \$290,397 apply to Indian projects under ARDA II and ARDA III respectively.
9. Includes rehabilitation and public information under all agreements, projects under Section 30 of ARDA II and projects not otherwise allocated.

ARDA II

The second agreement, covering the five years from 1965 to 1970, resulted in a massive expansion of the total program. The annual allocation averaged almost \$5,000,000 and the number of eligible projects also increased, although only 75% of allocated funds were actually claimed. The main expenditure areas, as reflected in Table 3.4, indicate a marked shift in emphasis from ARDA I.

During this period, several major programs were introduced, including capital grants, drainage assistance, field staff and mobility grants. The emphasis in ARDA II remained on farm improvements, although almost \$4 million was spent on reservoirs for rural water supply. Allocations for miscellaneous rural development programs were much reduced from the ARDA I experience.

ARDA III

The authorized expenditure for the third ARDA Agreement was \$31.5 million, or slightly more than \$6 million per year for the fiscal years 1970-75. As mentioned previously, this situation represents less than a 2% increase over the ARDA II allocation when constant 1971 dollars are used. Although the expenditure total was roughly the same, a definite shift in program emphasis between ARDA II and III is apparent from Table 3.4. The Part V employment incentive programs were introduced into the agreement, for example, as a measure to increase the emphasis on rural non-farm development. Another area which received major emphasis was public park and tourist facilities, which accounted for 16.4% of aggregate expenditures over the period. In total, over 30% of the funds were spent on non-farm projects, a significant departure from the previous two agreements.

ARDA IV

Covering a period of only 2 years, the fourth agreement represents an attempt to provide bridge financing for ARDA-type projects until a decision is reached regarding the fate of ARDA. With authorized expenditures below \$5 million per annum, ARDA IV is significantly smaller than its predecessors. The decline in rural non-farm allocations to less than 20% of the total may be due to the short duration of the agreement. Certainly, farm improvement is again emphasized with a sizable increase in the capital grants allocation to a level in percentage terms more than three times larger than that in either ARDA II or ARDA III.

2. Project Analysis

i) Land Use Rationalization

(A) Farm Enlargement and Consolidation*

This program has consistently been the largest in terms of total expenditure for each of the four agreements (cf. Table 3.5). Although, officially, the farm enlargement program

* An in-depth analysis of the farm enlargement program has recently been completed by Professor Fuller at the University of Guelph. For more detailed information, refer to Fuller, A.M. The Development of the A.R.D.A. Farm Enlargement and Consolidation Program in Ontario, 1966-1975, Studies in Rural Adjustment, Department of Geography, University of Guelph, Report No. 2 (Centre for Resources Development, Publication No. 75, December 1975).

TABLE 3.4

FEDERAL EXPENDITURES UNDER THE CANADA-ONTARIO RURAL DEVELOPMENT AGREEMENTS

Program	ARDA I Total Expenditure %	ARDA II Total Expenditure %	ARDA III Total Expenditure %	ARDA IV Total Authorizations %	Total ARDA I-IV %
Farm Enlargement and Land Consolidation	44.1	32.4	26.7	25.6	29.2
Agricultural Drainage Outlets	-	25.4	16.1	15.4	19.0
Capital Grants for Farm Development	-	5.9	6.0	22.7	8.3
Community Pastures	17.9	0.5	0.2	-	0.8
Water and Soil Conservation	7.8	4.6	4.2	-	3.8
Reservoirs for Rural Water Supply	-	16.0	6.8	10.3	10.6
Establishment of and Improvements to Private Woodlots	-	3.4	5.8	5.1	4.6
Forest Stand Improvements on Publicly-Owned Lands	-	-	4.6	5.4	2.8
Establishment or Expansion of Publicly-Owned Park and Tourist Facilities	1.5	3.6	16.4	5.7	9.6
Establishment or Expansion of Processing, Manufacturing and Other Resource Related Facilities	-	-	5.7	5.6	3.3
Rural Development Field Staff	-	1.2	4.5	2.9	2.9
Research	7.7	1.8	2.7	0.4	2.2
Miscellaneous	21.0	5.0	0.4	0.9	2.8
TOTALS	100.0	100.0	100.0	100.0	100.0

TABLE 3.5

ARDA Expenditures by Category and Project

Program	Agreements I - IV				Total ARDA I - IV
	ARDA I Total Expenditure %	ARDA II Total Expenditure %	ARDA III Total Expenditure %	ARDA IV Total Authorizations %	
(A)					
<u>Land Use Rationalization</u>					
Farm Enlargement and Land Consolidation	44.1	32.4	26.7	25.6	29.2
Agricultural Drainage Outlets	-	25.4	16.1	15.4	19.0
Capital Grants for Farm Development	-	5.9	6.0	22.7	8.3
Community Pastures	17.9	0.5	0.2	-	0.8
Sub-Totals	62.0	64.2	49.0	63.7	57.3
(B)					
<u>Resource Conservation</u>					
Water and Soil Conservation	7.8	4.6	4.2	-	3.8
Reservoirs for Rural Water Supply	-	16.0	6.8	10.3	10.6
Establishment of and Improvements to Private Woodlots	-	3.4	5.8	5.1	4.6
Forest Stand Improvements on Publicly-Owned Lands	-	-	4.6	5.4	2.8
Sub-Totals	7.8	24.0	21.4	20.8	21.9

(C)

Rehabilitation

Rural Development Field Staff

-	1.2	4.5	2.9	2.9
---	-----	-----	-----	-----

(D)

Alternative Employment

Establishment or Expansion
of Publicly-Owned Park and
Tourist Facilities

1.5	3.6	16.4	5.7	9.6
-----	-----	------	-----	-----

Establishment or Expansion of Processing,
Manufacturing and Other Resource-Related
Facilities

-	-	5.7	5.6	3.3
---	---	-----	-----	-----

Sub-Totals

1.5	3.6	22.1	11.3	12.9
-----	-----	------	------	------

(E)

Research and Miscellaneous

Research

7.7	1.8	2.7	0.4	2.2
-----	-----	-----	-----	-----

Miscellaneous

(including Rural Development,
Information and Rural Adjustment Grants)

21.0	5.0	0.4	0.9	2.8
------	-----	-----	-----	-----

Sub-Totals

28.7	6.8	3.1	1.3	5.0
------	-----	-----	-----	-----

Totals

100.0	100.0	100.0	100.0	100.0
-------	-------	-------	-------	-------

did not commence until the second agreement, over \$800,000 was spent on land acquisition projects before 1966. Project 6040 in ARDA I, undertaken in the Cochrane-Timiskaming area, was a forerunner of the official farm enlargement scheme.

Realizing the need to assist the farm sector in certain areas, the farm enlargement program was instituted as part of the second agreement and was primarily designed "to operate only in those rural areas of comparative economic and social disadvantage in the Province" (Fuller, P.9). As a result, a maximum of \$100/acre was set on the purchase price for land to be acquired. This price policy was later amended in order to reflect changing land values due to general cost/price increases.

Basically, the program had two principal functions:

- . acquisition of land
- . allocation of land

Land Acquisition

The objective here was to encourage the "adjustment out of agriculture of the elderly, the handicapped and the unsuccessful" in order to release land which could either be retired from agriculture or reallocated to more progressive farmers in the locality (Fuller, p.8).

Table 3.6 demonstrates the historical progress of land acquisitions since FY 1966-67. An additional \$1,145,532 beyond the total shown of \$26,612,659 was invested in such improvements as drainage, fencing and building repairs. The federal share of the program was 50% or nearly \$14 million.

Allocation of Land

Land acquired through ARDA was assigned to one of the following use categories:

- a) land leased for farm enlargement;
- b) land sold for farm enlargement and consolidation;
- c) land transferred to the Department of Lands and Forests (now the Ministry of Natural Resources);
- d) land held by ARDA for future leasing.

Table 3.7 shows the chronology of these various transactions for the fiscal years, 1966-75.

TABLE 3.6

Annual Progress of ARDA Land Acquisitions, 1966-75

<u>FISCAL YEAR</u>	<u>FARM UNITS PURCHASED</u>				
	<u>No. of UNITS</u>	<u>ACREAGE TOTAL</u>	<u>AVE. ACRES PER UNIT</u>	<u>TOTAL COST (\$)</u>	<u>AVE. COST PER ACRE (\$)</u>
1966/67*	73	12,023	165	626,500	50.00
1967/68	287	39,515	137	2,258,650	55.00
1968/69	389	50,644	129	3,374,930	66.00
1969/70	212	29,257	137	1,889,729	64.00
1970/71	491	77,778	158	4,617,500	59.00
1971/72	496	81,809	164	5,266,385	64.00
1972/73	384	53,666	139	4,182,649	78.00
1973/74	199	27,790	139	2,419,647	87.00
1974/75**	150	21,172	141	1,976,669	93.00
TOTALS	2681	393,654	147	26,612,659	67.00

* 1966/67: September 1st, 1966 to March 31st, 1967.

** 1974/75: April 1st, 1974 to July 31st, 1975.

TABLE 3.7

ARDA LAND TRANSACTIONS, 1966-75

A. ANNUAL LAND TRANSACTIONS (IN ACRES)

YEAR	PURCHASED		SOLD		TRANSFERRED		LAND LEASED AND AVAILABLE FOR LEASE	
	ACRES	ACRES	ACRES	%	ACRES	%	ACRES	%
1966-67	12,028	-	-	-	-	-	12,028	100
1967-68	39,515	-	-	-	-	-	39,515	100
1968-69	50,644	356	0.7	-	-	-	50,288	99.3
1969-70	29,257	2,209	7.5	1,532	5.2	25,516	87.3	
1970-71	77,778	1,755	2.3	10,902	14.0	65,121	83.7	
1971-72	81,809	3,743	4.6	20,664	25.2	57,402	70.2	
1972-73	53,666	12,648	23.5	14,561	27.1	26,457	49.4	
1973-74	27,790	22,793	82.0	557	2.0	4,440	16.0	
1974-75	21,172	34,153	161.3	11,230	53.0	-24,216	-106.1	
TOTALS	393,654	77,657	19.3	59,446	15.1	256,551	65.2	

B. CUMULATIVE LAND TRANSACTIONS (IN ACRES)

YEAR	PURCHASED		SOLD		TRANSFERRED		LAND LEASED AND AVAILABLE FOR LEASE	
	ACRES	ACRES	ACRES	%	ACRES	%	ACRES	%
1966-67	12,028	-	-	-	-	-	12,028	100
1967-68	51,543	-	-	-	-	-	51,543	100
1968-69	102,187	356	0.3	-	-	-	101,831	99.7
1969-70	131,444	2,565	1.9	1,532	1.2	127,347	96.9	
1970-71	209,222	4,320	2.1	12,434	5.8	192,468	92.1	
1971-72	291,031	8,063	2.8	33,098	11.3	249,870	85.9	
1972-73	344,697	20,711	6.0	47,658	13.8	276,327	80.2	
1973-74	372,487	43,504	11.7	48,216	12.9	280,767	75.4	
1974-75	393,654	77,657	19.3	59,446	15.1	256,551	65.2	

Source: Fuller, op. cit., p. 21

a) Land Leased

Leasing can be considered the major priority in the allocation process, being the principal method by which the objective of enlargement and hence improved viability can be attained. Although leasing has decreased from an average of 97% of land purchased in the 1966-68 period to only 55% of 1975 purchases, it has demonstrated a remarkable consistency throughout.

