

# MINISTER'S REFERENCE MATERIAL

DEPARTMENTAL AND  
REGIONAL PROFILES



Government  
of Canada

Gouvernement  
du Canada

Regional  
Economic  
Expansion

Expansion  
Économique  
Régionale



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June 1979

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**MINISTER'S REFERENCE BOOK**

**DEPARTMENTAL PROFILE**

MINISTER'S REFERENCE BOOK

DEPARTMENTAL PROFILE

June 1979

OVERVIEW OF REGIONAL DEVELOPMENT PROGRAMMING

## HISTORICAL OVERVIEW OF REGIONAL DEVELOPMENT PROGRAMMING

### Introduction

During the period from Confederation to the mid 1950's no explicit federal regional development policy was pursued, although there were the odd specific payments and programs such as the Prairie Farm Rehabilitation Act of 1935. For the most part, federal economic policy was directed towards the development of the national economy, with the underlying assumption being that a strong national economy, held together by regional specialization and east-west trade, would result in all regions sharing in Canada's growth and prosperity virtually automatically. In the pursuit of this policy, the major strategies employed were the protective tariff, the opening up and settlement of resource frontiers and the development of a Canadian continental transportation system.

### Equalization

The first phase of explicit regional policy was the equalization program established in 1957. This initiative had its roots in the fiscal weakness of Canada's poorer provinces during the Depression and the resultant concept formulated by the Rowell-Sirois Commission in 1939 that the Canadian fiscal system should enable every province to provide services of average Canadian standards to its citizens, without having to impose heavier than average tax burdens. Initially, equalization payments were based on the yield per capita of the three direct taxes in the two provinces where this yield was highest. Equalization has remained an integral part of the Canadian fiscal system, currently incorporating some twenty-three provincial revenue sources.

Equalization, then, was the first federal program consciously designed to reduce disparities between regions - specifically, disparities in public services and provincial revenues. It is not a regional development program in that payments are not conditional on developmental uses of the funds. However, by helping poorer provinces provide a comparable level of current services, fiscal equalization, at least

in theory, enables provinces to direct incremental development assistance to economic investments rather than to improving current services. Moreover, in terms of simple expenditure impact, annual equalization payments, which in 1978-79 for example amounted to \$2.7 billion, have consistently been larger than those of the direct development programs developed in the 1960's and 1970's.

### The 1960's

These latter programs began to be established quickly on the heels of equalization because the recession of 1957-61 underlined the persistence of regional imbalances and the inadequacy of undirected financial compensation in combating their structural causes. The first of these specific measures was contained in the December 20, 1960 Budget which introduced a new products program for surplus manpower areas. This program permitted a firm to obtain double the normal rate of capital cost allowances on most of the assets it acquired to produce products which were new to the designated areas of high unemployment and slow economic growth. This was followed by the Agriculture and Rural Development Act (ARDA), introduced in 1961 to alleviate and correct the high incidence of low incomes in agricultural areas through federal-provincial programs to increase small farmers' output and productivity. Subsequent ARDA agreements broadened the scope of action taken to attack rural poverty. (Annual expenditures under ARDA reached a maximum of \$28.8 million in 1974-75.) In 1966 a Fund for Rural Economic Development (FRED) was established to provide comprehensive rural development programs in specifically designated areas characterized by widespread low incomes and major problems of adjustment, but considered to have development potential. Under FRED, agreements were signed with four provinces, for five separate plans, dealing with the Interlake region of Manitoba, the Gaspé in Quebec, the Mactaquac and Northeast areas of New Brunswick, and all of Prince Edward Island. (The maximum annual outlay under FRED was \$60.2 million in 1973-74.)

Another area development focus, in this case regional, was provided by the Atlantic Development Board (ADB), which was set up in 1962 to advise on measures and to assist projects related to the economic development of the Atlantic region within

a planning framework. The ADB did contribute large sums towards the financing of economic infrastructure, but it is generally accepted that it was not successful in establishing a development plan that would coordinate these expenditures towards specific targets. During the six years of its existence, the Board received government approval for the commitment of \$189.5 million, of which \$142.9 million had been spent by March 31, 1969, when the Atlantic Development Board Act was repealed; the Board's obligations were assumed by DREE. (Annual expenditures of the ADB reached a maximum of \$30.0 million in 1969-70.)

The Area Development Incentives Act (ADIA) was also established to alleviate chronic high unemployment, by attracting manufacturing and processing firms to locate or expand operations in areas reporting unemployment rates above a threshold level. Three kinds of incentives were applied sequentially, starting with accelerated capital cost allowances, which were replaced in 1963 by a three year income tax exemption and higher capital cost allowances and in turn, in 1965 by a program of cash grants and the same rate of capital cost allowances. As each of these measures was applied in a non-discretionary manner to areas chosen solely on the basis of unemployment levels, no opportunity existed to relate assistance to development planning. (Maximum annual expenditures under ADIA which occurred in 1971-72, amounted to \$63.1 million.)

In addition to some provisions in ARDA and FRED, during the 1960's the federal government focused attention to human resource development in lagging regions through a variety of manpower and mobility programs which were being developed nationally as well as the Newfoundland Resettlement Program and the Canada NewStart Program.

#### The Establishment of DREE

In general, the proliferating programs of the 1960's were unrelated efforts each designed to specific problems and needs rather than to focus in a coordinated manner on the development potential of lagging regions. One of the apparent reasons for this disorganization was the variety of agencies responsible - the Area Development Agency, the Atlantic

Development Board, the Departments of Agriculture and of Forestry and Rural Development just to name the principal ones. Accordingly, a major factor in deciding to embark on a third phase of regional policy, the establishment of the Department of Regional Economic Expansion (DREE), was the desire to improve coordination of the governments' efforts and programs in this field.

The other principal motivation was the perception that the existing programs tended to deal with greatest needs rather than the relative strengths of low income regions. While DREE inherited many of these programs, its primary orientation was clearly to centre on the development of those areas which had the potential for viable economic growth and development. In order to pursue this new emphasis, DREE embarked on two new and related programs - the "Special Areas" program and a new program of industrial incentives, (RDIA). The former was designed to act as an indirect inducement to draw industry to existing and potential regional growth centres, by providing the infrastructure required to make these centres more attractive locations. The latter provided a direct inducement to manufacturing and processing industries to locate in designated regions, and particularly in the various "special areas".

Consultation with the provinces resulted in the designation of 23 special areas, each of which became the subject of a federal-provincial agreement or plan to deal in a flexible manner with the distinctive potential and problems of each. Six of the special areas were expected to realize substantially faster industrial growth as a result of the incentives programs, and were designated in order to provide the infrastructure needed to support this growth. These areas included St. John's, Halifax-Darmouth, Saint John, Moncton, Quebec City, and Trois-Rivières. Regina and Saskatoon were designated for the purpose of receiving industrial incentives, which it was felt, were required in order for them to realize the growth potential given by their locations. In Newfoundland, the Burin Peninsula, Gander, Stephenville, Hawke's Bay, Come-By-Chance and Goose Bay (Happy Valley), were designated in order to make them more attractive as receiving centres under the Newfoundland Resettlement Program. The Pas, Meadow Lake, and Lesser Slave



Lake were designated for industrial incentives to promote the development of resource industries, and to improve community facilities, particularly to the advantage of the Indian and Métis populations. Renfrew-Pembroke and Lac Saint Jean were designated for industrial incentives, for which they were not eligible under the regular incentives program. Finally, the Ste-Scholastique area was designated, as a result of the federal government's decision to construct the New Montreal International Airport in the area, in order to help the province provide the extensive infrastructure which would be required.

Some of the inherited programs were also reoriented towards capitalizing on relative strengths. For example, under FRED programs emphasis began to be placed on the development of local growth centres. Likewise, the long-established PFRA structure was used to provide infrastructure assistance (primarily water and sewer systems) to a number of key rural communities on the Prairies which had been identified for development as agricultural service centres.

The Regional Development Incentives Act (RDIA) replaced ADIA, and introduced greater discretion in the designation of eligible areas and the determination of grants. Subsequently, a loan guarantee provision has been introduced, designated areas have been redefined and grant maxima have been adjusted. In essence, however, the industrial grants program has retained its original intent and approach of responding to private sector proposals for establishment or improvement of manufacturing operations in economically lagging regions.

#### 1972 Policy Review

Although the establishment of DREE appeared to provide a greater degree of coherence in regional programming, it was accepted that a good deal of experimentation would be required, and that policies and programs might have to be modified as experience was gained. This recognition, along with mounting criticisms concerning the need for a clearer definition of objectives and related strategies, the need for improved federal-provincial coordination and the

uncertain benefits flowing to the broader regions of programs being targeted on a limited number of growth centres, led to a major policy review during 1972-73 and subsequently to yet another phase of regional policy.

The policy review examined in great detail the development prospects of each region and the requirements of how to facilitate the exploitation of the opportunities. Its major conclusions were that: 1) each region has its own unique set of developmental opportunities and that special measures, devised in relation to each, are needed to realize these opportunities; 2) the process of regional development should not limit itself to rather narrow programs focused on solving problems but include the process of identifying and pursuing in a flexible and imaginative way the many existing developmental opportunities; 3) regional development requires the effective cooperation of many federal, provincial and private agencies; 4) the identification and pursuit of developmental opportunities through effective federal-provincial cooperation can be achieved more readily through broad and flexible enabling agreements with each province; and, 5) the best way for DREE to organize for such a joint development process was to decentralize its activities and operational decision-making to regional and provincial offices.

In his report to Cabinet following the review, the Minister stated that his Department's primary objective was now "clearly to encourage all slow-growth regions of Canada to realize their potential for contributing to the economic and social development of the nation. While considerable emphasis and improved efforts will still be focused on the Atlantic provinces and Quebec, we will also significantly increase the scope and intensity of activities in Northern Ontario, Manitoba and Saskatchewan and in the northern and rural areas of Alberta and British Columbia". In short the strategy was to focus upon and pursue limited and carefully defined objectives related to major developmental opportunities.

Existing DREE programs, such as ARDA, FRED and the Special Areas, were to continue until the agreements had been effectively completed. It was the intention, however, that the thrust of these

activities, along with new ones, would eventually fall under the new instruments and organizational structures emerging from the policy review. These new mechanisms and approaches include General Development Agreements (GDA's) and their subsidiary agreements, a decentralized departmental structure for DREE, and a modified R.D.I.A. industrial incentives program.

The General Development Agreements became the framework for DREE's efforts to encourage co-ordinated federal and provincial action aimed at the realization of each region's potential for economic development. As DREE's perspective is long term, the GDA's were established with a ten-year time horizon. Each GDA provides a statement of federal-provincial development objectives in the province, sets out a broad strategy on the basis of an analysis of the province's criteria for the implementation of the strategy through Subsidiary Agreements.

Although there are variations in the objectives from one province to another, they generally seek to improve opportunities for productive employment, and access to those opportunities, in areas that require special measures to facilitate economic expansion and social adjustment. Depending on the particular economic circumstances of a province, the objectives may emphasize improvement in standards of living, especially in relation to the national average or, alternatively, a more equitable distribution of socioeconomic development among geographic, industrial or social sectors within the province. The GDA's provide for continuing analysis of provincial social and economic circumstances and for the identification of specific opportunities for development which are both sound and important relative to the established objectives and priorities. Pursuit of an agreed opportunity is then handled under a subsidiary agreement.

Subsidiary agreements generally provide detailed plans of action, worked out jointly to take advantage of specific and well defined opportunities

for development. GDA's provide criteria against which to evaluate initiatives which would be consistent with the general development strategy for the province and which could be pursued under a sub-agreement. The criteria concern the impact of the opportunity on employment, on income, on the quality of life and on other factors regarded by the federal government and the province as being important in the development process. In view of relative provincial fiscal capacities and development needs, regional development priorities described earlier, Cabinet endorsed the following maximum federal shares of costs for subsidiary agreements:

<u>Province</u>	<u>Maximum Federal Share</u>
Newfoundland	90%
Nova Scotia, New Brunswick	80%
Quebec, Manitoba, Saskatchewan	60%
Ontario, Alberta, British Columbia	50%

In Prince Edward Island, the Comprehensive Plan continues to 1984 on a 90/10 basis for most types of cost-shared activity.

Along with the differences in volume of sub-agreement activity across the country, this graduation in shares provides a general weighting of DREE efforts towards the slower growth regions. There is provision as well for flexibility at the level of specific proposals. These cost-sharing ratios represent the most favourable arrangements, from the provinces' viewpoint, that the federal government is prepared to consider. However, if it is judged that the province concerned attaches a relatively higher priority to a particular initiative than does the federal government, the province is required to contribute more than its minimum possible share. Examples of this kind of modification of sharing ratios include subsidiary agreements for highway construction in New Brunswick and mineral exploration in Manitoba and Saskatchewan.

#### Subsequent Evolution

In the months following the Cabinet's approval of the GDA approach, intensive consultation with the provincial governments led to the signing of nine GDA's (subsequently two more were signed with the Territories) and to the detailed formulation

of the initial set of subsidiary agreements, most of which had been identified as areas of potential involvement during the Policy Review. From early 1974 to May 22, 1979, 103 sub-agreements had been signed. These sub-agreements involve a total financial commitment of over \$4.8 billion, including a federal share of \$2.6 billion. The provincial distribution of this sub-agreement activity is listed below.

Subsidiary Agreements\*

	<u>Number</u>	<u>Maximum Financial Provisions</u>		
		<u>Total</u>	<u>(\$M)</u>	<u>Federal</u>
Newfoundland	16	403.1		346.1
Nova Scotia	11	348.0		245.0
New Brunswick	17	454.5		352.6
Quebec	13	2,058.5		908.5
Ontario	9	361.3		155.9
Manitoba	7	292.8		187.3
Saskatchewan	12	474.0		213.8
Alberta	6	146.8		73.2
British Columbia	10	332.8		149.5
Yukon	1	6.6		4.5
Northwest Territories	<u>1</u>	<u>3.8</u>		<u>2.5</u>
Total	103	4,882.2		2,638.9

\*See section 4.1 for distribution of active and terminated sub-agreements.

This development activity has been generated by working closely with provincial governments through a highly decentralized organization. Under the decentralization plan, four new regional offices have been established in Moncton (Atlantic), Montreal (Quebec), Toronto (Ontario), and Saskatoon (West), each headed by an ADM. These regional offices have

the basic responsibility for most ongoing analytical work. Each has a group of "regional development officers" responsible for the process of opportunity identification and pursuit, and the related mechanisms of coordination with the provinces. In addition, the provincial offices which report to the regional ADM's have been expanded to include a number of "analysis and development" officers with similar responsibilities at the provincial level, in particular, day-to-day liaison with the provincial governments. The bulk of responsibility for program development and implementation rests with the provincial offices.

In addition to its role making the GDA approach more effective, decentralization also plays a large part in the administration of the modified industrial incentives program which emerged from the policy review. RDIA changes included relocation of boundaries, inclusion of some previously ineligible processing and service activities, more explicit consideration of job quality in the incentive formula and, perhaps most important, standardization of the formulae for small and medium-sized projects, with authority for their approval being delegated to provincial directors general and regional assistant deputy ministers respectively.

ORGANIZATION AND MODE OF OPERATION

ORGANIZATION CHART



MINISTER - MINISTRE

ATLANTIC DEVELOPMENT COUNCIL / CONSEIL DE DEVELOPPEMENT DE LA REGION DE L'ATLANTIQUE  
 INCENTIVES ADVISORY BOARD / CONSEIL CONSULTATIF DES SUBVENTIONS  
 DEPUTY MINISTER / SOUS-MINISTRE

ADM FINANCE & ADMINISTRATION OTTAWA / S-M-A FINANCES ET ADMINISTRATION OTTAWA

ADM PLANNING & COORDINATION OTTAWA / S-M-A PLANIFICATION ET COORDINATION OTTAWA

DIRECTOR ADMIN & TECHNICAL SERVICES / DIRECTEUR SERVICES ADMINISTRATIFS ET TECHNIQUES  
 DIRECTOR PERSONNEL SERVICES / DIRECTEUR SERVICES DU PERSONNEL  
 DIRECTOR MANAGEMENT, INFORMATION COMPUTER SERVICES / DIRECTEUR SERVICES INFORMATIQUES ET INTERES DE GESTION  
 DIRECTOR GENERAL FINANCIAL SERVICES / DIRECTEUR GENERAL SERVICES FINANCIERS  
 DIRECTOR LEGAL SERVICES / DIRECTEUR SERVICES DU CONTENTIEUX

DIRECTOR PUBLIC INFORMATION / DIRECTEUR SERVICE DE L'INFORMATION  
 DIRECTOR GENERAL PROJECT ASSESSMENT & EVALUATION / DIRECTEUR GENERAL ETUDES ET EVALUATION DES PROJETS  
 DIRECTOR GENERAL INDUSTRIAL INCENTIVES / DIRECTEUR GENERAL SUBVENTIONS A L'INDUSTRIE  
 DIRECTOR GENERAL ANALYSIS & LIAISON / DIRECTEUR GENERAL ANALYSE ET LIAISON  
 DIRECTOR INCENTIVES EMPL. & LOAN GUARANTEES / DIRECTEUR EVAL DES SUBVENT ET GARANTIES DE PRETS  
 DIRECTOR OPERATIONAL PLANNING / DIRECTEUR PLANIFICATION OPERATIONNELLE  
 DIRECTOR ECONOMIC DEVELOPMENT ANALYSIS / DIRECTEUR ANALYSE DU DEVELOPPEMENT ECON.  
 DIRECTOR POLICY ANALYSIS / DIRECTEUR ANALYSE DES POLITIQUES  
 DIRECTOR PROGRAM ADMINISTRATION / DIRECTEUR ANALYSE DES PROG. & LIAISON

ADM WEST / S-M-A WEST / SASKATOON

ADM ONTARIO / S-M-A ONTARIO, TORONTO

ADM QUEBEC / S-M-A QUEBEC, MONTREAL

ADM ATLANTIC / S-M-A ATLANTIQUE / MONCTON

WINNIPEG DIRECTOR GENERAL / DIRECTEUR GENERAL MANITOBA  
 REGINA DIRECTOR GENERAL / DIRECTEUR GENERAL SASKATCHEWAN  
 EDMONTON DIRECTOR GENERAL / DIRECTEUR GENERAL ALBERTA  
 VICTORIA DIRECTOR GENERAL / DIRECTEUR GENERAL B.C.  
 REGINA DIRECTOR GENERAL / DIRECTEUR GENERAL P.F.N.A.  
 SASKATOON DIRECTOR FINANCIAL & ADMIN. SERVICES / DIRECTEUR SERVICES FINANCIERS & ADMINISTRATIFS  
 SASKATOON DIRECTOR INDUSTRIAL DEVELOPMENT / DIRECTEUR DEVELOPPEMENT INDUSTRIEL  
 SASKATOON DIRECTOR REGIONAL ANALYSIS / DIRECTEUR ANALYSE REGIONALES  
 SASKATOON DIRECTOR PROG. COORD. / DIRECTEUR PROG. ET COORD.  
 SASKATOON DIRECTOR GENERAL INDUSTRIAL & SPECIAL PROGRAMS / DIRECTEUR GENERAL PROGRAMMES INDUSTRIELS ET SPECIAUX  
 SASKATOON DIRECTOR GENERAL HUMAN / URBAN PROGRAM SERVICES / DIRECTEUR GENERAL SERVICES DES PROGRAMMES HUMAINS ET URBAINS

WINNIPEG DIRECTOR GENERAL / DIRECTEUR GENERAL DEVELOPPEMENT REGIONAL  
 TORONTO DIRECTOR ADMIN & PROGRAM SERVICES / DIRECTEUR SECR. ADMINISTRATIFS ET AFFAIRES DES PROG.  
 TORONTO DIRECTOR PROGRAM IMPL. & COORD. / DIRECTEUR MISE EN OEUVRE ET COORD. DES PROGRAMMES  
 TORONTO DIRECTOR INDUSTRIAL INCENTIVES / DIRECTEUR SUBVENTIONS A L'INDUSTRIE  
 TORONTO SR. DEVELOPMENT EXECUTIVE / ADMINISTRATEUR SUPERIEUR DE DEVELOPPEMENT  
 TORONTO DIRECTOR REGIONAL ANALYSIS / DIRECTEUR ANALYSE REGIONALES  
 TORONTO DIRECTOR REGIONAL INFORMATION / DIRECTEUR INFORMATION REGIONALE

QUEBEC DIRECTOR GENERAL / DIRECTEUR GENERAL QUEBEC  
 MONTREAL ECONOMIC ANALYSIS / DIRECTEUR ANALYSE ECONOMIQUE  
 MONTREAL DIRECTOR GENERAL PROGRAMS & SUBVENTIONS / DIRECTEUR GENERAL PROGRAMMES & SUBVENTIONS  
 MONTREAL DIRECTOR QUENEC DESCHAMPEL REGIONS / DIRECTEUR REGION REGIONS DE QUENEC  
 MONTREAL DIRECTOR SPECIAL AREA / DIRECTEUR ZONE SPECIALE DE MONTREAL  
 MONTREAL SR. DEVELOPMENT EXECUTIVE / ADMINISTRATEUR PRINCIPAL DE DEVELOPPEMENT INITIATIVES RAJENEES  
 MONTREAL EXEC. DIRECTOR COORDINATION & PROG. SERVICES / DIRECTEUR EXECUTIF COORD. ET SERV. AUX PROGRAMMES

ST. JOHN'S DIRECTOR GENERAL / DIRECTEUR GENERAL NEWFOUNDLAND  
 HALIFAX DIRECTOR GENERAL / DIRECTEUR GENERAL NOUVELE-ECOSSE  
 CHARLOTTETOWN DIRECTOR GENERAL / DIRECTEUR GENERAL P.E.I.  
 FREDERICTON DIRECTOR GENERAL / DIRECTEUR GENERAL NOUVEAU-BRUNSWICK  
 MONCTON EXECUTIVE DIRECTOR ADMIN. SERV. & SPECIAL PROG. / DIRECTEUR EXECUTIF SERVICES ADMINISTRATIFS ET PROGRAMMES SPECIAUX  
 MONCTON DIRECTOR GENERAL DEVELOPMENT PROGRAMS / DIRECTEUR GENERAL PROGRAMMES DE DEVELOPPEMENT  
 MONCTON DIRECTOR GENERAL PLANNING & COORDINATION / DIRECTEUR GENERAL PLANIFICATION & COORDINATION  
 MONCTON DIRECTOR PLANNING / DIRECTEUR PLANIFICATION  
 MONCTON DIRECTOR COMMUNICATIONS / DIRECTEUR COMMUNICATIONS  
 DIRECTOR INDUSTRIAL INCENTIVES / DIRECTEUR SUBVENTIONS A L'INDUSTRIE  
 DIRECTOR REGIONAL INITIATIVES / DIRECTEUR INITIATIVES REGIONALES

DEPARTMENTAL ORGANIZATION

## DEPARTMENTAL ORGANIZATION

The department is fully decentralized with headquarters in the national capital region at Hull, Quebec; regional offices at Moncton, Montreal, Toronto and Saskatoon; a provincial office in each provincial capital; and several branch offices located across the country. The decentralized structure gives DREE a strong presence in the regions and enables close cooperation with the provinces in identifying and carrying out regional development activities.

Headquarters

Three groups report to the Deputy Minister: Planning and Coordination; Finance and Administration; and the Departmental Secretariat.

Planning and Coordination

Headed by an assistant deputy minister, this group is divided into four branches:

- Analysis and Liaison undertakes economic and social analysis on an interregional, national and international basis; monitors initiatives proposed by the regions in terms of their national or interregional implications; maintains liaison both within the department and with other departments to promote policy consistency.
- Project Assessment and Evaluation conducts commercial, financial, business policy and economic assessments of major regional initiatives. This major project analysis is conducted by project teams comprised of financial, marketing and business strategy specialists from within the branch and from various private sector organizations, along with economists specializing in the evaluation of the economic impact of major projects. Representative of the work of the branch are studies on a semi-finished steel facility in Nova Scotia, pulp and paper modernization throughout Canada, development of coal deposits in British Columbia, and a zinc refinery in New Brunswick.
- Incentives Administration prepares operational guidelines for program application across the country and reviews major incentive cases.

Reports to Parliament on Regional Development Incentives.

Undertakes recovery actions when required.

Negotiates, evaluates and recommends loan guarantees.

- Public Information is responsible for developing a national public information program; for providing specialized services and support to other units; and for ensuring coordination of the national, regional and provincial public information components.

#### Finance and Administration

This group, headed by an assistant deputy minister, consists of five branches:

- Legal Services;
- Personnel Services;
- Financial Services is responsible for overall budgetary planning, accounting and auditing, based on input from the regional and provincial offices;
- Administrative and Technical Services; and
- Management Information and Computer Services develops and operates management reporting systems.

#### Departmental Secretariat

In cooperation with the assistant deputy ministers, the Secretariat is responsible for matters such as parliamentary returns and the final preparation of correspondence for the signature of the Minister or Deputy Minister. It also provides general staff support to the Deputy Minister.

#### Regional Offices

Four assistant deputy ministers are located outside the national capital region and supported by the staff resources necessary to oversee the planning, implementation and administration of all departmental activities in their respective regions. Regional offices normally include the following components:

- Regional Development identifies industrial projects and major development opportunities throughout the region and works with other federal government departments, the provinces and private industry in attempting to realize them;
- Regional Analysis maintains an overview of regional economic circumstances;
- Industrial Incentives processes major incentives applications forwarded by the provincial offices;
- Program Coordination and Technical Services coordinates departmental activities among the various provinces of the region and provides technical advice;
- Administration and Program Services includes legal, financial, personnel, administrative and data services; and
- Regional Information Services plans and implements regional public information programs and supports provincial information activities.

#### Provincial Offices

These offices are headed by a director general, and are located in the provincial capital cities. In Ontario, where the regional headquarters and the provincial offices are combined in Toronto, many of the provincial office functions are performed by a major branch office in Thunder Bay.

Provincial offices generally include the following units:

- Development and Analysis works closely with the provincial government concerned in analysing economic conditions and identifying and pursuing development opportunities in the province;
- Industrial Incentives processes all incentives applications originating in the province;
- Financial and Administrative Services; and
- Public Information.

Branch Offices

There are also 12 DREE branch offices located across the country. These offices service local needs and provide on-the-spot assessment of specific projects and activities.

PERSONNEL PROFILE

PERSONNEL - HISTORY

The Department of Regional Economic Expansion came into existence in April 1969. In 1973 Treasury Board approved a reorganization of the Department designed to provide a high degree of decentralization.

In the latter half of 1973, the four Assistant Deputy Ministers to the Regions and the two to Headquarters were appointed.

As a result of decentralization, the Department is able to respond more quickly to local, regional and provincial needs and to coordinate more effectively with the provincial governments in the recognition of, and response to, developmental opportunities.

The Staff in Ottawa provide functional direction of administrative services, analysis and service backup for the field offices, coordination between regions, and liaison with other federal departments.

The following figures indicate the differences in population distribution throughout the Department before and after decentralization.

TABLE A	STRENGTH 31-03-73	STRENGTH 31-03-77	STRENGTH 31-03-78	STRENGTH 31-03-79
ATLANTIC	77	265	283	293
QUEBEC	*	143	153	177
CENTRAL	57	**	**	**
ONTARIO	*	68	76	72
WEST	65	265	280	283
REGIONAL TOTAL	199	741	792	825
OTTAWA	760	424	402	398
PFRA	743	817	776	749
DEPT. TOTAL INCL. PFRA	1702	1982	1970	1972

\* Included in Central

\*\* Became Quebec and Ontario regions



PERSONNEL DISTRIBUTION  
REGIONAL/PROVINCIAL OFFICES

MARCH 31, 1979

<u>ATLANTIC REGION</u> .....	293
Moncton (Regional Headquarters)	109
Fredericton	54
Halifax	44
St. John's	53
Charlottetown	22
Atlantic Development Council (St. John's)	11
 <u>QUEBEC REGION</u> .....	 177
Montreal (Regional Headquarters)	134
Quebec City	43
 <u>ONTARIO REGION</u> .....	 72
Toronto (Regional Headquarters)	46
Thunder Bay	26
 <u>WESTERN REGION</u> .....	 283
Saskatoon (Regional Headquarters)	110
Winnipeg	57
Regina	48
Edmonton	29
Victoria	39
 PFRA .....	 749
 <u>HEAD OFFICE - N.C.R.</u> .....	 398
 <u>DEPARTMENTAL TOTAL</u> .....	 1972 *

NOTE \* The figures shown above include staff totals for a number of smaller sub-offices also operated by the Department. These offices have not been shown separately because, the staff numbers involved are small and because, in a number of cases, the offices are not yet fully staffed. Such offices, however, include Goose Bay, Labrador, Bathurst, N.B., Rimouski, Alma and Val d'Or, Quebec; Sudbury, Ontario; Thompson, Manitoba; Prince George, B.C.; and Yellowknife, N.W.T.. In the case of PFRA, the total given includes not only its Regina headquarters, but a large number of smaller offices throughout the three Prairie Provinces.

DISTRIBUTION OF PERSONNEL  
STRENGTH - vs - UTILIZATION - vs - ALLOTMENT

MARCH 31, 1979

<u>Location</u>	Total Strength*	Person- Years Utilization 1978-79	Person- Years Approved 1978-79
<u>Ottawa</u>	398	393.42	417
<u>Atlantic</u>	293	284.37	273
<u>Quebec</u>	177	167.06	150
<u>Ontario</u>	72	70.15	73
<u>Western Region</u>	283	265.48	264
<u>Department excl. PFRA</u>	1223	1180.48	1177
<u>PFRA</u>	749	883.45	910
<u>Department incl. PFRA</u>	1972	2063.93	2087

\* Including term employees and employees on leave.

OPERATIONAL ORGANIZATION AND ROLE OF KEY OFFICERS

In order to attain the objectives set out for the Department of Regional Economic Expansion, four (4) regional offices were established in Moncton, Montreal, Toronto and Saskatoon, and headed up by an Assistant Deputy Minister. Each Assistant Deputy Minister has, in turn, created a provincial office physically located as a general rule in the provincial capital, with the exception of Ontario, and managed by a Provincial Director General.

PROVINCIAL DIRECTOR GENERAL

The main role at this level is to ensure that the total budget allocated to their provincial office is spent in such a fashion that it respects the intent of agreements reached either between the Federal and Provincial governments as well as with other governments and private enterprise.

DREE also has twelve (12) other Director Generals and sixteen (16) Directors involved in numerous management responsibilities, reporting directly or indirectly to the four (4) regional Assistant Deputy Ministers and the two (2) Headquarters Assistant Deputy Ministers.

In the performance of his executive duties, a Provincial Director General relies upon several key specialists with delegated managerial responsibilities. They include the following:

ANALYSTS

Most of these analysts are Economists involved in analytical and research work either at the Headquarters or Regional level. These specialists are the back-bone of the Department insofar as their analysis will identify area(s) that the Federal Government should pursue either with an impact at the local, regional or national level. There are approximately 63 of these specialists physically located in Ottawa and 51 dispersed across the country.

Once the opportunities are identified and agreed to, each project then becomes the responsibility of the development and implementation officers. In this respect, the Department has established the following key elements.

