

GOVERNMENT OF CANADA

REPORT OF THE
GENERAL DEVELOPMENT AGREEMENTS
TASK FORCE

March 30, 1982

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GENERAL DEVELOPMENT AGREEMENTS
TASK FORCE

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REPORT OF THE GENERAL DEVELOPMENT AGREEMENTS TASK FORCE

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REPORT OF THE GENERAL DEVELOPMENT AGREEMENTS TASK FORCE

EXECUTIVE SUMMARY

1. The Task Force examined all current General Development Agreements, Subsidiary and other agreements and associated financial and legal implications.
2. The Task Force recommends that the Minister of Regional Industrial Expansion be assigned the powers and responsibilities of the Minister of Regional Economic Expansion in existing provincial General Development Agreements.
3. Sub agreements were allocated in three groups and their disposition recommended as follows:
 - a) Agreements on which payments will be completed in 1982-83, no further extensions or amendments are foreseen, and for which DREE (or DRIE) should continue management responsibility;
 - b) Agreements terminating or having forecast payments after 1982-83 which are primarily concerned with single sectors and whose management should be transferred to a federal department as identified in the report; and
 - c) Spatial or cross-sectoral agreements for which a single dominant department cannot be identified and whose management should be transferred to DRIE.
4. The Task Force recommends that Treasury Board Canada in consultation with DREE and the recipient departments determine the level of program and personnel resources required by the recipient departments for the ongoing management of the assigned agreements. The Task Force has, however, concluded that additional administrative resources will be required by recipient departments.
5. The Task Force recommends that recipient departments be responsible for the collection, control and accounting of any non-tax revenue related to assigned agreements and that DRIE be responsible for these matters as they relate to outstanding loans and to PFRA and ARDA agreements.

REPORT OF THE GENERAL DEVELOPMENT AGREEMENTS TASK FORCE

THE TASK FORCE

1. The General Development Agreements (GDA) Task Force was established by the Committee of Economic and Regional Development Deputy Ministers at its meeting of January 21, 1982. Terms of Reference are attached at Annex A and the Task Force membership list at Appendix 1.
2. The terms of reference for the Task Force explicitly directed the examination of single-sector agreements but were silent on the treatment of multi-sectoral or cross-sectoral agreements. Implicitly they appeared to suggest an MSERD responsibility for those programs which could not readily be identified with a single line department. It quickly became apparent that the Ministry of State structure was not suitable, and lacked the legal authority, for direct delivery of programs. As well, direct involvement in program delivery was seen to conflict with the primary role of the Minister as the strategic planner and coordinator of economic and regional development activity.
3. The Task Force has formulated its recommendations on the assumption that although MSERD, as the coordinator of economic and regional policy, might appear to be the logical home for the management of existing GDAs and multi-sectoral agreements, present policy is to assign financial and legal responsibility elsewhere for the completion of existing agreements.
4. Given that the development of a new family of agreements was foreseen which would emphasize direct relationships between federal departments and the provinces within an overall regional economic development strategy, the Task Force sought methods of completing existing agreements which would involve the least upset in current program delivery and minimum change in existing legal authorities. In some cases this pragmatic approach may produce less than ideal solutions. The most difficult case is the recommended allocation to DRIE of most of the cross-sectoral agreements in which no single lead department has a dominant role. DRIE, as the closest direct successor to DREE, is proposed as the best agency to coordinate the completion of these agreements by the various delivery departments. Other arrangements may be required for future cross-sectoral initiatives.
5. The present structure of DREE permits substantial economies of scale in the administration of GDAs and related sub agreements since individual employees generally handle specific aspects of several agreements (e.g. program managers, financial officers, etc.) In general it was not possible to relate individual persons to specific agreements; i.e. complete individual packages of person-year and dollar resources could not be allocated to each sub agreement. Since a separate implementation task force is operating under the leadership of TBC to identify the support requirements of the new structures, this Task Force limited itself to the identification of direct program dollar resources that would have to be transferred between departments.
6. The Task Force carried out bilateral discussions with the proposed recipient departments as shown in Appendix 2 and its recommendations received their general agreement except as otherwise noted in this report (paras. 12-14).
7. The Task Force has provided recipient departments, other than DREE (DRIE), with detailed program data which have not been incorporated in this report. If required, these data may be obtained from the Chairman.

EXISTING GENERAL DEVELOPMENT AGREEMENTS (GDA)

Background

8. The existing agreements provide a broad policy framework for cooperation between Canada and the provinces and territories in implementing strategies for economic and socio-economic development. Agreements have been signed with all provinces and territories except Prince Edward Island which is covered by a comprehensive development plan. Since the existing provincial GDAs do not expire until 1984 and since commitments can continue to be made through amendments to existing sub agreements or the development of new subsidiary agreements, there will continue to be a need for a designated coordinating Minister to replace the DREE Minister until 1984 or until all existing agreements are no longer in effect. A more detailed discussion is provided at Annex B.

Recommendation

9. It is recommended that the Minister of Regional Industrial Expansion be assigned the powers and responsibilities of the Minister of Regional Economic Expansion as set out in the existing GDAs.

EXISTING SUBSIDIARY AND SIMILAR AGREEMENTS

Background

10. The Task Force has grouped existing subsidiary agreements and other related agreements into three categories as follows:

- (a) Agreements that expire in fiscal year 1982-83 and/or for which no payouts are forecast after fiscal year 1982-83 and for which further extensions or amendments are not now foreseen. (Annex C)
- (b) Agreements or payments that extend beyond fiscal year 1982-83 and for which single departmental ministers can be readily identified to assume all responsibility for their ongoing management. (Annex D)
- (c) Agreements that extend beyond fiscal year 1982-83 and which should be coordinated by an assigned federal minister since the programs provided for in the agreements cut across the mandates of a number of departmental ministers. (Annex E)

Recommendations

11. It is recommended that:

- (a) the Minister of Regional Economic Expansion continue to manage and administer the agreements listed in Annex C. After proclamation of the Government Organization Act any remaining responsibilities would be assigned to DRIE by the Governor in Council under the Public Service Rearrangement and Transfer of Duties Act.
- (b) the subsidiary agreements listed in Annex D be managed and administered by the ministers of the departments indicated, with the transfer of the responsibility from the Minister of Regional Economic Expansion being effected by the Governor in Council under the Public Service Rearrangement and Transfer of Duties Act.
- (c) the duties and responsibilities of the Minister of Regional Economic Expansion as set out in the agreements listed in Annex E be assigned to the Minister of Regional Industrial Expansion by the Governor in Council under the Public Service Rearrangement and Transfer of Duties Act and that

he/she have the authority to delegate associated program management and delivery responsibilities and the related resources to appropriate program ministers. Because of the attendant legal and administrative implications this reassignment of responsibility should be explored by DRIE in consultation with the Treasury Board Secretariat and the departments affected. (See Chairman's footnote.)

Dissenting Departments

12. The Task Force recommends the allocation to DRIE of the two Canada-Alberta Nutritive Processing Sub Agreements because they are concerned with industrial development. Specifically, the programs make contributions to companies opening new facilities or expanding operations in the field of nutritive processing.

The Department of Agriculture believes that it should manage these agreements since they deal, in part, with the processing of animal feed and would in any case be compatible with the emerging agri-food strategy.

13. The Task force recommends the allocation to DRIE of the Canada-Saskatchewan Qu'Appelle Valley Sub Agreement because it contains a continuing element of tourism development and because the management of the self-contained water improvement projects, now financed by Environment Canada, can continue as before.

Environment Canada believes that it should be responsible for the sub agreement since the water-related projects predominate, they are consistent with the Canada Water Act, and the department expects to develop follow-on projects.

14. The Task Force recommends that the Manitoba and Saskatchewan water development projects now managed by PFRA remain with that agency.

Environment Canada believes that these projects, like the Qu'Appelle Valley, are consistent with its mandate under the Canada Water Act and should be transferred to it.

RESOURCE RE-ALLOCATION

Background

15. Financial provisions for the initiatives listed in Annexes C, D and E are currently made in DREE's 1982-83 Main Estimates and reference levels for the two subsequent years. Annex G provides a description of the DREE Multi-Year Operational Plan (MYOP) structure and its relationship to the DREE Estimates.

