

MAY 18 199
MAI

SESSIONAL PAPER
DOCUMENT PARLEMENTAIRE

342-11A.....

HOUSE OF COMMONS
CHAMBRE DES COMMUNES

SPECIAL AREAS ACT
ANNUAL REPORT
1988-89

INDUSTRY, SCIENCE AND
TECHNOLOGY CANADA
LIBRARY

NOV - 9 1988

B To H

BIBLIOTHÈQUE
INDUSTRIE, SCIENCES ET
TECHNOLOGIE CANADA

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 In 1983 the DREE Act was repealed.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 1988-89 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 1988-89 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

The objective of the Business and Industrial Development Program (BIDP) was to provide aid to communities located in designated areas that were experiencing economic hardship arising from their long-term dependence on traditional textile, clothing and footwear industries which were undergoing a period of declining business activity. More specifically, the BIDP provided counselling and financial aid for the purpose of fostering and developing new businesses and for the purpose of restructuring existing businesses in order that they could improve their competitiveness and profitability. The BIDP was administered under the authority of the Canadian Industrial Renewal Board.

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 January 31, 1986, 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 as follows:

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

In fiscal year 1988-89, the sole activity under the BIDP Program consisted of payments made for projects approved in prior years and which were still active. The total amount of the payments was \$ 9 904 390. There were no offers accepted under the BIDP during 1988-89.

MONTREAL SPECIAL AREA INDUSTRIAL INCENTIVES PROGRAM

The purpose of this program was to speed up the development of the Quebec industrial base 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 Industrial and Regional Development Program.

In fiscal year 1988-89, 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 \$1 259 134.