The change in leasing percentage was mainly due to a policy shift in 1969. Previous to that time, land was only purchased when a suitable lease client was available. In 1969, the program was altered to authorize the acquisition of land from "disadvantaged vendors", without a lease arrangement pending. Thus, a time delay resulted between purchase and lease. As well, certain lands acquired through this program proved to be unsuitable for agriculture, and hence were transferred to other uses.

The lease terms were flexible with four different options available:

- 1) 5 year - purchase option
- 2) 5 year - no purchase option
- 3) 3 year - no purchase option
- 4) 1 year - no purchase option

A one-year grace period was granted in the case of rents to allow farmers to improve rental properties which had been allowed to run down by the previous owner.

b) Land Sold

A lease client could have the option to purchase after a period of five years. Land was sold at cost (original purchase price plus development costs). Since the first sales could not be made until 1971, it is difficult to assess the success of this aspect of the program. Table 3.7 indicates that sales have increased in relative importance, indicating a desire by farmers to increase their capital holdings.

There seem to be two primary motivations for exercising the purchase option. The first is the desire to increase the total land inventory. The second is to achieve a capital gain through the resale of the property. Capital gains could be used to make necessary capital improvements, and represent a secondary benefit of the farm enlargement program. However, they may not be the most effective means of achieving necessary capital growth in the farm sector.

c) Land Transferred

The land transfer scheme also resulted from the program revisions in 1969. The transfer aspect became necessary when land obtained from "disadvantaged vendors" was classified as unsuitable for agriculture and thus could not be leased. The program not only met the objective of removing sub-marginal land from agriculture, but also increased the alternatives available to low-income farmers.

Land acquired for transfer purposes is used in a variety of ways including forestry, recreation areas, water conservation projects and wildlife preserves.

"In the process of acquiring land, an official farm appraisal is made by ARDA which is used to determine the agricultural price of the unit, as well as being valuable for future land management counselling. In those cases where land is considered for purchase from a disadvantaged vendor, on the advice of the ARDA counsellor and in conjunction with the Department of Lands and Forests, the land will be appraised for its capability. The retirement of sub-marginal land from agriculture is one of the most important aspects of the program and reflects a responsible intervention in the land use market for ecological as well as economic reasons. However, despite the Canada Land Inventory Classification of Soil Capability for Agriculture, difficulties have arisen in determining the best potential use of sub-marginal lands, there being a question of conflicting interests between re-forestation and land suitable for pasture or woodland grazing, this question often being further complicated by the problem of isolated location." (Fuller, p.28).

d) Land Held for Leasing

This is a residual category made up of land in transition, irregular land parcels and small areas of marginal land not fit for any alternative use. Some land is presently being used as pasture which would otherwise have been retired and transferred. No figures are available as to the land which is permanently in this category because of the transient nature of the purchase and lease arrangements.

(B) Community Pastures

The community pastures program was designed to assist farmers with limited acreage to increase their carrying capacity for cattle, thus increasing the viability of their farms and strengthening the rural economy. Projects have been undertaken in six areas, i.e., the Counties of Leeds, Victoria and Bruce and the Districts of Manitoulin, Thunder Bay and Timiskaming. A pastures project has also been undertaken in connection with the Shequiamdah and Wikwemikong Reserves in the District of Manitoulin.

Expenditures for community pastures have been \$532,617 since 1962. This total represents only 0.8% of total ARDA expenditures to date.

<u>AGREEMENT</u>	<u>EXPENDITURES</u> <u>\$</u>	<u>% OF TOTAL</u> <u>OUTLAYS</u>
ARDA I	353,643	17.9
ARDA II	133,104	0.5
ARDA III	45,870	0.2
ARDA IV	<u>NIL</u>	<u>-</u>
	532,617	0.8

Besides the direct pastures program, research was undertaken concerning the use of rough-land pasture, an expense which is not included in the above totals.

The pasture lands acquired total 11,557 acres in the six areas, and an additional 15,000 acres in the two reserves. The six projects can support almost 4,000 cattle. More than 285 different farmers are involved.

Once established, the pastures have proven to be virtually self-sufficient. For example, in 1974, total operating costs were \$92,429.40 as opposed to revenues of \$106,336.00 resulting in a net profit of \$13,906.60.

(C) Capital Grants

The capital grants program was introduced in 1967. It was actually an extension of an already existing scheme financed solely by the Ontario Government. The ARDA segment was restricted to projects involving the following:

- (a) field enlargement through fencerow removal
- (b) the construction of wells
- (c) the provision of alternate sources of water supply such as ponds, including pumps and pipe systems.

Although any single farm operator could apply for several different project grants, the assistance was limited to 50% of any single project cost while total assistance could not exceed \$1,500. In order to qualify for capital grants assistance, the applicant's annual gross sales of farm products had to be greater than \$3,000. The Ontario Government opposed any limitation of the program to selected areas; the resultant federal-provincial controversy was not resolved for some time.

During the period, 1967-75, several changes were made in the operation of the program. In 1971, for example, the grant portion was reduced to 40% of project cost. Additional grants were made available for piping, plumbing and electrical wiring costs associated with water supplies. Also, cisterns for farm use were included in the program. ARDA IV included tile drainage as being eligible for assistance. Table 3.8 shows the total expenditures by the federal government on capital grants.

TABLE 3.8

Federal Share of Capital Grant
Allocations

	<u>Authorized Expenditures</u> \$	<u>Actual Expenditures</u> (from Table 3.3) \$
ARDA II	1,250,000	1,442,161
ARDA III	3,200,000	1,738,554
ARDA IV	1,800,000	2,214,982

The authorized expenditure figures do not closely resemble the actual expenditure figures from Table 3.3. Part of the discrepancy is due to an agreement between the Ontario and federal governments concerning the issue of selected areas. Ontario agreed to reimburse the federal government for money spent outside the designated areas during ARDA III. The total reimbursement is \$1,703,000. This figure is reflected in the Table 3.3 figures. It is not clear whether the increased annual allocation during ARDA IV is a result of the settlement made in 1975.

The field enlargement program has been well subscribed over the years. Estimates made in early 1972 indicate that some 10,000 commercial farmers or 15% of the Ontario total at that time had made use of the assistance available for field enlargement through fencerow removal. The average grant at that time was \$173/application requiring on average a net investment of \$257 by the applicant. The farm pond segment has had a much smaller response. Only 2.5% of farmers had applied for assistance by early 1972. Although farm ponds supply a variety of benefits, they seem to be considered a luxury to be constructed only when extra financial resources are available.

An average of 1350 farmers apply for well or special water assistance annually. Most often, application is made because of a water shortage, rather than for planned expansion of an operation. As such, the water provision projects are quite different in focus from the rest of the capital grants program.

Table 3.9 gives data for 5 years on numbers of applications, average size of grant and total dollars granted. On April 1, 1972, pond and well grants were reduced from 50% of construction costs to 40%.

(D) Agricultural Drainage Assistance

The first drainage assistance agreement under ARDA was signed in March 1966 to cover 11 counties in Eastern Ontario. By that time, agricultural land capability studies had been

TABLE 3.9

NO. OF APPLICATIONS BY TYPE OF GRANT AND FISCAL YEAR

TABLE A

TYPE OF GRANT	1967-68	1968-69	1969-70	1970-71	1971-72	TOTAL
Field Enlargement	2,308	2,562	2,221	1,909	2,379	11,379
Ponds	481	322	357	360	455	1,975
Wells	958	1,201	1,362	1,309	1,848	6,678
TOTAL	3,747	4,085	3,940	3,578	4,682	20,032

DOLLARS GRANTED BY TYPE OF GRANT AND FISCAL YEAR

TABLE B

TYPE OF GRANT	1967-68	1968-69	1969-70	1970-71	1971-72	TOTAL
Field Enlargement	362,720	428,134	409,102	356,468	407,567	1,963,991
Ponds	228,715	199,987	239,641	242,988	272,566	1,183,897
Wells	325,198	452,907	547,425	583,287	747,707	2,656,524
TOTAL	916,633	1,081,028	1,196,168	1,182,743	1,427,840	5,804,412

AVERAGE GRANT IN DOLLARS BY TYPE AND FISCAL YEAR

TABLE C

TYPE OF GRANT	1967-68	1968-69	1969-70	1970-71	1971-72	AVERAGE GRANT BY TYPE
	\$	\$	\$	\$	\$	\$
Field Enlargement	157	167	184	186	171	173
Ponds	475	621	671	674	599	608
Wells	339	377	401	445	405	393
Average Grant (all types)	244	264	303	330	305	289

completed for the area under the Canada Land Inventory Program. They indicated that 966,000 acres of poorly drained land existed which had a high agricultural potential, given adequate drainage and crop diversification.

The counties were Leeds, Lanark, Renfrew, Frontenac, Grenville, Carleton, Stormont, Dundas, Glengarry, Prescott and Russell. ARDA financial assistance was used to reduce the municipal share of the cost of digging agricultural drainage ditches built under the Ontario Drainage Act. This Act provided municipalities with a grant of 33 1/3% of the cost of engineering and constructing agricultural outlet ditches with the remaining 66 2/3% being funded by the municipality which later retrieved the cost from the farmer or farmers involved.

The ARDA program increased the grant available by another 33 1/3%. In reality, the entire 33 1/3% ARDA contribution was funded by the federal government as its share of the drainage ditch program.

In December 1966, a second ARDA agricultural drainage assistance agreement was signed. It covered the whole of Ontario. Soil survey and land capability studies indicated that inadequate drainage was an important limiting factor on crop production in many areas of the Province, not just the 11 Eastern Counties. If suitable outlet ditches were available, farmers would be able to correct this drainage problem and plant a wider diversity of crops, thus improving farm income. Because of the increasing cost of construction of agricultural drainage outlet ditches, Ontario ARDA wanted the program extended to embrace the entire province. However, provision was made to ensure that it was restricted to lands of high agricultural capability as defined by the Ontario Soil Survey and that it was not used to drain swamp and marsh lands having limited crop potential.

The drainage program escalated more rapidly than expected and by the last quarter of 1968 was experiencing financial difficulties. The ability of municipalities to react positively to the program had been unforeseen. In fact, the response was tremendous, especially in the better farming areas of Southwestern Ontario where the farmers could more readily meet their one-third share of the cost. In 1968, approximately 80% of the work was concentrated in the Southwest. It became apparent to both federal and provincial governments that drainage work was becoming a run-away program in areas where the normal problems associated with ARDA were just not evident or at least not critical. By mid-December 1968, the province decided to halt the program. There was an immediate adverse reaction from affected townships and farmers. It was argued that undue hardship would result to those who had committed themselves to a drainage scheme on the basis of 66 2/3% assistance.

The province subsequently submitted two requests for supplementary federal assistance in order to meet contractual commitments.

Over and above signed contracts, there were petitions for drainage assistance totalling \$20 million which had been filed prior to January 1, 1969. The province relented somewhat on its initial decision and agreed to provide an additional one-third grant to municipalities for drainage works under the Ontario Drainage Act for which petitions had been received prior to the beginning of 1969. This decision meant that Ontario would pay 2/3 of the cost of eligible drainage projects without federal assistance.