Recommendations

16. It is recommended that:

- a) prior to the re-allocation of DREE resources to other departments and prior to confirmation of the starting levels for the Regional Fund, the Treasury Board complete its review of the spring 1982 MYOP submission from DREE, incorporating the adjustments set out in paragraphs 5-7 of Annex G into revised reference levels for each DREE Planning Element.
- b) in view of the fact that the PY's and administrative support for approved GDA commitments cannot be considered separately from other DREE commitments, the processes for re-allocating the DREE appropriations and PY's for 1982-83 and the reference levels and PYs for subsequent years be as set out in paragraphs 9-12 of Annex G.

REVENUE IMPLICATIONS

Background

17. Attached at Annex H is a paper prepared by DREE for the GDA Task Force. While the prime concern of the Task Force was the relevance of revenue sharing to GDAs, the paper also addresses the significant revenue now received by DREE from loans, from PFRA and from ARDA agreements.

Recommendations

18. It is recommended that:

- (a) recipient departments identified in Annexes C, D and E be responsible for the collection, control and accounting of any revenues generated under their assigned agreements.
- (b) DRIE be responsible for the collection, control and accounting of any revenues generated from outstanding loans, from PFRA and from ARDA agreements.

CHAIRMAN'S FOOTNOTE

The Task Force recognized that the P.E.I. Comprehensive Development Plan constitutes an exceptional case since, essentially, it represents the total federal economic development activity in P.E.I. The Cabinet Committee on Economic and Regional Development will have a major role in the development of federal policies for P.E.I. and it is expected that the local coordination of federal-provincial economic development programs in P.E.I. may devolve largely on the Federal Economic Development Coordinator.

GDA Task Force

Terms of Reference

1. The GDA Task Force was established by the Committee of Economic and Regional Development Deputy Ministers at its meeting of January 21, 1982.

2. The terms of reference for the GDA Task Force derived from a MSED report to Deputy Ministers which stated, inter alia;

"Transfer of Subsidiary Agreements"

"An MSED/TBC/DREE Task Force on Subsidiary Agreements led by the Director, Evaluation and Assessment, MSED would, in the course of the next three months identify an appropriate division of responsibilities for those agreements which are not clearly oriented toward any one sector.

Even where the recipient department is unambiguous, complex administrative issues arise:

- a) the timing of the transfer; the fraction of the dollar resources associated with each agreement that should be transferred;
- b) the person-years implications;
- c) the new subsidiary agreement management arrangements (including interdepartmental representation); and
- d) mechanisms and processes for the ongoing cash management of existing agreements by the CCERD.

It is therefore proposed that the MSED/TBC/DREE Task Force on Subsidiary Agreements examine the administrative issues noted in paragraph 12 for all the agreements to be transferred to departments other than DRIE. The Task Force would work on a bilateral basis with the recipient departments as required."

GDA TASK FORCE MEMBERSHIP

CHAIRMAN J.B. SWAYNE (MSED)

DREE Ottawa

D. McDonald
D. Rothwell
O. Taylor

DREE Regions

J. Dempsey (Moncton)
D.C. Graham (Toronto)
M. La Salle (Quebec)
M.D. Ross (Moncton)
M. White (Saskatoon)

Treasury Board Canada

A.E. Kyffin

MSED

W.J. Robertson



DEPARTMENTAL CONSULTATIONS

<u>Department</u>	<u>Principal Contact</u>
Agriculture	C. Brouillard ADM Regional Development and International Affairs
Energy, Mines and Resources	S. Mensforth ADM Finance and Administration
Environment	R. Herring Director General, Planning, Finance and Administration (CFS)
Indian Affairs and Northern Development	R. Glass Director General, Northern Resources and Economic Planning
Justice	P. Sorokan Director, Legal Services (DREE)
Public Works	D.J. Hartt Director General, Planning and Coordination
Regional Economic Expansion	T. Reid ADM Planning and Coordination
Transport	G.G. Bélec Director General, Highway Transportation

GENERAL DESCRIPTION OF GENERAL DEVELOPMENT AGREEMENTS (GDA)
AND SUBSIDIARY AGREEMENTS

Legal Basis

1. The legal basis for the existing General Development Agreements is Vote 11a, Appropriation Act No. 5, 1973. The wording of this legislative vote is as follows:

"To authorize the Minister of Regional Economic Expansion to enter into general development agreements with the provinces, subject to the approval of the Governor in Council, to provide measures for economic expansion and social adjustments in areas in Canada requiring such measures to improve opportunities for productive employment in those areas and access to such opportunities, and, in accordance with such general development agreements and such directions as the Governor in Council may prescribe, to enter into subsidiary agreements to effect the purposes of the general development agreements, and to provide contributions as set out in the general development agreements and subsidiary agreements ...".

Summary of Policy and Program Objectives

2. GDAs have been signed with all provinces except Prince Edward Island and cover a period of ten years terminating in 1984. The GDAs provide joint authority with the provinces for the coordination of existing programs or for the introduction of new initiatives or programs for specific action to remove hindrances to economic development or to achieve specific development goals. With respect to Prince Edward Island, a long-term comprehensive development plan under the FRED legislation has been put into effect terminating in 1984. General development agreements with the Yukon and Northwest Territories terminate in 1982 and 1984 respectively.

3. The GDAs provide statements of the objectives and priorities to be pursued and describe the extent of activity to be coordinated, the types of support to be given and the mechanisms to be established for joint decision-making. They also provide for continuing analysis of provincial economic and social circumstances and for the identification of specific opportunities for development.

4. Although there are variations among the objectives of individual GDAs, they all generally seek to improve opportunities in areas that require special measures to facilitate economic expansion and social adjustment. Depending on the particular economic circumstances of a province or territory, the objectives may emphasize improvement in standards of living or a more equitable distribution of socio-economic development among geographic, industrial or social sectors.

Programs and Activities

5. The GDAs outline basic strategies for regional development but do not provide commitment of resources. This is done by means of specific subsidiary agreements signed with each province or territory following the GDA. Each subsidiary agreement covers a specific

period usually five years but ranging from one year to ten. In addition each has a financial limitation and provides fixed cost-sharing arrangements and a management system with provisions for monitoring the implementation of programs and projects. They also include appropriate provisions for the evaluation of operations to ensure efficiency and effectiveness in relation to the objectives and strategies of the GDA.

6. The activities covered by subsidiary agreements include:

- joint planning and analysis
- infrastructure:
 - roads
 - sewers
 - water treatment plants
 - industrial sites and parks
- resource development:
 - agriculture
 - forestry
 - minerals
 - pulp and paper
 - fisheries
- industrial development and tourism:
 - industrial malls and parks
 - industrial infrastructure
 - tourism infrastructure
 - major industrial projects
- spatial or multi-sectoral activity.

Administration

7. Common administrative provisions include:

- (a) All general development agreements have been signed on behalf of Canada by the Minister of DREE under the authority of the Governor in Council.
- (b) The broad strategy for achieving the economic and socio-economic objectives as set out in the GDA and plans, progress and financing are subject to annual review by the Minister of DREE and his provincial counterpart.
- (c) Under the terms of GDAs, each subsidiary agreement is required to be signed by the Minister of DREE and may also be signed by such other federal ministers as appropriate, having regard to the initiative concerned.
- (d) Under the terms of GDAs, the Minister of DREE and his provincial counterpart are responsible for overall coordination of all policy, program and financial aspects with respect to subsidiary agreements arising out of the GDA including:

- reviewing the general operation of the GDA:
 - considering developmental opportunities that might be pursued;
 - reviewing existing or proposed subsidiary agreements;
 - determining the required level of funding.
- (e) Under the terms of GDAs, the Minister of DREE and his provincial counterpart are each required to designate officials to be jointly responsible for the general coordination of the action to be taken under the GDA.
- (f) The GDA's expire in 1984, but associated subsidiary agreements continue in force and effect until completion of the particular initiative or expiration of the applicable subsidiary agreements, whichever is later.