DEVELOPMENT OFFICERS

This function is exercised only at the regional and provincial level (51 in the Atlantic provinces, 24 in PFRA and 10 in other areas). It consists of an analytical role to formulate recommendations for departmental policies in such areas as the development of new approaches and program-means to cope with urban and industrial needs, development opportunities, and implementation mechanism.

PROGRAM IMPLEMENTATION OFFICERS

This particular role consists mainly of the federal administration of shared-costs agreements from a broader spectrum than industrial incentives, as it includes such elements as capital projects, provision of staff and support services, resource exploration and management, community development programs.

This function is exclusive to the regions and approximately 53 officers are involved.

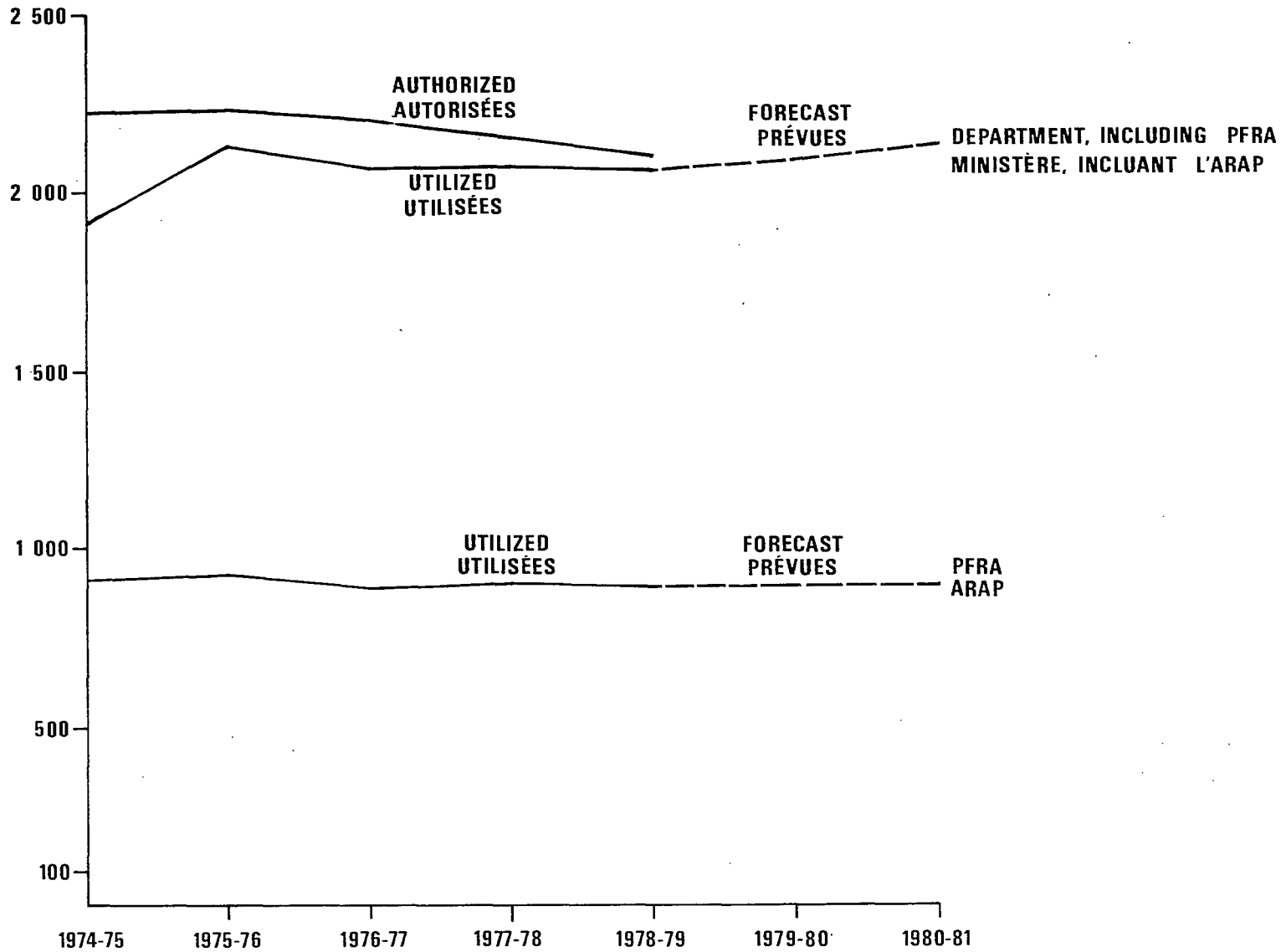
INDUSTRIAL INCENTIVES OFFICERS

The majority of these Industrial Incentives Officers are physically located at the Regional or Provincial level in direct contrast to the Analysts.

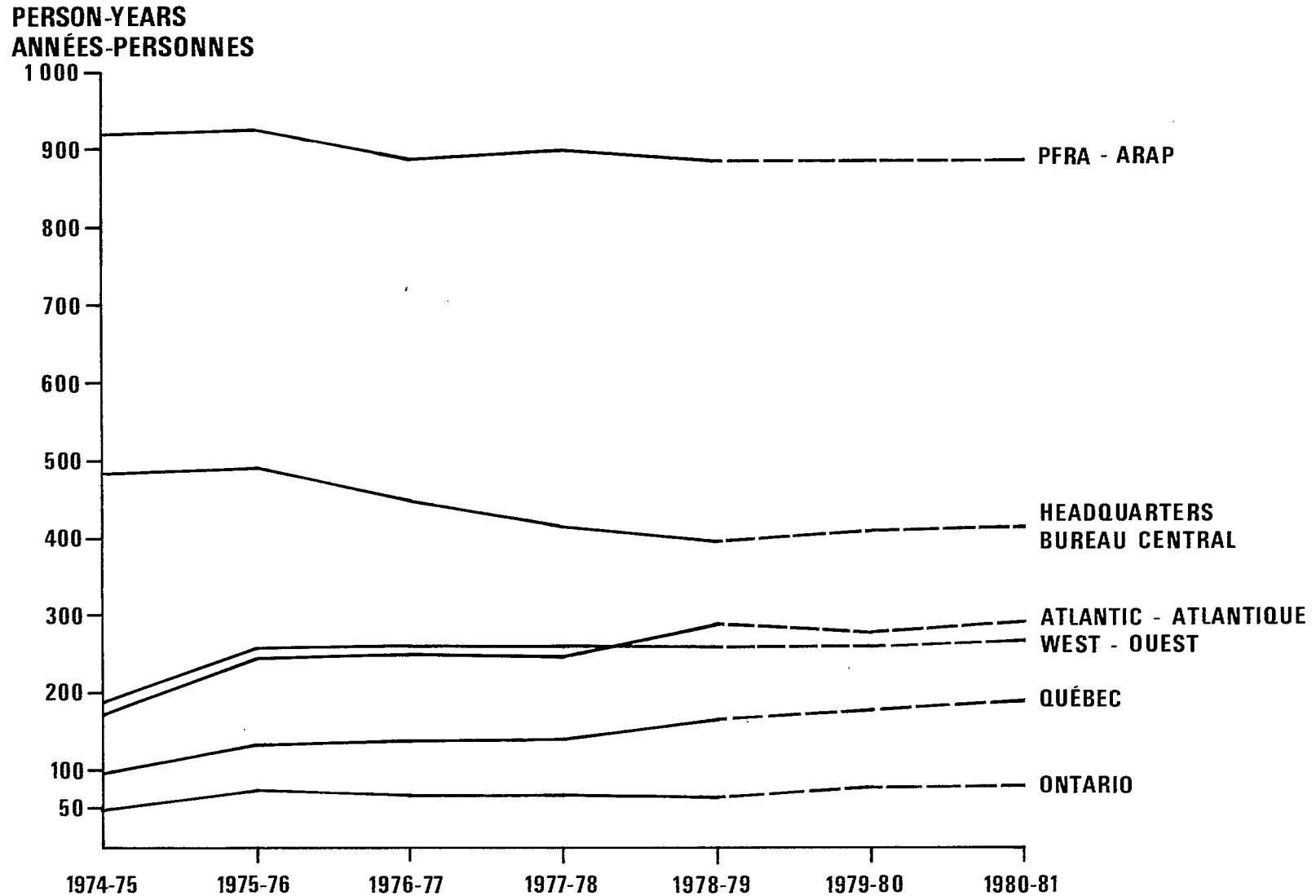
As an example of the 112 officers involved in this particular role, 95 are physically located outside the Hull area. These officers have the responsibility of evaluating applications submitted from applicants seeking incentives grants, and depending on the complexity of the case, may also have the authority to authorize the assistance. In other circumstances, higher approval is required, upon receipt of which the Industrial Incentives Officers have the authority to make all payments agreed to, including the final payment.

# PERSON-YEARS, AUTHORIZED, UTILIZED & FORECAST ANNÉES-PERSONNES, AUTORISÉES, UTILISÉES ET PRÉVUES

ANNÉES-PERSONNES  
PERSON-YEARS



# PERSON-YEAR UTILIZATION BY REGION ANNÉES-PERSONNES UTILISÉES PAR RÉGION



PERSONNEL STATISTICAL REPORT  
BY CATEGORIES

MARCH 31, 1979

LOCATION	EXECUTIVE		ADMIN & FOREIGN SVC SCIENT. & PROF.		TECHNICAL, OPERATIONAL AND ADMINIST. SUPPORT		TOTAL	
	N	%	N	%	N	%	N	%
Ottawa	11	24.4	157	17.5	230	23.3	398	20.2
Atlantic	12	26.7	153	17.1	128	12.4	293	14.9
Quebec	6	13.3	95	10.6	76	7.4	177	8.9
Ontario	5	11.1	36	4.0	31	3.0	72	3.7
Western Region	9	20.0	139	15.5	135	13.1	283	14.4
PFRA	2	4.5	316	35.3	431	41.8	749	37.9
TOTAL	45	100	896	100	1031	100	1972	100



Projected Growth of DREE in Relation to  
Treasury Board Guidelines

According to the Departmental Budget for 1975-76, 1976-77 and 1977-78, the authorized man-years are as follows:

<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
2208	2197	2162

This gives projected decline of 0.50% for 1976-77 from 75-76 and 1.59% for 1977-78 from 76-77, thus falling within Treasury Board guidelines of zero population growth.

<u>1978-79</u>	<u>1979-80</u>
2087	2087

In 1978-79 our authorized man-years were 2087 thus showing an additional 3.47% decline. Our authorized man-years for the current year 1979-80 remain at 2087 thus again falling within Treasury Board guidelines of zero population growth.

DEPARTMENTAL SENIOR AND MIDDLE MANAGEMENT

Under Treasury Board authority, the Department has a Senior Personnel Authority (SPA) Complement of 276. This complement comprises all of those positions which are the equivalent of a Program Administrator 6 (current salary, \$30,192-\$34,082) and higher. In the Department, these are Senior Officers 1, 2, 3 - Economists 6, 7, 8 - Commerce Officers 3, 4 - Programme Administrators 6 - Engineers 6 and 7 - Administrative Officers 8 - Personnel Officers 6 - Computer Services Officers 5 - Finance Officers 6 - Information Officers 6.

The Department's Senior Management Complement, which forms part of the SPA is authorized at 46, and is comprised of 40 Senior Executive Officers 1, 2 and 3 and 5 Economists at the ES 8 level and 1 Engineer 7.

A breakdown of the distribution of the SPA throughout the Department follows:

March 31, 1979

Location	"A" SMC	%	"B" SPA *	%
Ottawa	11	24.4	55	20.8
Atlantic	12	26.7	80	30.2
Quebec	6	13.3	38	14.3
Ontario	5	11.1	17	6.4
Western Region	9	20.0	66	24.9
PFRA	2	4.5	9	3.4
TOTAL	45	100	265	100

\* SPA figures - Column "B" include Column "A" or SMC

DISTRIBUTION OF SX AND  
EQUIVALENTS - BEFORE  
AND AFTER DECENTRALIZATION

BEFORE  
DECENTRALIZATION

MARCH 31, 1979

Location	Number	% Total SX & EQUIVALENTS	Number	% TOTAL SX & EQUIVALENTS
Atlantic	5	15.6	12	26.7
Quebec	*	-	6	13.3
Central	5	15.6	**	**
Ontario	*	-	5	11.1
West	4	12.5	9	20.0
Region Total	14	43.7	32	71.1
Ottawa	17	53.1	11	24.4
Total (Excl. PFRA)	31	96.9	43	95.5
PFRA	1	3.1	2	4.5
TOTAL RELATIVE TO DEPARTMENT (incl. PFRA)	32/1702	1.9	45/1972	2.3

\* Included in Central

\*\* Became Quebec and Ontario Regions

Female Employees in Officer Category

Our Department records as to number of male and female employees according to occupational category started in 1975 with the inception of the Equal Opportunities for Women programme.

FEMALE OFFICERS IN DREE (excl. PFRA)

	As of Sept. 30, 1975			As of March 31, 1976			As of March 31, 1977		
	Males	Females	% Fem.	Males	Females	% Fem.	Males	Females	% Fem.
SX & EQUIVALENT	40	0	0	40	0	0	41	2	4.7
SCI. & PROF ADMIN & FOR SERV.	512	73	12.5	663	83	11.1	639	74	10.4
TOTAL FOR OFFICERS	552	73	11.7	703	83	10.6	680	76	10.1

	As of March 31, 1978			As of March 31, 1979		
	Males	Females	% Fem.	Males	Females	% Fem.
SX & EQUIVALENT	43	2	4.5	43	2	4.5
SC. & PROF ADMIN & FOR. SERV.	621	69	11.1	649	62	9.0
TOTAL FOR OFFICERS	664	71	10.6	692	64	9.3

Bilingual Situation in the Department

The identification of bilingual positions in the Public Service started in 1973. Our Department was granted a year's deferment because of our reorganization involving decentralization. Therefore, the identification process took place in 1974-75 and testing of employees' abilities in the official language other than their mother tongue followed in 1975-76.

As a result our records in the Official Languages Information System are limited to the following:

Bilingual Situation in DREE (incl. PFRA)

	As of March 31, 1976			As of March 31, 1977			As of March 31, 1979		
	No. of Bil Empl	No of Desi Pos's	%	No of Bil Empl	No of Desi Pos's	%	No of Bil Empl	No of Desi Pos's	%
SX & EQUIVALENT	14	30	46.7	14	30	46.7	24	22	105
SCI & PROF ADMIN & FOR SERV.	155	291	53.3	162	317	51.1	223	294	75.8
TECHNICAL & SUPPORT	140	260	53.9	138	278	49.6	180	236	76.2
OVERALL DEPARTMENT	309	581	53.2	314	625	50.2	427	557	76.6

TABLE OF FRANCOPHONES IN SX AND EQUIVALENT  
POSITIONS AS OF MARCH 31st OF YEAR INDICATED

1970   1971   72   73   74   75   76   77   78   1979

NO. OF SX & EQUIVALENT FRANCOPHONES	8	7	9	5	9	9	7	7	12	12
TOTAL NO. OF SX AND EQUIVALENTS	25	27	31	28	46	46	41	43	46	45
% OF FRANCOPHCNES	32	25.9	29.0	17.9	19.6	19.6	17.1	16.3	26.1	26.6

Also, as of March 31 1977, there were 317 francophones in the Department out of 1,982 employees thus giving a francophone percentage of 16% as compared to 315 francophones out of 1,909 employees on March 31, 1976 for a 16.5 percentage.

As of March 31, 1979 there were 453 francophones out of 1,972 employees, thus a francophone percentage of 22.9%.

DISTRIBUTION OF PUBLIC SERVANTS  
BY EMPLOYMENT CATEGORY AND FIRST OFFICIAL LANGUAGE

First Official Language \ Empl. Cat.	EXECUTIVE		ADMIN & FOR. SVC SCIENT & PROF		TECHNICAL OPERATIONAL AND ADMIN. SUPPORT		TOTAL *	
	N	%	N	%	N	%	N	%
ENGLISH	33	73.3	736	82.2	753	73.1	1519	77.1
FRENCH	12	26.7	160	17.8	278	26.9	453	22.9
	45	100	896	100	1031	100	1972	100

\* Including PFRA

March 31, 1979

A.

DREE TERM EMPLOYEES SINCE 1974

	31-3-74	31-3-75	31-3-76	31-3-77	31-3-78	31-3-79
DREE(excl. PFRA)	25	19	23	28	50	33
PFRA	53	43	33	37	7	26
TOTAL	78	62	56	65	57	59



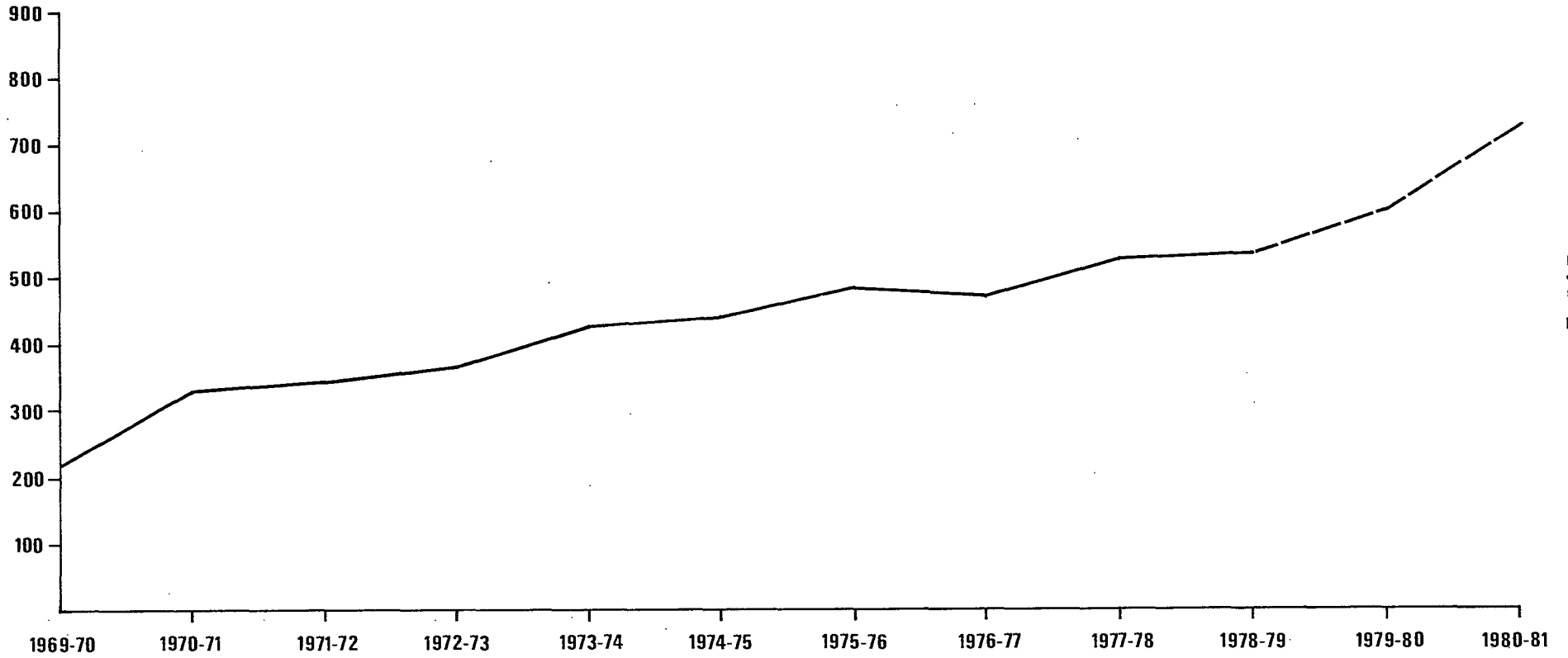
## AGENCY EMPLOYEES UTILIZED AS OF FISCAL YEAR END IN OTTAWA

	1973	1974	1975	1976	1977	1977	1979
NO. OF AGENCY EMPLOYEES	36	24	65	62	49	40	28
% INCREASE OVER PRE- VIOUS YEAR	—	-33.3	170.8	-4.6	-21	-18	-30

FINANCIAL PROFILE OF DEPARTMENT

# DREE EXPENDITURES DÉPENSES DU MEER

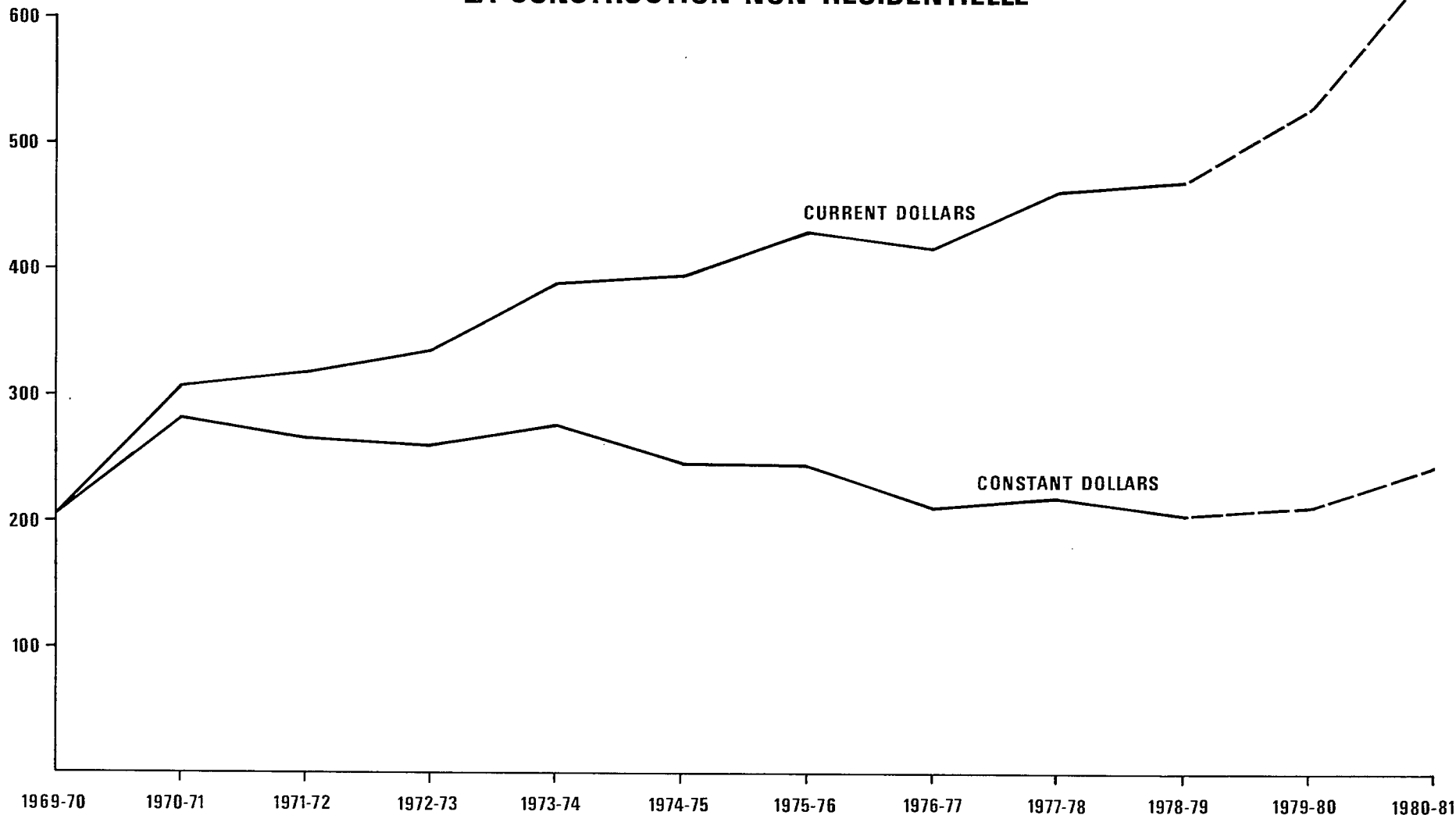
\$ MILLIONS



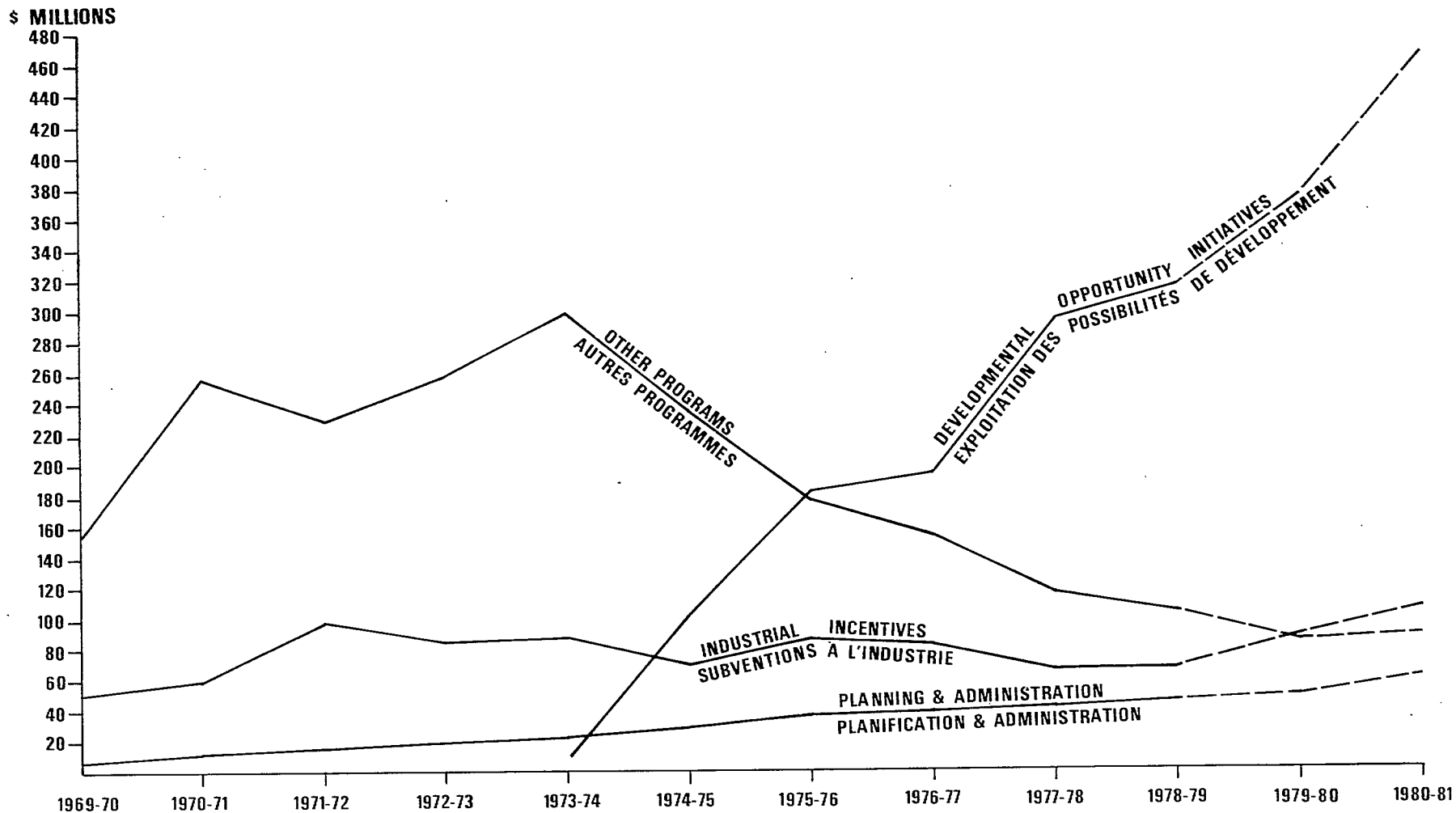
2.4-1

**DREE PROGRAM EXPENDITURES DEFLATED BY NON-RESIDENTIAL CONSTRUCTION PRICE INDEX**  
**DÉPENSES RELIÉES AUX PROGRAMMES DU MEER RAJUSTÉES D'APRÈS L'INDICE DES PRIX DE**  
**LA CONSTRUCTION NON RÉSIDENITIELLE**

\$ MILLIONS



# DREE EXPENDITURES BY ACTIVITY DÉPENSES DU MEER PAR ACTIVITÉ



DREE HISTORIC AND PLANNED EXPENDITURES/DEPENSES HISTORIQUES DU MEER

BY YEAR BY ACTIVITY/PAR ANNEE PAR ACTIVITE

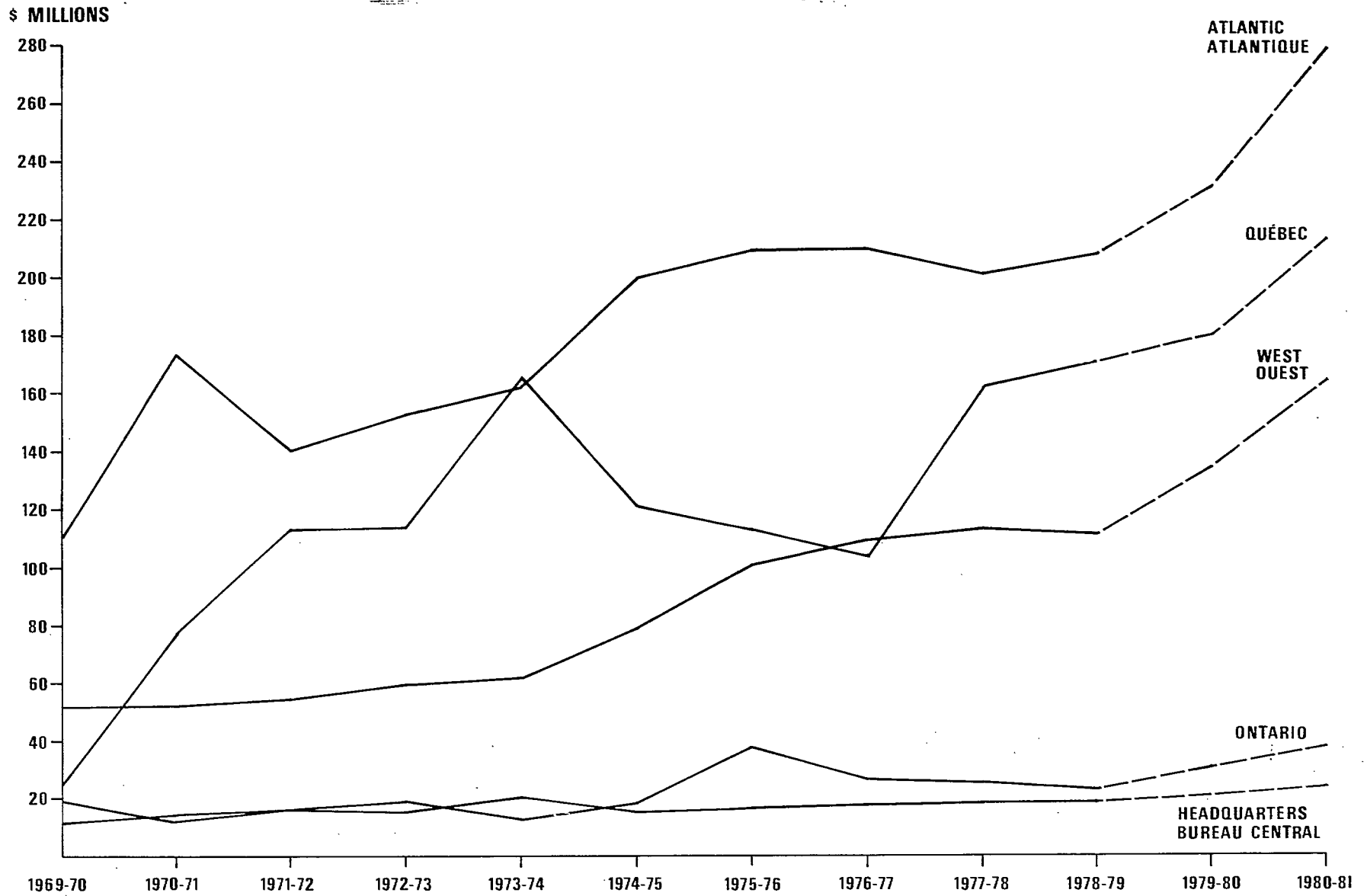
(\$ Millions)