The financial history of the drainage program during ARDA II is shown below.

	<u>Agreement</u>	<u>Total Program</u>	<u>Federal Share</u>	<u>Actually Claimed</u>
		\$	\$	\$
March 1966	Eastern Ontario	1,500,000	500,000	499,500
Dec. 1966	All Ontario	6,600,000	2,200,000)	
March 1969	Supplementary		800,000)	5,706,038
Aug. 1969	Supplementary		3,000,000)	
		<u>8,100,000</u>	<u>6,500,000</u>	<u>6,205,538</u>

The third ARDA agreement limited the drainage program to Eastern Ontario once again. Although initially funded for only one year, FY 1970-71, the program was subsequently extended several times.

The drainage program has proved to be of considerable benefit to Ontario's rural economy. In the period, 1966-71, the number of acres producing corn increased by a factor of ten, which was viewed as a good indication of the urgent need for proper drainage of C.L.I. Class II and III soils.

One other drainage agreement was signed during ARDA III. It covered 9 townships located in Counties Grey, Dufferin and Wellington. This area had been excluded from the second drainage program because an area survey had not been completed prior to the program's termination. An exception was made in this case to allow for the implementation of the recommendations of the micro-drainage study.

The figures below indicate the federal expenditure on drainage during ARDA III:

<u>Counties</u>	<u>Authorized Federal Share</u>	<u>Expenditures to Mar. 31, 1976</u>	<u>Anticipated Additional Exp. in FY 1976-1977</u>
Eastern Grey, Dufferin & Wellington	4,400,000	4,284,903	115,097
	250,000	183,562	66,438

ii) Resource Conservation

(A) Soil and Water

Soil

Although soil conservation is a major objective of the ARDA program, total expenditures to 1975 were only slightly greater than \$100,000 on six different projects (cf. Table 3.11), mainly soil surveys. Nonetheless, these survey projects were the key to the success of the farm enlargement program and were beneficial in assessing the value of major capital inputs to many other programs.

TABLE 3.11

Federal Expenditures on Soil & Water Conservation

	<u>ARDA I</u>	<u>ARDA II</u>	<u>ARDA III</u>	<u>ARDA IV</u>	<u>TOTAL</u>
	\$	\$	\$	\$	\$
Soil	11,508	5,100	88,272	-	104,880
Rural Water		3,922,474	1,952,675	1,000,000	6,875,149
Other Water	155,065	1,132,490	1,212,056	-	2,499,611
Water Total	155,065	5,054,964	3,164,731	1,000,000	9,374,760

Water

Water-related projects were much more numerous and varied than those for soil. More than 20 separate projects were undertaken between 1962 and 1975 for a total federal expenditure of almost \$9.4 million. The projects were of several types including flood control, river stabilization, rural water supply and research. Rural water supply was the largest expenditure. Authorized federal funds totalled almost \$10 million in the Second and Third Agreements combined; actual expenditures were \$5.9 million. The water program involved payment of 75% of the (shareable) cost of community reservoirs and related facilities. Thus, the total expenditure on rural water projects was almost \$16 million during the period, 1965-75.

The benefits of the water program have been flood control and improved water tables, area water supplies and irrigation water sources.

(B) Forestry

Forestry involvement under ARDA has comprised three major programs, namely, Forestry on Public Lands which is largely an expansion of Conservation Authority forests through the purchase of submarginal agricultural land, Forestry on Private Lands which provides grants to individual landowners to encourage tree planting and stand improvement, and Employment on Forest Stand Improvement Projects, the objectives of which are two-fold, i.e., to improve the stands and to provide needed employment opportunities.

Forestry on Public Lands

The public lands forestry projects can be considered as a residual benefit of ARDA. The improvement of timber resources derives from the objective to rationalize land use in agriculturally sub-marginal areas. Between 1962 and 1975, \$1,568,757 was spent as the federal share of public forestry projects. Although the majority of the money was used to acquire land, it must be remembered that additional land was made available as transfers from the farm enlargement program. It can be stated, therefore, that the benefits accruing to public forestry from ARDA are substantially larger than the expenditure figures might otherwise indicate. At the same time, it is quite obvious from the level of expenditure that forest resource expansion is not a major ARDA objective. Projects involving forestry are administered by the Forest Management Branch of the Ontario Ministry of Natural Resources.

Forestry on Private Lands

The first program to assist forestry endeavours on private land began in 1966. The project was designed to provide tree planting and woodland improvement assistance to private land owners in Ontario.

Studies had shown that the private owner was reluctant to make the long term investment in tree planting necessary to return the idle land to forest production. For similar reasons, he was reluctant to carry out the woodland improvement necessary to ensure a future supply of quality sawlogs and veneer.

The program provided for a grant of up to \$50 an acre for forest improvement and was to be implemented and carried out by the then Ontario Department of Lands and Forests.

Since the inception of the program under ARDA II in 1966, the following work has been completed:

number of agreements	3,490
acres placed under agreements	190,623
acres planted	63,816
acres improved	79,318
trees planted	50,964,350

Federal Expenditures

	<u>ARDA II</u>	<u>ARDA III</u>	<u>ARDA IV</u>
	\$835,520	\$1,673,115	\$500,000
% of Total ARDA Agreement	3.4	5.8	5.1

It is impossible at this time to present a financial evaluation of the economic effect of this program on the rural economy. There are simply no measurement criteria that can be established.

Forestry for Employment Purposes

These projects had the dual objective of providing rural employment and improving the forest resource.

Two projects were authorized during ARDA II under Part V: Rural Development Areas. The reaction was favourable in that employment was generated; only a small net expenditure was involved - a maximum of \$25.00/acre was specified in the agreement.

ARDA III included rural forest employment projects under a new Part V: Alternative Employment and Income Opportunities. Four small projects were initially undertaken in selected areas. Later, two major allocations were approved, one for Eastern Ontario and one for a large area incorporating much of Northern and South-central Ontario. Although some revenue from sales of scrag trees resulted from the projects, it was not a significant amount.

The anticipated benefits from the Eastern project were:

10,000 mandays of work per year,
the planting of 3,000,000 trees,
stand improvement on 3,000 acres,
the preparation of 1,500 acres for planting,
the maintenance of 15 miles of road.

Total federal expenditures on all projects was almost \$2 million.

There can be no doubt that the various projects achieved the twin objectives of job creation and forest stand improvement. Essentially, however, they were oriented to providing productive employment within the low-income rural sector, both farm and non-farm. The resulting forest improvement was largely a residual benefit. Although both benefits must be included in any program assessment, the true results overall can only be measured by taking into account both the social and economic factors. This conclusion will be discussed in more detail in the target analysis section below.

iii) Alternative Employment

Alternative employment is considered the primary objective of three types of program: industrial incentives, tourism and forestry. In the previous section, the rural employment forest projects were discussed. It is understood that, for many projects, the employment objective was primary. However, it is most difficult to differentiate between projects which are essentially resource-based and those which are employment-oriented. In the case of forestry, all projects were considered resource-oriented only for the sake of consistency.

Alternative employment was formally introduced only with ARDA III (Part V). The earlier ARDA agreements did not provide a mechanism for the creation of alternative forms of employment through support to manufacturing. They did, however, provide for rural assistance in terms of alternative land use and tourist development, although to a much smaller extent than did ARDA III.

Table 3.12 gives expenditures for alternative employment projects authorized during ARDA III.

TABLE 3.12

Federal Share of Part V Projects under ARDA III

	<u>Industry</u>	<u>Tourism</u>	<u>Forest</u>
No. of projects	83	31	5
Total cost	\$ 1,629,822	4,735,692	1,313,970
Average cost	\$ 19,174	152,764	262,794

The tourism figure is inflated due to the development of several high-cost provincial parks during the period. A majority of the allocated funds, therefore, were spent on less than 50% of the projects. The average cost of a forestry project is also not indicative of project cost because of the two large multi-project grants made during ARDA III as indicated earlier. Total expenditures were almost \$7.7 million or 26.7% of the total federal share of ARDA III. Of this total, industry accounted for 21%, parks/tourism for 62% and forestry for 17%.

(A) Industrial Incentives

In the third agreement (1970-75), the intent of ARDA was enlarged to include provision for the non-farm sector with direct assistance to support manufacturing, including process facilities, and commercial groups serving the rural community. The responsibility for administration of the Part V program was left with the province. However, all applications had to be approved both by the ARDA branch of the provincial government and by DREE.

During ARDA III, 83 industrial incentives projects were approved with an anticipated federal expenditure of \$1,629,822, or an average of \$19,174 per project.

The incentives program was intended to provide more than jobs. It was also to encourage resource-based industries which would promote secondary linkages with a broad stabilizing effect upon the area. For example,

saw mills were linked with woodlots, and abattoirs were linked with livestock sale yards, pasture land and cattle.

Listed below are the various kinds of project which received assistance, either to erect a new facility or to expand or modernize an already existing one:

1. Food processing
2. Sawmills
3. Abattoirs
4. Furniture
5. Cheese processing
6. Dairies
7. Wood products and components
8. Peat moss processing
9. Livestock sale yards
10. Potteries
11. Cold storage for farm produce
12. Fruit processing and packaging
13. Cold storage for fisheries
14. Apparel manufacturing
15. Woollen/knitting mills
16. Meat processing

The 83 projects involved in the industrial grants program incurred total costs of \$12,760,000, of which \$3,260,000 was payable by Canada and Ontario in the form of ARDA assistance. Almost 1,000 direct jobs resulted and it must be assumed that additional jobs were created through the secondary linkages.

(B) Tourism and Parks

In impact terms, the provision or encouragement of parks and related tourist facilities having relevance to the land use, resource conservation and employment programs is most difficult to assess. Since ARDA considers tourist projects as being primarily employment-oriented, the results will be assessed against that objective.

Although each ARDA agreement makes provision for the development of parks and tourist facilities, each has been somewhat different in its focus.

Under ARDA I, the focus was "to acquire marginal and other related agricultural land for public recreation purposes". Only one project, costing \$29,316 in federal funds, was initiated. It involved the Wye Lake Multiple Use Area.

The program focus changed under ARDA II. Recreation development was included under the Rural Development Areas Part which was directly aimed at increasing income and employment opportunities through land development. The projects involved a combination of idle Crown land and sub-marginal private land. Over \$72,000 was spent on tourism feasibility studies. A further \$813,973 was expended on provincial park development in low-income rural areas.

Under ARDA III, \$82,875 was spent on four feasibility studies, the largest being the Maple Mountain Tourist Development Feasibility Study at a cost of \$75,000. Nine projects other than public parks, such as ski hills, golf courses and a marina, were approved under ARDA III for a total authorized cost of \$524,207. Investment in public parks under ARDA III was quite extensive with \$3,648,835 being spent on 14 parks for an average investment of \$260,631. Four parks were developed in Northern Ontario at a cost of \$454,205, or \$113,551 per park, while nine parks were developed in Southern Ontario for a cost of \$3,194,635, an average of \$354,959. Overall, park investment accounted for more than 75% of the federal outlay on tourism. There was considerable investment in tourist projects for native people under ARDA III, with four projects being 100% federally funded for a total of \$805,975. The largest of these was the Ogoki River Guides Lodge at a total cost as of the end of 1975 of over \$500,000. This cost has increased substantially in 1976.