AGREEMENTS TO BE COMPLETED
BY EXISTING DREE MANAGEMENT OR BY DRIE
 (NO PAYMENTS FORECAST BEYOND MARCH 31, 1983)

	<u>TERMINATION DATE</u>	<u>AUTHORITY: ORDER-IN- COUNCIL</u>
<u>NEWFOUNDLAND</u>		
- Gros Morne	31-03-82	1974-1172
- Planning	31-03-82	1976-6/901
- Labrador Interim	31-03-82	1976-8/2664
- Minerals and Energy	31-12-81	1976-2/3145
- Nfld. and Labrador Dev. Corp.	17-07-82	1977-10/2023
<u>NOVA SCOTIA</u>		
- Halifax - Dartmouth	31-03-82	1975-3/710
- Agriculture	31-03-82	1976-1555
- Planning	31-03-82	1976-7/901
- Forestry	31-03-82	1977-1817
- Tourism	31-03-82	1977-1816
<u>NEW BRUNSWICK</u>		
- Forestry I	31-03-82	1981-7/181
- Minerals and fuels	31-03-82	1976-12/1149
- Planning	31-03-82	1975-11/2912
<u>QUEBEC</u>		
- Minerals	31-03-82	1976-719
- Public Infrastructure	30-09-81	1978-1194
- AMOS Newsprint Plant	31-03-83	1980-9/1674
<u>ONTARIO</u>		
- Northeastern	31-03-83	1976-11/631
- Single Industry Communities	31-03-83	1976-9/2505
- Community and Rural	31-03-83	1977-13/2916
<u>MANITOBA</u>		
- Northlands I	31-03-82	1976-2074
<u>SASKATCHEWAN</u>		
- Forestry	31-03-82	1979-13/1358
- Agriculture	31-03-82	1979-11/1358
<u>ALBERTA</u>		
- Northlands	31-03-82	1978-20/151

SINGLE-SECTOR AGREEMENTS
TERMINATING OR REQUIRING PAYMENTS AFTER MARCH 31, 1983

RECIPIENT DEPT. - SUB-AGREEMENT	TERMINATION DATE	AUTHORITY: ORDER-IN-COUNCIL
<u>AGRICULTURE</u>		
1. - Newfoundland	31-03-83	1978-8/2211
2. - New Brunswick - II	31-03-83	1978-823
3. - Quebec	31-03-82	1977-1699
4. - Manitoba - Value Added Crops	31-03-84	1978-3718
5. - British Columbia - Agriculture and Rural Development	31-07-82	1977-12/1949
<u>ENERGY, MINES AND RESOURCES</u>		
6. - Nova Scotia - Energy	31-03-83	1978-2060
<u>ENVIRONMENT (FORESTRY)</u>		
7. - Newfoundland - I (NOTE 1)	31-03-83	1974-2/742
8. - - II	31-03-85	1980-3523
9. - New Brunswick - II	31-03-84	1980-3523
10. - Quebec	31-03-84	1975-6/640
11. - Ontario	31-03-84	1978-3719
12. - British Columbia	31-03-84	1979-1/1474
<u>INDIAN AFFAIRS AND NORTHERN DEVELOPMENT</u>		
13. - Yukon - Tourism (NOTE 2)	31-03-82	1980-31/478
14. - Yukon - Renewable Resources	31-03-82	1979-1102
<u>PUBLIC WORKS</u>		
15. - New Brunswick - Saint John Market Square	31-03-83	1980-2731
16. - Quebec - Montreal Water Treatment (NOTE 2)	31-03-82	1978-4/955
17. - - PICA - Mirabel (NOTE 2)	31-03-82	1976-2/1480
18. - Ontario- Sault Ste. Marie infrastructure	not signed	
<u>TRANSPORT CANADA</u>		
19. - New Brunswick - Saint John-Moncton Highway	31-03-83	1975/102
20. - Quebec - Transportation Development	31-03-84	1974-8/1539
21. - British Columbia - Ridley Island Access Road (NOTE 2)	31-03-82	1980-5/2627
<u>REGIONAL INDUSTRIAL EXPANSION</u>		
<u>Industrial, Rural/Community Development</u>		
22. - Newfoundland - Industrial Development	31-03-84	1979-1645
23. - - Labrador Community Development	31-03-87	1981-1351
24. - - Rural Development	31-03-83	1978-2270
25. - Nova Scotia - Ocean Industries	31-03-86	1981-2089
26. - - Panamax Dry Dock	31-03-85	1980-253
27. - - Michelin	31-03-87	1980-1546
28. - - SYSCO II	31-03-84	1981-1218
29. - - Canso (NOTE 2)	31-03-82	1975-3/710
30. - - Industrial Development	31-03-83	1979-2976
31. - New Brunswick - Northeast	31-03-82	1977-1697
32. - - Developing Regions	31-03-83	1979-12/1358

- NOTES 1. Transfer of complete package recommended even though Forestry I will be completed in 1982-83.
2. Extension expected.

RECIPIENT DEPT. - SUB-AGREEMENT	TERMINATION DATE	AUTHORITY: ORDER-IN-COUNCIL
- Atlantic Region -		
33. - Management Training	31-03-83	1978-10/886
34. - Physical Distribution Advisory Service	31-03-83	1978-16/3077
35. - Quebec - Industrial Infrastructure	31-03-83	1975-5/640
36. - Inter-Port	31-03-84	1980-9/3497
37. - Ontario - Pembroke Infrastructure	Not signed	
38. - Manitoba - Industrial Development	31-03-83	1978-16/723
39. - Saskatchewan - Iron and Steel	31-03-80	1974-14/1459
* 40. - Qu'Appelle Valley	31-03-84	1975-18/1746
41. - Planning	31-03-84	1979-9/1259
**42. - Alberta - Nutritive Processing I	30-06-81	1975-2/459
**43. - Nutritive Processing II	31-03-86	1981-2157
44. - British Columbia - Industrial Development	31-03-82	1977-12/1693
45. - Northwest Territories - Community Economic Development	31-03-82	1979-1101
<u>PFRA</u>		
* 46. - Manitoba - Water Development	31-03-84	1979-9/1358
47. - Agriculture Service Centres	31-03-82	1972-20/1592
* 48. - Saskatchewan - Water Development	31-03-82	1979-10/1358
49. - Agriculture Service Centres	31-03-83	1972-20/1592
<u>Pulp and Paper Industry</u>		
50. - Newfoundland	31-03-85	1980-3522
51. - Nova Scotia	31-03-84	1981-5/630
52. - New Brunswick	31-03-84	1980-13/2323
53. - Consolidated Bathurst	31-03-89	
54. - Quebec	31-03-84	1979-3/1359
55. - Ontario	31-03-84	1979-5/1359
<u>Tourism</u>		
56. - Newfoundland	31-03-83	1978-5/236
57. - Quebec	31-03-83	1978-902
58. - Manitoba	31-03-84	1978-7/3708
59. - British Columbia	17-10-83	1978-10/3144
<u>Special ARDA</u>		
60. - Manitoba	31-03-82	1977-596
61. - Saskatchewan	31-03-82	1977-596
62. - B.C.	31-03-82	1977-596
63. - N.W.T.	31-03-82	1977-596
64. - Yukon	31-03-82	1977-596

* Environment Canada does not agree with this allocation.

** Agriculture does not agree with this allocation.

MULTI-SECTOR AGREEMENTS

	<u>TERMINATION DATE</u>	<u>AUTHORITY: ORDER-IN- COUNCIL</u>	<u>PRINCIPAL FEDERAL MINISTER</u>	<u>PROGRAM MINISTERS</u>
<u>PRINCE EDWARD ISLAND</u>				
1. - Development Plan	31-03-84		DRIE	DRIE, AGR, F&O, EMR, EC, TC, CEIC
2. - Special Area	31-03-84		DRIE	DRIE, AGR, F&O, EMR, TC, CEIC
<u>QUEBEC</u>				
3. - Îles-de-la-Madeleine - Special Area	31-03-85		DRIE	F&O, TC, DRIE
- Sub Agreement	Not signed		DRIE	AGR, F&O, DRIE
<u>ONTARIO</u>				
4. - Eastern	31-03-84	1978-7/3485	DRIE	DRIE, EC, EMR, AGR
5. - Northern Rural	31-03-84	1980-7/2996	DRIE	DRIE, EC, EMR, AGR, IAND
<u>MANITOBA</u>				
6. - Winnipeg Core Area	31-03-85	1981-2158	DRIE	DRIE, CEIC, CMHC, PWC
<u>SASKATCHEWAN</u>				
7. - Northlands	31-03-83	1978-8/2194	DRIE	CEIC, DRIE

LEGAL BACKGROUND

1. The Minister of Regional Economic Expansion has a range of responsibilities assigned to him under the following statutes:

- a) Appropriation Act No. 5, 1973
Vote 11a authorizes the Minister to enter into:
 - General Development Agreements (GDAs);
 - Subsidiary Agreements (Subs).and to pay contributions as provided for in these Sub Agreements.
- b) The Department of Regional Economic Expansion Act
assigns responsibilities in respect of:
 - Special Areas (Section 6);
 - Initiatives authorized under Section 5 of the Act;
 - The Atlantic Development Council;
 - The administration of the Department of Regional Economic Expansion (DREE).
- c) Fund for Rural Economic Development (FRED) Act
although no longer on the books, authorized the:
 - Prince Edward Island Comprehensive Development Plan Agreement.
- d) The Prairie Farm Rehabilitation Act
including:
 - The Prairie Farm Rehabilitation Administration (PFRA);
 - Agreements authorized under the Act, e.g., the Alberta Irrigation Rehabilitation Agreement.
- e) The Regional Development Incentives Act
and the Regulations for the Regional Development Incentives Program.
- f) The Agricultural and Rural Development Act
Section 4 of which authorizes:
 - Special ARDA agreements.