	<u>1969-70</u>	<u>70-71</u>	<u>71-72</u>	<u>72-73</u>	<u>73-74</u>	<u>74-75</u>	<u>75-76</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>	<u>79-80</u>	(1)
Planning & Administration/ Plannification & Administration	8.2	11.4	15.5	20.1	23.5	30.0	37.9	38.8	43.5	45.6	51.2	
GDA Sub-Agreements/ ECD Ententes Auxiliaires	-	-	-	-	10.0	104.0	180.6	196.3	297.7	317.5	376.0	
Industrial Incentives/ Subventions à l'industrie	54.5	60.3	99.4	85.0	90.1	70.2	86.5	81.8	67.7	67.4	87.5	
Other Programs/ Programmes Divers	165.8	259.1	330.0	259.7	300.7	234.3	178.5	152.9	115.8	103.4	84.7	
Totals / Totaux	219.5	330.8	344.8	364.9	424.3	438.6	483.5	469.7	524.7	533.9	599.4	

(1) Main Estimates/Budget Principal

# DREE REGIONAL EXPENDITURES BY YEAR

## DÉPENSES ANNUELLES DU MEER PAR RÉGION



2.4-4

DREE Historic Expenditures and 1979-80 Forecast by Province  
(\$ Millions and Including Loans)

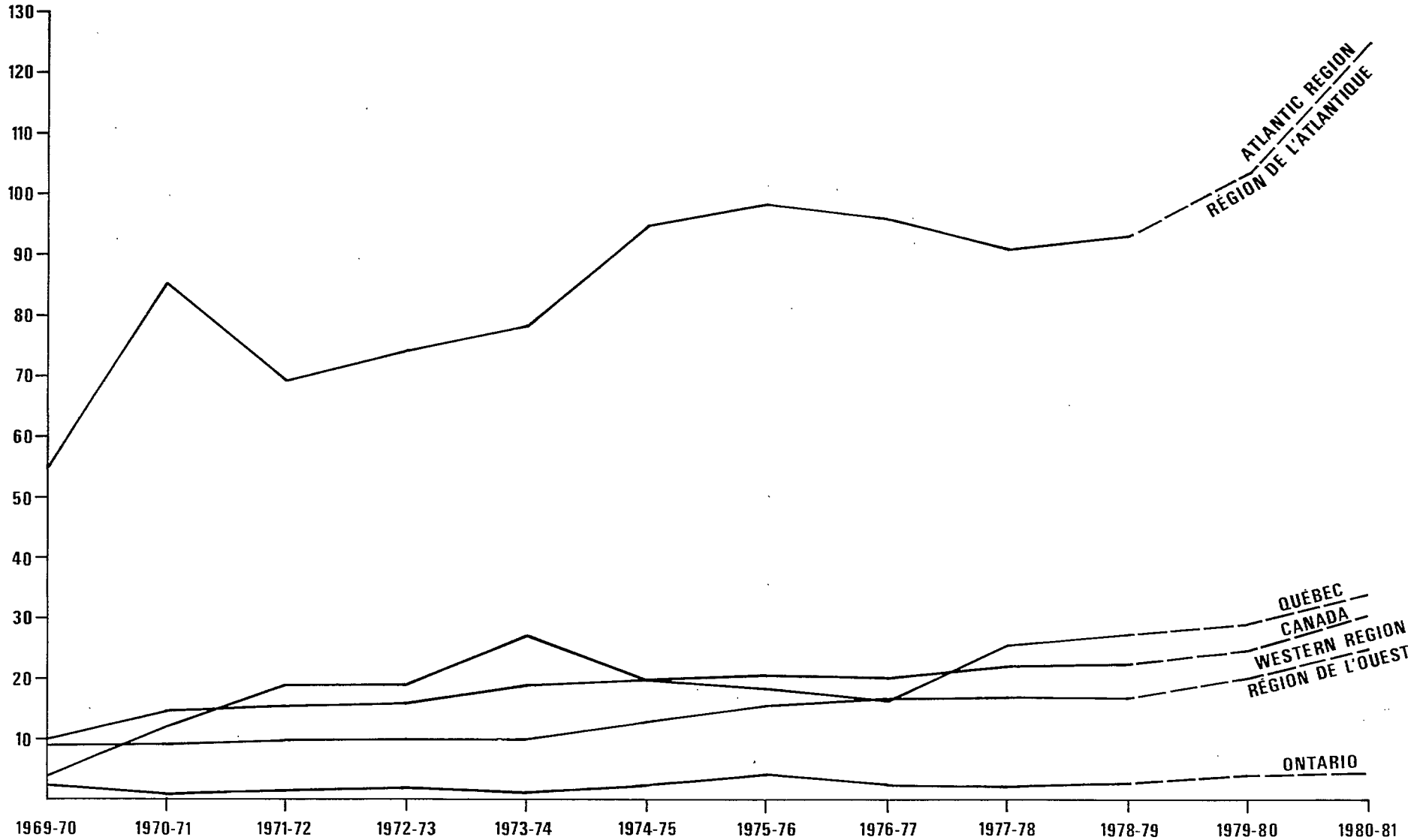
	Actual										Main Estimates		Program Forecast	
	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81		
						%	%	%	%	%	%	%	%	%
Newfoundland	34.7	62.5	35.4	37.6	50.9	68.4	66.2	56.2	61.0	61.9	72.1	81.8		
Prince Edward Island	10.6	14.8	17.7	19.6	19.6	22.8	34.1	36.6	33.5	30.4	31.0	32.7		
Nova Scotia	36.3	32.8	42.9	52.1	35.0	40.9	42.5	48.6	45.2	52.9	53.3	77.7		
New Brunswick	30.0	64.4	45.4	44.5	57.9	63.4	61.0	59.8	52.4	52.6	66.2	79.1		
Atlantic Region Office & A.D.C.	-	-	-	-	-	6.4	7.6	9.7	10.4	11.1	8.5	9.5		
	111.6	174.5	141.4	153.8	163.4	201.9 (46)	211.4 (44)	210.9 (45)	202.5 (39)	208.9 (39)	231.1 (38)	280.8 (39)		
Quebec	25.5	78.6	113.9	115.3	167.1	122.1 (28)	114.0 (23)	105.1 (22)	164.1 (31)	171.7 (32)	180.7 (30)	216.0 (30)		
Ontario	19.8	12.4	16.9	19.2	12.7	19.0 (4)	38.4 (8)	27.2 (6)	26.2 (5)	22.6 (4)	32.0 (5)	38.1 (5)		
Manitoba	16.1	16.3	17.9	24.4	14.8	28.5	31.2	36.8	34.9	28.2	37.8	46.7		
Saskatchewan	14.8	17.0	18.1	13.8	16.7	26.8	40.0	43.6	42.7	45.6	48.0	52.7		
Alberta	16.2	13.1	9.0	17.1	25.3	16.1	17.7	16.3	17.4	17.1	15.6	19.1		
British Columbia	4.8	5.8	10.8	4.6	4.2	6.2	9.4	8.8	13.8	15.6	24.8	30.5		
Yukon & Territories	-	-	-	-	-	-	-	-	0.3	1.2	4.5	6.8		
Western Regional Office	-	-	-	-	-	2.0	3.2	3.2	3.7	4.0	4.2	11.2 <sup>(a)</sup>		
	51.9	52.2	55.9	59.9	61.0	79.6 (18)	101.5 (21)	108.7 (23)	112.8 (21)	111.7 (21)	134.9 (23)	167.0 (23)		
Headquarters	10.7	13.1	16.8	16.7	20.1	15.9 (4)	18.2 (4)	17.8 (4)	19.1 (4)	19.0 (4)	20.7 (4)	22.9 (3)		
TOTAL	219.5	330.8	344.8	364.9	424.3	438.5	483.5	469.7	524.7	533.9	599.4	724.8		

<sup>(a)</sup> Contains 6.5 million Western Region Pulp & Paper unallocated to provinces



# DREE PER CAPITA EXPENDITURES DÉPENSES DU MEER PAR HABITANT

\$ PER CAPITA  
\$ PAR HABITANT



# CASH FLOW FROM OUTSTANDING & PLANNED COMMITMENTS

## DÉBOURSÉS PRÉVUS PROVENANT DE L'ARRIÉRÉ DES ENGAGEMENTS ET DES ENGAGEMENTS PRÉVUS

\$ MILLIONS

1 000

900

800

700

600

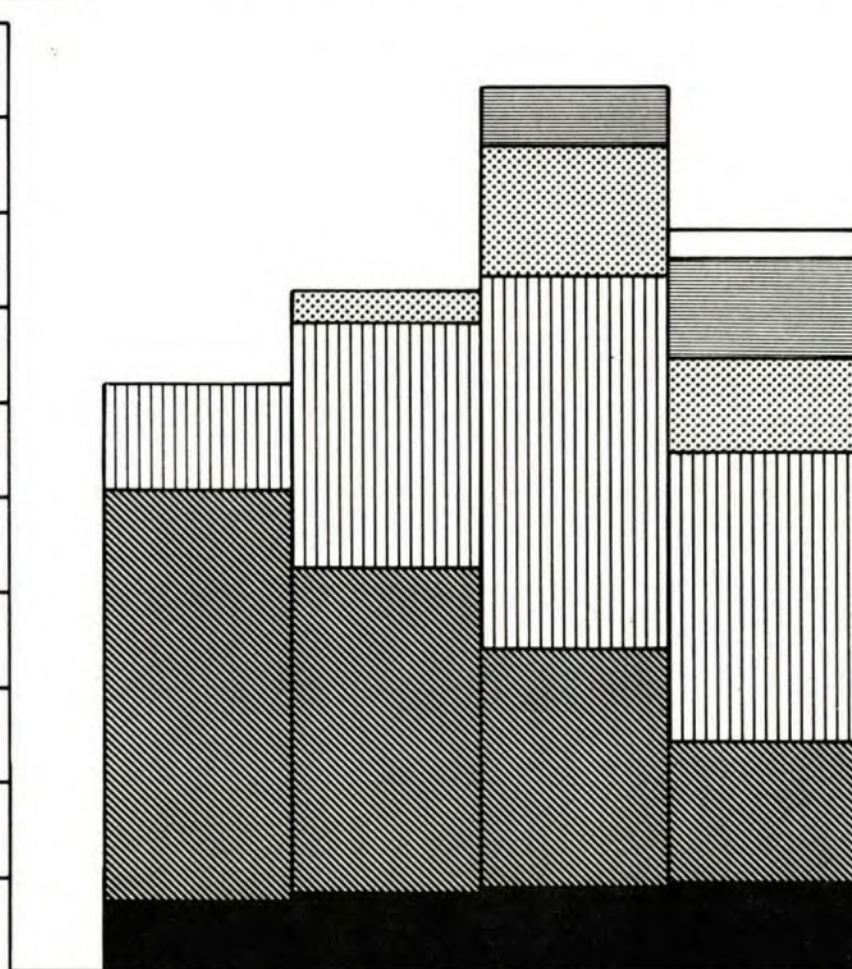
500

400

300

200

100



1979-80

1980-81

1981-82

1982-83



CASH FLOW FROM COMMITMENTS MADE PRIOR TO 1979-80

DÉBOURSÉS PRÉVUS PROVENANT DES ENGAGEMENTS AVANT 1979-80



CASH FLOW FROM COMMITMENTS TO BE MADE DURING 1979-80

DÉBOURSÉS PRÉVUS PROVENANT DES ENGAGEMENTS DURANT 1979-80



CASH FLOW FROM COMMITMENTS TO BE MADE DURING 1980-81

DÉBOURSÉS PRÉVUS PROVENANT DES ENGAGEMENTS DURANT 1980-81



CASH FLOW FROM COMMITMENTS TO BE MADE DURING 1981-82

DÉBOURSÉS PRÉVUS PROVENANT DES ENGAGEMENTS DURANT 1981-82



CASH FLOW FROM COMMITMENTS TO BE MADE DURING 1982-83

DÉBOURSÉS PRÉVUS PROVENANT DES ENGAGEMENTS DURANT 1982-83

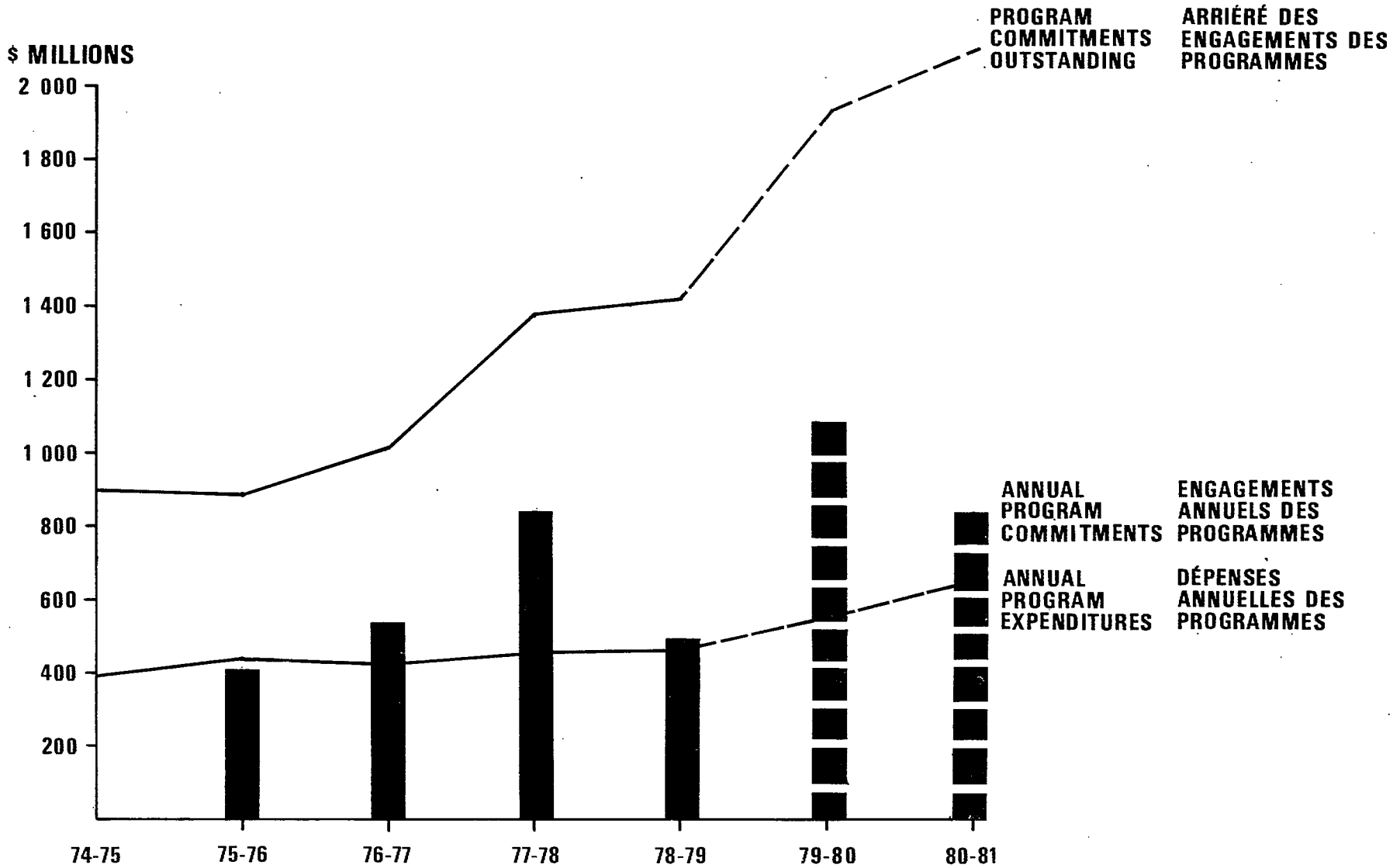


OPERATING COSTS

DÉPENSES DE FONCTIONNEMENT

# COMPARISON OF DEPARTMENTAL OUTSTANDING COMMITMENTS TO ANNUAL COMMITMENTS AND ANNUAL EXPENDITURES

## COMPARAISON DE L'ARRIÈRE DES ENGAGEMENTS DU MINISTÈRE AUX ENGAGEMENTS ET DÉPENSES ANNUELS



THE PUBLIC INFORMATION SERVICES BRANCH

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

PUBLIC INFORMATION SERVICES BRANCH

Role

To counsel the Minister, the Deputy Minister and departmental senior officers on all matters pertaining to information, both internal and external.

To develop and formulate communications and information policies.

To prepare, implement, coordinate, monitor and analyze information programs and activities in support of the Branch's objectives.

To ensure optimum cooperation, coordination and interaction between the three components of national, regional and provincial information services to ensure comprehensive, responsive and well-balanced programs across the country.

Objective

The objective of the Public Information Services Branch is to increase general public understanding of and support for the role of the Department.

Structure

Since the departmental decentralization in 1974, the information function has been structured on three levels: provincial, regional and national. In each case, the provincial managers of information report to their respective directors general, the regional directors of information report to their respective ADMs and the director of Public Information Services, Ottawa/Hull, reports to the Assistant Deputy Minister, Planning and Coordination. Tables I, II, and III present data on the structure and budgets of the information component in Ottawa/Hull and in the regions.

TABLE I

ORGANIZATION

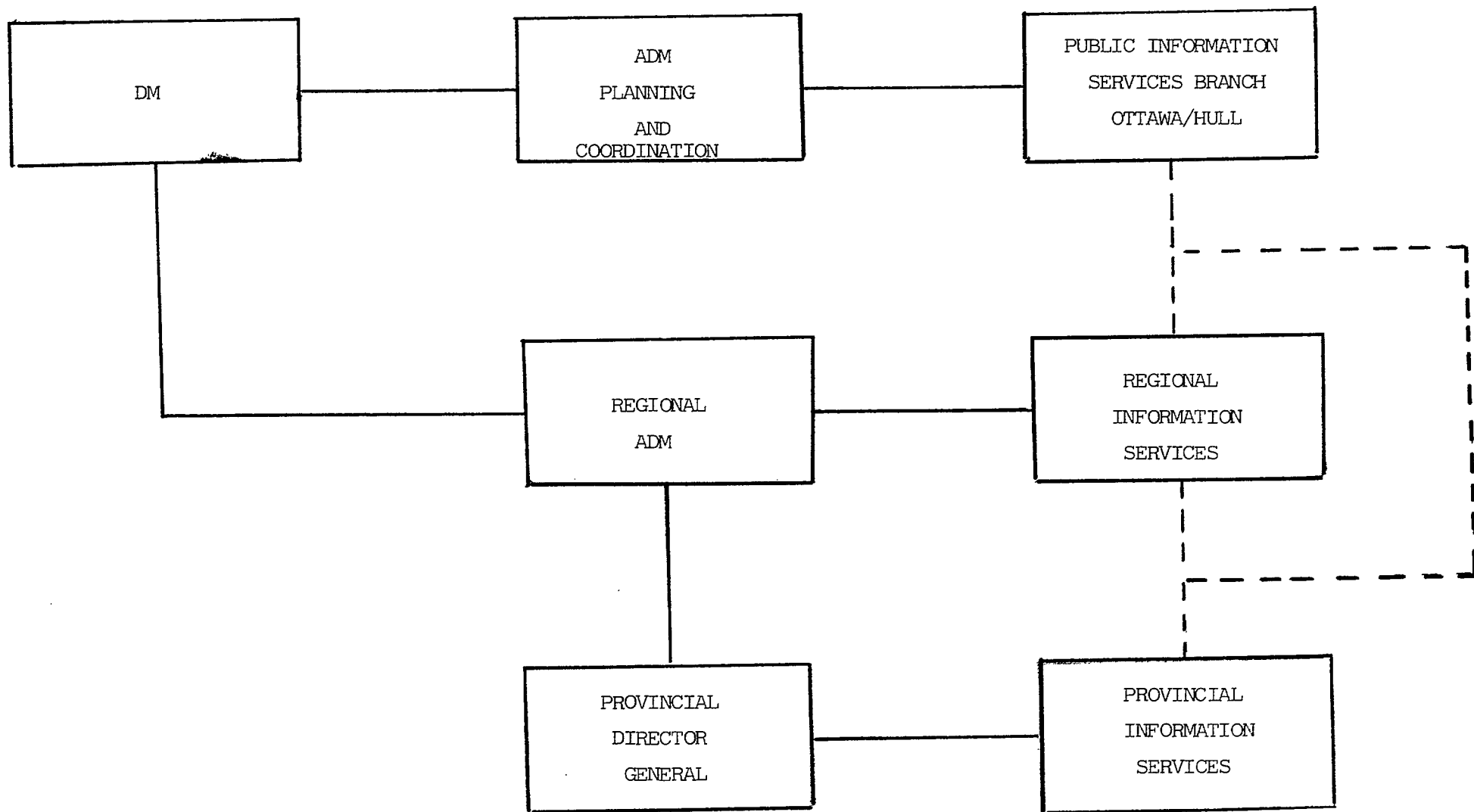


TABLE II

## STRUCTURE: STAFF POSITIONS

	<u>Information Officers</u>		<u>Administrative and Support Staff</u>	
	<u>1978/79</u>	<u>1979/80</u>	<u>1978/79</u>	<u>1979/80</u>
Ottawa-Hull	18	17	20	21
Atlantic Region	11	11	5	5
Quebec Region	8	8	4	4
Ontario Region	2	2	3	3
Western Region	12	12	8	8
TOTALS:	51	50	40	41

TABLE III

## BUDGETS

	<u>Salaries</u>	<u>1978/79</u>		<u>1979/80</u>	
		<u>Programs</u>	<u>Total</u>	<u>Program Forecast</u>	
Ottawa-Hull	\$744,500	\$782,100	\$1,526,600	\$ 705,000	
Atlantic Region	\$213,000	\$ 99,300	\$ 312,300	\$ 245,500	
Quebec Region	\$248,700	\$532,500	\$ 781,200	\$ 573,000	
Ontario Region	\$ 92,400	\$ 31,300	\$ 123,700	\$ 61,000	
Western Region	\$ 97,000	\$216,200	\$ 313,200	\$ 379,200	
GRAND TOTAL:	\$1,395,600	\$1,661,400	\$3,057,000	\$1,963,700	

## FUNCTIONS

Two principal management areas report to the Director of the Public Information Services Branch:

- 1) Production. The production division provides the full range of creative services to the Branch and logistics support, as required, to the regions and provinces. The division maintains a pool of creative and technical expertise in the fields of writing, editing, cartography, audio visuals, exhibits, advertising, graphic arts and special projects. It produces the wide range of communications products required by the Branch and provides back up, as required, in the above areas to the regional and provincial offices.
- 2) Public Relations. This division plans, develops and implements national public affairs and public relations policies and programs for the department and serves as a functional link between the regional, provincial and Ottawa/Hull information units, coordinates the flow of information and liaises with the various divisions and branches within the Department, other federal departments and agencies, the private sector and special interest groups. Press clippings, media relations, documentation and distribution are among the public relations services of the division.

To maintain a continuing review of information activities in order to measure their overall effectiveness, an officer reporting to the Director is responsible for information program planning and evaluation.

To answer the need for close cooperation and coordination of departmental information programs, a Public Information Management Committee, meets regularly in various regions on a rotational basis.

## PROGRAM ACTIVITY SUMMARY

Following are brief descriptions of some of the principal areas of program activity of the Public Information Services Branch.



Advertising

The Public Information Services Branch at Ottawa/Hull uses paid advertising primarily in the print media to promote the Regional Development Incentives Program, both internationally and domestically.

In the international promotion context, the Branch has undertaken the task of coordinating with the regional offices the development of an information kit and exhibits approach for use in industrial promotion work abroad.

The kit, which is currently in the planning stage, will be designed for use by Canada's trade commissioners, embassies and consulates, at foreign exhibitions in which DREE is participating, and by DREE officers in their contact work with potential international investors.

On a departmental basis, the use of advertising varies substantially by region. The expenditures breakdown for 1978-79 and 1979-80 for Ottawa/Hull and the regions follows:

	ADVERTISING	
	<u>1978 - 1979</u>	<u>1979 - 1980</u>
Ottawa-Hull	\$520,400	\$400,000
Atlantic Region	\$ 83,600	\$185,500
Quebec Region	\$467,400	\$453,000
Ontario Region	\$ 30,400	\$ 60,000
Western Region	<u>\$133,400</u>	<u>\$307,700</u>
TOTAL:	\$1,235,200	\$1,406,200

Media Relations

Media Relations activities at the Ottawa/Hull level consist of issuing news releases on events of national - as opposed to regional - concern, coordinating the issuance of news releases which originate in the regions but which are also distributed to the

national media by Ottawa/Hull, responding to media enquiries of all types, arranging for press conferences and media briefing sessions for events of major national significance, and providing media monitoring services to the Department.

By 10:45 each morning the media monitoring service provides the Minister, the Deputy Minister and senior Ottawa/Hull management with press clippings of those items reported by the media on matters directly or indirectly related to DREE's activities. The later edition is dispatched daily to all regional and provincial offices.

#### Films and Audio Visual

The Public Information Services Branch maintains a complete audio visual service available to all branches in Ottawa/Hull and the regional, provincial offices.

The audio visual unit produces, either in-house or by contracts through the National Film Board, slide-shows with or without narration, synchronous sound-slide shows, dual-projector shows and films in any language. Through a photographic sub-unit, photographs, slides and prints are also available. The audio visual unit, as required, assists senior management from all parts of the country, in preparing briefings and provides services on an assignment basis or in a consultative capacity.

#### Exhibits

The Public Information Services Branch maintains a full-time exhibit capacity responsible for mounting exhibits at the international, national and, on request of DREE field offices, the provincial and regional levels.

These exhibits range from simple displays for meetings or conferences to large, complex shows with audio visual components. The subject nature of these exhibits is also variable, ranging from specific program material to general "institutional" themes.

### Publications Distribution

The documentation and distribution unit at Ottawa/Hull is responsible for distributing, storing and maintaining inventories of departmental publications, reports, news releases, and so forth. Mailing lists for various publics are maintained by a computerized system.

During a typical month more than 20,000 publications are shipped or mailed by the distribution unit to members of the public or other DREE offices, and more than 200 written or verbal requests for publications are replied to. An average distribution of close to 250,000 print pieces is undertaken annually.

The regional and provincial offices maintain their own mailing lists, in addition to those maintained in Ottawa/Hull, for purposes of reaching their local publics.

### Internal Communications

On a regular basis, requests for assistance are received at Public Information Services Branch from other branches in the Department needing to communicate with all DREE employees across the country. The Personnel Services Branch in particular, requires such material for orientation and employee training programs.

A basic internal communication tool is Telescope, the DREE staff revue, published approximately five times a year, which carries articles on major departmental programs, human interest stories and information on personnel activities. Telescope representatives in all DREE offices collect employees' contributions to the revue and the Public Information Services Branch undertakes the editing, art work and writing of some articles, and attends to the printing and distribution across the Department.

## ECONOMIC OVERVIEW

### NATIONAL ECONOMIC CIRCUMSTANCES AND TRENDS

This section is divided into two parts. The first part is a broad review of economic trends, while the second part is an overview of regional economic circumstances and trends presented in a series of charts.

ECONOMIC TRENDS

## 1. OVERVIEW OF ECONOMIC TRENDS

The national economy since the mid-1970s has been characterized by modest growth, high levels of unemployment and high inflation. Closer examination, however, reveals that this description is not accurate in all areas of the country. In fact, the divergent regional trends since 1973 may in part explain why stabilization policy has been less effective than in the past in fine tuning the overall economic performance of the national economy.

The table below illustrates the relative performance of the provincial economies between 1973 and 1978. A plus sign means better than average performance, a minus means lower than average, and an equal sign is associated with a performance at or almost equivalent to the national trend. These are, of course, not the only meaningful indicators of economic performance nor is 1973 necessarily the only year on which to base valid comparisons. Adding other indicators or changing the base period would change some signs for some provinces. Nevertheless, some sensitivity tests revealed that the basic message remains the same.

PROVINCIAL CHANGES IN ECONOMIC INDICATORS  
RELATIVE TO NATIONAL AVERAGES SINCE 1973

	BC	Alta	Sask	Man	Ont	Que	NB	NS	PEI	Nfld
Population Growth	+	+	-	-	=	-	-	-	=	=
Unemployment Rate 1/	+	+	+	+	-	-	-	-	+	-
Employment Rate	=	+	+	=	=	-	-	+	+	-
GDP	=	+	+	-	-	=	-	-	-	-
Income Per Capita	-	+	+	-	-	+	+	=	-	+
Fiscal Capacity	-	+	+	-	-	-	-	-	-	-

1/ A plus sign means a lower unemployment trend relative to the national average.

It is obvious from the table that the three westernmost provinces in particular Alberta and Saskatchewan have generally performed better than average (the only ones to do so). In fact, for some of the indicators (eg. fiscal capacity) they have outranked the rest of the country to such an extent that a downward bias is exerted in those provinces with a modestly good performance. Nevertheless, this reality does highlight the spatial realignment in economic strength that has occurred. Barring unforeseen events, the above trends should continue into the medium term.

In contrast, the three central provinces of Manitoba, Ontario and Quebec, each with a significant secondary manufacturing base, have not performed as well. From this perspective, Manitoba has more in common with Ontario and Quebec than with the other western provinces. Nonetheless, Manitoba's prospects could be brighter than Quebec's because of its proximity to the dynamic economies of Saskatchewan and Alberta. In Quebec, barring changes in the economic and policy environment, it is expected that the relative level of economic performance will continue to decline. This is because the industrial structure of the province in general, and the Montreal Plain in particular, is highly vulnerable to increasing competition from foreign manufacturers. The problem of industrial adjustment in Quebec will be a major concern from a regional economic development viewpoint for the foreseeable future. Although the adjustment problem in Quebec has been anticipated, the softness of the Ontario economy has been generally unexpected. Some concern is being expressed over the ability of the provincial economy to compete, particularly in higher order manufacturing sectors

The very fact the continued viability of the industrial heartland is being questioned is cause for attention. In other words, despite a very recent upsurge in the manufacturing performance of all the central Canadian provinces, the long-term strength of the secondary manufacturing sector and, therefore, of the overall economy, is for the first time, in doubt.

The table demonstrates a somewhat mixed performance in the Atlantic provinces as the resource potential now emerging in the Atlantic has not been captured in these indicators. Despite continued labour market problems (explained in part by demographics) and continued fiscal weaknesses, there is room for some optimism in the Atlantic. The very fact that the Atlantic provinces have performed at least as well as Central Canada, albeit from a much lower base, is indicative of this optimism.