Spending on tourism under ARDA II represented 3.6% of total expenditure, while under ARDA III it represented 16.4%, the second largest program commitment during that five-year period. Under ARDA IV, the authorized expenditure for tourism to mid-1976 was only 5.7% of the total funds. However, this figure does not necessarily reflect a de-emphasis of tourism.

As was the case with the forestry employment program, the analysis of tourism must consider more than numbers of jobs created. However, since the primary objective is to assist rural stabilization through increased employment, the obvious residual benefits of more recreational facilities cannot be highly weighted.

iv) Other

The general nature of the field staff, counselling, research and information programs, combined with the limited expenditure on these areas, dictates against any specific discussion in this section.

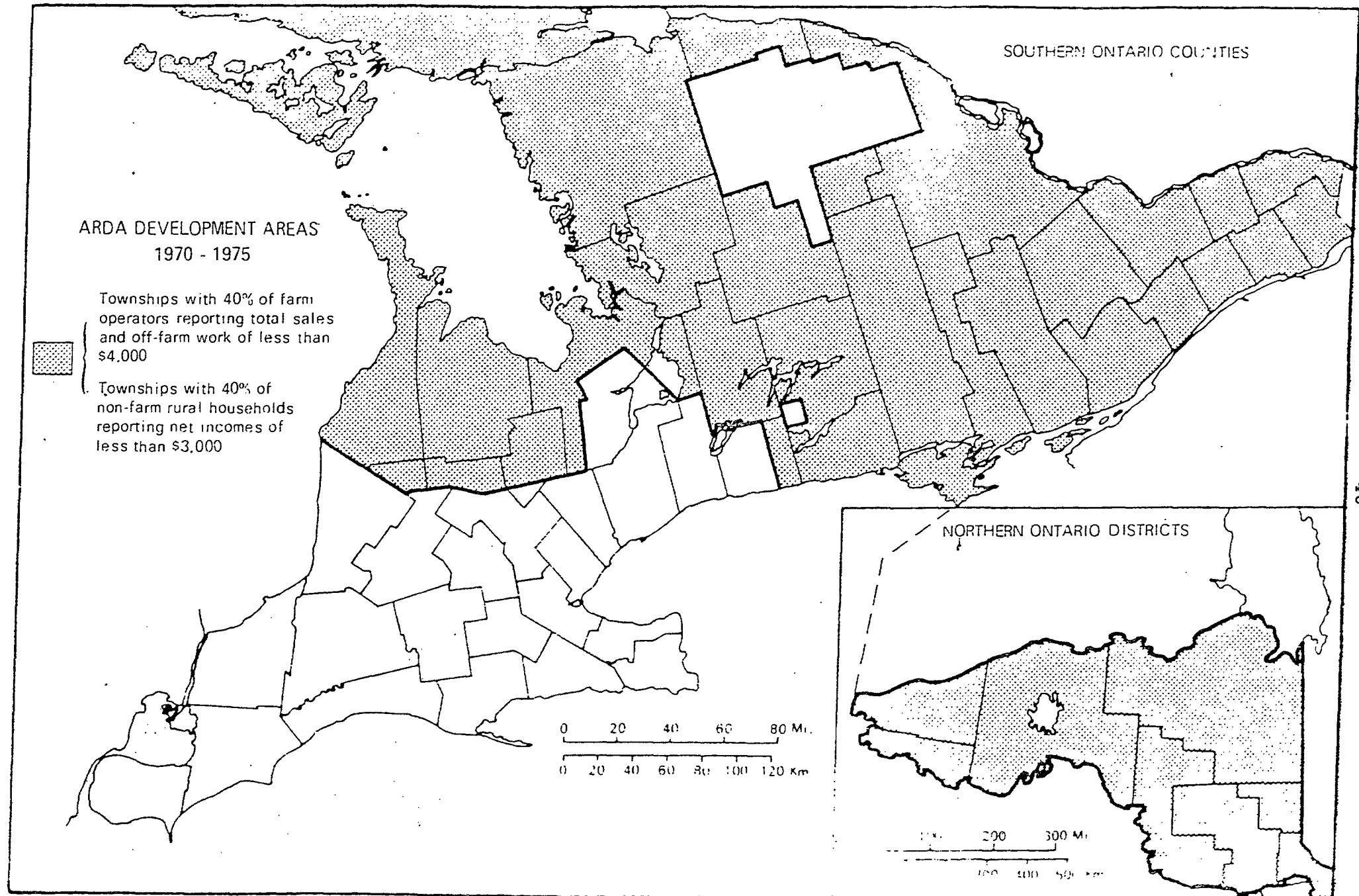
3. Area Analysis

Rural disadvantage has been a primary concern of ARDA since its inception. As such, it is reasonable to assume that ARDA programs would be directed to those areas which can be identified as being relatively poor. Relative poverty, however, is not a concept which can be easily defined or readily measured. Certainly, any complete analysis of rural disadvantage must include a broad range of economic and social factors. In essence, it is the quality of life, rather than just economic poverty, which is important. Although quality of life is theoretically the best indicator of disadvantage, it is not quantitatively measurable. As a result, economic indicators are used as surrogates. The rationale for such an approach is the assumption that economic poverty is highly correlated with disadvantage in terms of life quality. It is a matter of some controversy as to whether such an assumption is valid; nonetheless, ARDA utilized economic indicators almost exclusively.

It was not until 1970 that ARDA formally defined a rural area for working purposes. "Prior to that time no overall survey of rural disadvantage in Ontario was undertaken ... (and) no specific documentary material was compiled which would serve the needs of the program in determining the optimal location of ARDA activity." (Fuller, p. 48). Eventually, two criteria were used to describe areas of ARDA concentration: (i) townships where 40% of the farm operators reported annual sales and off-farm income of less than \$4,000, and/or (ii) townships where 40% of the rural non-farm households reported net incomes of less than \$3,000 per annum. Figure 3 below illustrates those areas of Ontario which qualify under either or both of these criteria. Although this formal demarcation did not exist prior to 1970, it is still possible to analyze to what extent all ARDA programs were concentrated within the defined areas of disadvantage.

The delineation of the ARDA selected area using the above income criteria does not completely solve the problem of program focus. Obviously, rural poverty is not limited to the selected areas, and although these might be areas of poverty concentration, programs should, theoretically, apply to any equivalent situation, regardless of location. As well, no program can apply universally to all poverty situations, even if these are within the selected area. For instance, a program of agricultural stimulation has little applicability in non-agricultural areas. Thus, it is reasonable to expect that ARDA should not have been equally visible to all of rural Ontario and that, even within the selected area, certain programs would be found to be highly location-specific.

FIGURE 3



i) Land Use Rationalization

(A) Farm Enlargement and Consolidation

At the Federal-Provincial Conference on Farm Enlargement and Consolidation held in 1966, poor farms were identified as existing in three locational contexts:

- a) poor farms in dynamic agricultural development areas;
- b) poor farms, where the soil is poor, distant from the main progressive areas of agricultural development;
- c) poor farms, where the soil is not too bad, that are not too distant from the stimulus of the main agricultural stream but where agriculture is in poor shape and the economics seem to be deteriorating or at least not advancing.

A rationale was subsequently developed to concentrate the farm enlargement program in those areas characterized by (c). Three factors combined to assure that operations were limited to agriculturally-stagnant areas capable of recovery, i.e.,

- i) a limit of \$100/acre was placed on the price of purchased land;
- ii) a suitable lessee had to be available prior to purchase;
- iii) all land had to be inspected and approved as agriculturally viable by an ARDA representative.

Later, the policy was altered to allow for purchase of sub-marginal land as well as land purchased without any available lease-client, the effect being to widen the program's influence.

The program activity has been largely concentrated in three areas of Ontario:

- .Eastern Ontario Planning Region
- .Northern Ontario Planning Regions (NW & NE)
- .Grey-Bruce-Huron counties of the South-west Ontario Planning Region

Only Huron County is located outside the ARDA development areas shown in Figure 3.

Three contiguous counties, namely, Prescott, Dundas and Stormont, account for 41% of the money spent in Eastern Ontario, and for 34% of the land purchased (cf. Table 3.13).

EASTERN ONTARIO

TABLE 3.13

Purchases, Sales and Transfers of
Land in Eastern Ontario

(1966-75)

<u>County</u>	<u>Acres</u> <u>Purchased</u>	<u>Acres</u> <u>Sold</u>	<u>Acres</u> <u>Transferred</u>
Hastings	13,502	3,240	3,105
Lennox & Add.	7,661	1,839	-
Frontenac	6,750	1,080	4,185
Lanark	14,980	2,846	6,441
Leeds	18,998	3,800	6,079
Prince Edward	5,852	702	-
Carleton	2,322	998	-
Russell	7,260	2,541	-
Grenville	9,702	1,261	2,425
Dundas	17,820	3,208	891
Stormont	17,760	4,618	1,954
Glengarry	7,224	2,023	433
Prescott	26,442	3,702	1,058
Renfrew	<u>25,152</u>	<u>3,773</u>	<u>11,318</u>
	181,425	35,631	37,869

In the planning region, 181,425 acres have been purchased, which is 48% of the ARDA total, while the \$12,760,000 expenditure is 46% of the total. In only five counties has more than 45% of the purchased land been reallocated through either sales or transfers with the majority being the latter. About 108,000 acres or 59% of the amount purchased is either leased or available for leasing and is considered suitable for agriculture.

From the above figures, it is obvious that the Eastern Planning Region has been the major beneficiary of ARDA expenditures under the farm enlargement program.

Northern Ontario

In the two planning areas of Northeast and Northwest Ontario, the ARDA program has purchased 113,227 acres (29% of the Ontario total) at a cost of \$3,430,000 (13%). The program has been most active in the Northeast with the Cochrane District alone accounting for 38% of the land purchased (cf. Table 3.14).

TABLE 3.14
Farm Enlargement Program Activity
in Northern Ontario
(1966-75)

<u>Northeast Planning Region</u>	<u>Farms No.</u>	<u>Acres</u>		
		<u>Purchased No.</u>	<u>Sold No.</u>	<u>Transferred No.</u>
Cochrane	181	28779	2015	14102
Timiskaming	99	16929	4571	508
Manitoulin	72	16704	7851	-
Algoma	35	6580	2764	-
Parry Sound	15	2955	975	207
Nipissing	54	11610	2322	3019
Sudbury	19	4047	2185	486
 <u>Northwest Planning Region</u>				
Kenora	7	2345	-	141
Thunder Bay	17	2686	645	-
Rainy River	99	20592	3089	-
	598	113,227	26,417	18,463

Manitoulin has also demonstrated significant levels of activity. Almost 50% of the land acquired by ARDA has been resold.

The level of ARDA participation in the North through the farm enlargement program must be viewed in light of the fact that only 8% of Ontario farms are located in the two Northern planning regions.

Grey-Bruce-Huron

Total land purchases in Grey-Bruce-Huron amounted to over 77,000 acres (19.5% of land acquired) and an expenditure of \$8.2 million (30% of the total). Roughly half the land acquisitions occurred in Bruce County alone (cf. Table 3.15).

