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SPECIAL AREAS ACT
ANNUAL REPORT, 1987-1988

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INTRODUCTION

Authority for the designation of special areas was provided initially under the Department of Regional Economic Expansion (DREE) Act. In consultation with the provinces many areas across the country were designated for the purpose of implementing special measures to facilitate economic expansion and social adjustment. In 1983 the DREE Act was repealed. However, provision for special areas was continued under the Special Areas Act, which was effected within the framework of the Government Organization Act on November 17, 1983.

Four special areas programs authorized under the former DREE Act continued to be administered under the Special Areas Act. These programs were: The Baie Verte Mines Inc. Agreement, the Montreal Special Area Industrial Incentives Program, the Economic Development Program for the Magdalen Islands, and the Business and Industrial Development Program (BIDP). The deadlines for accepting applications under all of the programs outlined above have passed.

Since the enactment of the Special Areas Act, no new designations have taken place. Nevertheless, section nine of the Special Areas Act requires that the responsible Minister provide both Houses of Parliament with an annual report on the administration of the Act. In fiscal year 1987-88 there were no activities under programs involving the Baie Verte and Magdalen Islands special areas because programs in these areas had expired and activities under them including payments were completed in fiscal year 1986-87.

This report addresses activities that took place during fiscal year 1987-88 in areas designated for the implementation of the Business and Industrial Development Program (BIDP) and the Montreal Special Area Industrial Incentives Program.

BUSINESS AND INDUSTRIAL DEVELOPMENT PROGRAM (BIDP)

The BIDP, which came under the Canadian Industrial Renewal Board (CIRB), was designed to strengthen and diversify the industrial base of regions that had traditionally depended on the textile, clothing or footwear industries. Specifically, the program channelled assistance, mostly by way of contributions, to companies located in communities designated as special areas, to companies establishing new operations in these special areas, or for the realization of modernization, expansion, innovation and productivity improvement studies or projects that contribute to the achievement of the program's objectives.

The BIDP was implemented in seven special areas in April 1982 for an initial period of two years. In April 1984 the special area designations were extended for another two years to March 31, 1986. A cut-off date of January 31, 1986, was established for the receipt of new project applications, after which new applications were to be made under the Industrial and Regional Development Program.

Two of the special areas were located in Ontario and five in Quebec. These areas were the following:

Cornwall
Hawkesbury

Valleyfield
Drummondville
Trois-Rivières/Shawinigan
Sherbrooke/Magog
Victoriaville/Plessisville

The accepted offers listed below involve applications that were received prior to the deadline of January 31, 1986. Offers of assistance were subsequently extended on the approved applications, but they were accepted after April 1, 1987. Consequently, these accepted offers are recorded in the 1987-88 report.

Activity under the BIDP during 1987-88 was the following:

	<u>1987-88 FY</u>
Accepted offers	2
Number of jobs expected to be created	169
Estimated eligible costs	\$15,826,000
DRIE commitment through these contracts	\$ 3,956,500
Total payments on BIDP projects during 1987-88 FY	\$15,930,185

MONTREAL SPECIAL AREA INDUSTRIAL INCENTIVES PROGRAM

The purpose of this program was to speed up the development of the Quebec industrial structure by reinforcing the role of the Montreal area as the province's manufacturing growth centre. The goals were to encourage the establishment, expansion or modernization of certain manufacturing and processing industries and to promote industrial research and development and the transfer of technology.

The program was initially introduced in 1977 under the authority of the Department of Regional Economic Expansion under a Special Areas Order-in-Council. Montreal was designated as a special area for purposes of the program until March 31, 1985. In July 1983 the program was subsumed by the new Industrial and Regional Development Program.

In fiscal year 1987-88, the sole activity under the program consisted of payments made for projects approved in prior years and which were still active. The total amount of the payments was \$2,132,491.