In short, recent economic trends are suggestive of continuing buoyancy in the three westernmost provinces, some uncertainty in Central Canada, and ambivalence bordering on cautious optimism in Atlantic Canada. To some extent, these "bottom-line" perceptions may be a reflection of cyclical patterns that are difficult to isolate. On the other hand, they may also be a reflection of more permanent features of the economic environment.



REGIONAL CIRCUMSTANCES AND TRENDS

**AN OVERVIEW OF REGIONAL ECONOMIC  
CIRCUMSTANCES AND TRENDS**

**UN APERÇU DE LA CONJONCTURE  
ET DES TRENDS ÉCONOMIQUES RÉGIONAUX**

## TITLE CHART

Purpose: To provide a brief overview of past trends and current economic circumstances in the main regions of the country.

: To serve as a starting point for discussions.

Outline: Presentation looks at two common indicators of disparity and underlying factors.

1) unemployment rates

factors - employment growth  
- labour force growth

2) income per capita

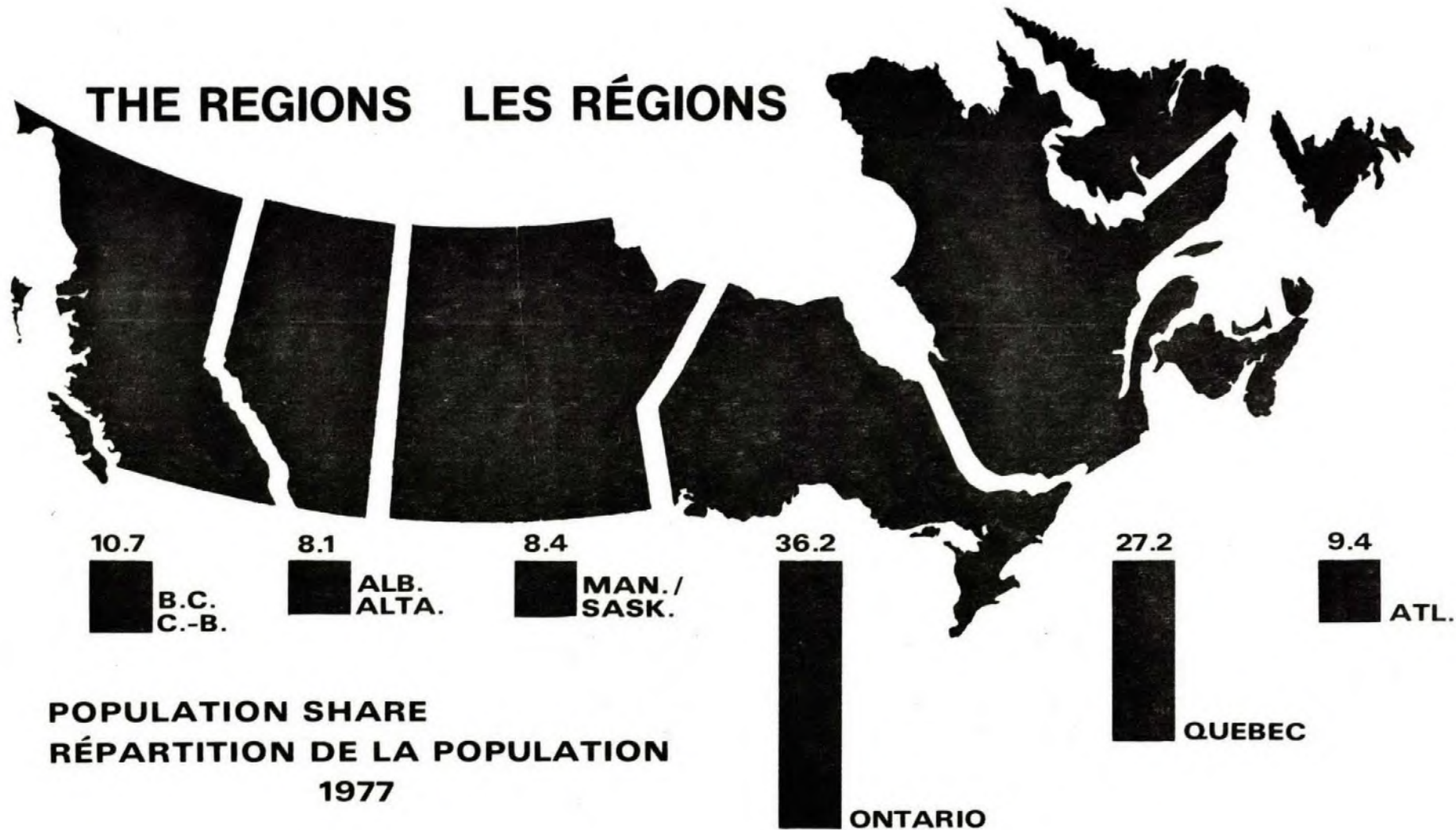
factors - absolute growth vs relative growth  
- income per capita vs earnings per employee

Qualifications: Performance of national economy

: Other indicators of well-being do exist

: Aggregates mask sub-regional circumstances and differences and, in some charts, this is reflected in the different ways the West is broken up.

**THE REGIONS LES RÉGIONS**



**POPULATION SHARE  
RÉPARTITION DE LA POPULATION  
1977**

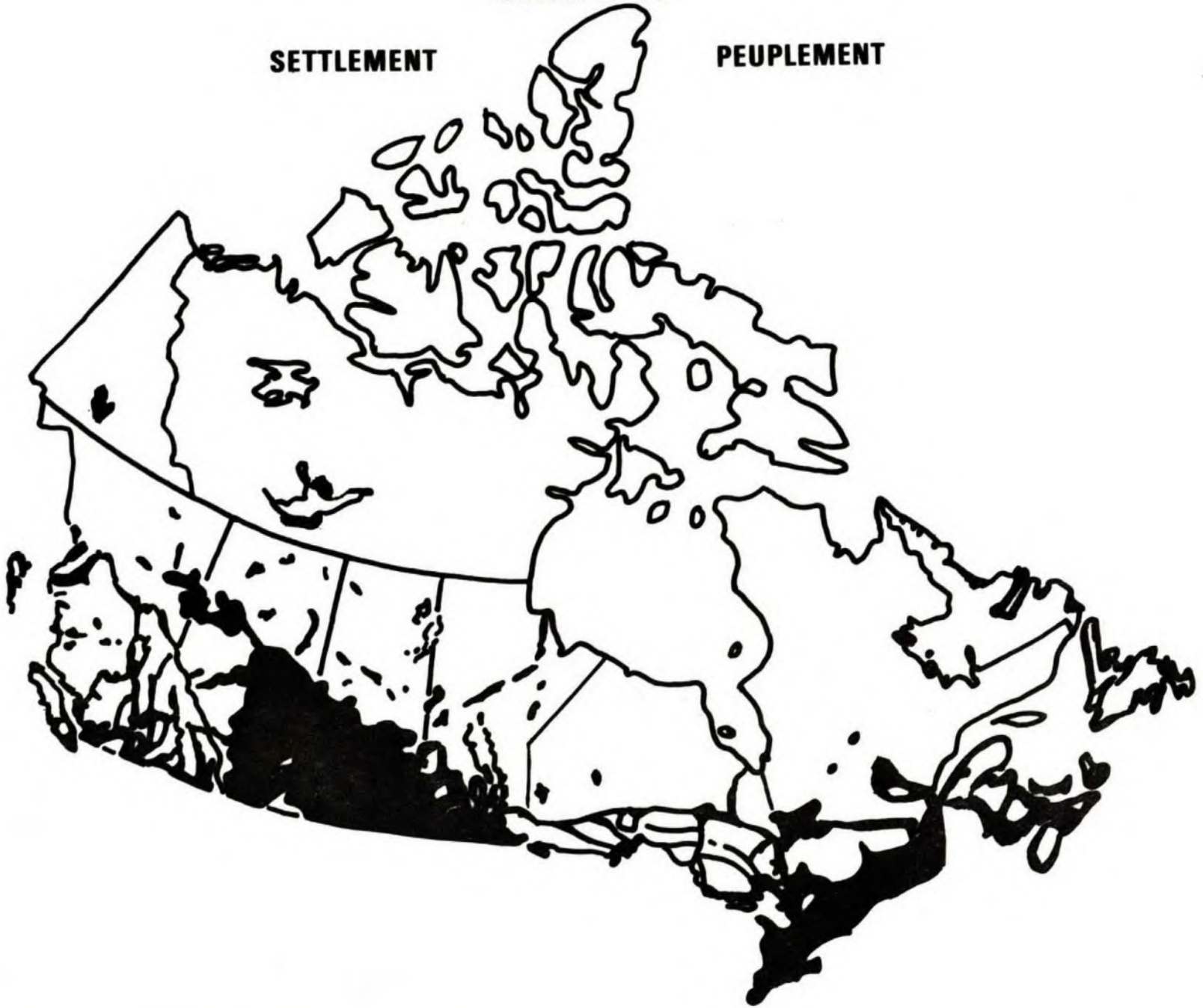
Settlement Pattern:

Features: The grey area is the settlement pattern in Canada; this of course does not reflect the population density pattern.

**CANADA**

**SETTLEMENT**

**PEUPLEMENT**

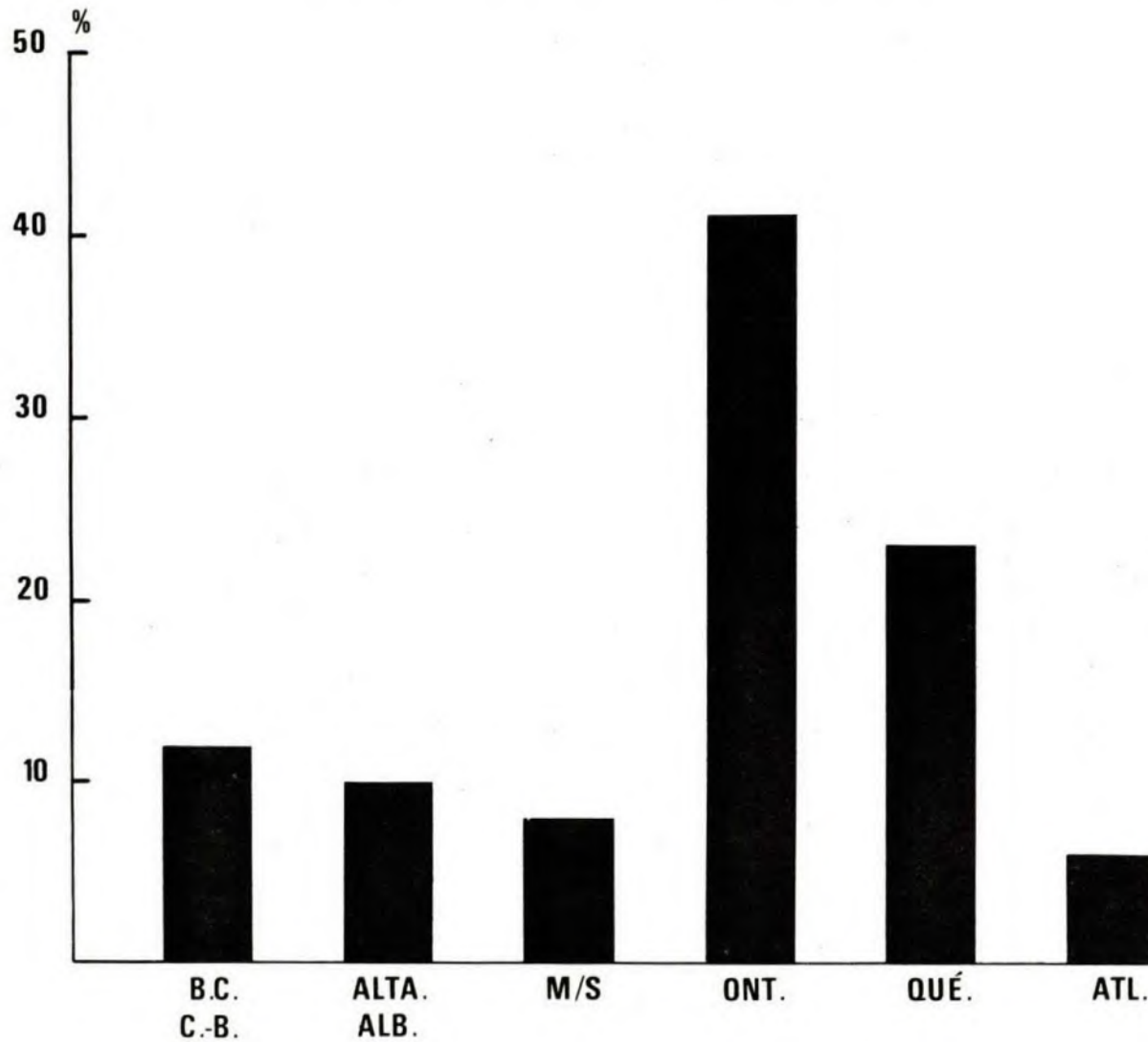


REGIONAL SHARES OF NATIONAL OUPUT

Features: In 1978 the Ontario and Quebec shares of national output are respectively 40% and 23%, the Atlantic is approximately 7%. The whole western share is slightly over that of Quebec and Atlantic.

The last decade has seen a continuous increase of the B.C. and Alberta share, an erosion of the central Canada share (the decrease in the Quebec share being much more pronounced than in Ontario).

**REGIONAL SHARES, OF NATIONAL OUTPUT**  
**RÉPARTITION RÉGIONALE DU RENDEMENT NATIONAL**





Unemployment Rates

- Features: cyclical similarities becoming masked in recent years due to structural rise in unemployment.
- reasons - rapid rise in labour force due to:
    - baby boom
    - increasing female participation
  - (Canada, and even eastern Canada, has had a higher rate of employment creation than most industrial countries)
- : apparent divergence in unemployment rates during past few years related to slow growth in the national economy.
- : Western boom conditions reflected in the chart

Other Points: underlying factors to be reviewed next

- : break in 1965 due to new Labour Force Survey revisions back to 1966 only  
details - see next page
- : 1978 is average of January to September

## LABOUR FORCE SURVEY REVISIONS

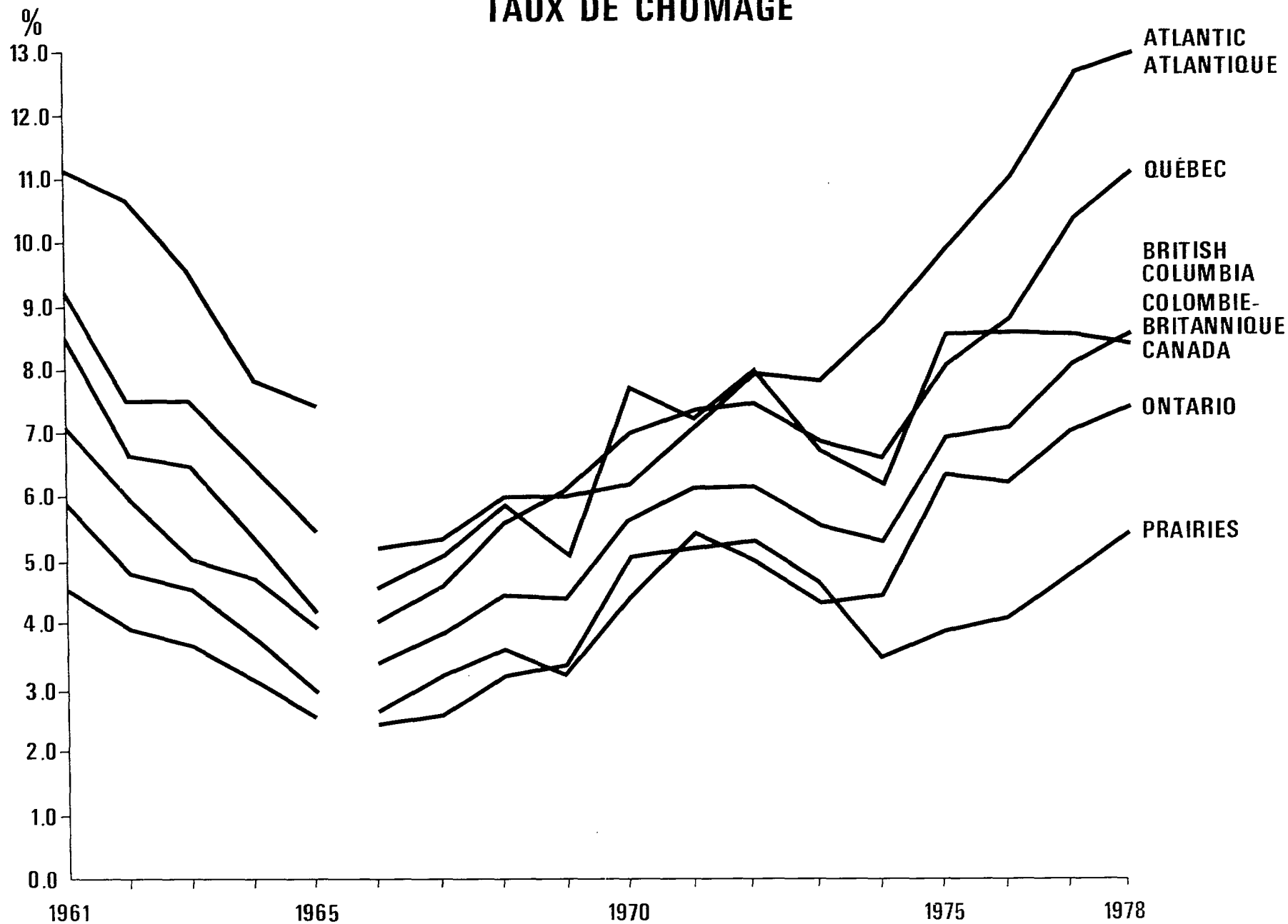
The revisions to the monthly labour force survey which took effect in 1976 tended to lower male unemployment rates, raise those for females, and have negligible effect on the overall rate.

The main reason for downward revision of male unemployment rate was the "discouraged workers", those who did not look for work because they felt no suitable jobs were available in their community, are no longer classed as being unemployed - they are now considered out of the labour force. The five eastern provinces, those in which employment opportunities are relatively few, have a significant number of such people and thus the revised survey gives them a lower unemployment rate.

The main reason for the upward revision in female unemployment is that the married woman who has a marginal attachment to the labour force, and who only looks for work on an occasional, part-time basis is usually counted as "unemployed" by the revised survey, while she was often considered to be not in the labour force in the old survey. This type of person is apparently more prevalent in the relatively prosperous five western provinces, as their overall unemployment rates are slightly higher under the new system.

On balance, the revised survey leans toward more active job search as its criterion for unemployment. This would tend to raise measured unemployment (relative to old survey) in areas where job search is a more fruitful activity.

# UNEMPLOYMENT RATES TAUX DE CHÔMAGE

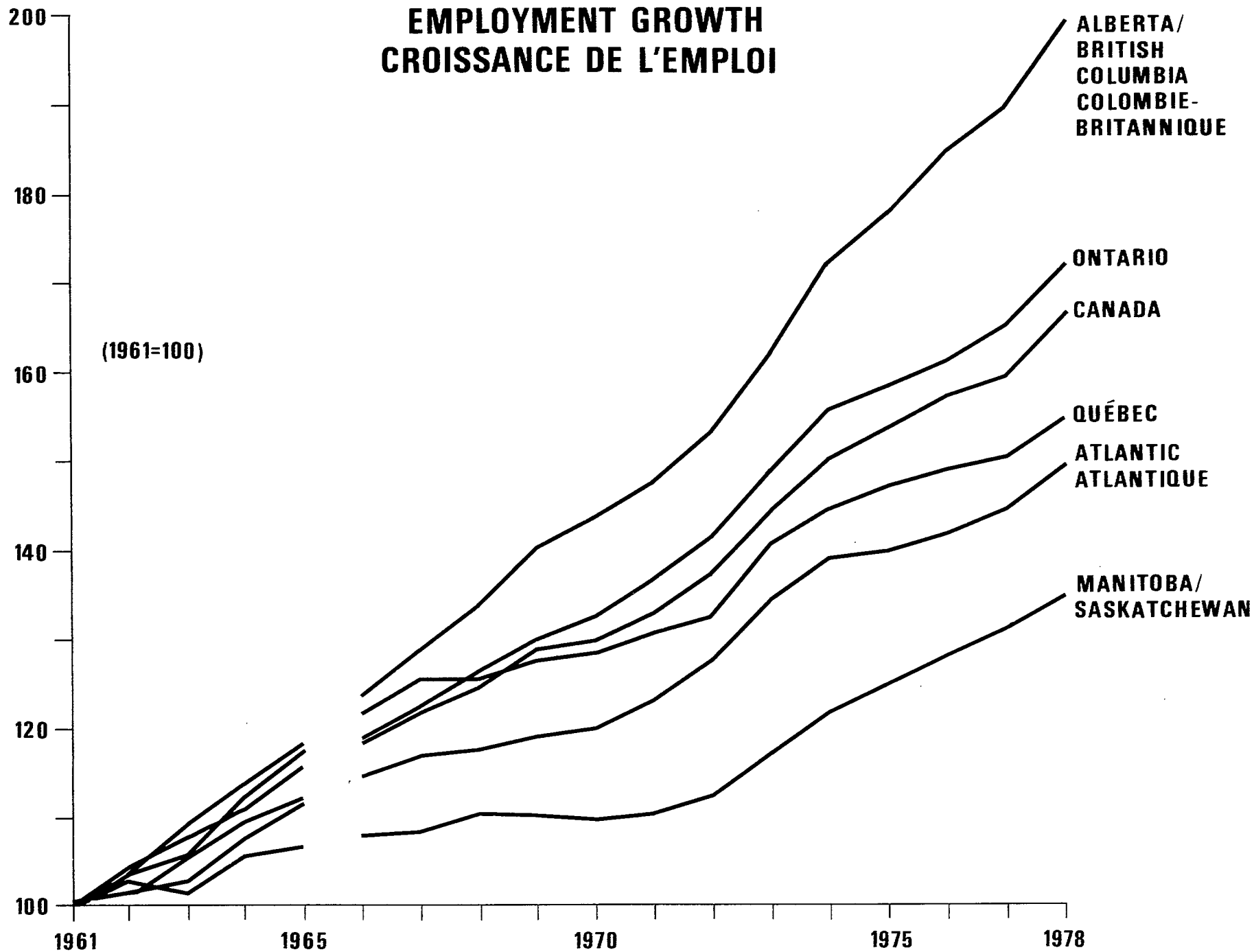


Employment Growth

- Features: Note Manitoba/Saskatchewan (almost "have" provinces)  
vs Atlantic (definite "have nots") and vs British  
Columbia/Alberta (definite "haves")
- : All are more rapid in 1970's despite high unemployment
  - : Note post-Expo change in Quebec

Other Points: Employment side of unemployment rates seem to be  
performing well in all regions.

# EMPLOYMENT GROWTH CROISSANCE DE L'EMPLOI



Participation Rates

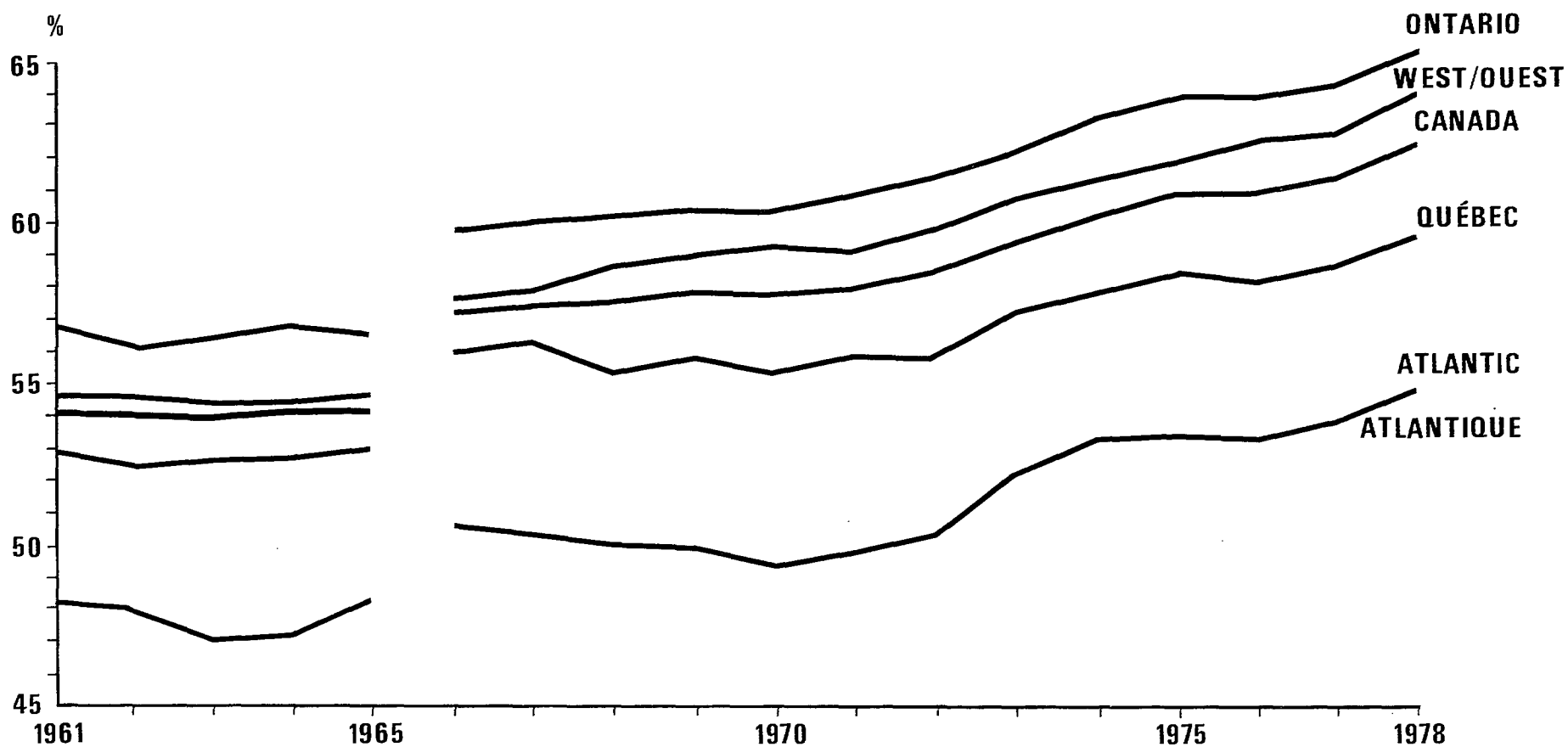
Features: general rise in all regions, especially during 1970's.

- : But differences remain - note clear east-west split (which, until 1974-75, was not as clear-cut in the case of unemployment rates, and certainly wasn't for employment growth).
- : rising female participation and changing age structure has contributed to rise in participation rates.

Other Points: note large shift in 1965-66 due to:

- 1) 14 year olds no longer part of labour force definition and
- : in Quebec and the Atlantic a smaller proportion of breadwinners support the population (no wonder income per capita is lower) and therefore, "potential" unemployment is even higher.

# PARTICIPATION RATES TAUX DE PARTICIPATION



3.2-7a

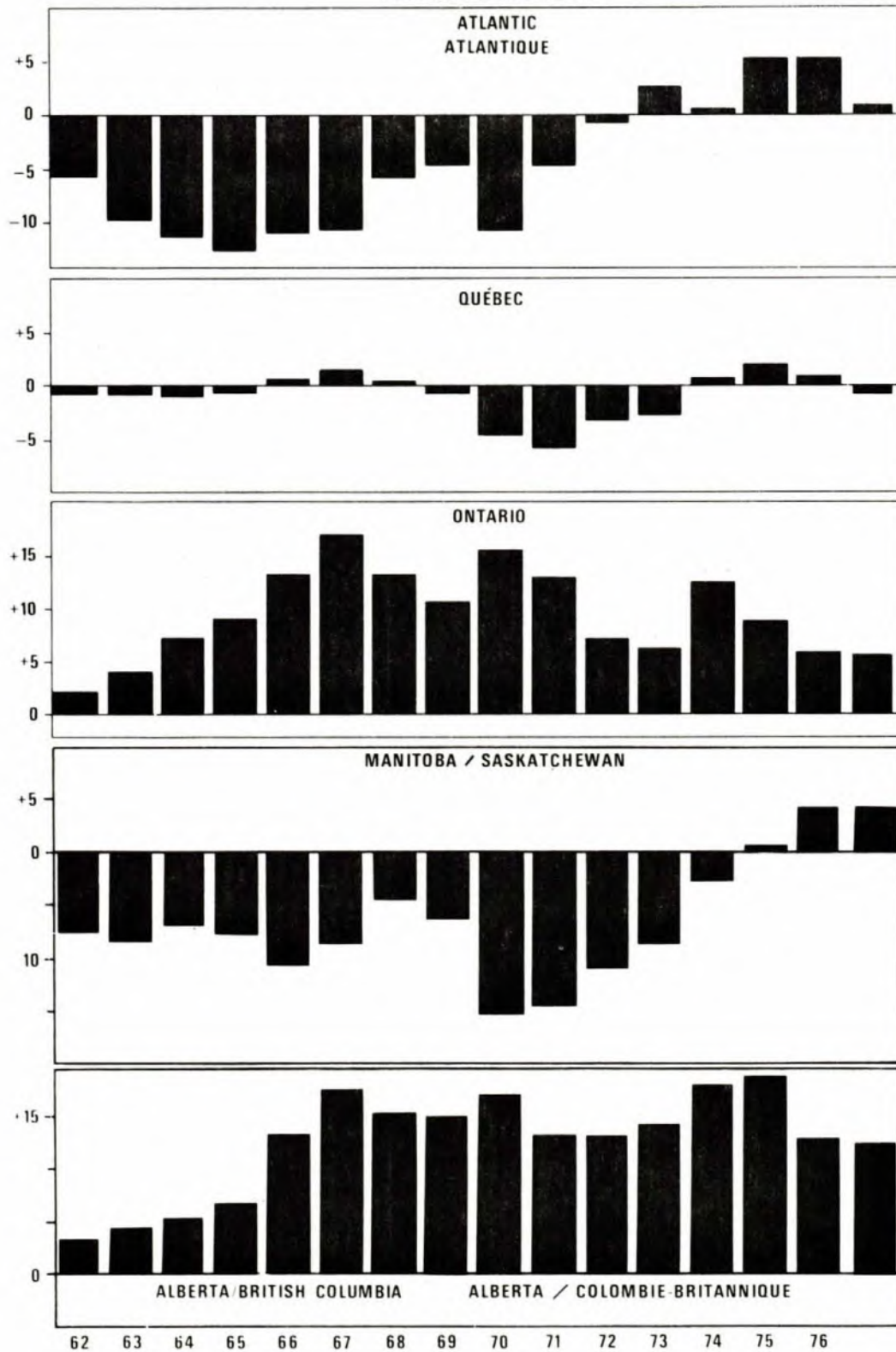
Net Migration Rates

- Features: includes immigrants and emigrants as well as inter-provincial migrants.
- : defined as "number of net migrants per thousand population.
  - : Alberta/B.C. distinguished from Manitoba/Saskatchewan for obvious reasons.
  - : With exception of the Atlantic note clear westward drift i.e. - B.C./Alta just as high
    - Man/Sask trend upwards
    - Ontario trend downwards
  - : positive rates in the Atlantic mean higher labour force growth and, therefore, higher unemployment. Reason is conventional wisdom of return (unemployed) migrants.