TABLE 3.15
Farm Enlargement Program Activity
in Grey-Bruce-Huron
(1966-75)

	<u>Farms No.</u>	<u>Acres</u>		
		<u>Purchased No.</u>	<u>Sold No.</u>	<u>Transferred No.</u>
Grey	164	19352	5612	193
Bruce	322	38437	6534	3075
Huron	169	19435	2527	-
	655	77,224	14,673	3,268

Less than 5% of the purchased land (or 3,268 acres) has been transferred. Although over 14,500 acres have been sold, the majority (i.e., almost 60,000 acres) remains within the lease program.

Summary

It is quite evident that the farm enlargement program has been selective in its activity. Over 90% of the allocated funds has been expended in the three areas discussed above, although, in total, only 52% of Ontario farms are located there. The highest concentration of farms in Ontario is in the Grey-Bruce-Huron area where the 13,000 farms represent about 15% of the provincial total. In comparison, the counties of Stormont, Dundas and Prescott in the East contain only 4,300 farms, roughly 5% of the Ontario total. There can be no doubt, then, that in terms of per farm expenditure, the counties or district of Cochrane, Stormont, Dundas and Prescott have received the most assistance. The areas of program concentration are not the only locations where rural assistance is necessary. Other areas, however, such as much of the Canadian Shield, are inferior agriculturally, and thus would not qualify for participation in the farm enlargement program.

(B) Drainage

The drainage program was included in ARDA in order to assist those areas where drainage would substantially improve agricultural potential but where incomes were too low to permit the 66.66% local participation required by the Drainage Act of Ontario. Begun under ARDA II, the program was initially limited to 11 counties in Eastern Ontario, i.e., the Eastern Planning Region minus the counties of Hastings, Lennox and Addington, and Prince Edward. Subsequently, the program was made available to all areas of Ontario, resulting in a serious problem of over-subscription in the Southwest. Almost 80% of the allocated funds were spent in the Southwestern region, most of which is outside the ARDA designated areas. The problem was not that the drainage improvements could not help agriculture in the Southwest, but rather that most of the region could afford to utilize the program under the conditions specified in the Drainage Act, without ARDA assistance.

When ARDA III was signed, the drainage program was again restricted to Eastern Ontario. One exception was a small allocation to the counties of Grey, Wellington and Dufferin which had been excluded from participating under the general program during ARDA II. Table 3.16 outlines federal expenditures during ARDA II and ARDA III.

TABLE 3.16

<u>ARDA II</u>	<u>Federal Expenditures</u>
	\$
Eastern Ontario	499,500
Southern Ontario	5,706,038
 <u>ARDA III</u>	
Eastern Ontario	4,375,903
Grey, Wellington, Dufferin	<u>250,000</u>
All Ontario - ARDA II & ARDA III	10,831,441

TOTAL BY AREA

	<u>Amount</u>	<u>% of Total</u>
	\$	
Eastern	4,875,403	45
Southwest	5,706,038	53
Grey, Bruce, Wellington	250,000	2
	<u>10,831,441</u>	<u>100</u>

The effect of the drainage program cannot be over-emphasized. During the period, 1965-70, there was a tenfold increase in the number of acres of corn production in Eastern Ontario, primarily due to the improved soil conditions resulting from proper drainage. Similar improvements can be assumed for the Southwestern area which was the other major beneficiary of ARDA drainage assistance.

(C) Capital Grants

The capital grants program has caused considerable controversy since being introduced in 1967 as an adjunct to the existing Ontario Government Capital Grants Program. The Ontario scheme made assistance available to any qualified farmer whereas ARDA assistance was intended to be limited to special areas mutually agreed upon by the federal and provincial governments. In practice, the special area limitation was not invoked effectively until 1975, when a major misunderstanding between the two governments was resolved. The figures given in Table 3.17 reflect the fact that between 1967 and 1970 no attempt was made to focus spending on specific areas.

TABLE 3.17
COMBINED FEDERAL/ONTARIO SPENDING ON
CAPITAL GRANTS, 1967-70

<u>Planning Region</u>	<u>Wells</u>		<u>Ponds</u>		<u>Field Enlargement</u>		<u>Total</u>	
	<u>Amt.</u>	<u>%</u>	<u>Amt.</u>	<u>%</u>	<u>Amt.</u>	<u>%</u>	<u>Amt.</u>	<u>%</u>
	\$'000		\$'000		\$'000		\$'000	
Southern	282	33.6	324	68.4	256	30.1	862	39.8
Western	260	30.9	62	13.1	251	29.6	573	26.5
Central	123	14.7	69	14.5	159	18.7	351	16.2
Eastern	134	16.0	14	2.9	177	20.8	325	15.0
Northern	<u>41</u>	<u>4.9</u>	<u>4</u>	<u>.8</u>	<u>7</u>	<u>0.8</u>	<u>52</u>	<u>2.4</u>
	840	100	473	100	850	100	2,163	100

Expenditures in the ARDA target areas identified accounted for less than 40% of the total over the 1967-70 period. On a per farm basis, the Eastern area with 31% of the farms and the Northern area with 8% of the farms obviously did not get a representative share.

There are several possible explanations for these results. For example, the need for capital improvements may be greater in areas where capital intensity is higher, i.e., in the Southwest. It is more probable, however, that the ability to pay the local share of the total cost favoured those areas with higher farm incomes. The allocations, then, become more a reflection of income than need.

(D) Pastures

All the pasture projects have taken place in ARDA target areas. The North has three pastures in existence; each of the other planning areas has one. The pasture program has diminished in importance since ARDA I although the projects are all considered to be quite successful. In terms of expenditure, the program is relatively small; the total expenditure of \$532,617 over the four agreements was less than the amount spent on farm enlargement in any single year.

ii) Resource Conservation

(A) Water and Soil

Soil projects, being basically land inventories and related research, were not location-specific.

Water projects, on the other hand, were authorized in various locations. No area restrictions are apparent in the expenditure figures given in Table 3.18 below.

TABLE 3.18

Federal Expenditures on Water Conservation & Community Water Supply ARDA II & ARDA III

<u>Planning Region</u>	<u>ARDA II</u> (\$'000)	<u>ARDA III</u> (\$'000)	<u>TOTAL</u> (\$'000)	<u>TOTAL</u> (as a %)
Southeast	630	1,075	1,705	31.8
Southwest/ Southcentral	2,745	358	3,103	57.9
Northeast	550	-	550	10.3
TOTAL	3,925	1,433	5,358	100.0

(B) Forestry

Forestry projects were concentrated in a few areas in the East, the North and the Shield region of Central Ontario. The bulk of the money spent on public forestry projects during ARDAs I and II went to areas in the Eastern and Northern Planning Regions. A general Ontario allocation was authorized for the more recent agreements, but there is no reason to believe that area allocations have altered drastically in practice.

TABLE 3.19

Federal Spending on Public Forestry Projects

<u>Planning Region</u>	<u>ARDA I</u> (\$'000)	<u>ARDA II</u> (\$'000)	<u>ARDA III</u> (\$'000)	<u>ARDA IV</u> (\$'000)	<u>TOTAL</u> (\$'000)
Northern	-	93			93
Eastern	682	83			765
Central					
(a) Shield	60	-			60
(b) Other	4	-			4
Southwest					
(Grey/Bruce/ Huron)	20	36			56
Ontario	766	212	326	251	1,555

No area breakdown of private forestry expenditures is available. However, it must be assumed that the bulk of the \$2,500,000 spent was utilized in areas suitable for forest stands but not agriculture. They would all be located within the ARDA target areas.

The rural employment forest projects were allocated funds on a multi-project basis. All allocations were consistent with the areas receiving public forestry assistance.

iii) Rehabilitation and Counselling

No area statistics are presently available for the various grants and training programs which have been authorized under ARDA. An assumption concerning relative area emphasis can be made according to the location of development counsellors. Such an assumption, although admittedly an approximation at best, should be valid due to the fact that the counsellors act as local ARDA program advisers. Visibility, then, and, theoretically, program access should be greater in areas which are served by more counsellors. At the same time, the number of counsellors is a strong indication of the emphasis which has been assigned to each area by the ARDA administrators.

One important factor which tends to negate this assumption is the use by Ontario ARDA of non-ARDA government personnel in various advisory capacities. It is, however, almost impossible to trace either the frequency or the location of interventions by external personnel in local ARDA programs. Certainly, the ARDA program advisory service is more expansive than the expenditure on counsellors alone would suggest. Whether this situation alters the locational emphasis demonstrated by counsellor placement, however, remains unanswered.

Given the relatively small expenditure on counselling and related programs, it might appear that a lengthy discussion of this matter is unnecessary. However, nothing could be further from the truth. The impact of counselling in particular is far greater than expenditure figures would indicate. The utilization and success of virtually every ARDA program depends upon communication with the target population. Not only are information and co-ordination required, but also ongoing evaluation and adjustment assistance which only local field personnel can provide. The existence of a field staff, of course, does not guarantee that these various advisory services will be made available equitably, if at all. It does, however, provide the opportunity.

For the purpose of this report, it will be assumed that the area emphasis of counselling programs coincides with the location of ARDA field counsellors as outlined in Table 3.20.

TABLE 3.20

Location of Rural Development Officers
and Counsellors

<u>Planning Region</u>	<u>RD Officers</u>	<u>RD Counsellors</u>	<u>Counsellors' Area Responsibility</u>
Southwest	1	4	i) Grey/Simcoe ii) Grey/Wellington/ Dufferin iii) Bruce iv) Bruce
North	-	4	i) Manitoulin/Sudbury W /Algoma ii) Sudbury E/ Nipissing/Parry Sound iii) Timiskaming/ Cochrane iv) Rainy River/ Kenora/Thunder Bay
East	5	9	i) Leeds/Frontenac ii) Len. & Ad./Prince Edward iii) Grenville/Dundas iv) Stormont v) Prescott/Russell vi) Prescott/Russell vii) Renfrew viii) Lanark/Carleton ix) Hastings/Northumber- land/Peterborough/ Haliburton

Central (see Southwest (ii) and East (ix))

It is readily apparent that the greatest emphasis is on the extreme eastern portion of Ontario and the counties of Grey and Bruce. Although the North is allocated four counsellors, other factors such as area size and total potential target population are also important in the determination of advisory effectiveness.

iv) Alternative Employment

(A) Parks and Tourism

The projects included in this section are extremely varied. The majority of funds have been allocated to provincial park development. Both park and general tourist outlays result, theoretically at least, in promoting secondary linkages. These related effects have not been measured, however, so that only primary expenditures are used as an indicator of area priorities.

Only one project was authorized during ARDA I. It was in Simcoe County, part of the Central Planning Region. Provincial park development began with the second agreement. The total park expenditure of over \$800,000 accounted for 92% of the federal allocation to tourism and park projects combined. The assisted parks were located as shown below:

Central Region

Muskoka
Haliburton

Southwest Region

Bruce

Eastern Region

Prescott
Leeds

Five small tourism feasibility studies were also undertaken, which accounted for the other 8% of the funds.