A - APPROPRIATION ACT NO. 5, 1973

GENERAL DEVELOPMENT AGREEMENTS (GDA's)

Background

2. In 1974, GDAs were signed with all provinces except Prince Edward Island where a Comprehensive Development Plan Agreement was, and still is, in force. All of these agreements were signed by the DREE Minister representing Canada, and that Minister is identified as the "Federal Minister" in each Agreement. The GDAs expire in 1984.

3. In 1977 a GDA with the Yukon Territory was signed by the Minister of DIAND representing Canada. On the advice of the Department of Justice the Minister of DREE also signed the GDA in 1979 (Order in Council 1979-1109). This agreement expires in 1982. In 1979 a GDA with the Northwest Territories was signed by the Ministers of DREE and DIAND as the "Federal Ministers". It expires in 1984.

4. The nine provincial and two territorial GDAs all contain the same basic provisions. In essence they are agreements to cooperate in initiatives that are consistent with an agreed strategy which is set out in a schedule to each agreement and aimed at a broad range of socio-economic objectives. The strategy usually identifies certain foci of attention in terms of geographic areas, sectors, or population groups. The emphasis in each GDA is placed on the coordinated application of existing policies and programs, supplemented by special measures as required. While the GDAs set out some basic understandings in terms of financial procedures, no commitments are made by either party to any predetermined level of funding nor to any predetermined formula for sharing costs.

Responsibilities of the Federal Minister

5. These can be summarized as follows:

- a) To meet at least annually and to consult as appropriate with the provincial Minister (or the Commissioners of the Territorial Governments) to:
 - review the GDA strategy and make amendments as appropriate;
 - review existing or proposed subsidiary agreements;
 - determine the required levels of annual funding.
- b) To designate officials to be responsible for the coordination of GDA activities where new programs, not otherwise authorized, are created;
- c) To invite other federal ministers to send representatives to meetings, to be held at least once a year, to review the GDA strategy and existing and proposed initiatives.

6. In summary the GDAs establish the basic features of a process of consultation and cooperation, with the responsibilities of the Federal Minister being to ensure that the federal government participates as required in this process.

SUBSIDIARY AGREEMENTS

Background

7. Subsidiary Agreements (Subs) are the means by which programs are authorized and financial commitments are entered into under the umbrella of the GDAs. The basic requirements for Subs are as follows:

- a) That they be agreed to and signed by the Federal Minister designated in the GDA;
- b) That they receive Governor in Council approval where new programs, not otherwise authorized, are created;
- c) That their impact and costs be considered by the Federal Minister and his/her provincial counterpart;
- d) That they "specify so far as practical all relevant details of the initiative, including the total estimated cost and the costs, or the proportion of costs, to be borne by Canada and the province";

In addition, the following options are provided for Subs in the GDAs:

- e) They may be signed by other Federal Ministers, as appropriate;
- f) They may provide for initiatives to be undertaken by Canada and the province individually (i.e., unilaterally) or jointly; and
- g) They may provide for the coordination of existing federal and provincial programs, for gap-filling (where support is not available under existing programs), or for new continuing programs.

8. Consistent with (a) above, the DREE Minister has signed all Subs with the provinces and the DIAND Minister has signed all Subs with the territories. The option for other ministers to sign as well has been exercised on many occasions.

Responsibilities of Federal Minister(s)

9. Each Sub designates one or more ministers as the "Federal Minister" or "Federal Ministers". Without exception, the DREE and DIAND Ministers who signed the provincial and territorial GDAs respectively are designated as the "Federal Minister" or among the "Federal Ministers" in the Subs. Where more than one minister is designated, Subs usually name one such minister to be the "Principal Federal Minister". In all such cases, the DREE Minister is designated as the "Principal Federal Minister".

10. The specific responsibilities that are assigned to the "Federal Minister", where he/she is the sole signator, or to the "Principal Federal Minister", where there is more than one signator, are as follows:

- a) To designate one or more officials to serve on a Management Committee, the functions of which are to plan and supervise the implementation of agreed programs and projects;
- b) To receive and be satisfied as to the form and verification of claims submitted by the province;
- c) To seek Governor in Council approval to increase the maximum federal contribution or to change Canada's share of total estimated costs;
- d) To agree to any changes in the allocation of funds to major programs to be implemented under the Sub; and
- e) To agree to any changes in the date of termination of the Sub.

11. In cases where the DREE Minister is the sole signator, Canada's financial obligations under the Sub fall to that minister because he/she is the only Federal Minister authorized to pay contributions under Subs by Appropriation Act No. 5, 1973.

12. In cases where the DREE Minister is not the sole signator, the signatures of other Federal Ministers may or may not entail any financial obligations. There are agreements co-signed by other ministers where their signature indicates nothing more than moral support for the agreement. There is a second group of agreements in which other ministers have agreed, through their signatures, to

share the responsibility for the management of the agreement and are therefore designated as "Federal Ministers" but without any financial responsibilities. Usually, this sharing of responsibility is effected by the nomination of one or more of their officials to the Management Committee. There is a third group of Subs in which other ministers agree to share costs of the agreement. However, in all such cases, the authority to do so has been provided separately to these ministers, usually in the legislation establishing their departments. This sort of arrangement is clearly consistent with the GDAs emphasis on the coordinated application of existing policies and programs.

B - THE DEPARTMENT OF REGIONAL ECONOMIC EXPANSION ACT

SPECIAL AREAS

Background

13. Section 6 of the DREE Act provides that the Governor in Council, after consultation with the government of any province, may designate as a Special Area any area that is deemed to require special measures to facilitate economic expansion and social adjustment by reason of exceptional inadequacy of employment opportunities. The Governor in Council shall also specify the period of time during which the designation is to remain in effect.

14. Although the Act does not define the term "special measures", Section 7 clearly indicates that Special Area designation is intended, in the first instance, to provide for the intensive and coordinated application of existing programs, supplemented only if necessary by special programs. In other words, the primary purpose of Special Area designation is to provide a framework and process for concerted action in using existing policy instruments to address the particular problems of an area. The basic concept is carried through into the provisions in Section 8 for agreements with the provinces, so that their programs may be coordinated with those on the federal side.

15. Prior to the introduction of the GDA system in 1974, a considerable number of Special Areas were designated. However, between 1974 and 1981, only one designation (Montreal) was made, as the federal government's policy orientation during that period favoured cooperative programming. That policy was modified early in 1981 and Îles de la Madeleine and Prince Edward Island have since been designated as Special Areas. Further designations are planned; e.g., for the community economic development component of the Canadian Industrial Renewal Program for adjustment in the textiles, clothing and footwear sectors.

Responsibilities of the DREE Minister

16. The DREE Act requires that the DREE Minister:
- a) Formulate development plans for Special Areas in cooperation with other federal departments and agencies;
 - b) Provide for coordination in the implementation of those plans;
 - c) Carry out those parts of the plans that cannot suitably be undertaken by other departments.

17. In addition, the Act gives to the DREE Minister the discretionary power to enter into agreements with provinces for joint implementation of development plans. These agreements may provide for the payment of contributions to the provinces, for the joint incorporation of agencies, or for the payment of grants or loans to the province towards the capital costs of particular projects.

18. Finally, the Act (Section 10) empowers the Minister, with Governor-in-Council approval, to enter into agreements with commercial establishments to pay grants or loans or provide loan guarantees to establish, expand or modernize their operations.

19. Governor in Council approval is required for the Minister to discharge his/her responsibilities, whether they be obligatory or optional, under the Act.