Other Points: International migrants important determinant of net migration rate

- : data gathered from family allowance

**NET MIGRATION RATES**  
 PER THOUSAND POPULATION  
**TAUX DE MIGRATION NETTE**  
 POPULATION PAR MILLIERS



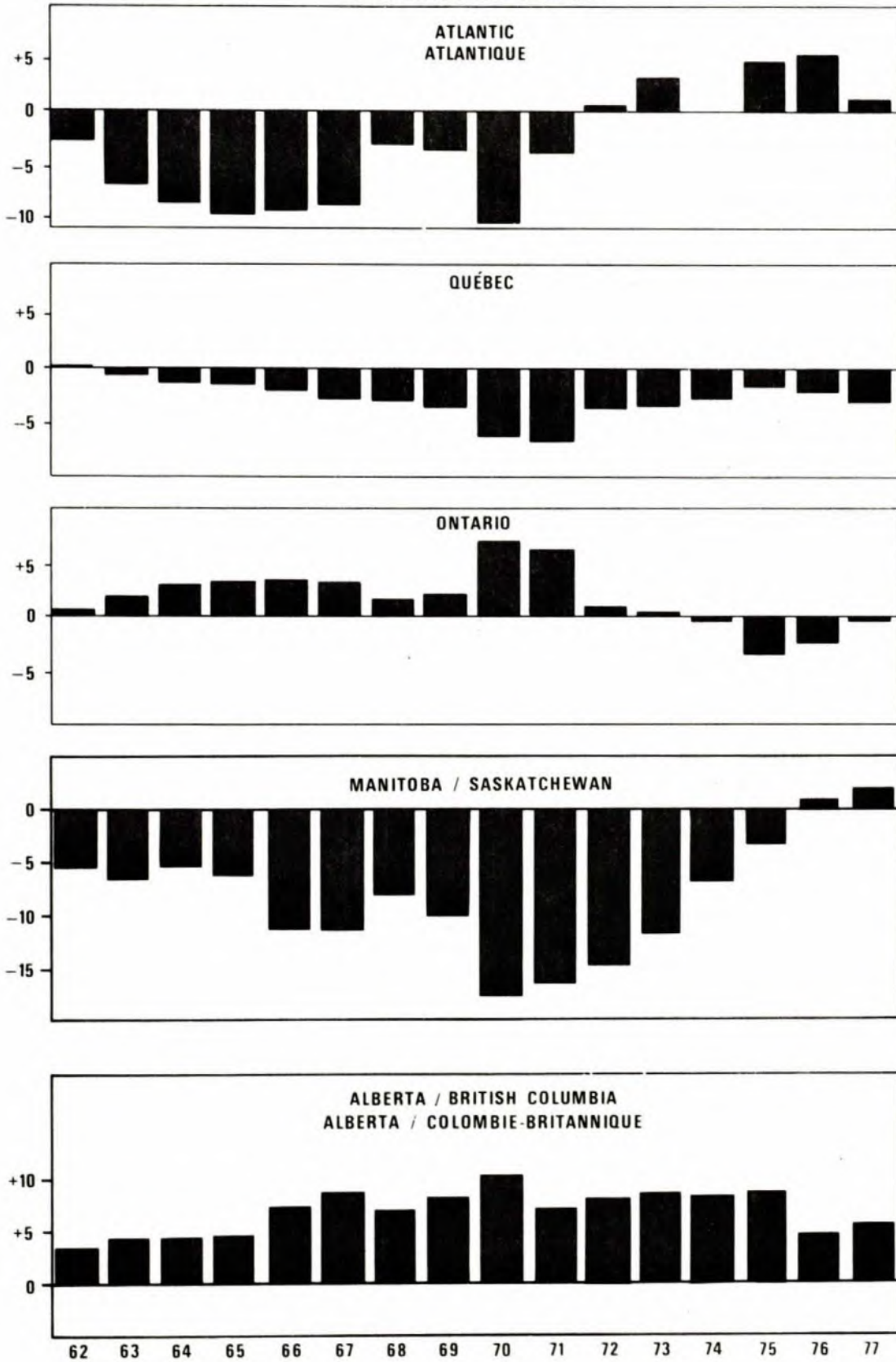


Net Inter-provincial Migration Rates

- Features: Note turnaround in the Atlantic. Question: Will this change when national economy operates at potential?
- : Note Quebec and now Ontario are negative while Man/Sask demonstrates clear trend upward.
  - : Alberta is taking larger share of Alta/B.C. and, in last year, more people left B.C. (for Alberta) than went to B.C.

Other Points: this chart excludes foreign migration.

**NET INTERPROVINCIAL MIGRATION RATES**  
 PER THOUSAND POPULATION  
**TAUX DE MIGRATION INTERPROVINCIALE NETTE**  
 POPULATION PAR MILLIERS



Employment and Labour Force Growth Since 1971

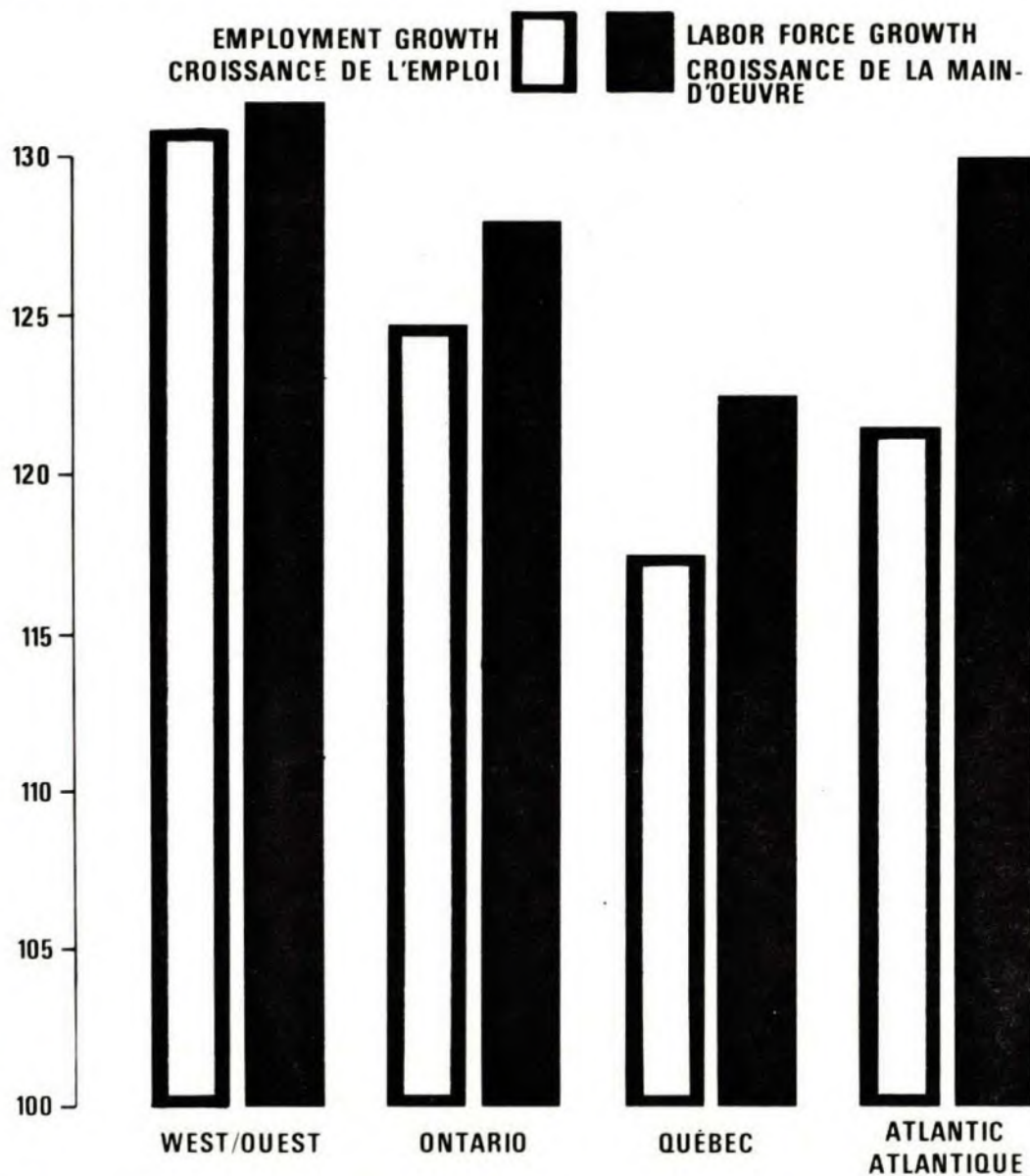
Features: this chart brings together the two determinants of unemployment rates.

: Note rapid growth in employment and, especially labour force growth, everywhere.

: But clear difference between the two factors as one moves from West to East

Other Points: Note Quebec is lowest on both accounts.

# EMPLOYMENT AND LABOUR FORCE GROWTH SINCE 1971 CROISSANCE DE L'EMPLOI ET DE LA MAIN-D'OEUVRE DEPUIS 1971



Growth in Income Per Capita

Features: rapid rise everywhere (even in constant dollars).

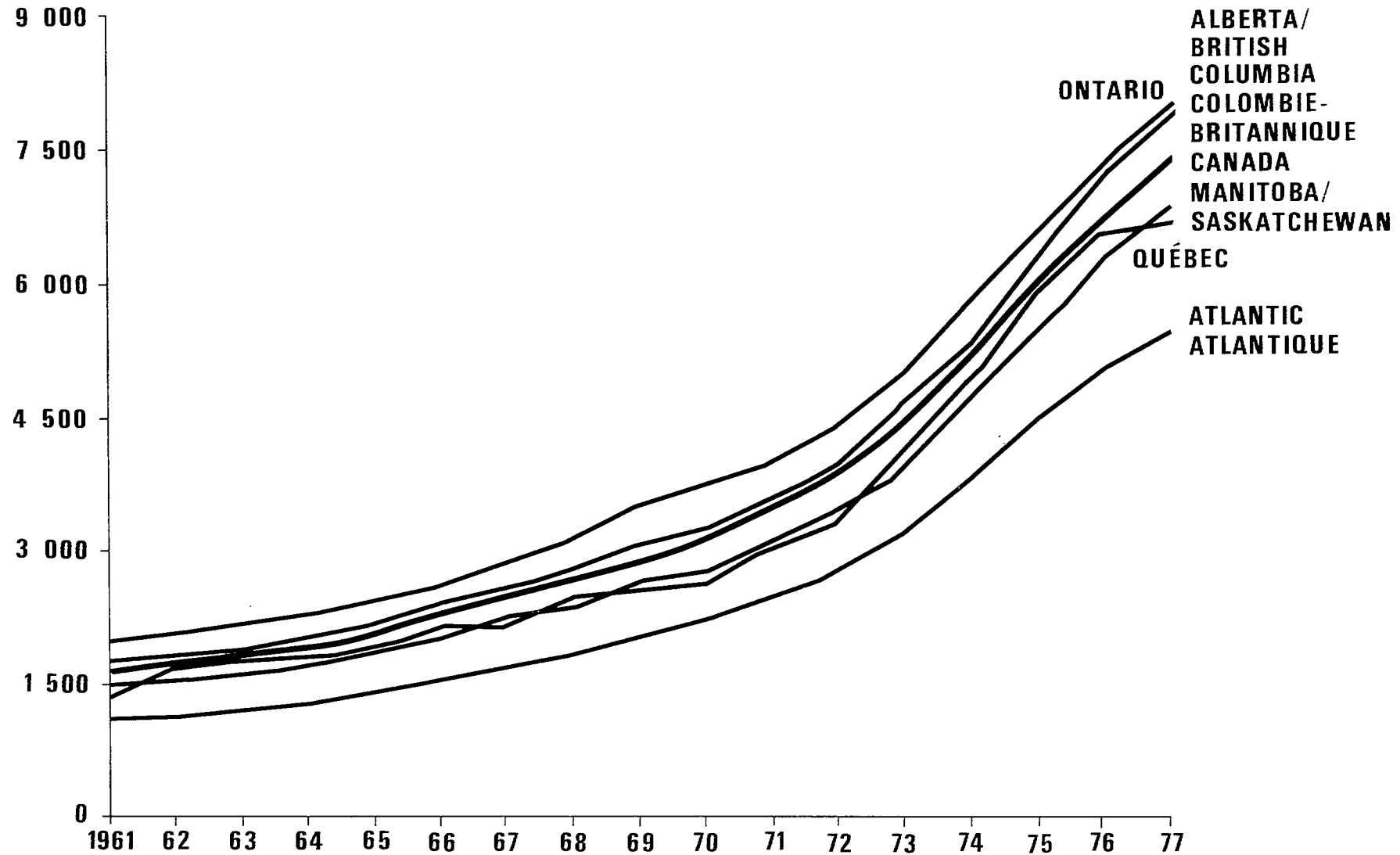
: Note Man/Sask falls below Quebec in 1977 but general east-west split.

Other Points: this other indicators of disparity also is related to some underlying factors relevant to the discussion.

: this chart masks relative changes

# GROWTH IN PERSONAL INCOME PER CAPITA AUGMENTATION DU REVENU PERSONNEL PAR HABITANT

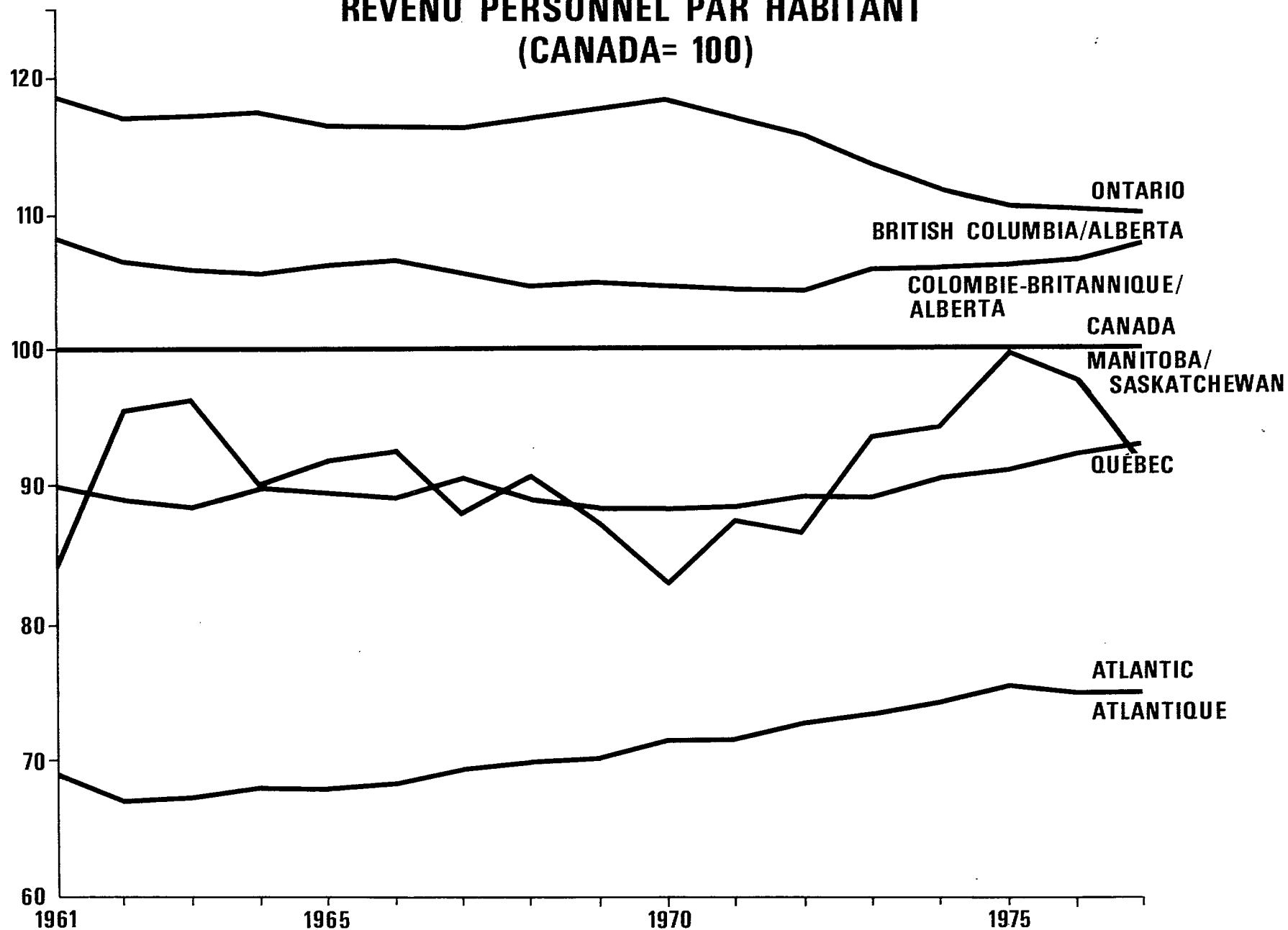
\$ PER CAPITA  
PAR HABITANT



Personal Income Per Capita  
(Canada = 100)

- Features: each region is expressed in terms of the Canadian average expressed as 100. So B.C./Alta is 8% or 108 above national average in 1977.
- : note general, east-west split but steady trend upward in the Atlantic and in Quebec (during 1970's).
  - : note variability of Man/Sask. due to "wheat" economy (but expected to go above average during 1980's) and relative decline in Ontario during 1970's.
- Other Points: this includes government transfers to persons (U.I.C., family allowance, welfare, etc.) and so... next chart.

**PERSONAL INCOME PER CAPITA  
REVENU PERSONNEL PAR HABITANT  
(CANADA= 100)**





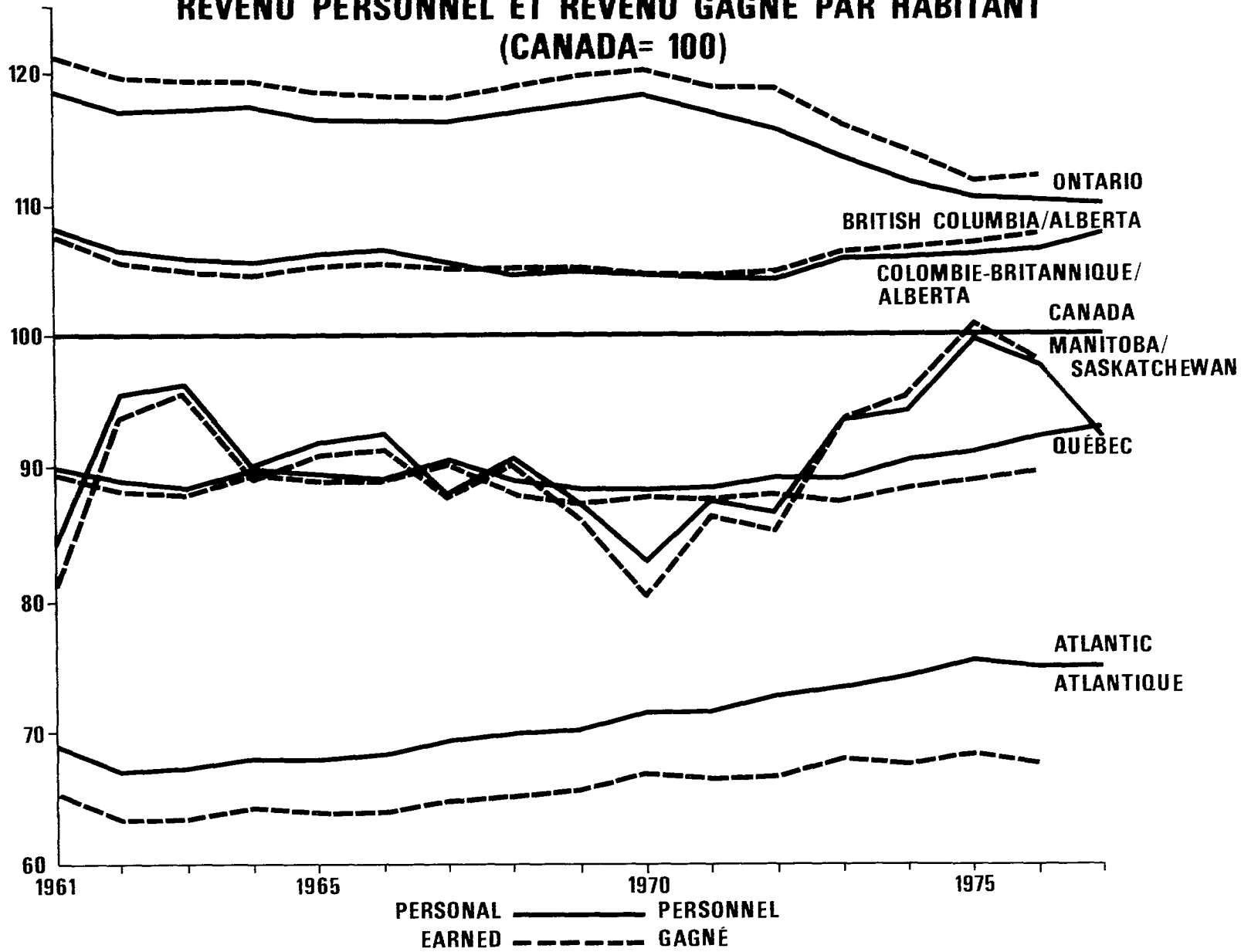
Personal and Earned Income Per Capita

Features: generally, trends in earned income (personal income minus transfer payments) similar to personal income.  
fact: only 22% of growth in personal income in Atlantic is due to transfer payments

: Nevertheless earned income per capita shows more disparities than personal income (although the gaps are closing).

Other Points: But what about income of those who are working?...

**PERSONAL & EARNED INCOME PER CAPITA  
REVENU PERSONNEL ET REVENU GAGNÉ PAR HABITANT  
(CANADA= 100)**

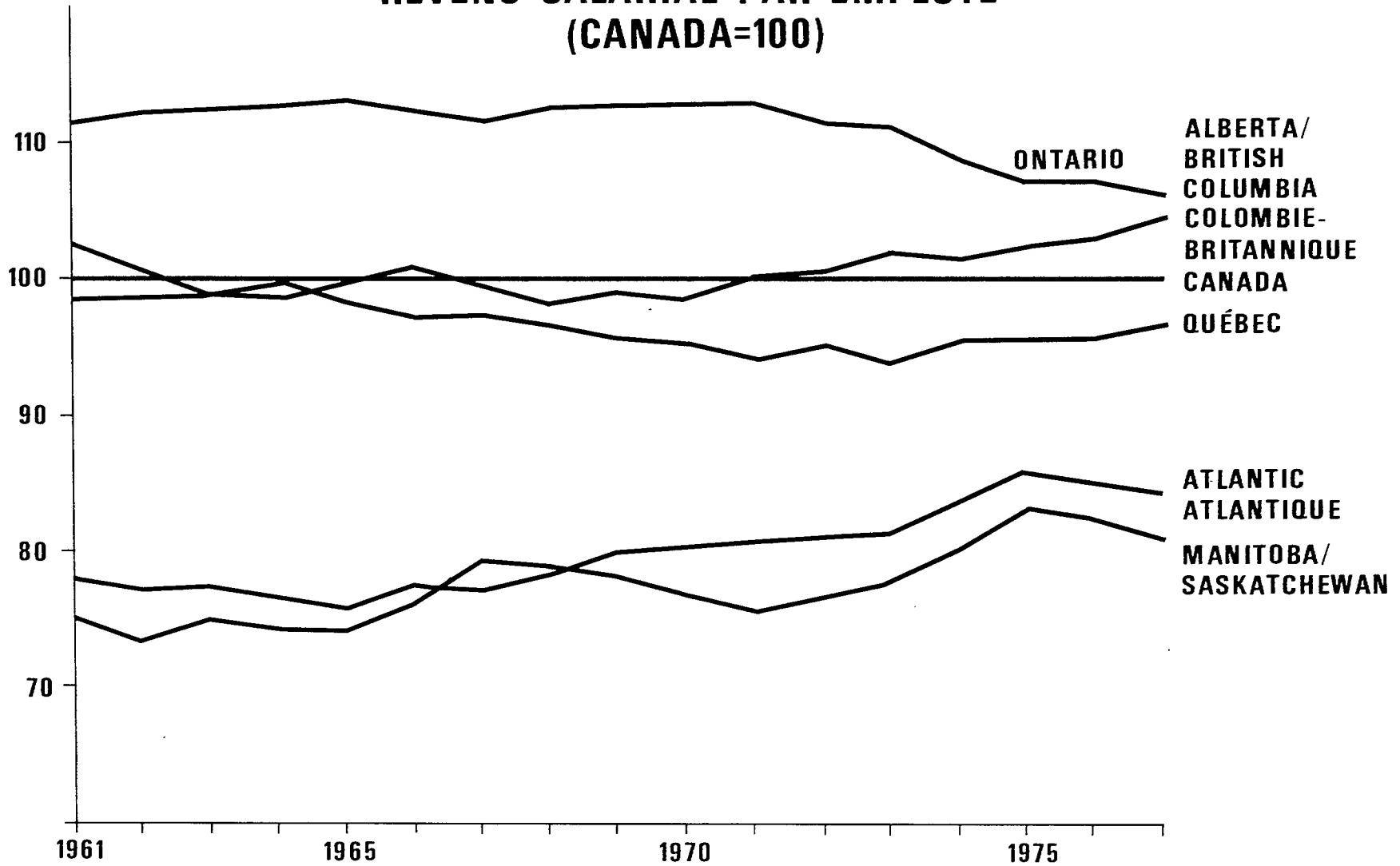


Labour Income Per Employee

- Features: differences are less than in previous chart i.e. for those who work.
- : but note the Atlantic and Man/Sask. are out of line.
  - : For Man/Sask. it is because of lower wages associated with agriculture. For Atlantic, it has to do with agriculture and fishing and seasonality (but note seasonality not a factor in B.C.)

- Other Points: Labour income includes: wages & salaries and supplementary benefits
- Labour income excludes: farm operators and self-employed persons
- : Industrial structure can, in part, explain some of the differences  
e.g. farm worker U.S. auto plant worker

**LABOUR INCOME PER EMPLOYEE  
REVENU SALARIAL PAR EMPLOYÉ  
(CANADA=100)**



Average Hourly Earnings in Manufacturing

Features: Again expressed in terms of Canadian average, note even less differences i.e. for similar sectors, similar salaries.

: Note change in Atlantic in 1970's.

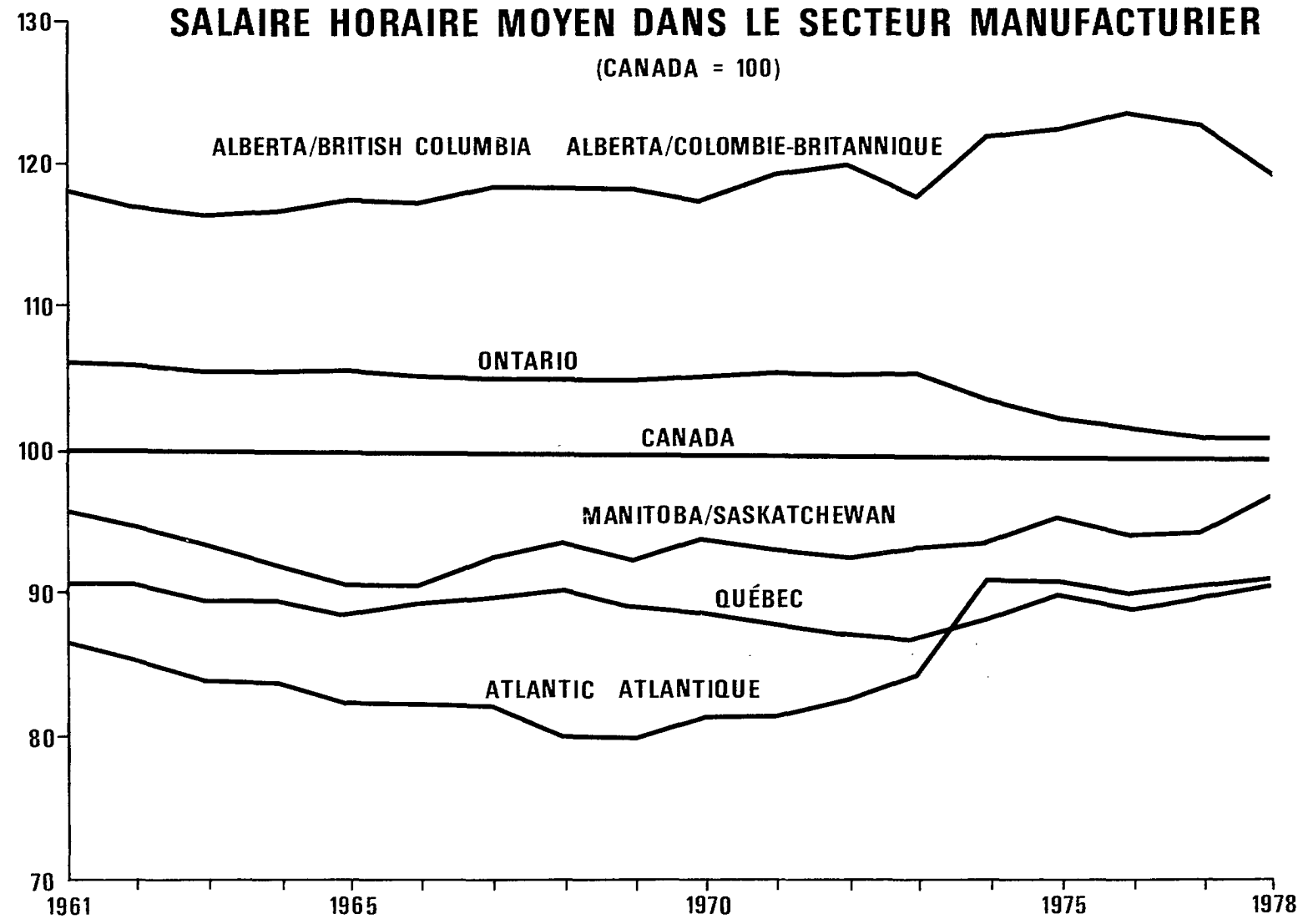
: Alta/B.C. reflects 1) high productivity manufacturing sector  
2) unions?

Other Points: Relate Industrial Structure to wages to income differences - underutilization of labour the, but not only, major determinant of income disparities.

: Accommodation reference?

# AVERAGE HOURLY EARNINGS IN MANUFACTURING SALAIRE HORAIRE MOYEN DANS LE SECTEUR MANUFACTURIER

(CANADA = 100)



Real Domestic Product Per Capita

Features: Finally, this chart captures the progress of real economic activity (i.e. volume of activity and abstracts from pieces and transfers).