Tourism promotion increased substantially during ARDA III. Almost \$83,000 was spent on four feasibility studies. A further nine projects including ski hills, golf courses and a marina required almost \$525,000 as noted previously. Projects to promote tourism in native areas were 100% federally funded at a cost of \$805,975 of which one project, that of the Ogoki River Guides in the Thunder Bay District, accounted for \$532,375 or 66% of the total.* The majority of money for tourist promotion, i.e., \$3,648,835, was allocated to public park development.

Table 3.21 indicates the various park locations and federal monies expended on each project during ARDA III.

TABLE 3.21

<u>Planning Region</u>	<u>County</u>	<u>Park Name</u>	<u>Shareable Cost</u>
Central	Haliburton	Silent Lake	\$499,651
	Muskoka	Arrowhead	40,000
	Simcoe	Methodist	525,871
	Simcoe	McRae Pt.	355,784
East	Leeds	Charleston Lake	596,899
	Prescott	Carillon Lake	291,355
	Lanark	Murphy's Point	898,347
	Frontenac	Bon Echo	719,121
North		4 parks	454,205
Southwest	Bruce	Cyprus Lake	18,000

*The Ogoki project has increased in cost since these figures were published. Present estimates indicate a federal expenditure of more than \$700,000.

Clearly, a large percentage of the funds was spent for park development in the Central Region. Much of the area has been traditionally tourist-oriented and, combined with the topography, the emphasis on tourism projects is understandable. The East was the other region where large expenditures were made. The park projects were located in areas which had not received massive assistance under other programs.

(B) Industrial Incentives

The incentives program, authorized as part of ARDAs III and IV, limited participation to the ARDA selected areas. It has had the most general applicability to rural disadvantaged areas of any ARDA program as suggested by the information in Table 3.22.

TABLE 3.22

ARDA INDUSTRIAL INCENTIVES
PROGRAM TO 1975 BY PLANNING REGION

<u>PLANNING REGION</u>	<u>NO. OF PROJECTS</u>	<u>PROJECT COSTS \$'000</u>	<u>ARDA CONTRIBUTION \$'000</u>	<u>DIRECT JOBS CREATED</u>
Eastern Ontario	38	6,282	1,790	597
%	45	46	51	60
Central Ontario	12	1,924	513	101
%	14	14	15	10
Northeastern	17	3,896	661	119
%	20	28	19	12
Northwestern	5	463	143	34
%	6	3	4	3
Southwestern	13	1,163	400	146
%	15	8	11	15
TOTALS	85	13,730	3,507	997
%	100	100	100	100

The program was widely used in Eastern Ontario. Thirty-eight different projects created 597 jobs at a cost to ARDA of \$1,790,000, which is 51% of the total ARDA contribution. The figures presented, however, can be misleading. Although the Southwest received project grants amounting to only 11% of the total, Table 3.23 below indicates that only the counties of Grey and Bruce were involved. Bruce received more project assistance (cf. "Shareable Cost" column) than all but two counties in the Eastern Region. Although 25 counties and districts received some assistance, five received 46% of the funds, namely,

Manitoulin	\$377,000
Bruce	236,000
Russell	210,000
Renfrew	432,000
Hastings	338,000
Total	<u>1,593,000</u>

The Central region best illustrates the general nature of the program. The counties of Northumberland, Peterborough and Haliburton undertook a total of 8 projects with an ARDA contribution in excess of \$450,000. Apart from a park project in Haliburton, these expenditures were the first significant ARDA expenditures in the Eastern portion of the Central Region.

4. Target Analysis

In Chapter 2, program objectives were assigned target group relationships. For the sake of simplicity, the target choice was limited to three, i.e.,

- Individual
- Local community or area
- Non-local community

In order to effect any reasonable program assessment, it is necessary to analyze the extent to which program benefits have accrued to the primary target. Unfortunately, target statistics are difficult to obtain, normally requiring a tedious, project-by-project analysis. For the bulk of ARDA programs, such an analysis has not been done. Consequently, target assessment must be limited to reasonable speculation based on known facts.

Since ARDA was conceived as a mechanism to promote agricultural rationalization, it is not surprising to find that almost 45% of expenditures were on programs to assist individual farmers. Projects designed to assist local areas also received 45% of the funds. Much of this expenditure was oriented to the agricultural sector as well. Conservation projects, which tend to have more widespread benefits, required 5% of the total budget. The residual, including research and field staff expenses, is difficult to assign to any specific target group.

TABLE 3.23

INDUSTRIAL INCENTIVES PROGRAM, 1970-75
DISTRIBUTION OF ARDA ASSISTANCE BY COUNTY & REGION

REGION & COUNTY	COST OF PROJECTS	SHAREABLE COST	NO. OF JOBS	NO. OF PROJECTS
<u>EASTERN ONTARIO</u>				
	\$	\$		
Carleton	-	-	-	
Dundas	26,700	7,700	2	1
Frontenac	350,043	98,000	25	1
Glengarry	566,350	195,000	32	3
Grenville	550,850	84,369	27	2
Hastings	1,430,710	338,343	116	5
Lanark	375,823	122,842	69	3
Leeds	391,350	147,175	29	4
Lennox-Addington	1,500	1,500		
Prescott	-	-	-	
Prince Edward	-	-	-	
Renfrew	1,329,426	431,638	226	13
Russell	707,550	210,450	24	3
Stormont	552,500	153,000	47	2
	<u>6,282,802</u>	<u>1,790,017</u>	<u>597</u>	<u>38</u>
<u>CENTRAL ONTARIO</u>				
Northumberland	585,446	185,000	15	2
Peterborough	387,600	161,300	18	3
Haliburton	748,911	106,500	38	3
Simcoe	141,500	40,000	26	3
Wellington	60,609	20,000	4	1
	<u>1,924,066</u>	<u>512,800</u>	<u>101</u>	<u>12</u>
<u>SOUTHWESTERN</u>				
Grey	585,191	163,450	97	7
Bruce	578,400	236,500	49	6
Huron				
	<u>1,163,591</u>	<u>399,950</u>	<u>146</u>	<u>13</u>
<u>NORTHWESTERN</u>				
Patricia				
Thunder Bay				
Kenora	194,000	72,000	13	2
Rainy River	269,020	71,376	21	3
	<u>463,020</u>	<u>143,376</u>	<u>34</u>	<u>5</u>
<u>NORTHEASTERN</u>				
Timiskaming				
Cochrane				
Parry Sound	312,800	70,000	30	3
Nipissing	105,000	46,000	2	1
Sudbury	116,435	58,218	42	2
Manitoulin	3,103,574	376,565	23	7
Algoma	258,345	110,494	22	4
	<u>3,896,154</u>	<u>661,277</u>	<u>119</u>	<u>19</u>
Totals	13,730,000	3,507,000	997	85

i) Individual

The major programs targetted at individuals were farm enlargement, capital grants, community pastures, and private woodlots. As well, most programs produced some tangible benefits for individuals, but most especially the drainage and alternative employment programs. Of all these, only the farm enlargement program has been evaluated in terms of principal target group. In his study*, Fuller examines some of the participants in the enlargement scheme. Since this program performs two basic functions, participants must be differentiated between those who sell their land and those who acquire land.

Using the federal ARDA criteria for small-scale farms, i.e.,

- \$2,500 or less farm income per annum,
- \$15,000 or less total capital value,
- 25 days or less off-farm work per year,

Fuller plots ARDA activity against the incidence of small-scale farms in each county. Unfortunately, while this and other calculations performed by Fuller indicate the relative frequency of ARDA activity in disadvantaged areas, there is no indication of the characteristics of the farm vendors. The available information only shows the reasons for selling and a few details regarding farm size and pre-ARDA farm activity. In other words, little is known about who was being assisted by the ARDA acquisition of land and to what extent vendors were able to achieve a satisfactory alternative lifestyle.

Much more is known concerning the ARDA lessees. There appears to exist a policy of directing land to proven viable units, and not to very small or poor farms:

"It is considered irresponsible to commit extra farm land to those operators who cannot demonstrate a need for greater acreage and who have not acquired the attendant management skills that would enable them to incorporate a larger scale of land operation into their total farming system."**

Thus, the farm enlargement program has not sought to assist the small farmer to improve the land base of his operation. Rather, the tendency has been to lease land to medium and, more recently, even to large-scale operators.

The trend in the other individually-oriented programs would appear to be even more dramatically in favour of the non-poor farmer. The area trends discussed previously for the drainage and capital grants programs also point in the same direction. Furthermore, 1975-76 applications under the capital grants program (cf. Table 3.24) indicate that the major users were in the \$5,000 - \$10,000 gross farm income range; 39% of the applications were from farmers whose gross sales were in excess of \$10,000/annum.

...55

*Fuller, op. cit.

**Fuller, p.73

TABLE 3.24

Applications Under Capital Grants
Programs by Income Group, 1975-76

	<u>Gross Farm Sales (\$)</u>			<u>Total</u>
	<u>3000- 5000</u>	<u>5000- 10000</u>	<u>Over 10000</u>	
Wells, Ponds & Field Enlargement	84 5%	740 46%	776 49%	1600 17%
Tile Drainage	670 9%	4280 55%	2850 36%	7800 83%
	754 8%	5020 53%	3626 39%	9400 100%

This result should not be totally unexpected since the program qualifications would exclude many low-income farmers. Nonetheless, the above figures represent a time period when applications were restricted to the ARDA selected areas. The situation would reflect an even greater high-income bias if the non-restricted allocations for all Ontario were taken into account.

There is no reason to believe that the drainage ditch program, which has great secondary benefits for individual farmers, would reflect a higher percentage of low-income users. If this assumption is correct, then it can be stated that, even where ARDA farm programs are directed to areas of rural disadvantage, the program beneficiaries are often not the farmers in the lower-income strata.

All the programs discussed above were oriented to the agricultural sector. One additional program, alternative employment, was directed primarily to the non-farm sector. Although not a program aimed at individuals, the jobs provided are quite obviously an asset to individual people. Although information is available which indicates in which locations jobs have been created, it would be erroneous to assume that all these jobs were taken by unemployed or low-income workers. The industrial incentives program is a good example.

Even if it could be shown that per capita income had increased in a specific area, there is no guarantee that the extra income went to local residents rather than migrants. In all likelihood, a high percentage of the jobs created were filled by local personnel but no statistics are available to prove the point. Again, without more specific knowledge of individual characteristics, no statement can be made as to the principal beneficiaries of the job creation program.

An exception to the above argument must be made for the forest stand improvement and parks programs. The resulting jobs have not only been aimed at providing low-income supplementation, but in most cases, have been restricted to persons who can demonstrate appropriate need. In this respect, these employment-oriented projects are most definitely aimed at the lower-income strata in rural communities.

ii) Area or Local Community

Programs whose primary targets can be considered as being a local community or group include the drainage program, water supply and flood control, tourist development, and the various alternative employment schemes. The identification of recipient areas is not difficult; also, location statistics are available. The assessment of relative benefit is not so simple. The knowledge that projects have been selected according to some area requirement does not imply that the desired effect will result. On the other hand, the benefit opportunity is completely lost if area selection is erroneous. Thus, locational orientation increases the potential for achieving selected objectives.