SECTION 5 RESPONSIBILITIES

Background

20. Section 5 of the DREE Act gives to the DREE Minister authority for any matters relating to regional development that have not been assigned to another department. Although the wording of the Section does not specifically give the authority to enter into agreements, this inferred power has been used to authorize the following:

- a) The Canada/Atlantic Provinces Management Training Agreement, executed on July 4, 1978, and due to terminate on March 31, 1983. All four Atlantic provinces individually signed this Agreement. The DREE Minister signed on behalf of Canada;
- b) The Canada/Atlantic Provinces Physical Distribution Advisory Service Agreement, which was signed on April 1, 1978, and is due to terminate on March 31, 1983. This Agreement was signed by all four Atlantic provinces, the Atlantic Provinces Transportation Commission, and Canada (represented by the DREE Minister);
- c) The Agricultural Services Centres Agreements with the three prairie provinces. These were signed by the DREE Minister in 1972 and 1973. The Alberta Agreement has already expired. The Manitoba and Saskatchewan Agreements expire on March 31, 1982 and March 31, 1983 respectively. These Agreements are administered on behalf of Canada by PFRA.

Responsibilities of the DREE Minister

21. The responsibilities of the DREE Minister in respect of the Management Training and Physical Distribution Advisory Service Agreements are broadly analogous to those under Subsidiary Agreements. They include the designation of officials to sit on Management Committees and the approval of payments (contributions).

22. The responsibilities of the DREE Minister in respect of the Agricultural Services Centres Agreements are also broadly analogous to those under Subsidiary Agreements. However, the financial responsibilities are more complex because of the provisions in the agreements that one-half of Canada's payments will be in the form of contributions and the other half in the form of loans to the provinces.

RE-ALLOCATION OF
DEPARTMENT OF REGIONAL ECONOMIC EXPANSION RESOURCES

BACKGROUND

1. For the purposes of Multi-Year Operational Plans (MYOPs), the DREE reference levels are divided into nine Planning Elements, as follows:

- a) Planning and Administration:
The department's total salary and non-salary operating costs and minor capital items, excluding PFRA;
- b) Developmental Opportunity Initiatives:
Contributions and certain major capital projects payable under signed Subsidiary Agreements. No operating costs are included;
- c) Industrial Incentives:
Expenditures for the Regional Development Incentives Program and business assistance programs in Special Areas. No operating or capital costs are included;
- d) Prince Edward Island Comprehensive Development Plan:
Contributions to Prince Edward Island under the Comprehensive Development Plan Agreement and certain expenditures under the Prince Edward Island Special Area designation, including funds which in due course will be transferred to other departments;
- e) PFRA:
Salary, non-salary operating costs, capital, grants and contributions of PFRA (except employee benefits which are included in Planning and Administration);
- f) Special ARDA:
Contributions only for this program;
- g) Other Programs:
Contributions payable under agreements with the Council of Maritime Premiers, the DREE grants program, and certain other miscellaneous expenditures;
- h) Non-Budgetary:
Loans to the Newfoundland and Labrador Development Corporation and loans under the Agricultural Service Centres Program Agreements with the prairie provinces;
- i) Uncommitted:
The difference between the sum of the reference levels for the eight Planning Elements listed above and the department's total reference levels as approved by the Treasury Board. With the exceptions noted in para. 5 below, this element applies to Developmental Opportunities Initiatives.

2. Appendix 1 shows the reference levels approved for each Planning Element as a result of the fall 1981 review of the DREE MYOP up-date. The reference levels for 1982-83 are the provisions made in 1982-83 Main Estimates and constitute the base for the department's spring 1982 MYOP.

3. For the purposes of parliamentary appropriations (Estimates), the resource requirements for these nine Planning Elements are collapsed into five Votes, as follows:

- Vote 1 - Operating Expenditures (\$87.9M in 1982/83);
- Vote 5 - Capital Expenditures (\$11.6M in 1982/83);
- Vote 10 - Grants and Contributions (\$663.4M in 1982/83);
- Vote L15 - Loans for the Agricultural Service Centres Program (\$1.1M in 1982/83);
- Vote L20 - Loans to the Newfoundland and Labrador Development Corporation (\$0.5M in 1982/83).

In addition, there are the normal statutory items for the Minister's Salary and Motor Car Allowance (\$37K) and for Employee Benefits (\$7,861K). Appendix 2 shows how the 1982-83 reference levels for Planning Elements are organized by Vote and Activity in Main Estimates 1982-83.

4. It is important to note that, with two exceptions, the DREE reference levels are expressed in budget year dollars, meaning that they are not eligible for revision for inflation. The two exceptions are the Vote 1 (Operating) and statutory components of the Planning Elements for Planning and Administration and for PFRA. Those components are currently expressed in 1982-83 dollars and will be subject to revision to cover cost increases due to inflation. The provision of such increases is made, for 1983-84 only, in the Uncommitted Planning Element (see para 5e below).

CONSIDERATIONS

5. The current reference levels for DREE were struck early in January 1982 as a result of the Treasury Board's review of the department's fall 1981 up-date of its MYOP. These reference levels will be adjusted during the review of the DREE MYOP submission in the spring of 1982 for the following factors:

- a) Revisions to cash flow forecasts for existing commitments. This will affect, in particular, the reference levels for Developmental Opportunity Initiatives. These revisions will be reflected in compensating adjustments to the reference level for the Uncommitted Planning Element and thus will not affect the total DREE reference levels;
- b) Provision for new policy initiatives approved since the reference levels were struck. This will involve a re-distribution of resources from the Uncommitted Planning Element to other Planning Elements;
- c) Re-profiling of withdrawals from the Economic Development Policy Reserve, particularly for SYSCO, which will affect certain individual Planning Elements as well as the total reference levels;
- d) Transfers of resources from DREE to other government departments, notably for the Prince Edward Island Special Area program. These transfers will reduce the overall reference levels;
- e) The transfer of the tentative provision for inflation (\$10.5 million) on the salary and other operating cost components in 1983-84 from the Uncommitted Planning Element to the Economic Development Operating Reserve.

6. In addition, it will be essential to estimate the administrative resources for each Planning Element. As noted above, the personnel and other operating costs for the whole department (except PFRA), are contained in the Planning Element for Planning and Administration. Based on the recently-completed Human Resource Analysis Study, the Treasury Board has asked the department to provide, in its spring 1982 MYOP, a split of these personnel and other operating costs by Planning Element.

7. Once the total resource requirements for each Planning Element have been correctly identified, further disaggregation will be required where parts of Planning Elements are to be allocated among several departments, as will be the case for Planning Elements in which provision for subsidiary agreements is made.

8. When all of these adjustments and estimates have been made to the DREE reference levels as a result of the Spring 1982 DREE MYOP then the process of reallocating these resources can begin. This process is outlined below.

MYOP RE-ALLOCATION PROCESS

9. This can be described in terms of the following steps:

- Step 1 - As a result of the spring 1982 MYOP submission from DREE, a revised set of reference levels will be approved by the Treasury Board;
- Step 2 - Based on proposals from the DREE and MSED implementation teams, the Task Force on Resources will recommend to the Coordinating Committee a certain re-allocation of the DREE reference levels, including the PY and administrative resources, appropriate to the agreed re-allocation of functions. These recommendations may involve transfers of resources between envelopes which will require the approval of the respective Policy Committees and, possibly, Priorities and Planning;
- Step 3 - These recommendations, if approved, will be incorporated into the fall 1982 MYOP submissions from DREE, MSERD and other departments, either as new Planning Elements or expansion of existing Planning Elements;
- Step 4 - Once the Treasury Board has agreed on these adjustments, they become part of the normal MYOP process.

1982-83 ESTIMATES REALLOCATION PROCESS

10. Main Estimates 1982-83 for DREE have been tabled for parliamentary approval. The Government Organization Bill, to be introduced in due course, is expected to contain transitional provisions to the effect that appropriations based on these Estimates will continue in force and that the Governor in Council may determine which minister or ministers may authorize expenditures against the appropriations and hence be accountable before Parliament for these expenditures.

11. The Governor in Council's determination of authorized ministers will, in large part, be decided by the re-assignment of the responsibilities now assigned to the DREE Minister through the

Government Organization Act and/or through Orders-In-Council pursuant to the Public Service Rearrangement and Transfer of duties Act. Whichever of these statutes is used to legitimize the re-assignments, the need to split the 1982-83 DREE Votes into two or more parts seems inevitable, because these Votes do not provide appropriations for mutually-exclusive purposes. For example, DREE Vote 10 -- Grants and Contributions includes contributions payable under subsidiary agreements, contributions payable under the Regional Development Incentive Act and under Special ARDA, and a broad range of additional authorities.