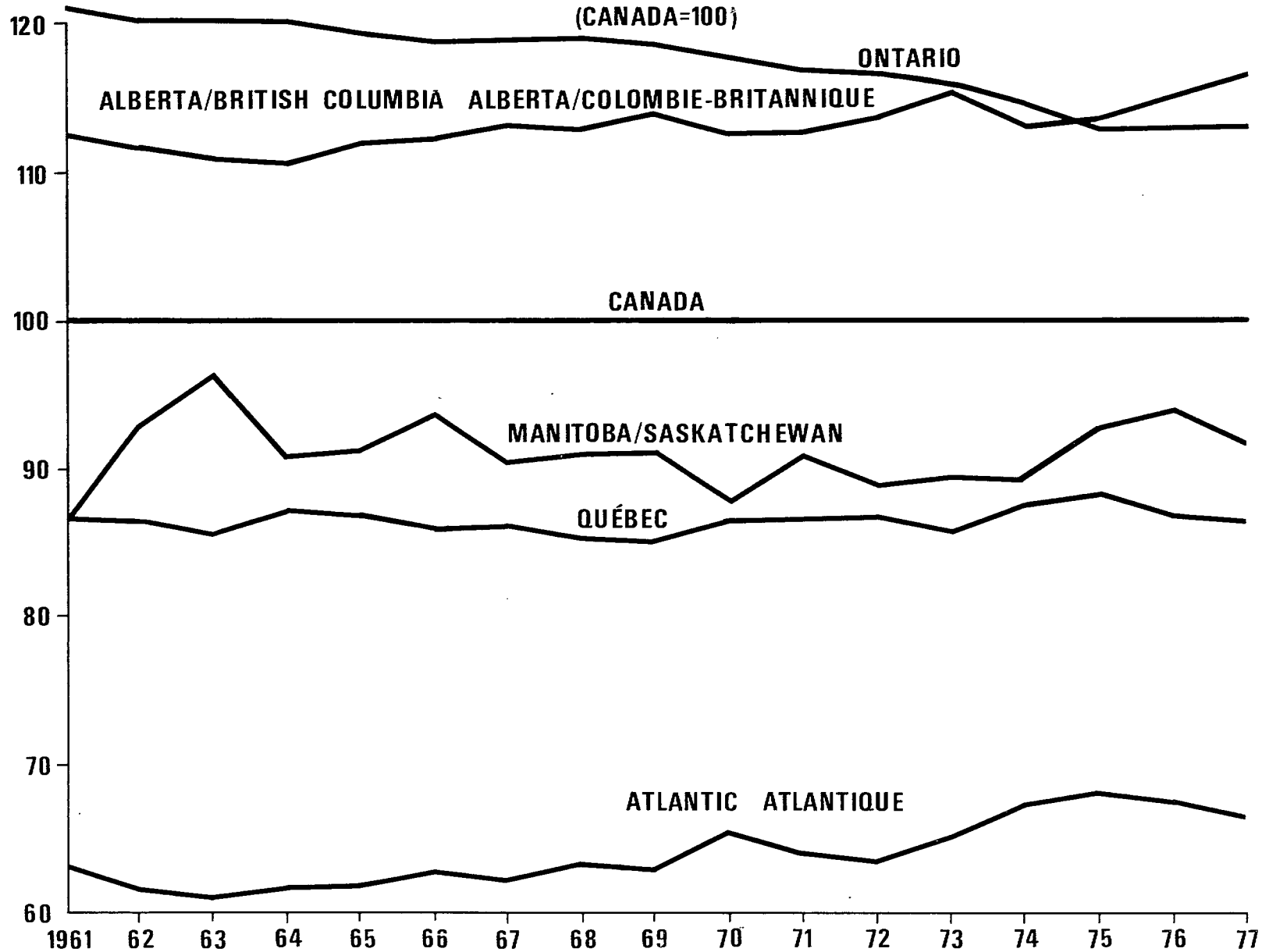
: RDP is in 1971 dollars

: Note Alberta/B.C. now above Ontario in this indicator.

Other Points:

# REAL DOMESTIC PRODUCT PER CAPITA PRODUIT INTÉRIEUR RÉEL PAR HABITANT

(CANADA=100)





## PROGRAMS AND ACTIVITIES

The present DREE approach to regional development relies on the support of various federal and provincial departments, whose programs contribute to the better balance of economic growth across the country. Through developmental agreements with each of the provinces, DREE coordinates particular development activities aimed at assisting and encouraging each region of Canada to realize its economic potential. These development activities attempt to broaden regional and local economic bases, expand production and employment opportunities and assist particular areas in dealing with problems of economic growth and related social adjustment. As well, the Department administers the regional development incentives program, which provides incentives to business and industry, and other programs, such as the Prairie Farm Rehabilitation Administration (PFRA) and Special ARDA, which serve the needs of some of Canada's rural areas.

Descriptions of the various programs and activities for which the Department is responsible are contained in this section. Also included are descriptions of the various Boards and Agencies which report to Parliament through the Minister of Regional Economic Expansion or who report directly to the Minister, such as the Regional Development Incentives Board, the Cape Breton Development Corporation, the Atlantic Development Council and the Canadian Council on Rural Development.

GENERAL DEVELOPMENT AGREEMENTS

## THE GENERAL DEVELOPMENT AGREEMENT MECHANISM

The framework for pursuing regional development objectives is based significantly upon General Development Agreements and the Subsidiary Agreements signed between the federal government and each province.

The GDAs provide a formal means to encourage coordinated federal and provincial action aimed at the realization of the potential of each region and province for economic and social development. These agreements provide a statement of objectives to be pursued and describe the extent of activity to be coordinated, the types of support to be provided, and the mechanism by which joint decisions can be taken. The agreements are enabling and flexible so that specific actions by both levels of government can be tailored to the specific needs of each area and its people, and to opportunities as they are identified. The specific programs carried out under the agreements therefore vary from time to time and from place to place.

The General Development Agreements in themselves do not provide for specific commitments of resources for the implementation of programs or projects, but set up the formal framework within which such commitments are made under Subsidiary Agreements over a 10-year period. As such, each GDA includes objectives, a broad strategy to reach them on the basis of an analysis of the province's socioeconomic circumstances, authority to enter into Subsidiary Agreements, and an outline of the guidelines and criteria for the implementation of the strategy through the Subsidiary Agreements.

Although there are significant variations in the objectives from one province to another, they all generally include objectives along the lines of improving the opportunities for productive employment, and access to those opportunities, in those areas which require special measures to facilitate economic expansion and social adjustment. Depending on the particular economic circumstances of a province, the emphasis in the objectives is on the standards of living, especially in relation to the national average; or alternatively on a more equitable distribution of socioeconomic development among geographic, industrial or social sectors within the province.

The GDA strategies are basically similar. Each notes that Canada and the province will seek to achieve a coordinated application of relevant federal and provincial policies and programs through continuing:

- analysis and review of the economic and social circumstances of the province, and the province's relationship to the regional and national economy, as these may be relevant to achieving the stated objectives;
- identification of development opportunities and assistance in their realization through co-ordinated application of relevant federal and provincial policies and programs, including the provision of specialized measures required for such realization.

A broad strategy to apply this general approach to varying conditions and opportunities in the province is provided in the Schedule A appended to each GDA. Schedule A contains a brief analysis of the province's socioeconomic circumstances, on which is based a more elaborate statement of development objectives for the province. It also presents a general outline of priorities for federal-provincial initiatives.

The GDAs provide for Subsidiary Agreements to be entered into for the implementation of development initiatives agreed upon by the federal and provincial governments. These parts of the agreements also identify the criteria that should be taken into consideration in the formulation of Subsidiary Agreements in respect to the impact and cost of the initiatives: direct job creation, spin-off effects, implications for quality of life and environment, effect on immediate and future expenditures, and so forth.

The GDAs also call for annual meetings of relevant federal and provincial departments and of the federal and provincial ministers.

In 1974 GDAs were signed with all provinces except Prince Edward Island, which already has a 15-year comprehensive development plan covering 1969 to 1984. GDAs have now also been signed with the Northwest Territories and Yukon territorial governments.

### Subsidiary Agreements

Sub-agreements are a blueprint for activity in clearly defined areas of concern. The substance of each sub-agreement is arrived at jointly by the provincial government and DREE, after a process of considerable consultation and analysis as to what constitute the developmental opportunities of the province, the priority that should be attached to each and the means by which they can be most effectively pursued.

Another significant aspect of the GDA approach is the on-going process of communication, cooperation and coordination which has developed between DREE and other federal government departments. Other federal departments and agencies are often involved in the development and implementation of subsidiary agreements and have frequently co-signed, co-funded and/or co-managed specific initiatives along with DREE and the provinces concerned.

The cost-sharing for the Subsidiary Agreements varies from province to province, and, within a province, from sub-agreement to sub-agreement. The department is authorized to share in the cost of a sub-agreement with a province up to 90 per cent for Newfoundland, 80 per cent for Nova Scotia and New Brunswick, 60 per cent for Quebec, Manitoba and Saskatchewan and 50 per cent for Ontario, Alberta and British Columbia. The average federal share runs below these maximum levels, at least in those provinces where the maximum level is above 50 per cent.

As of May 22, 1979, a total of 103 Subsidiary Agreements and 37 major amendments have been signed. The total value of these agreements is more than \$4.8 billion, with a total commitment by Canada of just over \$2.6 billion.

Table 4.1A

ACTIVE  
MAXIMUM FINANCIAL PROVISIONS OF SIGNED SUB-AGREEMENTS  
AS OF MAY 22, 1979

NEWFOUNDLAND	TOTAL	FEDERAL SHARE	PROVINCIAL SHARE	OTHER
Forestry	\$ 54 966 600	\$ 47 778 500	\$ 7 188 100	
Gros Morne	22 935 200	20 641 680	2 293 520	
NORDCO	4 910 080	4 419 072	491 008	
St. John's Urban	68 000 000	51 000 000	17 000 000	
Highways 1976-81	101 160 000	88 244 000	12 916 000	
Planning	6 385 000	4 000 000	2 385 000	
Inshore Fisheries	11 761 000	10 584 900	1 176 100	
Labrador Interim	22 097 000	19 662 300	2 434 700	
Mineral	12 458 000	11 212 200	1 245 800	
Tourism	13 264 600	11 938 140	1 326 460	
Agriculture	16 341 300	14 707 170	1 634 130	
Rural	14 580 000	13 122 000	1 458 000	
<u>NOVA SCOTIA</u>				
Mineral	19 838 000	15 870 400	3 967 600	
Halifax-Dartmouth	109 818 800	79 997 000	29 821 800	
Canso	25 835 400	19 265 000	6 570 400	
Agriculture	48 217 000	29 980 000	18 237 000	
Industrial	16 289 000	13 031 200	3 257 800	
Planning	5 000 000	2 500 000	2 500 000	
Forestry	60 537 500	36 142 000	24 395 500	
Tourism	13 750 000	11 000 000	2 750 000	
Energy	24 875 000	19 000 000	5 875 000	
<u>NEW BRUNSWICK</u>				
Forestry	74 228 500	58 902 800	15 325 700	
Industrial	30 227 750	24 182 200	6 045 550	
Kent Region	7 751 000	6 200 800	1 550 200	
Saint John & Moncton	51 200 000	35 840 000	15 360 000	
Planning	4 875 000	2 437 500	2 437 500	
Tourism	14 743 000	11 794 400	2 948 600	
Minerals & Fuels	11 313 125	9 050 500	2 262 625	
Highways 1977-80	56 000 000	42 000 000	14 000 000	
Northeast	95 500 000	67 175 000	28 325 000	
Agricultural #2	34 622 500	27 698 000	6 924 500	
Developing Regions	26 274 000	20 401 500	5 872 500	
<u>QUEBEC</u>				
Key Highways	448 775 000	205 505 000	243 270 000	
Forestry	322 333 000	193 400 000	128 933 000	
Industrial Infra.	137 670 000	82 602 000	55 068 000	
Agriculture	103 266 000	61 960 000	41 306 000	
Mineral	28 600 000	17 160 000	11 440 000	
St-Félicien	298 000 000	30 000 000	20 000 000	\$248 000 000
PICA	13 292 000	7 975 200	5 316 800	
Water Treatment	200 000 000	120 000 000	80 000 000	
Tourism	76 000 000	45 600 000	30 400 000	
Public Infra.	34 876 000	23 261 000	11 615 000	
Pulp and Paper	150 000 000	90 000 000	60 000 000	
<u>ONTARIO</u>				
Northeastern	28 996 650	14 498 325	14 498 325	
Single-Industry	19 798 300	10 205 000	9 593 300	
Community & Rural	9 456 650	4 728 325	4 728 325	
Forest	82 236 500	41 118 250	41 118 250	
Pulp and Paper	150 000 000	50 000 000	100 000 000	
<u>MANITOBA</u>				
Northlands	155 416 000	106 009 000	49 407 000	
Industrial	44 000 000	26 400 000	17 600 000	
Value-Added	18 500 000	11 100 000	7 400 000	
Tourism	20 000 000	12 000 000	8 000 000	
<u>SASKATCHEWAN</u>				
Steel	182 800 000	35 000 000	10 000 000	137 800 000
Qu'Appelle	33 700 000	17 960 000	15 740 000	
Interim Mineral	2 469 500	1 234 750	1 234 750	
Northlands	127 000 000	87 000 000	40 000 000	
Forestry	24 000 000	12 000 000	12 000 000	
Agriculture	15 320 000	7 660 000	7 660 000	
Interim Water	15 250 000	7 900 000	7 350 000	
Planning 1979-84	1 500 000	750 000	750 000	
<u>ALBERTA</u>				
Nutritive	17 000 000	8 500 000	8 500 000	
North	55 000 000	32 500 000	22 500 000	
<u>BRITISH COLUMBIA</u>				
Coal - 1977-78	10 000 000	5 000 000	5 000 000	
Industrial	70 000 000	35 000 000	35 000 000	
Agricultural	86 750 000	30 000 000	30 000 000	26 750 000
Travel	50 000 000	25 000 000	25 000 000	
Intensive Forest	50 000 000	25 000 000	25 000 000	
<u>YUKON</u>				
Renewable Resource	6 600 000	4 520 000	2 080 000	
<u>NORTHWEST TERRITORIES</u>				
Interim Community	3 833 000	2 460 000	1 373 000	
TOTAL ACTIVE:	\$4 172 192 955	\$2 320 785 112	\$1 438 857 843	\$412 550 000

Table 4.1B

EXPIRED  
MAXIMUM FINANCIAL PROVISIONS OF SIGNED SUB-AGREEMENTS  
AS OF MAY 22, 1979

<u>NEWFOUNDLAND</u>	<u>TOTAL</u>	<u>FEDERAL SHARE</u>	<u>PROVINCIAL SHARE</u>	<u>OTHER</u>
Highways 1974-75	\$ 13 864 444	\$ 12 478 000	\$ 1 386 444	
Fisheries Marine	12 000 000	10 800 000	1 200 000	
Special Fish	6 130 000	5 517 000	613 000	
Highways 1975-76	22 222 000	20 000 000	2 222 000	
<u>NOVA SCOTIA</u>				
Cape Breton	4 300 000	3 010 000	1 290 000	
SYSCO	19 500 000	15 156 000	4 344 000	
<u>NEW BRUNSWICK</u>				
Highways 1974-75	13 335 000	10 000 000	3 335 000	
Agricultural #1	11 840 975	9 472 780	2 368 195	
King's Landing	4 393 000	3 514 400	878 600	
Miramichi	351 440	263 580	87 860	
Highways 1975-76	11 690 000	8 767 500	2 922 500	
Highways 1976-77	12 000 000	9 000 000	3 000 000	
<u>QUEBEC</u>				
SIDBEC	243 716 000	30 000 000	8 608 000	\$205 108 000
Industrial Studies	2 000 000	1 000 000	1 000 000	
<u>ONTARIO</u>				
Cornwall	16 255 000	8 127 500	8 127 500	
Northwestern	50 888 650	25 444 325	25 444 325	
Dryden	3 200 996	1 600 498	1 600 498	
Interim Northlands	427 500	213 750	213 750	
<u>MANITOBA</u>				
Interim Northlands	43 813 850	26 288 310	17 525 540	
Planning	2 600 000	1 300 000	1 300 000	
Mineral	8 500 000	4 250 000	4 250 000	
<u>SASKATCHEWAN</u>				
Mineral	4 350 000	2 175 000	2 175 000	
Interim Northlands	63 300 000	39 980 000	23 320 000	
Planning	2 600 000	1 300 000	1 300 000	
Agribition	1 700 000	850 000	850 000	
<u>ALBERTA</u>				
1974-75 Transpo.	14 314 000	5 000 000	9 314 000	
Interim North	14 423 728	7 211 864	7 211 864	
1975-76 Transpo.	16 046 000	5 000 000	11 046 000	
1976-79 Transpo.	30 000 000	15 000 000	15 000 000	
<u>BRITISH COLUMBIA</u>				
1974-75 Highways	16 000 000	5 000 000	11 000 000	
Fort Nelson	7 000 000	3 000 000	3 000 000	1 000 000
1975-76 Highways	10 000 000	5 000 000	5 000 000	
Coal	3 000 000	1 500 000	1 500 000	
1976-79 Highways	30 000 000	15 000 000	15 000 000	
TOTAL EXPIRED:	\$715 761 583	\$312 220 507	\$197 433 076	\$206 108 000
GRAND TOTAL: (Active and Expired)	<u>\$4 887 954 538</u>	<u>\$2 633 005 619</u>	<u>\$1 636 290 919</u>	<u>\$618 658 000</u>

Table 4.1C

SUBSIDIARY AGREEMENTS  
PARTICIPATION OF OTHER FEDERAL DEPARTMENTS  
ACTIVE AGREEMENTS AS OF MAY 22, 1979

<u>PROVINCE</u>	<u>CO-SIGNED</u>	<u>COST-SHARED</u>	<u>CO-MANAGED</u>
NEWFOUNDLAND			
Forestry			DFE
Gros Morne			INA
NORDCO			IT&C/EMR/DFE
St. John's Urban			MSUA/CMHC
Highways 1976-81			MOT
Inshore Fisheries			DFE
Labrador Interim		H&W 1,404,000	DPW
Mineral	EMR	EMR 5,606,100	EMR
Tourism	IT&C		IT&C
Agriculture	CDA	CDA 1,800,000	CDA
NOVA SCOTIA			
Mineral			EMR
Halifax-Dartmouth	DPW/MSUA		
Agriculture			CDA
Forestry	DFE		CFS/CEIC
Tourism	IT&C		CGOT/CEIC
Energy	EMR		EMR/DOF
NEW BRUNSWICK			
Forestry			CFS/CEIC
Tourism	IT&C		
Minerals & Fuels	EMR		
Highways 1977-80			MOT/DPW
Agriculture #2	CDA		CDA



Table 4.1C (Continued)

<u>PROVINCE</u>	<u>CO-SIGNED</u>	<u>COST-SHARED</u>	<u>CO-MANAGED</u>
QUEBEC			
Key Highways			MOT
Forestry			DFE
Industrial Infrastructure			DFE
Agriculture			CDA
Mineral			EMR
Water Treatment	MSFPR		CMHC
Tourism	MSFPR/IT&C		IT&C
Public Infrastructure	CEIC/MSFPR		CEIC
ONTARIO			
Northeastern		CMHC 1,117,000	
Single-Industry		CMHC 1,000,000	INA
		MOT 550,000	
		INA 305,000	
Community & Rural			CFS
Forest	DFE		DFE/MOT
MANITOBA			
Northlands	CEIC/MOT/INA	CEIC 5,516,000	
		MOT 12,500,000	
		INA 14,993,000	
Industrial	IT&C	IT&C 1,000,000	IT&C/FBDB
Value-Added	CDA		CDA
Tourism	IT&C		IT&C

Table 4.1C (Continued)

<u>PROVINCE</u>	<u>CO-SIGNED</u>	<u>COST-SHARED</u>		<u>CO-MANAGED</u>
SASKATCHEWAN				
Steel Qu'Appelle	EMR/IT&C INA/DFE/IT&C	DFE	9,000,000	DOF/EMR/IT&C DFE/IT&C/INA
		INA	1,200,000	
		IT&C	16,320	
Interim Mineral Northlands	EMR MOT/CEIC/INA	EMR	400,000	EMR MOT/CEIC/INA
		CEIC	9,000,000	
		MOT	12,500,000	
		INA	7,200,000	
Forestry	DFE			DFE
Agriculture	CDA			CDA
Interim Water	DFE			DFE
ALBERTA				
North	INA/CEIC	INA	5,000,000	INA/CEIC
BRITISH COLUMBIA				
Coal 1977-78	EMR/IT&C/MOT			EMR/MOT
Industrial	IT&C			IT&C/FBDB
Agriculture	CDA			
Travel	IT&C			IT&C
Intensive Forest	DFE			DFE
YUKON				
Renewable Resource	INA	INA	1,400,000	INA
NORTHWEST TERRITORIES				
Interim Community	INA	INA	460,000	INA

Table 4.1D

SUBSIDIARY AGREEMENTS  
 PARTICIPATION OF OTHER FEDERAL DEPARTMENTS  
TERMINATED AGREEMENTS AS OF MAY 22, 1979

<u>PROVINCE</u>	<u>CO-SIGNED</u>	<u>COST-SHARED</u>	<u>CO-MANAGED</u>
NEWFOUNDLAND			
Highways 1974-75			MOT
Fisheries Marine			DFE
Special Fish			DFE
Highways 1975-76			MOT
NOVA SCOTIA			
SYSCO	PCO		
NEW BRUNSWICK			
Highways 1974-75	DPW		
Agriculture #1	CDA		CDA
Miramichi	MOT/DPW/DFE		
ONTARIO			
Cornwall			DPW
Northwestern	CEIC		DPW
Dryden			DPW
Interim Northlands		CEIC 130,000	CEIC/INA
MANITOBA			
Interim Northlands	MOT	MOT 4,500,000	
Mineral	EMR	EMR 2,525,000	EMR

Table 4.1D (Continued)

<u>PROVINCE</u>	<u>CO-SIGNED</u>	<u>COST-SHARED</u>	<u>CO-MANAGED</u>
SASKATCHEWAN			
Mineral	EMR	EMR 1,087,500	EMR
Interim Northlands	MOT	MOT 10,000,000	
		INA 2,000,000	
Agribition	CDA		CDA
ALBERTA			
1974-75 Transportation	MOT	MOT 2,500,000	
1975-76 Transportation	MOT	MOT 2,500,000	MOT
1976-79 Transportation	MOT	MOT 7,500,000	MOT
BRITISH COLUMBIA			
1974-75 Highways	MOT	MOT 2,500,000	
Fort Nelson		CMHC 1,100,000	CMHC
1975-76 Highways	MOT	MOT 2,500,000	MOT
Coal	EMR/IT&C/MOT		EMR/MOT
1976-79 Highways	MOT	MOT 7,500,000	MOT

Table 4.1E

LIST OF GENERAL DEVELOPMENT AGREEMENTS,  
SUBSIDIARY AGREEMENTS AND AMENDMENTS  
AS OF MAY 22, 1979

<u>NEWFOUNDLAND</u>	<u>SIGNED</u>	<u>TERMINATING</u>
GDA	01/02/74	31/03/84
Subsidiary Agreements		
Forestry	26/04/74	30/09/79
Amendment 1	*27/01/75	
2	15/04/76	
3	20/06/77	
4	31/03/78	
5	17/07/78	
6	15/01/79	
Gros Morne Park Area Development	28/05/74	31/03/80
Amendment 1	22/12/75	
2	20/08/76	
3	*22/04/77	
4	31/05/78	
Highways 1974-75	28/05/74	31/03/75
Amendment 1	*12/12/74	
2	20/03/75	
Fisheries Marine Service Centre Program	15/10/74	31/03/78
Amendment 1	10/11/75	
2	28/03/77	
3	21/09/77	
4	23/03/78	
Special Fish Plant Water System	15/10/74	31/03/78
Amendment 1	23/01/76	
2	31/03/77	
3	23/03/78	
Ocean Research and Development (NORDCO)	23/05/75	31/03/80
Amendment 1	06/03/79	
Highways 1975-76	28/05/75	31/03/76
Amendment 1	12/08/75	
St. John's Urban Region	23/07/75	31/03/80
Amendment 1	27/10/78	
Highways 1976-81	22/06/76	31/03/81
Amendment 1	14/07/76	
2	29/04/77	
3	*08/08/77	
4	18/02/78	
5	*14/07/78	
Planning	22/06/76	31/03/82
Amendment 1	19/04/79	

	<u>SIGNED</u>	<u>TERMINATING</u>
Inshore Fisheries Development	22/06/76	31/03/81
Amendment 1	05/11/76	
2	21/06/77	
3	06/09/77	
4	09/05/78	
5	13/07/78	
6	*21/12/78	
7	20/03/79	
Labrador Interim	03/12/76	31/03/81
Amendment 1	*22/02/78	
2	12/05/78	
3	*19/10/78	
Mineral Development	17/12/76	31/12/81
Amendment 1	28/04/77	
Tourism Development	22/02/78	31/03/83
Agriculture Development	14/07/78	31/03/83
Rural Development	14/07/78	31/03/83
<u>NOVA SCOTIA</u>		
GDA	12/09/74	31/03/84
Subsidiary Agreements		
Mineral Development	17/02/75	31/03/80
Amendment 1	14/04/77	
2	*28/06/77	
3	*04/08/77	
4	03/02/78	
5	09/02/78	
6	09/02/78	
7	*19/05/78	
8	29/03/79	
Metropolitan Halifax-Dartmouth Area		
Development	31/03/75	31/03/80
Amendment 1	11/09/75	
2 (Revised)	28/06/76	
3	28/04/76	
4	17/03/77	
5	21/04/77	
6	16/03/78	
7	01/08/78	
8	21/09/78	
9	14/02/79	

Table 4.1E (Continued)

	<u>SIGNED</u>	<u>TERMINATING</u>
Strait of Canso Area Development	31/03/75	31/03/80
Amendment 1	15/08/75	
2	18/06/76	
3	21/12/76	
4	21/12/76	
5	21/12/76	
6	22/07/77	
7	01/02/78	
8	21/03/78	
9	14/06/78	
10	08/02/79	
Agriculture Development	22/06/76	31/03/81
Amendment 1	22/07/76	
2	09/02/77	
3	31/03/78	
4	02/06/78	
Industrial Development	22/06/76	31/03/81
Amendment 1	28/09/76	
2	10/02/77	
3	17/05/78	
4	02/05/78	
5	09/06/78	
6	14/09/78	
7	01/11/78	
8	20/11/78	
9	30/03/79	
Planning	22/06/76	31/03/80
Interim Cape Breton County Development	07/01/77	31/03/78
Amendment 1	07/07/77	
2	21/11/77	
3	05/04/78	
4	18/09/78	
5	14/03/79	
Forestry	28/06/77	31/03/82
Amendment 1	14/07/77	
2	*24/07/78	
Tourism Development	28/06/77	31/03/82
Amendment 1	29/06/78	
2	31/10/78	
Sydney Steel Corporation Assistance Program	23/12/77	31/03/79
Amendment 1	09/05/78	
2	14/07/78	
3	30/11/78	
4	01/02/79	
5	29/03/79	
Energy Conservation	04/07/78	31/03/83

	<u>SIGNED</u>	<u>TERMINATING</u>
<u>NEW BRUNSWICK</u>		
GDA	23/04/74	31/03/84
Subsidiary Agreements		
Highways 1974-75	24/06/74	31/03/75
Agricultural Development	17/02/75	31/03/78
Amendment 1	24/03/76	
2	08/11/76	
3	09/11/76	
4	*11/02/77	
5	19/09/77	
6	31/03/78	
7	31/03/78	
Forestry	17/02/75	31/03/82
Amendment 1	27/02/76	
2	31/03/77	
3	*21/07/78	
4	09/03/79	
5	*29/03/79	
6	31/03/79	
Industrial Development	17/02/75	31/03/80
Amendment 1	11/02/77	
2	22/03/79	
Kent Region Pilot Project	17/02/75	31/03/80
Amendment 1	*11/02/77	
King's Landing Historical Settlement	17/02/75	31/03/77
Amendment 1	31/03/77	
Miramichi Channel Study	17/02/75	31/03/75
Saint John and Moncton Arterial Highways	17/02/75	31/03/81
Amendment 1	16/12/75	
2	13/12/77	
3	*22/03/78	
4	28/11/78	
5	22/03/79	
Highways 1975-76	16/12/75	31/03/76
Amendment 1	31/03/76	
Planning	16/12/75	31/03/80
Tourism Development	16/12/75	31/03/80
Amendment 1	28/10/77	
2	*22/03/78	
Minerals and Fuels Development	24/06/76	31/03/81



Table 4.1E (Continued)

	<u>SIGNED</u>	<u>TERMINATING</u>
Highways 1976-77	24/06/76	31/03/77
Amendment 1	08/03/77	
Highways 1977-80	11/02/77	31/03/80
Amendment 1	10/02/78	
2	29/11/78	
3	30/03/79	
Northeast New Brunswick	23/06/77	31/03/82
Amendment 1	30/01/78	
2	11/02/78	
Development of Agricultural Resources	22/03/78	31/03/83
Developing Regions	17/05/79	31/03/83
<u>QUEBEC</u>		
GDA	15/03/74	31/03/84
Subsidiary Agreements		
Financing of the 1974-78 SIDBEC Expansion Plan	15/03/74	31/03/78
Amendment 1	15/07/75	
Key Highway Networks	13/09/74	31/03/82
Amendment 1	*31/03/76	
2	*22/06/77	
3	*30/03/78	
Forest Development	26/03/75	31/03/84
Amendment 1	09/12/76	
2	*22/06/77	
3	*15/05/79	
Industrial Infrastructure	26/03/75	31/03/83
Amendment 1	09/12/76	
2	*24/01/78	
Industrial Studies	29/03/76	31/03/77
Agricultural Development	29/03/76	31/03/82
Amendment 1	*22/06/77	
Mineral Development	29/03/76	31/03/80
Amendment 1	25/03/77	
2	15/03/78	
Establishment of a Bleached Kraft Pulp Mill at St-Félicien	21/04/76	31/03/80
Amendment 1	10/03/78	
2	20/09/78	
Airport Industrial and Commercial Park (PICA)	18/06/76	31/03/80
Amendment 1	25/11/77	

Table 4.1E (Continued)

	<u>SIGNED</u>	<u>TERMINATING</u>
Water Treatment Facilities for the Montreal Area Amendment 1	30/03/78 07/12/78	31/03/82
Tourism Development	06/04/78	31/03/83
Public Infrastructure Modernization of the Pulp and Paper Industry	16/05/78 15/05/79	31/03/80 31/03/84
<u>ONTARIO</u>		
GDA Subsidiary Agreements Cornwall Area Amendment 1 2	26/02/74 26/02/74 17/07/75 26/10/76	31/03/84 31/03/77
Northwestern Ontario Amendment 1 2 3 4 5 6 7 8	23/05/74 *25/08/75 12/12/75 12/12/75 31/03/77 *19/07/77 21/03/78 29/12/78 07/03/79	31/03/79
Dryden Development Infrastructure	24/03/75	31/03/77
Interim Ontario Northlands Amendment 1 2	07/07/75 19/10/76 27/05/77	31/03/78
Northeastern Ontario Amendment 1 2 3 4	25/03/76 *28/07/76 21/03/78 *05/10/78 10/10/78	31/03/82
Single-Industry Resource Communities Amendment 1 2 3 4	18/10/76 19/07/77 *19/07/77 *25/10/78 09/01/79	31/03/81
Community and Rural Resource Development Amendment 1 2 3	07/12/77 *19/06/78 *25/10/78 08/12/78	31/03/83
Forest Management	08/12/78	30/09/83
Pulp and Paper Facilities Improvement	15/05/79	31/03/84

Table 4.1E (Continued)

4.1-8g

	<u>SIGNED</u>	<u>TERMINATING</u>
<u>MANITOBA</u>		
GDA	05/06/74	31/03/84
Subsidiary Agreements		
Interim Manitoba Northlands	05/06/74	31/03/76
Amendment 1	*11/02/75	
Planning	11/02/75	31/03/77
Mineral Exploration and Development	31/03/76	31/03/79
Manitoba Northlands	15/09/76	31/03/81
Amendment 1	*30/03/79	
2	30/03/79	
Industrial Development	21/04/78	31/03/83
Value-Added Crops Production	15/12/78	31/03/84
Tourism Development	15/12/78	31/03/84
<u>SASKATCHEWAN</u>		
GDA	11/02/74	31/03/84
Subsidiary Agreements		
Mineral Exploration and Development in		
Northern Saskatchewan	21/06/74	31/03/78
Iron, Steel and Other Related Metal Industries	04/07/74	31/03/80
Amendment 1	29/03/79	
Interim Saskatchewan Northlands	18/08/75	31/03/78
Amendment 1	*30/03/77	
2	20/03/78	
Planning	18/08/75	31/03/79
Amendment 1	19/11/76	
2	30/03/78	
Qu'Appelle Valley	06/10/75	31/03/84
Expand Facilities Used by Canadian Western	28/07/77	31/03/79
Agribition and Mexabition		
Interim Mineral Development	19/07/78	31/03/80
Northlands	28/08/78	31/03/83
Forest Development	17/05/79	31/03/82
Productivity Enhancement and Technology	17/05/79	31/03/82
Transfer in Agriculture		

Table 4.1E (Continued)

	<u>SIGNED</u>	<u>TERMINATING</u>
Interim Water Development for Regional Economic Expansion & Drought Proofing	17/05/79	31/03/82
Planning 1979-84	17/05/79	31/03/84
<u>ALBERTA</u>		
GDA	06/03/74	31/03/84
Subsidiary Agreements		
1974-75 Northern Transportation	28/08/74	31/03/75
Interim Alberta North	11/03/75	31/03/78
Amendment 1	*21/01/76	
2	24/03/77	
3	07/02/78	
Nutritive Processing Assistance	11/03/75	31/03/80
Amendment 1	05/04/76	
1975-76 Western Northlands Northern Alberta Transportation	21/01/76	31/03/76
1976-79 Western Northlands Northern Alberta Transportation	18/02/77	31/03/79
Alberta North	08/02/78	31/03/82
<u>BRITISH COLUMBIA</u>		
GDA	28/03/74	31/03/84
Subsidiary Agreements		
1974-75 Northern Highways	28/08/74	31/03/75
Fort Nelson	23/09/75	30/09/78
Amendment 1	28/03/78	
1975-76 Western Northlands Highways in Northern British Columbia	12/02/76	31/03/76
Evaluate Northeast Coal and Related Developments	28/01/77	31/03/77
1976-79 Western Northlands Highways in Northern British Columbia	31/03/77	31/03/79
Evaluate Northeast Coal and Related Developments - 1977-78	10/05/77	31/03/80
Amendment 1	30/03/78	
Industrial Development	08/07/77	31/03/82
Amendment 1	11/04/79	

Table 4.1E (Continued)

	<u>SIGNED</u>	<u>TERMINATING</u>
Agriculture and Rural Development	08/07/77	31/07/82
Travel Industry Development	17/10/78	17/10/83
Intensive Forest Management	17/05/79	31/03/84
<u>YUKON</u>		
GDA	17/08/77	31/03/82
Subsidiary Agreement Renewable Resource Development	04/04/79	31/03/82
<u>NORTHWEST TERRITORIES</u>		
GDA	04/04/79	31/03/84
Subsidiary Agreement Interim Community Economic Development	04/04/79	31/03/81

\* Amendments to increase federal funding

Program Analysis and Liaison Division  
DREE, Ottawa/Hull

REGIONAL DEVELOPMENT INCENTIVES PROGRAM

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

The Regional Development Incentives Program is an important component of DREE programming and complements the GDA strategies. Its main objective is to stimulate and preserve productive employment opportunities by encouraging manufacturing and processing investment in the regions of Canada which are designated as requiring special assistance. The legislative base of the program is the Regional Development Incentives Act and certain sections of the Department of Regional Economic Expansion Act, both of which were passed in 1969.