All area-style ARDA programs were designed to increase viability within specific locales. Only some of these, however, were purposely oriented to overcoming rural disadvantage. In ARDA II, for instance, almost 40% of federal contributions were spent on projects related to drainage and rural community water supply. During that period, no restrictions were in effect, resulting in project allocations being made to rural areas throughout Ontario. In fact, since most projects required some local financial contribution, areas of relative wealth were favoured. Even after restrictions were effected, the wealthier areas still enjoyed an advantage within the selected locations. Thus, it must be assumed that, for programs which require financial contributions, the ability to pay determines use patterns. The viability of the area may be increased without effectively reducing rural disadvantage.

Alternative employment programs, including tourist development, were designed to overcome rural poverty problems in the non-farm sector. Restricted to high unemployment, low-income areas, projects were oriented to job creation. The various industrial and forest stand

projects tended to be directly related to employment opportunities, while tourism development tended to have a more indirect relationship. In both cases, however, it can be stated that projects were undertaken in areas where rural disadvantage was acute.

Area projects are rarely limited to a primary effect. Residual effects are often equally important in determining any pattern of change. For instance, flood control and water supply enable better use of land, irrigation and water supply consistency; effects which permit other income-producing opportunities. The water project itself is not the income production unit. Similarly, programs which increase farm income also indirectly assist in improving area viability by increasing the demand for services. The residual benefits of area projects affect individual lifestyles. If rural development or poverty reduction is an objective, then an assessment of both direct and indirect project beneficiaries is required.

iii) Non-Local Community

Soil and forest conservation must be assumed to have no major individual or local orientation. In the case of soil inventories, the general nature was required to justify more locally-oriented projects. That notwithstanding, the surveys were of benefit to all Ontario residents. Forest conservation, although a residual ARDA program, tends to have a more general effect in terms of end-user benefit. Other programs, especially of the agricultural improvement style, produce a secondary benefit of increased food supplies. The recreation aspect of parks and tourist facilities is another major secondary benefit. In fact, it is a source of controversy as to whether such projects do not have recreation as a primary benefit and employment as a residual. Overall, however, there is no doubt that ARDA programs were mainly directed to individual and local community assistance, and that non-local benefits were subordinate to the primary objectives.

CHAPTER 4

IMPACT ASSESSMENT

1. General

Impact denotes some change relationship. Initially, it must be established whether any change effect has taken place, followed by an assessment of whether the change has produced positive or negative results. Impact need not be related to program objectives; yet, there must be some point of reference. In the case of ARDA, there are several possible points of reference.

The economic impact is the most commonly used; however, social impact is certainly of equal, if not greater, importance. In this regard, program impact will be examined in terms of both kinds of factor.

Unfortunately, the paucity of program evaluation within ARDA makes it extremely difficult to make any definitive impact statements. Rather, an attempt will be made to evaluate the probable impact of each program or program category. This will necessitate the establishment of some relationship between program results and program objectives. Finally, ARDA will be examined in terms of its contribution to rural development as an overall strategy.

The expenditure figures indicate two areas of ARDA concentration:

- (1) Grey, Bruce, Manitoulin
- (2) Eastern Ontario

Northern Ontario has received less emphasis, probably due to ARDA's large agricultural component.

2. Program Impact

i) Land Use Programs

Oriented to the agricultural community, the land use programs were initiated in order to increase the viability of farms and to afford alternative opportunities to low-income farmers. Unfortunately, no clear notion exists as to the size of viable farms, total income requirements or other factors which are connected with a satisfactory lifestyle.

(A) Farm Enlargement

The farm enlargement program assumed that low income and small farm size were directly related. It is certainly true that small farm size is a contributing factor to low incomes, but not the only one. The program assisted many disadvantaged rural residents to leave agriculture and provided land with which others could increase the scale of their operations. Insofar as program restrictions focussed expenditures on depressed rural areas, the program can be considered successful in achieving some measure of agricultural rationalization. The measure of success, however, is very relative.

Although the program allowed people to sell their land, there is no information regarding their subsequent circumstances. With no skills and living in high unemployment areas, it is questionable as to whether these people could achieve a better lifestyle. The movement from one form of poverty to another is not improved opportunity. As well, the facts seem to indicate that the number of small-scale farms which the program purchased was quite modest relative to the total. Thus, the program was not responsive to farmers at the lowest level of income. It is, however, recognized that a low level of gross farm sales is not a total indicator of income. A low level could be explained by the existence of part-time or non-resident farmers as well as truly low-income ones. There is also reason to question the arbitrary establishment of \$2500 in gross sales as an indicator of a small-scale farm. According to Fuller, gross sales of \$10,000 per annum may well be the present low-income measure. Using a base of \$10,000 would vastly increase the level of involvement of the farm enlargement program with the low-income strata. Accordingly, there is no reason to question Fuller's conclusion that all vendors had experienced some level of socio-economic stress prior to selling their property.

The effects of the leasing aspect of the program are equally abstract. Although few small-scale farms were included as lease clients, it was determined that small farmers had little chance for success. In fact, a report commissioned by ARDA in September, 1972 entitled "Planning for Agriculture in Southern Ontario" states that:

"economies cannot always be effected on the farm by simply providing a larger acreage, unless the additional acres are high quality soils... The returns from class 3 soils appear so small that a decrease in market price or an increase in production costs could result in a loss."

The above statement, if true, certainly casts some doubt on the potential effectiveness of farm enlargement as a process of agricultural rehabilitation in depressed areas. In defense of the program, all land was classified prior to leasing, but it is not known at what point land was considered unsuitable for agriculture.

Even assuming that the land enlargement program did produce economies of scale, enlargement clients tended to be middle and large-scale operators. Fuller talks of gross yields of at least \$10,000 per annum and running as high as \$18,000 per annum in the Eastern Planning Region. Such findings do not support the premise that the program tended to supplement the income of poor farmers by creating viable farm units.

Other facts by which the program might be analyzed are not available. Designed to increase per capita farm income, there are no data to indicate to what extent it has succeeded in this regard. Another consideration is whether aggregate farm income in any area changed as a result of the program. These statistics are vital to the determination of effects, not only upon individual farm incomes but also upon local economies. It may turn out that farm enlargement, by removing families from an area, reduces the total income available and, consequently, the amount of services demanded. Of course, the exact opposite may also be true. Finally, there is no indication of the effects on food production which have resulted. If the program is, in fact, an agriculture rationalization program rather than a realistic method of alleviating poverty, then it can only be justified on the basis of increased food production.

In essence, then, the impact of the enlargement program has been to remove from agriculture thousands of acres considered unsuitable to the purpose. As well, many farmers, especially in the East of Ontario and the Georgian Bay Area*, have been able to increase their land holdings. It is doubtful, however, that the program has succeeded in helping to overcome the problem of acute rural poverty.

(B) Drainage and Capital Grants

These are included together because of the requirement for financial input by the farmer. As was mentioned previously, such a provision tends to limit program access to the higher-income operators. The lowest-income strata are not even allowed to participate in the grants program, thereby eliminating one opportunity to acquire needed capital improvements. The limitation of program access to counties which have a high incidence of low income farms does not in itself alleviate the relative wealth problem. In the 10 most eastern counties, as an example, there are over 3,000 farms (25%) with gross sales of agricultural products in excess of \$10,000.

At present, it is not known what percentage of higher-income farmers were involved with the programs as opposed to the lower-income strata. It is known, however, that the drainage program increased the production capability of the affected land, and available figures indicate vast improvements in crop quality and yields. Other data indicate similar, if not so spectacular, benefits arising from the capital improvement grants.

* The District of Manitoulin and the Counties of Grey, Bruce and Huron.

In summary, then, the capital grants and drainage programs resulted in increased farm operational effectiveness. The programs have been extremely valuable in terms of improved production. Although increased income will be generated from these improvements, the programs do not seem to be utilized by small-scale and lower-income farmers. It is possible, however, that the financial constraint may not be the only barrier; rather, it may be true that small farms cannot effectively take advantage of the farm improvements afforded, and, as a result, participate only to a minor degree.

ii) Resource Conservation

The impact of resource programs is especially difficult to estimate. At present, an evaluation of the rural reservoir program is being conducted using mathematical models to coordinate and estimate all the relevant available factors. When complete, this analysis should give added insight concerning the contribution of the various reservoir projects.

Water stabilization, either in the form of rural reservoirs, or flood control, must be considered as beneficial to an affected area. Any alleviation of poverty which might result would have to be seen as a residual effect of a general improvement in area viability in terms of increased total income.

The forestry programs also seemed to create a more general benefit. Other than the employment-oriented program, there is no indication that the forestry expenditures have contributed to rural stabilization, at least in the short-run.

For the most part, then, resource programs do not seem to have had any immediate impact on the rural sector in terms of poverty alleviation. There have been notable social benefits from the rural reservoir program but it has been utilized to a major extent in the wealthier agricultural areas of Ontario. In terms of rural poverty, the impact in relation to the total federal expenditure can be assumed to be small.

iii) Rehabilitation and Counselling

Although there are several aspects to the rehabilitation role performed through ARDA, the most important is the Rural Development Field Staff. The field staff basically perform two key functions within ARDA. The principal function is to serve as program advisers and administrators within a specific area. The secondary function, though no less important, is that of counselling.

As was mentioned previously, the impact of the field staff is much greater than the expenditures would indicate. In the area of program advice, it is apparent that a strong correlation exists between area ARDA activity and field staff concentration. There is, however, no indication of any cause-effect relationship which might exist between these two.

Generally, it can be assumed that, to the extent that increases in field representatives improve visibility and communication, there is a greater opportunity for area residents to take advantage of assistance programs.

No statistics are presently available which indicate the proportion of time which field staff allocate to residual counselling rather than direct program advice. The residual counselling function is, by necessity, extremely varied ranging from direct technical considerations such as farm management to lifestyle adjustment assistance which is much more subjective. The mandate of ARDA even suggests that field personnel become involved in community organization and community development, but there is no indication that these potential roles have been extensively utilized. Without direct interviews and discussions, it is difficult to assess the various functions of the field staff. Nonetheless, it would seem that the range of skills required to perform the counselling functions authorized by the ARDA agreements are too many for a single individual. It is, then, a reasonable assumption that counsellors would concentrate in the areas of their expertise, which most often appear to be technically-oriented.

The fact that certain counselling functions may not have been directly performed by the field staff does not indicate that such counselling did not take place. In many cases, expertise from other sectors was called upon to provide assistance and thus expand the potential impact of the overall program.

The impact of the field staff and its related activities appears to have been good within those areas having an agricultural base. The same conclusion, however, is invalid for the non-agricultural areas. In relation to the problem of eliminating rural poverty, it can only be said that the contribution of the field staff is directly reflected in the experience of ARDA as a whole.

Besides the field staff, ARDA has also authorized grants to provide assistance for training, adjustment, mobility, and retirement. Designed only to supplement already existing mechanisms, the grants appear to have been a minor part of total ARDA expenditures, and it must be assumed that the overall impact has also been minimal.

In effect, then, it appears that, within ARDA, rehabilitation and counselling performed a minor role other than the program advice function of the field staff. This latter function cannot be minimized as it is the foundation upon which any ARDA success must be based.

iv) Alternative Employment

The three employment-oriented programs within ARDA each had a different focus in relation to the style of area assistance provided.