12. Supplementary Estimates will be needed to split the 1982-83 DREE Votes in accordance with the re-assignment of the DREE Minister's responsibilities. Parliamentary approval of these Supplementary Estimates will not take place at the same time as the re-assignment of responsibilities. Consequently, funds may have to be provided either by temporary allotment transfers within existing departmental votes or from Treasury Board Vote 5 -- Contingencies to meet the cash needs of departments taking over DREE responsibilities for the period from the proclamation of the Government Organization Act to the release of supply for the Supplementary Estimates. The same techniques could also be used in the event that the re-assignment of responsibilities takes place before the release of full supply for Main Estimates 1982-832.

ANNEX G
APPENDIX 1

<u>PLANNING ELEMENTS</u>	DREE REFERENCE LEVELS (\$000)		
	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>
1. Planning and Administration	68,775	62,699	62,360
2. Developmental Opportunity Initiatives	387,215	266,549	138,350
3. Industrial Incentives	167,055	184,640	163,345
4. Prince Edward Island Plan	22,409	19,634	---
5. Special ARDA	12,200	5,400	1,400
6. PFRA	38,000	35,352	37,000
7. Other Programs	1,039	799	572
8. Non-Budgetary	1,600	---	---
9. Uncommitted	74,105	224,088	390,703
TOTALS:	<u>772,398</u>	<u>799,160</u>	<u>793,730</u>

DREE 1982-83 MAIN ESTIMATES (\$000)

PLANNING ELEMENTS BY ACTIVITY	STATUTORY ITEMS	VOTE 1 OPERATING	VOTE 5 CAPITAL	VOTE 10 G AND C	TOTAL BUDGETARY	VOTES L15 AND L20	TOTAL ESTIMATES
<u>I. PLANNING & ADMINISTRATION</u>							
	7,898	60,346	531	---	68,775	---	68,775
<u>II. DEVELOPMENTAL OPPORTUNITY INITIATIVES</u>							
	---	---	6,720	380,495	387,215	---	387,215
<u>III. INDUSTRIAL INCENTIVES</u>							
	---	---	---	167,055	167,055	---	167,055
<u>IV. OTHER PROGRAMS</u>							
Prince Edward Island Plan	---	---	---	22,409	22,409	---	22,409
Special ARDA	---	---	---	12,200	12,200	---	12,200
PFRA	---	27,523	4,377	6,100	38,000	---	38,000
Other Programs	---	---	---	1,039	1,039	---	1,039
Uncommitted	---	---	---	74,105	74,105	---	74,105
<u>TOTAL BUDGETARY:</u>	---	27,523	4,377	115,853	147,753	---	147,753
<u>V. NON-BUDGETARY</u>							
	---	---	---	---	---	1,600	1,600
<u>TOTAL ESTIMATES:</u>	7,898	87,869	11,628	663,403	770,798	1,600	772,398

REVENUE SHARING

REGIONAL ECONOMIC EXPANSION

INTRODUCTION

1. The prime concern of this paper is the relevance of revenue sharing to GDA's. It also addresses the significant revenues now received by DREE from outstanding loans, from PFRA and from ARDA agreements. In connection with these latter sources of revenue, it is generally recommended that DREE be responsible for the collection of the revenue generated from outstanding loans.

2. Provision for revenue sharing is made in the following sub agreements reviewed by the Task Force:

Newfoundland	- Forestry
New Brunswick	- Developing Regions
	- Forestry
Ontario	- Eastern Ontario
	- Northern Rural
Manitoba	- Winnipeg Core
	- Value-Added Crops
Saskatchewan	- Northlands
	- Qu'Appelle Valley
Yukon	- Renewable Resources

3. It is recommended that the recipient departments administer the collection, control and accounting for any revenue generated under these agreements. Section III of this paper will discuss the types of potential revenue that can be generated under GDAs.

BACKGROUND

4. The Department of Regional Economic Expansion has the responsibility for managing a number of contribution and loan arrangements and for conducting activities that give rise to the generation of revenue. This revenue, defined as non-tax revenue, is broken down into six distinct groups with the 1980/81 reported amounts as follows:

<u>Non-tax Revenue</u>	<u>\$ Million</u>	<u>% of Total</u>
Return on investments	48	71
Refunds of previous years' expenditures	11	-15
Services and service fees	2	4
Proceeds from sales	1	1
Privileges, licenses and permits	4	5
Miscellaneous	2	4
	<u>68</u>	<u>100</u>
Total		

Return on Investments

5. Non-tax revenue categorized as return on investment is generated primarily from interest on loans under contractual arrangements with provinces or joint federal-provincial corporations. Details by item are shown in Table 1.

6. Many of the loan arrangements which now generate revenue were inherited by DREE in 1969. Loan programming in DREE has now wound down to less than \$5 million per year, the bulk of the activity

being in PFRA under Agricultural Service Centres. It should be noted that there is one unique feature of certain loans that have been made under the authority of the Atlantic Development Board to assist in the financing of the water supply systems throughout the Atlantic Region. The loan portion of such assistance is repayable to Canada (collected by DREE) over amortization periods of normally 30 years. To the extent that there is any spare capacity in the water systems, the loan agreements provide for partial forgiveness of the annual loan payments. The payment authority is provided in DREE's Vote 10 wording and annual payments are in the order of \$100,000.

Refunds of Previous Years' Expenditures

7. The revenue obtained as refunds of previous years' expenditures is mainly composed of amounts received on account of adjustments determined either voluntarily by provinces or by federal auditors. These adjustments might include ineligible amounts claimed on interim or progress claims or over-estimated amounts paid in accordance with certain contribution arrangements. Details are shown in Table 2.

Services and Service Fees, Sales and Privileges, Licences, etc.

8. The revenue obtained through services and service fees, sales and privileges, licences and permits is derived primarily from PFRA operations. One major item, included in this group and not of PFRA origin, is loan guarantee fees of \$109,405 produced from the Regional Development Incentives Program. Table 3 provides a detailed breakdown of this category.

Miscellaneous

9. In the miscellaneous category, the principal item of revenue comes from ARDA projects. These projects, based primarily in Ontario and British Columbia, were originally funded under ARDA III with revenue sharing to continue for a period of twenty years. The ARDA revenue forms part of "other" in Table 4.

10. It should be noted that earlier ARDA agreements also contained a "twenty year sale or changed use clause" that required the province to share with Canada any revenue so generated in the same proportion as the original cost sharing. Follow-up and monitoring of this activity will be required well into the 1990's and it is suggested that DRIE be charged with this administrative function.

REVENUE UNDER GDAs

11. The provision for revenue sharing under GDAs varies widely. The province and subject matter of the agreement are two main contributors to such variance.

12. Generally, Canada's interest in potential revenue is limited to:

- (a) the disposal of experimental or demonstration equipment or machinery which has been jointly acquired; or
- (b) the changed use of real property or capital equipment acquired under an agreement to a use which is inconsistent with the objectives of the agreement.

13. In both of these cases the revenue so generated is shared in the same ratio as the original contribution. The time period for sharing also varies from being applicable just during the agreement up to 3-5 years after termination. Revenue-sharing provisions are given in the Appendix.

TABLE 1 -- RETURN ON INVESTMENTS -- 1980-81

Loans, investments and advances-	
Other -	
Provincial and Territorial Governments -	
Atlantic Development board carryover projects -	
Interest -	
Newfoundland	101,169
Nova Scotia	416,554
Prince Edward Island	737
New Brunswick	76,490
Atlantic Provinces Power Development Act -	
Interest -	
Newfoundland	6,510,741
Nova Scotia	7,360,699
New Brunswick	3,257,560
Special areas and highways agreements -	
Interest -	
Newfoundland	4,922,127
Nova Scotia	3,638,925
New Brunswick	4,281,803
Quebec	11,167,196
Manitoba	424,080
Alberta	709,700
Comprehensive development plan agreement -	
Interest -	
Prince Edward Island	964,914
Mainland Investments Limited -	
Interest -	
Nova Scotia	280,000
Agricultural Services Centres -	
Interest -	
Manitoba	658,658
Saskatchewan	639,613
South Saskatchewan River Project -	
Interest -	
Saskatchewan	657,777
Private sector enterprises -	
Newfoundland and Labrador Development Corporation Limited -	
Interest -	<u>1,913,664</u>
	47,982,407
Other accounts -	
Interest on sales of irrigated land	<u>20,882</u>
	\$ <u>48,003,289</u>

ANNEX H
TABLE 2

TABLE 2 -- REFUNDS OF PREVIOUS YEARS' EXPENDITURE -- 1980-81

ARDA projects	71,375
FRED projects	54,066
Special Areas	5,154
Industrial Incentives	1,447,464
Miscellaneous agreements -	-
General Development Agreements	8,008,066
PEI Comprehensive Development Plan	731,983
Pay Cheques	24,177
Other	397,465
Adjustment to prior years' Payables at Year End (PAYE)	<u>148,361</u>
	\$ <u><u>10,888,111</u></u>

(Source: 1980-81 Public Accounts)

REVENUE PROVISIONS IN SUB AGREEMENTS

NEWFOUNDLAND

Agriculture - Clause 3.4 provides:

"Canada will not share in any revenues resulting from the operations of facilities financed under this Agreement."