The Regional Development Incentives Act and the Department of Regional Economic Expansion Act provide for development incentives in support of the establishment, modernization or expansion of manufacturing and certain facilities. The incentives, which may take the form of outright grants, repayable development incentives, or loan guarantees, are made available as a means of increasing or maintaining employment opportunities in broad regions and special areas designated by the Governor in Council as requiring special measures to facilitate economic expansion and social adjustment. Regions have been designated in all provinces as well as the Yukon and Northwest Territories. Effective July 1, 1977, Montreal and its environs were designated as a special area for incentives purposes under the Department of Regional Economic Expansion Act.

The Regional Development Incentives Program is federally funded and administered. However, provinces are consulted prior to the designation of regions within their borders. There is also substantial consultation with other federal departments and provincial governments on major incentive projects and on smaller ones in industries that are "sensitive" in terms of such factors as infrastructure requirements and resource or environmental concerns.

Since inception of the program on July 1, 1969 to March 31, 1979, over \$77.6 million has been committed in regional development incentives. These grants are

based on a total of 5,360 offers which were expected, at the time made, to generate investments in eligible assets totalling about \$3.7 billion and to create more than 138,000 new jobs (not counting those created by indirect or "multiplier effects").



TABLE 4.2A

REGIONAL DEVELOPMENT INCENTIVES PROGRAM  
 Breakdown of Net Accepted Offers During 1978-79 Fiscal Year

Province/ Territory	Net Accepted Offers	Estimated Amount of Incentive \$000	Expected Eligible Investment \$000	Expected Direct Jobs
Newfoundland	40	7 749	26 542	1 094
Nova Scotia	84	9 627	36 941	1 085
Prince Edward Island	30	2 911	10 167	345
New Brunswick	65	12 212	32 520	1 469
Quebec	422	47 483	236 983	7 659
Ontario	51	4 803	18 460	594
Manitoba	101	10 358	37 253	1 801
Saskatchewan	30	7 842	41 333	556
Alberta	5	2 353	15 010	235
British Columbia	23	4 322	16 459	453
Northwest Territories	4	125	477	30
TOTAL	855	109 785	472 145	15 321

TABLE 4.2B

## REGIONAL DEVELOPMENT INCENTIVES PROGRAM

Breakdown of Net Accepted Offers, April 1, 1969 to March 31, 1979

Province/ Territory	Net Accepted Offers	Estimated Amount of Incentive \$000	Expected Eligible Investment \$000	Expected Direct Jobs
Newfoundland	172	26 016	82 848	4 517
Nova Scotia	408	80 302	347 976	9 973
Prince Edward Island	155	16 349	46 045	2 821
New Brunswick	413	76 660	251 457	9 350
Quebec	2 894	349 773	1 833 387	77 617
Ontario	368	75 622	416 100	11 379
Manitoba	584	71 072	322 336	13 202
Saskatchewan	219	33 144	151 151	5 492
Alberta	81	32 949	201 985	2 515
British Columbia	61	9 618	41 484	1 498
Northwest Territories	5	157	573	33
TOTAL	5 360	771 662	3 695 342	138 397

OTHER PROGRAMS

## PRAIRIE FARM REHABILITATION ACT

This Act is administered by the Prairie Farm Rehabilitation Administration. The Prairie Farm Rehabilitation Administration, with headquarters in Regina, Saskatchewan, began in 1935 and was incorporated into DREE when the Department was established in 1969.

The Prairie Farm Rehabilitation Act was passed by Parliament in 1935 to assist in the reclamation of agricultural lands seriously affected by drought and soil drifting in Manitoba, Saskatchewan and Alberta. Subsequent amendments to the Act widened the scope of the Administration's activities.

PFRA provides ongoing programs and projects to conserve and develop the soil and water resources of Manitoba, Saskatchewan and Alberta. These activities are designed to develop and promote improved systems of farm practice, tree culture, water supply and land utilization that will result in greater economic security for residents of the area. In addition, PFRA administers the Agricultural Service Centres program, which was introduced to develop water-supply and sewage-disposal systems in selected prairie communities which function as major service centres for the surrounding agricultural areas.

Under the PFRA, the Department may enter into agreements with each of the three provinces, municipalities or individuals with respect to carrying out the general purpose of the Act.

The areas addressed by PFRA programs of soil and water conservation and development, and drought proofing, are prime elements in the building blocks of long-term economic and social development on the prairies.

DREE expenditures under the Prairie Farm Rehabilitation Program were approximately \$250.5 million for the period April 1, 1969 to March 31, 1979.

## AGRICULTURAL AND RURAL DEVELOPMENT ACT (ARDA)

ARDA Agreements

The Agricultural and Rural Development Act was passed by Parliament in 1961 to alleviate rural problems of unemployment and social disadvantage. The first federal-provincial ARDA agreements were signed with each of the 10 provinces in 1962. Subsequent activity continued under a series of agreements.

Cost-shared federal-provincial projects have included land use and farm adjustment, economic development of rural areas, as well as soil and water conservation.

The last ARDA agreement, that with Ontario, ended March 31, 1979. The legislation remains in effect, however, and commitments are continuing on projects approved before termination of the various agreements with the provinces. In most provinces, ARDA-type activities are now being carried out through subsidiary agreements under the General Development Agreements

From April 1, 1969 to March 31, 1979, DREE expenditures under the ARDA agreements have amounted to approximately \$226.6 million.

Special ARDA Agreements

Under the authority of the Agricultural and Rural Development Act, Special Rural Development Agreements (Special ARDA) were signed in 1971 and 1972 with the four western provinces to help improve the economic circumstances of people of Native ancestry living in rural areas. At present, agreements exist with the governments of Manitoba, Saskatchewan, British Columbia, the Yukon and the Northwest Territories. These agreements provide for programs to ensure that rural residents, particularly those of Native ancestry, are able to benefit from rural development programs in terms of increased employment and income, and better living conditions.

Specifically, Special ARDA provides incentive grants to encourage Native people to start commercial ventures, and helps to improve incomes of those engaged

in fishing and trapping and other primary producing activities. Financial incentives to commercial enterprises are funded wholly by DREE; other socio-economic development activities are cost-shared by DREE and the provinces. In some instances, additional federal financing is provided by the Department of Indian Affairs and Northern Development.

From inception of the Special ARDA agreements to March 31, 1979, DREE expenditures under these agreements have amounted to approximately \$28.1 million.

## FUND FOR RURAL ECONOMIC DEVELOPMENT ACT (FRED)

Fund for Rural Economic Development (FRED) activities were tailored to the particular needs of regions such as Prince Edward Island, the Mactaquac and northeastern areas of New Brunswick, the lower St. Lawrence and Gaspé regions of Quebec, and the Manitoba Interlake region. Activities included infrastructure development, better use of resources, recreational development, basic education, and counselling. The Prince Edward Island Comprehensive Development Plan (1969-84) is the sole FRED program still in operation. The FRED Act was repealed in 1969, but commitments are being carried to completion.

DREE expenditures under the Fund for Rural Economic Development Act, including the Prince Edward Island Comprehensive Development Plan, have amounted to approximately \$453.4 million for the period April 1, 1969 to March 31, 1979.

CANADA-PRINCE EDWARD ISLAND  
COMPREHENSIVE DEVELOPMENT PLAN

The plan is designed to create conditions in which the people of Prince Edward Island can develop economic enterprises, so as to raise per capita income with equity and create more jobs while maintaining the unique Island environment.

On March 7, 1969, Prince Edward Island signed a 15-year Comprehensive Development Plan with Canada under the Fund for Rural Economic Development (FRED) legislation. The Agreement continues to March 31, 1984. Phase I of the Plan covered the first six years and ended March 31, 1975. Phase II was signed October 23, 1975, covering the five-year period April 1, 1975 to March 31, 1980.

All programs and projects undertaken under the Plan are jointly approved by Canada and the Province. Implementation of projects is the responsibility of the Province and its agencies.

Canada's share of funding of programs and projects covered under the present phase of the Plan is as follows:

- School construction program: 50 per cent
- Agricultural Research program: 100 per cent
- All other programs: 90 per cent

Financial contributions from DREE for the present phase of the Development Plan, Phase II, will not exceed \$141 million for fiscal years 1975-76 thru 1979-80. Financial contributions from the Province will approximate \$32 million for the same period. These amounts do not include special provisions for the Prince Edward Island-Mainland Electrical Interconnection — maximum contribution of \$18 million from DREE, maximum loan of \$9 million from EM&R, and balance of cost from the Province.

From its inception to March 31, 1979, DREE expenditures under the Prince Edward Island Comprehensive Development Plan have amounted to approximately \$220.3 million.



AGENCIES REPORTING TO THE FEDERAL PARLIAMENT  
THROUGH THE MINISTER OF  
REGIONAL ECONOMIC EXPANSION  
OR DIRECTLY TO THE MINISTER

## REGIONAL DEVELOPMENT INCENTIVES BOARD

Establishment

The Regional Development Incentives Act was amended in 1970-71 by the addition of Section 15.1, as follows:

"The Minister shall establish a Board to advise him with regard to the administration of this Act."

Membership

Initially the Board consisted of 9 members; 5 from the private sector. In 1974 the Board was reduced to 6 members, all from the public sector, and in 1975 a member from FIRA was added. A comparison of the previous and present Boards is given below:

	<u>Membership</u>	
	<u>Previous Board</u>	<u>Present Board</u>
<u>Private Sector</u>		
Industrial	2	-
Financial	1	-
Labour	1	-
Crown Corporation	<u>1</u>	<u>-</u>
	5	-
	<u>---</u>	<u>---</u>
<u>Public Sector</u>		
Chairman		
DM (DREE)	1	1
Members		
ADM (DREE)	1	1
ADM (IT&C)	1	1
ADM (Finance)	1	1
ADM (CEIC)	-	1
ADM (Environment)	-	1
ADM (FIRA)	<u>-</u>	<u>1</u>
	4	7
	<u>---</u>	<u>---</u>
Total	<u>9</u>	<u>7</u>

Objective

To advise the Minister of Regional Economic Expansion on the administration of the program of industrial incentives for regional development and related matters.

Functions

In order to achieve the Board's stated objective, it considers and makes recommendations to the Minister concerning:

- directives, guidelines and other instruments used in the administration and assessment of the program;
- the disposition of specific loan guarantee applications;
- the disposition of specific grant applications that involve either:
  - capital costs or jobs in excess of those associated with authority delegated to regional Assistant Deputy Ministers, or
  - significant policy questions or other sensitive issues;
  - cases within the authority delegated to regional Assistant Deputy Ministers, where the applicant has requested an upward revision of the incentive offered, in the knowledge that the Board may decide to increase, maintain or reduce the amount of incentive already offered.

As stated, the Board is composed of seven regular members representing the public sector. Advisers from the Departments of Energy, Mines and Resources, Agriculture and Consumer and Corporate Affairs are available when necessary to provide formal advice to the Board on matters concerning specific cases that relate to their respective Departments. In addition, DREE regional ADMs or their delegates are available to explain recommendations pertaining to cases of particular importance to their regions.

In order to expedite the decision-making process and to reduce the workload of Board members, an Executive Committee has been constituted to review and recommend directly on individual projects. The Executive Committee was appointed by the Board from its own membership. The members of the Executive Committee are:

Deputy Minister	DREE
Assistant Deputy Minister	DREE
Assistant Deputy Minister	IT&C
Assistant Deputy Minister	Finance

The Board holds at least one monthly meeting, normally on the third Friday. The Executive Committee can be convened by the Chairman as and when required to deal with urgent cases.

#### Cases Reviewed

From November 15, 1974 to May 18, 1979 the Board reviewed 246 cases: 194 recommendations for assistance and 52 rejections.

## CAPE BRETON DEVELOPMENT CORPORATION (DEVCO)

The Cape Breton Development Corporation (DEVCO) was created by an Act of Parliament, assented to on July 7, 1967 (RSC 1970, c.C-13) and came into existence by proclamation on October 1, 1967, as a proprietary Crown Corporation. The corporation was established to rationalize the coal industry of Cape Breton Island and to broaden the base of the area's economy by assisting the financing and development of industry to provide employment outside the coal mines.

The Cape Breton Development Corporation has two divisions - the Coal Division and the Industrial Development Division. The responsibility of the Coal Division is to conduct coal mining and related operations in the Sydney coal fields on the Island of Cape Breton. The responsibility of the Industrial Development Division is:

- to promote and assist in the financing and development of industry on the Island of Cape Breton, and
- to provide employment to broaden the base of the economy of the Island.

The Corporation operates three coal mines, of which two are new, and a modern coal preparation plant which has enabled it to enter the metallurgical coal market.

Devco is involved in promoting developments in tourist facilities, a variety of manufacturing and processing industries, fish farming, oyster culture, sheep farming and other agriculture. It operates an industrial park and wharf facilities.

The Corporation reports to Parliament through the Minister of Regional Economic Expansion.

From April 1, 1968 to March 31, 1979, total federal contributions to the Corporation amounted to over \$482.5 million.

ATLANTIC DEVELOPMENT COUNCIL (ADC)

The Minister of Regional Economic Expansion is also responsible for the Atlantic Development Council. The Atlantic Development Council advises the Minister on plans programs and proposals for economic expansion and social adjustment in the Atlantic Region.

## CANADIAN COUNCIL ON RURAL DEVELOPMENT (CCRD)

Historical Background

The Council was created in 1965 by the then Minister of Forestry and Rural Development under the terms of the Agricultural and Rural Development Act (ARDA). It became answerable to the Minister of Regional Economic Expansion when he assumed responsibility for that legislation in 1969. The Council was dissolved as of March 31, 1979, as a result of Government reductions in expenditures.

Overall Responsibilities

The Council was established to advise the Minister on rural development policy. More specifically the Council's purpose was:

- to consider specific questions referred to it by the Minister;
- to provide a forum for the expression of views, comments and suggestions by national organizations with a direct and active interest in rural development, and to provide a vehicle for the orderly transmission of these views to the Minister;
- to facilitate consultation between the Minister and leading experts in the various disciplines connected with rural development by providing a permanent structure for such consultation;
- to ensure continuity and coherence in Canada's long-term rural development policy; and
- to facilitate public understanding - particularly academic and organizational - of Canada's rural development program.

Work Program

The Council's main activities included:

- studies of social and economic problems of rural Canada;
- briefs to public hearings on such issues as food strategy and fishing limits;

- meetings with local leaders and government representatives to identify rural problems and seek possible solutions;
- seminars and conferences on specific development issues with representatives of government, academics and the private sector to generate national debate and discussion.



LEGISLATIVE AUTHORITIES

## LEGISLATIVE AUTHORITIES

The Department of Regional Economic Expansion was established in 1969. Its mandate was contained in the Government Organization Act, 1969 (SC 1968-69, c.28) and is contained in the Department of Regional Economic Expansion Act (RSC 1970, c.R-4).

A second major piece of legislation, the Regional Development Incentives Act (RDIA) (RSC 1970, c.R-3), was approved by Parliament in July of 1969. The Act was extended by Parliament in December 1975. In order to qualify for assistance, a facility must now be brought into commercial production by December 31, 1981.

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

- Prairie Farm Rehabilitation Act (PFRA) (RSC 1970, c.P-17);
- Agricultural and Rural Development Act (ARDA) (RSC 1970, c.A-4);
- Fund for Rural Economic Development Act (FRED) (SC 1966-67, c.41), as amended. Repealed in 1969 but with provision for continuation of program commitments;
- Atlantic Development Board Act (ADB) (SC 1962-63, c.10), repealed in 1969 but with provision for continuation of program commitments;
- Atlantic Provinces Power Development Act (APPDA) (RSC 1970, c.A-17), now dormant; and
- Maritime Marshland Rehabilitation Act (MMRA) (RSC 1970, c.M-4), now dormant.

In addition to the foregoing, the Cape Breton Development Corporation reports to Parliament through the Minister of Regional Economic Expansion.

**MINISTER'S REFERENCE BOOK**

**ATLANTIC REGION**

MINISTER'S REFERENCE  
BOOK

ATLANTIC REGION

JUNE 1979

REGIONAL

Organization

## Brief Description of Basic Structure

### Atlantic Region

The Atlantic Region is composed of a Regional Office and four Provincial Offices. The Assistant Deputy Minister is the Senior Federal Public Servant in the Region and is directly responsible to the Deputy Minister for the operation of DREE, Atlantic. The Regional Office has essentially three components.

- Development Programs, including industrial incentives and regional initiatives,
- Planning and Coordination, including planning, coordination, information and advisory services,
- Finance and Administration, including legal, financial, personnel, administrative and data services.

Each Provincial Office is headed by a Director General who reports to the Regional Assistant Deputy Minister.

Each Provincial Office is set up to operate in a self-contained basis, receiving appropriate direction where required. The organization structure includes divisions for Development and Analysis, Implementation, Incentives, Public Information, Administrative and Financial Services.

Through this regional and provincial structure, DREE has the capacity to keep up to date with its analysis of local issues and needs, and with information on provincial government programs. Thus the essential elements exist for full cooperation at the two levels of government.

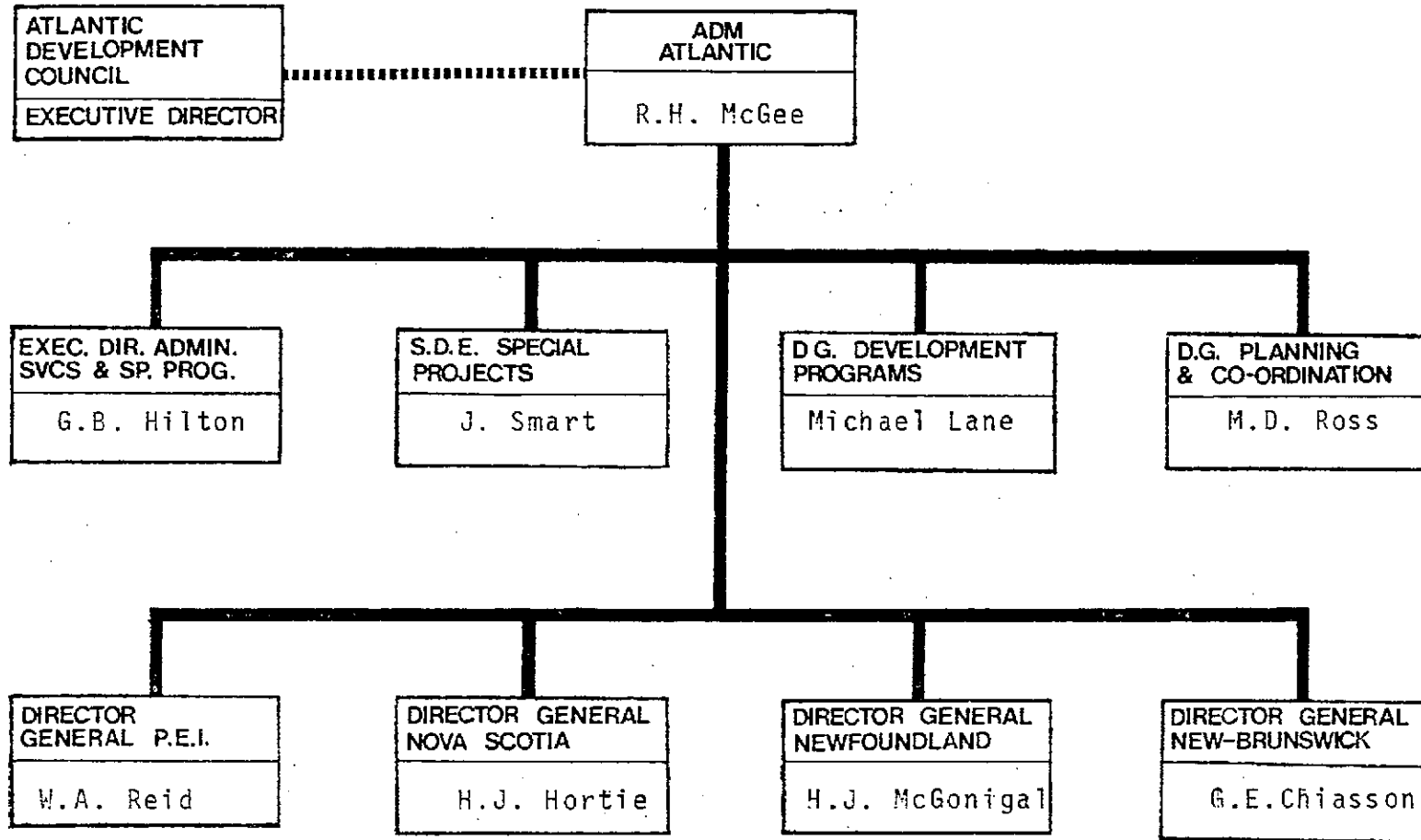
The Atlantic Development Council is also an integral part of the Atlantic Region, with its resources (dollars and person years) charged against DREE Atlantic. ADC is an advisory body which reports to the Minister. The members of the Council are not from within the federal public service. They are members appointed from the public at large. Employees of the Council are federal public servants of which the Executive Director reports directly to the Chairman of the Council.

The Council, with a small staff located at St. John's, Newfoundland advises on policy matters affecting the development of the Atlantic Provinces.

Personnel



# ATLANTIC REGION ORGANIZATION CHART



MEMBERS OF ATLANTIC DEVELOPMENT COUNCIL

A.H. Cormier	Chairman/President	Moncton, N. B.
Vacant	Vice-Chairman/ Vice-President	-
W.J. Bigelow	Member	Charlottetown, P.E.I.
T. Etchegary	Member	Marystown, Nfld.
B.D. McKenzie	Member	Middleton, N. S.
C.A. Moulton	Member	Halifax, N. S.
E.E. Thomas	Member	Placentia Bay, Nfld.
Dr. Teresa MacNeil	Member	Antigonish, N. S.
Vacant	Member	-
Vacant	Member	-
Vacant	Member	-
J.L. Miller	Executive Director	St. John's, Nfld.

Finance & Administration

DREE - ATLANTIC  
EXPENDITURE SUMMARY BY PROGRAM CATEGORY  
(\$MILLIONS)

PROGRAM CATEGORY	69-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	TOTAL	M.E. 1979-80
Operating Costs	1.9	1.0	1.6	1.2	1.0	4.8	6.9	7.2	8.4	9.3	43.3	10.8
G.D.A. Subs	-	-	-	-	-	66.7	98.2	110.6	132.1	144.0	551.6	157.6
Industrial Incentives	14.4	22.8	39.9	23.8	26.4	16.6	23.2	24.0	17.2	13.5	221.8	25.3
Other Programs:												
P.E.I. Plan and Cable	-	-	-	-	-	-*	32.2	34.1	29.8	28.4	124.5	29.3
FRED Program	11.5	20.1	20.6	23.4	24.4	29.6	8.7	5.0	.7	-	144.0	-
ARDA Program	3.4	2.3	1.2	2.9	5.3	7.7	4.6	2.6	2.3	.5	32.8	.1
Manpower Corps & Other Social Adjustment Projects	-	-	-	-	-	.2	.1	.2	-	-	.5	-
Newstart	2.4	2.3	1.5	.9	.7	.5	.5	-	-	-	8.8	-
Newfoundland Resettlement	.3	.9	.7	.3	.2	.4	.2	.2	-	-	3.2	-
Planning & Technical Studies	.3	.6	.8	2.0	2.2	2.2	.9	.3	-	-	9.3	-
ARDA Indian Projects	-	-	-	-	-	-	.1	-	-	-	.1	-
Land Use Studies	.1	.9	2.6	1.6	3.0	4.7	3.8	7.4	6.5	6.3	36.9	5.9
Industrial Studies & Management Services	-	-	.5	10.5	15.0**	1.6	1.7	3.0	1.7	4.5	38.5	.6
Special Areas Infra- structure	-	57.0	29.5	52.5	48.4	60.6	27.0	15.6	3.5	1.3	295.4	.8
Special Highways	8.2	31.5	36.2	28.9	35.8	5.3	2.7	.1	-	-	148.7	-
Power Development	41.3	28.7	5.0	3.5	1.4	-	-	.5	-	-	80.4	-
Other Infrastructure	29.8	7.3	2.7	2.3	1.6	.7	.4	.1	.2	1.2	46.3	.7
Sub-Total	<u>97.3</u>	<u>151.6</u>	<u>101.3</u>	<u>128.8</u>	<u>138.0</u>	<u>113.5</u>	<u>82.9</u>	<u>69.1</u>	<u>44.7</u>	<u>42.2</u>	<u>969.4</u>	<u>37.4</u>
Total	<u>113.6</u>	<u>175.4</u>	<u>142.8</u>	<u>153.8</u>	<u>165.4</u>	<u>201.6</u>	<u>211.2</u>	<u>210.9</u>	<u>202.4</u>	<u>209.0</u>	<u>1,786.1</u>	<u>231.1</u>

1.3-1

\* P.E.I. Plan included in FRED Program up to and including 1974-75.  
\*\* Includes ADC Programs of AMI and ARLEC.