(A) Industrial Incentives

The industrial incentives program resulted in the creation of almost 1,000 jobs within what are considered high unemployment, low income areas. Direct job provision, however, is only a partial objective of the program. As well, it was assumed that the encouragement of resource or rural-related industries would produce an even greater stimulation of the area economy through related linkage effects. In theory, these are highly commendable objectives and, if successful, should result in increased economic viability with a minimum of lifestyle adjustment. Unfortunately, no information relating to secondary linkage effects is available. Since the program was not initiated until 1970, most projects are too recent to detect any stabilizing trends.

It is not even possible to speculate as to the impact of the program without more detailed information. In terms of jobs created, it is necessary to know what kinds of job skills were needed, whether local residents were hired, whether these people had been employed previously, and finally, if the job was able to afford the employee a satisfactory lifestyle. In terms of area effects, it would be necessary to examine not only total income changes, but whether this income was locally generated through the multiplier process. Even if considered locally successful, the program might be less so in total. If, for instance, the encouragement of industrial development in one disadvantaged area resulted in the diminution or demise of a similar project in another area of concern, then the net benefit would be zero in terms of reducing rural poverty. There is a critical difference between the redistribution of wealth and the redistribution of poverty.

(B) Tourism

Direct assistance to ski facilities, marinas, golf courses, etc. is very similar to the industrial incentives process. The objective is to create income opportunities by providing capital assistance to various projects. The information required to assess industrial projects is also required in order to assess tourist project impact. Although tourism generates obvious secondary service industry requirements, the net benefit to any area is often considerably less than income generated. Economically, much of tourist spending does not remain within an area, especially when major facilities such as hotels, marinas, and recreation areas are owned by non-residents. In such cases, the economic benefits are limited to increases in local commercial activity and the service employment generated. On their own, these benefits would

seem sufficient to justify tourist promotion, however, there is a definite social cost to tourism. The extent of this social cost is the source of much controversy among development experts, and the debate will not be taken up in this report. Suffice it to say that tourist promotion as a strategy to alleviate rural poverty should not be regarded as being universally beneficial.

The major expenditure on tourism development under ARDA was for provincial parks. As with other tourist-related projects, there is no way of estimating the linkage effects of parks. Direct employment benefits are minimal, often being of a temporary nature. It would seem reasonable to assume that the major benefit of park development is the creation of added recreation facilities to service basically a non-resident population. The local impact is probably quite small. Any decision regarding parks promotion, however, should be delayed until the parks evaluation, presently underway, is completed.

(C) Forest Stands

Whereas the other two programs tended to promote full-time employment, one directly, the other indirectly, the forest stand projects were designed to provide seasonal income supplementation to low-income rural residents. There is no doubt that the program succeeded in meeting this objective and, at the same time, improving the resource base of timber. Not presently known, however, is to what extent this income was able to bridge the gap between poverty and sufficiency. Although any increase in earnings is beneficial to low-income residents, the program may only be capable of shifting people through various strata of poverty. As well, the program, being considered only a short-term remedial measure, must be followed by more permanent solutions, a process which is not evident at present.

In terms of income provision, the program must be considered successful. Since some useful labour is performed by the recipients, then the net cost is smaller than direct transfer payments. On the other hand, temporary manual labour of this kind cannot produce the same stabilization effect as secure, long-term employment.

3. ARDA Impact

As an entity, ARDA is difficult to assess due to the changing emphasis over time and the uncoordinated nature of its various program areas. Overall, ARDA focussed almost totally upon the agricultural sector. The majority of funds were allocated to areas in the East plus three counties in the Georgian Bay area. In terms of agriculture, ARDA can be considered successful. ARDA has also been instrumental in helping to rehabilitate the agricultural industry in traditionally disadvantaged areas.

On the other hand, the effect of ARDA in overcoming rural poverty and assisting in the process of rural adjustment remains unclear. There is insufficient evidence available to allow for any statement concerning success. Certainly, as the program review has shown, a considerable portion of ARDA funds were allocated or could have been allocated to projects which did not benefit persons at the lowest income levels.

To the extent, then, that rural development requires an overall coordinated strategy in order to alleviate poverty, ARDA has been a failure.

CHAPTER 5

IMPLICATIONS AND FUTURE CONSIDERATIONS

1. Implications of the ARDA Analysis

It has already been suggested that ARDA cannot be considered a coordinated mechanism promoting rural development. Utilizing the ARDA selected area, Table 5.1 indicates that less than 30% of the rural population lived on farms in 1971. Yet, over 75% of ARDA expenditures was oriented to agricultural projects. Although the incidence of rural poverty may be greater in the farm sector than in the non-farm sector, the expenditure figures indicate that ARDA virtually ignored non-farm rural development.

TABLE 5.1
RURAL POPULATION IN
SELECTED ARDA AREAS, 1971

<u>Area</u>	<u>Farm</u>	<u>Non-Farm</u>
Northwest	4,385	50,295
Northeast	14,865	147,310
Southeast	76,140	216,700
Southwest	45,675	50,395
Southcentral	40,160	123,765
Totals	181,215	464,700

Of course, the limitation of ARDA programs basically to the agricultural sector does not negate the possibility of alleviating acute poverty therein. As was shown in Chapter 4, however, there is no evidence to indicate that programs were assisting persons at the lowest income levels. In fact, it appears that other than limiting most projects to the selected areas, the policy seemed to be one of promoting agricultural effectiveness, a policy which undoubtedly improved agricultural methods, but may have done little to overcome the high level of rural disparity.

Even for those few programs which were focussed on the creation of income opportunities to low-income persons, the lack of any program evaluation makes it impossible to do more than speculate on outcome. Certainly, it can be stated that ARDA projects were of immense assistance to selected individuals. The problem of rural poverty, however, is not limited to sporadic individuals, but rather is more often a multiple, area-wide phenomenon. It is this area impact which cannot be effectively discussed and, as a result, most of the ARDA experience remains unknown. The lack of program evaluation must be considered the critical failure within ARDA.

In fairness, it must be noted that ARDA has been a joint federal-provincial program administered by the Province. As a result, federal control has been minimal and priorities have been established basically through joint discussion. Therefore, part of the disjointed nature of ARDA can be assumed to be a result of attempting to establish an acceptable compromise between the goals of the two governments in relation to rural development in general and agricultural development in particular. The drainage and capital grants programs, and the related misunderstanding, are obvious examples of this very process.

In essence, ARDA lacked a consistent focus to which all programs could be related. As a result, it is doubtful, even within the agricultural sector, that rural disparity was effectively reduced. However, only a much more comprehensive analysis of the ARDA experience could determine the true impact.

2. Further Considerations

The need for rural development assistance in Ontario cannot be questioned. What is unknown, though, is the form that this assistance should take. Most certainly, the formulation of programs and projects should not be attempted at the outset since rural development is a multi-phase process.

The initial requirement is to determine where and to what extent rural deprivation exists in Ontario. Such a determination will obviously require some criteria of sufficiency, in both social and economic terms. Only after an impact population and impact objectives have been identified will it be possible to examine alternative program solutions. Finally, proper evaluation will determine the overall effectiveness of the various programs, and allow for alterations if necessary.

3. The Role of DREE

Within the broad process which is rural development, there are several areas in which DREE could become involved. The most comprehensive involvement would occur at the planning level which would include the formulation of priorities, the implementation of programs and the evaluation of results. This role might prove difficult in view of the fact that DREE cannot independently establish rural policy for Ontario. The planning function must be considered a provincial responsibility, although consultation with federal representatives is welcomed.

A more probable role would seem to be at the program level. Even here, DREE could operate either as an active or a passive participant. Passive participation requires only funding assistance for established programs. Many ARDA expenditures can be categorized as passive participation. Active participation, on the other hand, involves not only funding, but a measure of administrative responsibility. In this case, DREE could establish programs in order to fulfill established policy objectives.

Several more factors must be noted in any consideration of the continued role of DREE in rural development. The first is the fact that rural development need not focus attention on rural poverty. Although it is recognized that agricultural improvement and resource stimulation will have some residual effect on the low-income sector, the primary program orientation is not related to rural disadvantage. It is not the mandate of DREE to improve agriculture, establish recreation areas for urban residents, or improve the resource base of Ontario. There are programs administered by other government departments concerned primarily with each of these areas. DREE should be concerned with assisting and promoting development in disadvantaged areas. It is not, however, sufficient to insure that projects are restricted to areas which demonstrate higher than normal levels of poverty since, as ARDA experience has shown, programs may not benefit those people in greatest need of assistance.

Certainly, there is no requirement that DREE become directly involved with the alleviation of poverty. Rather, it is possible to consider poverty reduction as a residual benefit of a more general, area-wide economic resurgence. In this case, the objective would be to provide the means to make such economic growth possible. The problem with this style of development strategy is that the desired residual effects may not occur. Although improved income opportunities must remain a major objective, income alone will not solve the massive social adjustment problems inherent in much of the rural community.

Development should not be considered as a means to improve a geographical location. Rather, it should be viewed as providing increased opportunity for the residents of that location. Development, then, must always have some reference to a client group, and the effects must be analyzed in terms of that group. It is this client or target group relationship that must be more clearly specified as a part of development planning.

The Canada-Ontario General Development Agreement signed in 1974 does afford a great deal of scope for rural development planning. Much more comprehensive than any previous agreement between the two governments, the GDA makes provision for increased program activity within certain areas, namely:

- (a) Cornwall
- (b) Northwestern Ontario
- (c) Forest-Based Industries
- (d) Single-Industry Communities
- (e) Industrial Incentive Programs
- (f) Special Project Initiatives
- (g) Transport and Communication
- (h) Rural Development (ARDA)
- (i) Ontario Northlands

Obviously, some mechanism is still required to deal with the disadvantaged sector of the agricultural community. This might be accomplished by revising the present ARDA programs or by designing a completely new system of program allocation. As well, a mechanism is required to extend assistance to low income, rural non-farm residents who would not benefit from the other authorized programs. Such an approach would, however, repeat the error of participation which prevailed under ARDA. It would be preferable to develop a policy to assist all rural areas experiencing socio-economic deprivation. Then, whatever existing programs were relevant could be utilized and new programs need only be authorized to cover the residual population. It is to this residual area that the revised ARDA could be effectively applied.

It is difficult at this time to make any concrete recommendations regarding specific programs which might be included in a new agreement.

A much more comprehensive evaluation of ARDA is required in order to determine the impact of the various programs. Such an evaluation would be tedious, requiring interviews with ARDA officials and program recipients as well as a thorough study of ARDA documentation. Depending on the availability of personnel and access to information, the study could take as long as one man-year to complete. Unfortunately, without such an evaluation, any attempt at program planning may prove to be little improvement over previous efforts.

This report has suggested that the kinds of assistance presently available have not proven to be advantageous to the lower socio-economic sector in rural areas. If a more detailed evaluation were to demonstrate that this conclusion was indeed valid, then new approaches to development would have to be considered.

It is quite probable that the private enterprise, individual incentive model cannot be effectively utilized by enough of the rural population to provide a significant impact. Agricultural improvement grants will not assist the many small-scale farm operators and industrial incentive grants will not assist areas of no resource base and low economic potential. Alternate models may be required including possibly community participation, cooperative ownership and even massive subsidization. It is time now to attempt an approach which emphasizes community viability and the aggregate quality of life.