Forestry II - Clauses 3.4 and 3.5 provide:

"Subject to subsection 3.5 all revenues from the disposal of assets acquired and disposed of during the term of this agreement shall be shared by Canada and the Province in proportion to the financial contribution of each party as set out in subsection 4.5."

"Shareable revenues shall be the net revenues after all costs incurred and paid by the Province related to the disposal of such assets have been deducted from gross proceeds."

Rural Development - Clause 3(4) provides:

"Neither Canada nor the Province will share in any revenues resulting from the operations of facilities financed under this agreement."

Coastal Labrador - Clause 3(3) provides:

"Canada will not share in any revenues resulting from the programs financed under this agreement."

NEW BRUNSWICK

Developing Regions - Clause 10 provides:

"Where direct revenues accrue through the ownership and operation of the developed initiative or through the sale, lease or otherwise of acquired and/or developed resources under this agreement, such revenues shall not accrue to Canada and shall not form part of the calculation of shareable costs, excepting only that where experimental or demonstration equipment or machinery which is jointly acquired is sold, the full recovered cost of such equipment or machinery shall be considered as revenue and shall be shared in the same proportion as the contributions by both parties to this agreement, provided that the relevant sale is effected within three (3) years from the date of expiry of this agreement."

Forestry II - Clause 10 provides:

"Where direct revenues accrue through the ownership and operation of the developed initiative or through the sale, lease, or otherwise of acquired and/or developed resources under this agreement, such revenues shall not accrue to

Canada and shall not form part of the calculation of shareable costs, excepting only that where experimental or demonstration equipment or machinery which is jointly acquired is sold, the full recovered cost of such equipment or machinery shall be considered as revenue and shall be shared in the same proportion as the contributions by both parties to this agreement, provided that the relevant sale is effected within three (3) years from the date of expiry of this agreement."

ONTARIO

Eastern - Clause 15 provides:

"Where direct revenues accrue through the ownership or operation of any project, or through the sale, lease or otherwise of acquired or developed resources under this agreement, such revenues shall be equally shared by Canada and the Province."

Northern Rural - Clause 13 provides:

"Where direct revenues accrue through the ownership and operation of a public project or through the sale, lease or otherwise of acquired and/or developed resources under this agreement, such revenues shall not accrue to Canada and shall not form part of the calculation of shareable costs, except where:

- a) Experimental or demonstration equipment and machinery that has been jointly acquired is sold, the full recovered cost of such equipment or machinery shall be considered as revenue and shall be shared in the same proportion as the contributions by both parties to this agreement, provided that the related sales are effected within three (3) years from the date of termination of this agreement; and
- b) Where projects are intended primarily to involve or benefit Status Indians, the revenue shall be shared in the same proportion as the contributions to such projects by both parties to this agreement."

MANITOBA

Winnipeg Core - Section 7 provides:

"If within five years of the expiration date stated in Subsection 4.1 an implementing jurisdiction takes steps which result in:

- a) A use of real property or capital equipment acquired under this agreement which is inconsistent with this agreement; or
- b) A sale or other disposition of real property or capital equipment acquired under this agreement to a non-government entity; or

- c) A reconveyance to or recovery by the implementing jurisdiction of real property or capital equipment from a third party pursuant to the terms of any prior sale or other disposition to such third party by the implementing jurisdiction, then an amount equal to the appraised market value of the real property or capital equipment or the sale price of the real property or capital equipment concerned, whichever is greater, shall constitute shareable revenue under this agreement unless the Management Board determines that the amount, or any portion thereof, is to be a non-shareable revenue."

Value-Added Crops - Section 7 provides:

"For the purpose of this Agreement, shareable revenue means any monies accruing to or collected by the Province or its agencies as a result of either the recovery of a contribution or the operation of subsection 7.3 or 7.4 of this Agreement.

Any shareable revenue received by the Province or its agencies from recovery of a contribution shall be divided between Canada and the Province for a period of five years after termination of the Agreement in the same proportions as the respective shared costs of Canada and the Province in that particular project.

When any equipment purchased, or works constructed by the Province for any purpose specified under this Agreement, and to which Canada contributed its share of acquisition costs or construction, the proceeds from the sale shall be divided between Canada and the Province in the same proportion as that particular program or project.

When any equipment purchased, or works constructed by the Province for any purpose specified under this Agreement are changed within five years after such acquisition or construction to a use incompatible with the intent of this Agreement, the Province shall pay Canada an amount equal to the appraised market value of such capital projects at the time of the change in use, on the basis of the proportion paid by Canada of the original shared costs in the particular project."

SASKATCHEWAN

Northlands - Clause 11.4 provides:

"Notwithstanding Section 11.3, and except in the case of a commercial operation which is sold or otherwise disposed of by the Province, if the use of any capital facility cost-shared under this Agreement is changed prior to March 31, 1988 to a use which, in the opinion of Canada, is inconsistent with the objectives of this Agreement, the Province shall pay to Canada an amount equal to the original contribution of Canada for such facilities."

Qu'Appelle Valley - Clause 5.6 provides:

"If the use of any structures constructed as part of the Work is changed within twenty years of acquisition or construction to a use which, in the opinion of Canada, is inconsistent with the objectives of the Work, the Province shall pay to Canada an amount equal to the original contribution of Canada for such land or structures."

TABLE 3 -- SERVICES AND SERVICE FEES,
 SALES AND PRIVILEGES, LICENCES, ETC.
1980-81

Services and Service Fees:

Breeding fees	2,257,820
Manpower and other services	95,219
Water charges	114,962
Sundry rental	5,121
Inoculation	44,758
Loan guarantees	109,405
Sundry services	902
	<u>2,628,187</u>
	\$ <u>2,628,187</u>

Proceeds From Sales:

Sales of land	80,676
Sales of livestock and produce	559,781
Sales of grain	6,914
Sales of hay and straw	3,425
Sundries	8,027
	<u>658,823</u>
	\$ <u>658,823</u>

Privileges, Licences and Permits:

House rentals	69,123
Land rentals	10,844
Community pasture fees	3,664,511
Surface leases	309,284
Grazing permits	913
Hay permits	21
Sundry permits	941
	<u>4,055,637</u>
	\$ <u>4,055,637</u>
TOTAL:	\$ <u>7,342,647</u>

(Source: 1980-81 Public Accounts)

TABLE 4 -- MISCELLANEOUS -- 1980-81

Forfeiture of security deposits	1,350
Other	1,919,832
Rental of housing	<u>13,079</u>
	\$ <u>1,934,261</u>

(Source: 1980-81 Public Accounts)

YUKON

Renewable Resources - Clause 9.2 provides:

"If the use of any capital facility, cost-shared under this Agreement, is changed prior to March 31, 1987, to a use which, in the opinion of the Ministers, is inconsistent with the objectives of this agreement, the Territory shall pay to Canada an amount equal to the original contribution of Canada for such facilities."

SUBSIDIARY AGREEMENTS
FORECAST CASH FLOWS (\$000)

	to 31 MAR 1 9 8 2	1 9 8 2 - 8 3	1 9 8 3 - 8 4	1 9 8 4 - 8 5	1 9 8 5 - 8 6	1 9 8 6 - 8 7	UNCOM- MITTED
I. <u>AGREEMENTS TO BE COMPLETED BY DREE/DRIE:</u>							
<u>NEWFOUNDLAND</u>							
- Gros Morne	20128	300	--	--	--	--	214
- Planning	2512	686	--	--	--	--	802
- Labrador Interim	16903	1355	--	--	--	--	--
- Minerals and Energy	4566	1040	--	--	--	--	--
- Nfld and Labrador Dev. Corp.	24539	700	--	--	--	--	425
<u>NOVA SCOTIA</u>							
- Halifax - Dartmouth	79897	100	--	--	--	--	--
- Agriculture	29980	--	--	--	--	--	--
- Planning	2327	168	--	--	--	--	5
- Forestry	34418	381	--	--	--	--	--
- Tourism	9710	1068	--	--	--	--	222
<u>NEW BRUNSWICK</u>							
- Forestry I	6863	--	--	--	--	--	337
- Minerals and Fuels	8741	300	--	--	--	--	10
- Planning	1614	200	--	--	--	--	624
<u>QUEBEC</u>							
- Minerals	17160	--	--	--	--	--	--
- Public Infrastructure	20442	150	--	--	--	--	2669
- Amos Newsprint Plant	25050	450	--	--	--	--	--

	to 31 MAR 1 9 8 2	1 9 8 2 - 8 3	1 9 8 3 - 8 4	1 9 8 4 - 8 5	1 9 8 5 - 8 6	1 9 8 6 - 8 7	UNCOM- MITTED
<u>ONTARIO</u>							
- Northeastern	10791	2503	882	-	-	-	-
- Single Industry Communities	8853	188	-	-	-	-	-
- Community and Rural	3116	799	613	-	-	-	-
<u>MANITOBA</u>							
- Northlands I	77017	80	-	-	-	-	-
<u>SASKATCHEWAN</u>							
- Forestry	8826	2811	-	-	-	-	-
- Agriculture	5992	1668	-	-	-	-	-
<u>ALBERTA</u>							
- Northlands	22500	5000	-	-	-	-	-

	to 31 MAR 1 9 8 2	1 9 8 2 - 8 3	1 9 8 3 - 8 4	1 9 8 4 - 8 5	1 9 8 5 - 8 6	1 9 8 6 - 8 7	UNCOM- MITTED
II. ALLOCATION OF SINGLE-SECTOR AGREEMENTS:							
<u>AGRICULTURE</u>							
1. Newfoundland	7451	3000	2456	--	--	--	--
2. New Brunswick II	17939	6000	194	--	--	--	3565
3. Quebec	55689	2000	2500	1771	--	--	--
4. Manitoba - Value-Added Crops	3100	2700	2300	3000	--	--	--
5. British Columbia - Agriculture and Rural Development	15758	5000	5400	4050	--	--	--
<u>ENERGY, MINES AND RESOURCES</u>							
6. Nova Scotia - Energy	6234	6113	2160	3893	--	--	600
<u>ENVIRONMENT (FORESTRY)</u>							
7. Newfoundland I	55702	2476	--	--	--	--	--
8. Newfoundland II	8106	8252	11000	10000	7242	2284	--
9. New Brunswick II	11980	8000	7000	2245	--	--	775
10. Quebec	108655	26435	26089	22108	10113	--	--
11. Ontario	9368	9000	9000	5052	2863	--	472
12. British Columbia	15000	5000	5000	--	--	--	--
<u>INDIAN AFFAIRS AND NORTHERN DEVELOPMENT</u>							
13. Yukon Tourism	2000	1100	500	--	--	--	--
14. Yukon - Renewable Resources	2100	700	320	--	--	--	--
<u>PUBLIC WORKS</u>							
15. New Brunswick - Saint John Market Square	2221	2840	3025	--	--	--	--
16. Quebec - Montreal Water Treatment	118900	--	1100	--	--	--	--
17. - PICA - Mirabel	4318	350	--	--	--	--	3307
18. Ontario - Sault Ste. Marie Infrastructure (proposed)	--	--	--	--	--	--	21000

	to 31 MAR 1 9 8 2	1 9 8 2 - 8 3	1 9 8 3 - 8 4	1 9 8 4 - 8 5	1 9 8 5 - 8 6	1 9 8 6 - 8 7	UNCOM- MITTED
<u>TRANSPORT CANADA</u>							
19. New Brunswick - Saint John - Moncton Highway	33397	2032	411	--	--	--	--
20. Quebec - Transportation Development	152617	13172	8076	11400	11920	11920	--
21. British Columbia - Ridley Island Access Road	4181	619	--	--	--	--	--
<u>REGIONAL INDUSTRIAL EXPANSION</u>							
-- INDUSTRIAL/RURAL/COMMUNITY DEVELOPMENT:							
22. Nfld. -- Industrial Development	12528	5000	3000	3457	--	--	--
23. -- Labrador Community Development	6000	8400	8861	5837	3684	1018	--
24. -- Rural Development	10074	2372	676	--	--	--	--
25. N.S. -- Ocean Industry	--	2146	4031	3966	4404	--	8403
26. -- PANAMAX Drydock	33851	10049	--	--	--	--	--
27. -- Michelin	--	11950	8100	--	17750	4200	--
28. -- SYSCO II	1680	37766	37554	--	--	--	--
29. -- CANSO	19601	2704	--	--	--	--	198
30. -- Industrial Development	18765	266	--	--	--	--	--
31. N.B. -- Northeast	39568	14000	9467	3749	--	--	--
32. -- Developing Regions	6338	4682	9382	--	--	--	--
33. Atlantic Region -- Management Training	1865	120	--	--	--	--	165
34. -- Physical Distribution Services	400	100	--	--	--	--	--
35. Quebec -- Industrial Infrastructure	46073	8719	10713	8164	7933	1000	--
36. -- Inter-Port	753	1936	1415	1208	238	--	--
37. Ontario -- Pembroke Infrastructure (proposed)	--	?	?	?	?	?	8000
38. Manitoba -- Industrial Development	10400	6700	6500	1800	--	--	--
39. Saskatchewan -- Iron and Steel	26533	2700	400	200	--	--	5167
40. -- Qu'Appelle Valley	3543	2829	1196	192	--	--	--
41. -- Planning	200	200	300	50	--	--	--
42. Alta. -- Nutritive Processing I	5600	1200	1000	400	300	--	--
43. -- Nutritive Processing II	300	1700	3000	4000	3000	--	2000
44. B.C. -- Industrial Development	23562	5620	3698	2120	--	--	--
45. NWT. -- Community Economic Development	806	383	271	--	--	--	540

	to 31 MAR 1 9 8 2	1 9 8 2 - 8 3	1 9 8 3 - 8 4	1 9 8 4 - 8 5	1 9 8 5 - 8 6	1 9 8 6 - 8 7	UNCOM- MITTED
-- PFRA:							
46. Manitoba -- Water Development	1673	1768	1223	1195	--	--	(509)
47. -- Agriculture Service Centres	19840	158	2	--	--	--	--
48. Saskatchewan -- Water Development	3138	4113	452	--	--	--	197
49. -- Agriculture Service Centres	26000	1950	40	10	--	--	--
-- PULP AND PAPER INDUSTRY:							
50. Newfoundland	--	7000	8100	8100	6800	--	--
51. Nova Scotia	--	6700	3800	1400	5100	--	--
52. New Brunswick	17800	13000	1900	--	--	--	1100
53. Consolidated Bathurst?	1120	6720	3528	112	112	--	8008
54. Quebec	21470	28700	30000	30000	24830	--	--
55. Ontario	19263	8431	5800	5032	--	--	--
-- TOURISM:							
56. Newfoundland	7850	2760	1328	--	--	--	--
57. Quebec	24529	8226	8345	4500	--	--	--
58. Manitoba	1400	3400	4000	3200	--	--	--
59. British Columbia	18013	3800	2397	790	--	--	--
-- SPECIAL ARDA:							
60. Manitoba -- Special Rural Development	15567	1999	800	463	--	--	--
61. Saskatchewan -- Special Rural Development	22795	3900	1400	600	100	--	(1495)
62. B.C. -- Special Rural Development	13859	3150	538	374	--	--	--
63. NWT. -- Special Rural Development	8268	2759	400	--	--	--	--
64. Yukon -- Special Rural Development	1981	700	300	311	--	--	--

	to 31 MAR 1 9 8 2	1 9 8 2 - 8 3	1 9 8 3 - 8 4	1 9 8 4 - 8 5	1 9 8 5 - 8 6	1 9 8 6 - 8 7	UNCOM- MITTED
III. MULTI-SECTORAL AGREEMENTS							
65. P.E.I. -- Development Plan	20500	12409	6000	2091	--	--	--
66. -- Development Strategy (Special Area)--DREE	500	4000	4825	1475	--	--	--
--OGD	1500	6000	14990	5710	--	-	--
67. Québec -- Îles-de-la-Madeleine - Special Area	1813	5517	3968	2477	--	--	--
- Sub-agreement	--	1280	2452	1868	--	--	--
68. Ontario -- Eastern	5183	7810	6900	5282	--	--	--
69. -- Northern Rural	500	2000	4000	2250	500	--	--
70. Manitoba -- Winnipeg Core Area	5000	7500	7500	6500	5500	--	--
71. Saskatchewan -- Northlands	38030	15000	3890	--	--	--	1380