DREE

ATLANTIC REGION

PERSON-YEAR UTILIZATION - MARCH 31, 1979

	<u>Assigned Person-years</u>	<u>Employees on Strength</u>
Moncton Regional Office	89.25	109
Provincial Offices:		
Newfoundland	49.50	53
Prince Edward Island	22.50	22
Nova Scotia	48.00	44
New Brunswick	51.25	54
Atlantic Dev. Council	<u>12.50</u>	<u>11</u>
TOTALS	<u>273.00</u>	<u>293</u>

DREE - ATLANTIC  
ACTUAL & PLANNED EXPENDITURES  
BY ACTIVITY  
(\$ MILLIONS)

OFFICE	69-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	Total	M.E. 79-80	P.F. 80-81
<b>NEWFOUNDLAND</b>													
Operating Costs	.1	.1	.2	.2	.3	.7	1.1	1.1	1.3	1.3	6.4	1.7	1.8
G.D.A. Subs	-	-	-	-	-	35.6	46.3	44.5	54.5	51.3	232.2	59.9	70.6
Industrial Incentives	2.4	2.0	.7	3.3	.9	1.5	3.2	1.4	1.2	4.0	20.6	6.9	5.0
Other Programs	32.4	60.5	34.6	34.0	49.6	30.5	15.6	9.2	4.0	5.4	275.8	3.7	4.4
	<u>34.9</u>	<u>62.6</u>	<u>35.5</u>	<u>37.5</u>	<u>50.8</u>	<u>68.3</u>	<u>66.2</u>	<u>56.2</u>	<u>61.0</u>	<u>62.0</u>	<u>535.0</u>	<u>72.2</u>	<u>81.8</u>
<b>PRINCE EDWARD ISLAND</b>													
Operating Costs	.1	.1	.1	.1	.1	.3	.4	.5	.6	.6	2.9	.8	.8
G.D.A. Subs	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial Incentives	.5	.4	1.2	.3	1.3	.3	.8	1.9	3.1	1.3	11.1	.9	2.9
Other Programs	10.1	14.4	16.6	19.1	18.2	22.2	32.9	34.1	29.8	28.5	225.9	29.3	29.0
	<u>10.7</u>	<u>14.9</u>	<u>17.9</u>	<u>19.5</u>	<u>19.6</u>	<u>22.8</u>	<u>34.1</u>	<u>36.5</u>	<u>33.5</u>	<u>30.4</u>	<u>239.9</u>	<u>31.0</u>	<u>32.7</u>
<b>NOVA SCOTIA</b>													
Operating Costs	1.3	.6	1.1	.6	.3	1.1	1.1	1.2	1.3	1.4	10.0	1.6	2.0
G.D.A. Subs	-	-	-	-	-	4.6	18.4	31.8	34.2	46.2	135.2	42.1	66.7
Industrial Incentives	5.8	4.3	21.1	11.0	14.5	9.0	9.6	9.4	7.0	4.9	96.6	9.5	9.0
Other Programs	30.6	28.5	21.6	40.5	20.3	26.1	13.3	6.2	2.7	.4	190.2	.1	-
	<u>37.7</u>	<u>33.4</u>	<u>43.8</u>	<u>52.1</u>	<u>35.1</u>	<u>40.8</u>	<u>42.4</u>	<u>48.6</u>	<u>45.2</u>	<u>52.9</u>	<u>432.0</u>	<u>53.3</u>	<u>77.7</u>
<b>NEW BRUNSWICK</b>													
Operating Costs	.4	.2	.2	.3	.3	.8	1.1	1.2	1.4	1.6	7.5	1.8	1.9
G.D.A. Subs	-	-	-	-	-	26.5	33.5	34.3	43.4	46.5	184.2	55.6	66.7
Industrial Incentives	5.7	16.1	16.9	9.2	9.7	5.8	9.6	11.3	5.9	3.3	93.5	8.0	10.5
Other Programs	24.2	48.2	28.5	35.0	47.9	30.3	16.8	13.0	1.7	1.2	246.8	.8	-
	<u>30.3</u>	<u>64.5</u>	<u>45.6</u>	<u>44.5</u>	<u>57.9</u>	<u>63.4</u>	<u>61.0</u>	<u>59.8</u>	<u>52.4</u>	<u>52.6</u>	<u>532.0</u>	<u>66.2</u>	<u>79.1</u>
<b>ATLANTIC REGIONAL OFFICE</b>													
Operating Costs						1.9	2.9	2.8	3.4	4.0	15.0	4.3	4.8
Other Programs						4.0	3.9	6.6	6.5	6.7	27.7	3.5	4.1
						<u>5.9</u>	<u>6.8</u>	<u>9.4</u>	<u>9.9</u>	<u>10.7</u>	<u>42.7</u>	<u>7.8</u>	<u>8.9</u>
<b>ATLANTIC DEVELOPMENT COUNCIL</b>													
Operating Costs				*	*	*	.3	.4	.4	.4	1.5	.6	.6
Other Programs				.2	2.0	.4	.4	-	-	-	3.0	-	-
				<u>.2</u>	<u>2.0</u>	<u>.4</u>	<u>.7</u>	<u>.4</u>	<u>.4</u>	<u>.4</u>	<u>4.5</u>	<u>.6</u>	<u>.6</u>
<b>ATLANTIC REGION</b>													
Operating Costs	1.9	1.0	1.6	1.2	1.0	4.8	6.9	7.2	8.4	9.3	43.3	10.8	11.9
G.D.A. Subs	-	-	-	-	-	66.7	98.2	110.6	132.1	144.0	551.6	157.6	204.0
Industrial Incentives	14.4	22.8	39.9	23.8	26.4	16.6	23.2	24.0	17.2	13.5	221.8	25.3	27.4
Other Programs	97.3	151.6	101.3	128.8	138.0	113.5	82.9	69.1	44.7	42.2	969.4	37.4	37.5
<b>TOTAL</b>	<u>113.6</u>	<u>175.4</u>	<u>142.8</u>	<u>153.8</u>	<u>165.4</u>	<u>201.6</u>	<u>211.2</u>	<u>210.9</u>	<u>202.4</u>	<u>209.0</u>	<u>1,786.1</u>	<u>231.1</u>	<u>280.8</u>

Economic Overview

ATLANTIC REGION  
ECONOMIC OVERVIEW

OVERVIEW

The performance of the regional economy in 1978 was mixed. The devaluation of the Canadian Dollar and the reduction in sales tax, in effect from April to October, had a strong stimulative effect. Retail sales and exports recorded sharp gains over the previous year. The manufacturing sector has also shown considerable improvement over the previous year. On the other hand, fiscal year-end results are expected to show lower overall growth than for Canada as a whole partly explained by the effects of the Western oil boom on the Canadian economy. Major weaknesses were evident in the mining and construction industries. Nevertheless, 1978 was a year of dramatic growth in employment.

Labour Market

In 1978, the region recorded the highest rate of employment growth since 1973. Total employment grew by 4.1 percent to 755,000. The labour force rose at the same rate and, as a result, the unemployment rate remained unchanged at 12.5 percent. The unemployment ratio, which measures the extent to which an economy absorbs its population of working age, rose by one percentage point to 48 percent. In comparison, employment for Canada grew by 3.4 percent and, as the Canadian economy was unable to accommodate its growing labour force, the rate of unemployment for Canada rose from 8.1 percent in 1977 to 8.4 percent in 1978. As a result, the gap in the rate of unemployment between Canada and the Atlantic Region was reduced from 4.4 percentage points in 1977 to 4.1 percentage points in 1978.

\* In the first four months of 1979, employment grew at 4.8 percent compared to 4.2 percent for Canada over the corresponding period of 1978. However, as the increase was slightly higher than the labour force growth rate, the unemployment rate decreased to 12.7 percent.

Sectoral Performance

Partly in response to the reduction in sales tax, retail sales in Atlantic Canada grew by over 14 percent in 1978 over 1977. This increase was higher than that recorded for Canada (11.6 percent) despite a slightly smaller increase in total wages and salaries, 8.5 percent compared to 8.7 percent for Canada.

\* As of May 15, 1979



In the primary sector, the value of fish landings reported for 1978 was up 29.7 percent over the previous year, although the volume of catches increased by only 6.3 percent.

Lumber production in 1978 was up by 15.5 percent while pulpwood production in 1978 was up by 2.2 percent over 1977. The value of farm cash receipts increased by 10.4 percent compared to 17.3 percent for Canada.

Manufacturing shipments, in 1978, rose dramatically over 1977, by 20.1 percent. These were also reflected in export trade, which recorded an increase of 16.4 percent. Both of these are partly attributable to the devaluation of the Canadian dollar. Of most significance is the manufacturing investment in the Region, which decreased by 0.4 percent compared to growth in Canada of 2.6 percent in 1978. The 1979 performance is expected to show improvements with a forecast investment of 24 percent over 1978 for the Region, compared to 8.9 percent for Canada.

The performance of the construction industry is mixed. Total housing starts were down by almost 14 percent in 1978 from 1977. This compares to a decline of 7.3 percent for Canada as a whole. On the other hand, the value of building permits was up by 15.7 percent, compared to 5.8 percent for Canada.

Total investments (excluding repair expenditures) grew by 12.6 percent in the Region in 1978, and are expected to further increase by 10 percent in 1979. The comparable Canadian figures are 7.8 percent in 1978 and 8.9 percent in 1979.

SELECTED CURRENT INDICATORS  
PERCENTAGE CHANGE OVER PREVIOUS PERIOD  
ATLANTIC REGION AND CANADA

	<u>ATLANTIC</u> <u>1978</u>	<u>CANADA</u> <u>1978</u>
<u>RATES:</u>		
Unemployment rate (Jan-Dec)	12.5	8.4
Participation rate (Jan-Dec)	54.8	62.6
Employment rate (Jan-Dec)	48.0	57.4
<u>PERCENTAGE CHANGES:</u>		
	<u>1978/77</u>	<u>1978/77</u>
Labour force (Jan-Dec)	4.1	3.7
Employment (Jan-Dec)	4.1	3.4
Wages and Salaries (Jan-Dec)	8.5	8.7
Consumer Expenditures		
Retail Sales (Jan-Dec)	14.1	11.6
Investment (Excluding repair expenditures)		
i) Total - 1979*/78	10.0	8.9
ii) Manufacturing - 1979*/78	24.3	8.9
Construction		
i) Value of building permits (Jan-Dec)	15.7	5.8
ii) Housing starts		
a) Urban centres (Jan-Dec)	-30.6	-10.8
b) All areas (Jan-Dec)	-13.8	- 7.3
Manufacturing		
i) Value of total shipment (Jan-Dec)	20.1	18.8
ii) Value of paper & allied (Jan-Oct)	6.6	13.4
iii) Value of wood industries (Jan-Oct)	39.4	28.0
Exports-province of lading (Jan-Dec)	16.4	18.8
Forestry		
i) Pulpwood production (Jan-Dec)	2.2	2.8
ii) Lumber production (Jan-Dec)	15.5	7.1
Fish Landings		
i) Value (Jan-Dec)	29.7	26.4
ii) Volume (Jan-Dec)	6.3	3.3
Farm Cash Receipts (Jan-Dec)	10.4	17.3

(1) January to April

\* Intentions 1979

SELECTED CURRENT INDICATORS  
ATLANTIC REGION AND CANADA

<u>RATES</u>	<u>ATLANTIC</u>		<u>CANADA</u>	
	<u>JAN-APR</u>		<u>JAN-APR</u>	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
Unemployment rate-adjusted	12.7	12.8	7.9	8.4
Participation rate-adjusted	55.8	54.4	63.3	62.2
Employment ratio-adjusted	48.8	47.5	58.3	57.0

<u>PERCENTAGE CHANGE</u>	<u>ATLANTIC</u>			<u>CANADA</u>		
	<u>JAN-APR</u>			<u>JAN-APR</u>		
	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>
Labour force-adjusted -000-	891	851	4.6	11,134	10,745	3.6
Employment-adjusted -000-	778	742	4.8	10,252	9,840	4.2

G.D.A. - Subsidiary Agreements

ATLANTIC REGION  
SUMMARY  
SIGNED SUBSIDIARY AGREEMENTS, PEI DEVELOPMENT PLAN  
(to May 31, 1979)

<u>Number of Agreements Signed</u>	<u>Province</u>	<u>(\$000's)</u>		
		<u>Estimated Cost</u>	<u>Federal Share</u>	<u>Provincial Share</u>
16	Newfoundland	403,075	346,105	56,970
11	Nova Scotia	347,847	244,952	102,895
17	<u>New Brunswick</u>	<u>460,345</u>	<u>346,700</u>	<u>113,645</u>
44	TOTAL SUBSIDIARY AGREEMENTS	1,211,267	937,757	273,510
1	PEI Development Plan	173,650	141,000	32,650
-	<u>Power Transmission Cable</u>	<u>36,000</u>	<u>27,000</u>	<u>9,000</u>
1	TOTAL PEI DEVELOPMENT PLAN	209,650	168,000	41,650
	TOTAL SUBSIDIARY AGREEMENTS AND PEI DEVELOPMENT PLAN	1,420,917	1,105,757	315,160

Incentives

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION  
ATLANTIC REGION

ESTIMATED AMOUNT OF INCENTIVE GRANTS\*  
July 1, 1969 to December 31, 1978

(MILLIONS)

	<u>NFLD.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>TOTAL</u>
FOOD AND BEVERAGES	3	7	7	11	28
FISH PROCESSING	15	2	8	6	31
RUBBER AND CHEMICAL	0	0	15	2	17
WOOD AND FURNITURE	1	1	9	20	31
METAL FABRICATING, MACHINERY, ETC.	2	3	25	13	43
ELECTRICAL	1	0	3	2	6
OTHER	3	2	12	17	34
<hr/>					
TOTAL	25	15	79	71	190

\* Actual payment data used for completed projects; offer amount used for projects not completed.

Other Programs



ATLANTIC REGIONAL OFFICE  
Other Agreements & Programs  
DREE Expenditures - April 1, 1969 to March 31, 1979  
(\$000's)

<u>Agreement/Program</u>	<u>Duration</u>	<u>Expenditures Contr. &amp; Loans Grants</u>	<u>Remaining Commitment</u>
ADB Infrastructure	(Complete)	46	-
Canada/Council of Maritime Premiers Surveying, Mapping & Land Registration Agreement (LRIS)	1973-78	26,088	141
Canada/Council of Maritime Premiers Surveying, Mapping & Land Registration Agreement (LRIS)	1978-80		
Canada/Atlantic Provinces Atlantic Management Institute Agreement (AMI)	1973-78 (Complete)	1,395	-
Canada/St. Francis Xavier University - Atlantic Region Labor Education Centre (ARLEC)	1972-78 (Complete)	868	-
Canada/Maritime Provinces Engineering - Services Agreement (MRMS)	1972-76 (Complete)	2,000	-
Canada/Atlantic Provinces/ Atlantic Transportation Commission - Physical Distribution Advisory Service (PDAS) #1	1973-78	386	-

1.7-1a

<u>Agreement/Program</u>	<u>Duration</u>	<u>Expenditures Contr. &amp; Loans Grants</u>	<u>Remaining Commitment</u>
Canada/Atlantic Provinces/ Atlantic Transportation Commission - Physical Distribution Advisory Service (PDAS) #2	1978-83	100	400
Grants - Atlantic Provinces Economic Council	(Complete)	24	-
Grants - Atlantic Development Council	(Complete)	2	-
Industrial Opportunity Studies	(Complete)	53	-
Regional Export Development	(Complete)	78	-
Grants - Institute of Public Affairs	(Complete)	3	-
Canada/Atlantic Provinces Management Training Agreement	1978-83	368	1,782
	TOTAL	<u>31,365</u>	<u>2,323</u>

1.7-1b

REGIONALCANADA - ATLANTIC PROVINCES MANAGEMENT TRAINING AGREEMENT  
(1978-83)Programs/Description

The purpose of this Agreement is to provide a practical means for increasing managerial effectiveness of practising managers in the Atlantic Region, through cost sharing with the four provincial governments, the costs incurred in the development and delivery of management training courses for these managers.

The Agreement has two programs:

- 1) Research and Development;
- 2) Supply Support (seminar delivery).

Cost sharing for these programs is 80:20. In addition, each province has set up and funds an administrative structure to coordinate the development and delivery efforts in each particular province.

Courses are offered and are based on needs assessments that are carried out in each province.

Estimated Cost

<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
2,687,500	2,150,000	537,500

\* It should be noted that the above costs do not include provincial costs for administration. Also, the Agreement runs for five years, April 1, 1978, to March 31, 1983, and DREE contributions decrease in the final two years as follows:

1978-79	- \$500,000
1979-80	- \$500,000
1980-81	- \$500,000
1981-82	- \$400,000
1982-83	- \$250,000

REGIONAL

CANADA/ATLANTIC PROVINCES TRANSPORTATION COMMISSION PHYSICAL  
DISTRIBUTION ADVISORY SERVICES AGREEMENT  
(1978-83)

(000's)

<u>Programs Description</u>	<u>Total</u>	<u>Estimated Cost</u>	
		<u>Federal</u>	<u>Provincial</u>
To establish an agency to provide shippers in the Atlantic Region with advice on matters such as freight transportation, warehousing, materials handling, protective packaging, inventory control, plant and warehouse site selection, order processing, market forecasting, and customer service.	<u>750</u>	<u>500</u>	<u>250</u>
TOTAL	<u><u>750</u></u>	<u><u>500</u></u>	<u><u>250</u></u>

With the signing of the renewed Agreement, the Physical Distribution Advisory Service has established a multi-tier fee structure, which ranges from gratuitous basic service to full cost recovery plus service, depending on the client's ability to pay. It is expected that the Service will be financially self-sufficient by the end of the Agreement's term in 1983.

CANADA/COUNCIL OF MARITIME PREMIERS LAND REGISTRATION &  
INFORMATION SERVICE AGREEMENT  
(1978 - 80)

Programs/Description

This is the second Agreement signed between Canada and the Council of Maritime Premiers. The first Agreement covered the period April 1, 1973, to March 31, 1978.

The 1978-80 Agreement is outlined as follows:

PHASE I - SURVEYS & MONUMENTATION

The major expense consists of densifying the Federal Geodetic Grid. Approximately 1,100 monuments are being emplaced at an approximate cost of \$540,000. Approximately \$740,000 is being spent on metrification and redefinition of the existing 34,000 monuments.

Estimated Cost Phase I

<u>Total</u>	<u>DREE</u>	<u>Council</u>
1,280,000	960,000	320,000

PHASE II - MAPPING

During the term of the Agreement, it is anticipated that LRIS will produce approximately 475 resource maps, 430 urban maps and map 70,000 properties at an approximate cost of \$3,380,000.

Estimated Cost Phase II

<u>Total</u>	<u>DREE</u>	<u>Council</u>
3,380,000	2,535,000	845,000

PHASE III - LAND REGISTRATION

The Phase III Land Registration Program provides for an improved system of land registration utilizing modern technology for collecting, storing, retrieving and processing land registration data. The present registry system will be upgraded to a land titles system based on the Torrens principles of title registration.

Estimated Cost Phase III

<u>Total</u>	<u>DREE</u>	<u>Council</u>
2,440,000	1,830,000	610,000

PHASE IV - LAND DATA BANK

This is a research and development project with emphasis being placed on seeking alternate methods of establishing a viable data bank, which was formerly a Phase IV LRIS program objective. During the term of this Agreement, activity on this Phase is expected to be curtailed.

AGREEMENT SUMMARY -

	<u>ESTIMATED COST</u>		
	<u>Total</u>	<u>DREE</u>	<u>Council</u>
Phase I	1,280,000	960,000	320,000
Phase II	3,380,000	2,535,000	845,000
Phase III	<u>2,440,000</u>	<u>1,830,000</u>	<u>610,000</u>
TOTAL	7,100,000	5,325,000	1,775,000

Agreements in Preparation

OTHER AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
REGIONAL INITIATIVES	Amendment No. 2 to the Canada/ Council of Maritime Premiers Surveying, Mapping and Land Registration Agreement	Phase V Agreement Conclusion	<p>An amendment to add \$3 million to the current Agreement specifically for cost sharing of externally contracted work or services over fiscal years 1979-80 and 1980-81 is proposed in response to a proposal to DREE and the Office for Federal-Provincial Relations from the Council. The assistance would soften the impact on private sector firms arising from the decision to withdraw funding support for LRIS.</p> <p>The submission is pending Treasury Board consideration.</p>
REGIONAL INITIATIVES	Canada/Council of Maritime Premiers Maritime Forest Ranger School	Phase IV Agreement Negotiation	<p>A proposal has been received from the Council of Maritime Premiers for construction of a new Maritime Forest Ranger School to replace the present temporary (built in 1946) facilities and to accommodate increased enrollment. In addition, the proposal includes provision for construction of a sawmill training facility to serve the Maritimes. Federal contribution to the project would be approximately \$8 million.</p> <p>The Minister responded (January 30, 1979) to a letter from the Council on the subject of cost sharing to the effect that a federal contribution of 50% of the cost of the school would be appropriate. Negotiations are continuing.</p>



NEW BRUNSWICK

SUMMARY  
DREE - NEW BRUNSWICK ACTIVITIES  
1974-79

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During the period between April 1974 and April 1979, the Government of Canada and the Province of New Brunswick signed 16 agreements under the Canada-New Brunswick General Development Agreement, with a total funding of \$434.1 million including federal funding of \$326.3 million. The cost-sharing ratio for these agreements normally is 80 percent federal, 20 percent provincial, although some project components range down to 50:50. Agreements signed in the 1974-76 period covered Highways, Industrial Development, Forestry, Tourism, Minerals and Fuels, Agriculture, Kent Region Pilot Project and Planning. In the 1976-78 period, a major agreement for Northeast New Brunswick, a multi-year Highways Agreement and a second Agriculture Agreement were signed. The Developing Regions Agreement was signed in May 1979 and a proposed agreement for Saint John (Market Square Development) is under active consideration.

Over the next year, it is proposed that special emphasis will be given to the industrial and forestry sectors, strengthening of the pulp and paper industry, and new initiatives in the urban centres of the province. Major subsidiary agreements are being discussed for Industrial Development, Forestry, as well as a Pulp and Paper Industry Modernization Agreement. In addition, further expansion of the Saint John Shipbuilding and Drydock facilities will be considered, to supplement the support already announced by the Department of Industry, Trade and Commerce to expand the drydock. Future initiatives relating to the large urban centres - particularly Saint John and Moncton, are also anticipated.

Formal relations by DREE with the Province of New Brunswick are through the Secretary to the Cabinet Committee on Economic Development. Implementation of agreements under the GDA is through the General Manager, New Brunswick Community Improvement Corporation. Contacts at the Deputy Minister level of line departments, (including Agriculture, Commerce and Development, Highways, Natural Resources, Municipal Affairs and Tourism) are also maintained by DREE New Brunswick.

The review process includes an annual General Development Agreement meeting between the Premier of New Brunswick and the DREE Minister. As part of this process, a review is made of progress under the GDA and a general discussion covering future federal-provincial initiatives takes place. The review process also involves a federal-provincial press briefing following the GDA Annual Review.

Economic Overview

NEW BRUNSWICK  
ECONOMIC OVERVIEW

OVERVIEW

The performance of the New Brunswick economy during 1978 was mixed. The Conference Board in Canada shows a growth rate of 1.5 percent for the year, yet total employment grew by 5.3 percent according to Statistics Canada. The agriculture sector and mining industry had weak performances. On the other hand, the manufacturing and construction sectors posted appreciable gains.

Labour Market

Employment in New Brunswick increased dramatically by 5.3 percent. This is the highest growth rate recorded in the Region, and more than absorbed the increase in the labour force. Consequently, the rate of unemployment declined from 13.2 percent in 1977 to 12.6 percent in 1978. However, it was still slightly above the regional rate. In the first four months of 1979, employment did not maintain this high growth but nevertheless it remained higher than the labour force growth rate. Thus the unemployment rate has decreased to 11.8 for this period. Sub-provincially, the rates of unemployment in March varied from 9.8 percent in the Southwest New Brunswick (Saint John) to 19.1 percent in the Northeast.

Sectoral Performance

Available data indicate that the primary sector had a weak performance in 1978. Farm cash receipts for the year show a modest increase of 8.2 percent over 1977. Due to generally soft markets for base metals, output is estimated to be slightly lower than in 1977. However, prices were firming at the end of the year, and 1979 may show some improvements. Pulpwood production was 6.8 percent higher than in 1977. On the other hand, lumber production was up by 27.8 percent in 1978. While the reported value of fish landings increased by 25.6 percent, the volume increased by only 1.2 percent from 1977.

Based on the value of building permits issued and total housing starts, the construction industry appears to have fared reasonably well during 1978. Building permits were valued 23.2 percent higher in 1978 than a year earlier while housing starts were up by 19.9 percent.

Retail sales grew by 12.3 percent in 1978 and wages and salaries by 8.6 percent.

The manufacturing industry experienced considerable improvements in 1978. This is partly due to the devaluation of the Canadian dollar. Total value of manufacturing shipments in 1978 was up by 20.3 percent. Major sources of growth were the wood industries and food and beverages. Exports increased by 11 percent over the previous period.

SELECTED CURRENT INDICATORS  
PERCENTAGE CHANGE OVER PREVIOUS PERIOD  
ATLANTIC REGION AND NEW BRUNSWICK

	<u>ATLANTIC</u> <u>1978</u>	<u>N.B.</u> <u>1978</u>
<u>RATES:</u>		
Unemployment rate (Jan-Dec)	12.5	12.6
Participation rate (Jan-Dec)	54.8	55.0
Employment rate (Jan-Dec)	48.0	48.1
<u>PERCENTAGE CHANGES:</u>		
	<u>1978/77</u>	<u>1978/77</u>
Labour Force (Jan-Dec)	4.1	4.6
Employment (Jan-Dec)	4.1	5.3
Wages and Salaries (Jan-Dec)	8.5	8.6
Consumer Expenditures		
Retail Sales (Jan-Dec)	14.1	12.3
Investment (Excluding repair expenditures)		
i) Total - 1979*/78	10.0	4.2
ii) Manufacturing - 1979*/78	24.3	6.3
Construction		
i) Value of building permits (Jan-Dec)	15.7	33.0
ii) Housing starts		
a) Urban centres (Jan-Dec)	-30.6	- 4.2
b) All areas (Jan-Dec)	-13.8	19.9
Manufacturing		
i) Value of total shipment (Jan-Dec)	20.1	20.3
ii) Value of paper & allied (Jan-Oct)	6.6	10.2
iii) Value of wood industries (Jan-Oct)	39.4	48.8
Exports-province of lading (Jan-Dec)	16.4	11.0
Forestry		
i) Pulpwood production (Jan-Dec)	2.2	6.8
ii) Lumber production (Jan-Dec)	15.5	27.8
Fish Landings		
i) Value (Jan-Dec)	29.7	25.6
ii) Volume (Jan-Dec)	6.3	1.2
Farm Cash Receipts (Jan-Dec)	10.4	8.2

(1) January to April

\* Intentions 1979

SELECTED CURRENT INDICATORS  
ATLANTIC REGION AND NEW BRUNSWICK

<u>RATES</u>	<u>ATLANTIC</u>		<u>N.B.</u>	
	<u>JAN-APR</u>		<u>JAN-APR</u>	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
Unemployment rate-adjusted	12.7	12.8	11.8	13.3
Participation rate-adjusted	55.8	54.4	55.5	55.0
Employment ratio-adjusted	48.8	47.5	49.0	47.7

<u>PERCENTAGE CHANGE</u>	<u>JAN-APR</u>			<u>JAN-APR</u>		
	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>
Labour force-adjusted -000-	891	851	4.6	279	271	3.0
Employment-adjusted -000-	778	742	4.8	246	235	4.7

G.D.A. - Subsidiary Agreements



NEW BRUNSWICK

DREE  
Expenditures  
To 31-03-79  
(\$000's)

	Sub Agreement	Period		Estimated Cost (000's)			Cost Sharing Ratio Federal/Province
		From	To	Federal	Prov.	Total	
8,960	Agriculture Development (75-78)	17-02-75	31-03-78	9,473	2,368	11,841	80/20
1,878	Agriculture Development (78-83)	22-03-78	31-03-83	27,698	6,924	34,622	80/20
41,378	Forestry	15-10-74	31-03-80	49,303	12,325	61,628	80/20
-	Forestry Amendment #3	21-07-78	31-03-82	9,600	3,000	12,600	
9,968	Highways 1974-75	24-06-74	31-03-75	10,000	3,335	13,335	75/25
8,663	Highways 1975-76	16-12-75	31-03-76	8,768	2,922	11,690	75/25
8,675	Highways 1976-77	24-06-75	31-03-77	9,000	3,000	12,000	75/25
21,449	Highways 1977-80	11-02-77	31-03-80	42,000	14,000	56,000	75/25
17,576	Industrial Development	17-02-75	31-03-80	24,182	6,046	30,228	80/20
3,993	Kent Region Pilot Project	17-02-75	31-03-80	6,201	1,550	7,751	80/20
3,387	King's Landing	17-02-75	31-03-77	3,514	879	4,393	80/20
5,120	Minerals and Fuels	24-06-76	31-03-81	9,050	2,263	11,313	80/20
173	Mirimachi Channel Study	17-02-75	31-03-75	264	88	352	75/25
10,780	Northeast N.B.	23-06-77	31-03-82	67,175	28,325	95,500	75/25 50/50 0/100

2.2-1a

DREE Expenditures To 31-03-79 (\$000's)	Sub Agreement	Period		Estimated Cost (000's)			Cost Sharing Ratio
		From	To	Federal	Prov.	Total	Federal/Province
901	Planning	16-12-75	31-03-80	2,437	2,438	4,875	50/50
26,734	Saint John & Moncton	17-02-75	31-03-81	35,840	15,360	51,200	70/30
	Arterial Highways						
8,181	Tourism	16-12-75	31-03-80	11,794	2,949	14,743	80/20
-	Developing Regions	17-05-79	31-03-83	20,401	5,873	26,274	80/20 75/25
<u>177,816</u>				<u>346,700</u>	<u>113,645</u>	<u>460,345</u>	

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTAGRICULTURAL DEVELOPMENT  
(1975-1978)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Planning and Development	1,133,000	906,400	226,600
2. Development Opportunities	6,457,000	5,165,600	1,291,400
3. Entrepreneurial Development	1,583,500	1,266,800	316,700
4. Implementation Support	<u>1,123,000</u>	<u>898,400</u>	<u>224,600</u>
15% Contingency	<u>1,544,475</u>	<u>1,235,580</u>	<u>308,895</u>
TOTAL	11,840,975	9,472,780	2,368,195

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTDEVELOPMENT OF AGRICULTURAL RESOURCES  
(1978-1983)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Human Resource Development	4,000,000	3,200,000	800,000
2. Marketing & Industrial Development	4,130,000	3,304,000	826,000
3. Agricultural Facilities	6,440,000	5,152,000	1,288,000
4. Agricultural Resource Development	14,600,000	11,680,000	2,920,000
5. Technology Transfer	2,250,000	1,800,000	450,000
6. Implementation	<u>3,202,500</u>	<u>2,562,000</u>	<u>640,500</u>
TOTAL	34,622,500	27,698,000	6,924,500

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTFORESTRY  
(1974-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Forest Management	41,989,000	33,591,200	8,397,800
2. Resource Utilization	3,966,000	3,172,800	793,200
3. Manpower Development Research & Public Information	2,316,000	1,852,800	463,200
4. Administration	1,415,000	1,132,000	283,000
5. Pilot Project	<u>3,904,000</u>	<u>3,123,200</u>	<u>780,800</u>
	53,590,000	42,872,000	10,718,000
15% Contingency Allowance	<u>8,038,500</u>	<u>6,430,800</u>	<u>1,607,700</u>
TOTAL	61,628,500	49,302,800	12,325,700
<u>Amendment No. 3 (78-82)</u>			
1. Resource Development & Accelerated Employment	<u>12,600,000</u>	<u>9,600,000</u>	<u>3,000,000</u>
TOTAL	74,228,500	58,902,800	15,325,700

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTHIGHWAYS  
(1974-1975)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Campbellton - Dalhousie Bypass (construction and paving)	2,500,000	1,875,000	625,000
2. Bathurst Bypass to Belledune (design, construc- tion and grading)	3,275,000	2,455,000	820,000
3. Shediac North - Route 11 (construc- tion and grading)	2,460,000	1,845,000	615,000
4. Shediac to Moncton (Construction and paving)	1,600,000	1,200,000	400,000
5. Caraquet to Chatham Bridge (Route 11)	<u>3,500,000</u>	<u>2,625,000</u>	<u>875,000</u>
TOTAL	13,335,000	10,000,000	3,335,000

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTHIGHWAYS  
(1975-1976)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Moncton to Campbellton - Route 11 (structural and alignment improvements)	9,740,000	7,305,000	2,435,000
2. Plaster Rock - Renous Highway Route 109 (highway construc- tion, upgrading and chip sealing)	950,000	712,500	237,500
3. St. Leonard to St. Quentin - Route 17 (structural and alignment improve- ments, grading and widening)	400,000	300,000	100,000
4. Newcastle to Bathurst - Route 8 (Bridge construction, approaches and grading)	<u>600,000</u>	<u>450,000</u>	<u>150,000</u>
TOTAL	11,690,000	8,767,500	2,922,500

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTHIGHWAYS  
(1976-1977)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Campbellton - Dalhousie Bypass (Route 11) (To continue construction of a controlled access highway)	997,760	748,320	249,440
2. Belledune to Bathurst (Route 11) (To continue construction of structural and alignment improvements)	763,021	572,266	190,755
3. Chatham to Bathurst (Route 8) (bridge construction, approaches paving and finalizing projects)	847,318	635,489	211,829
4. Rexton to Moncton (Route 11) (Continue construction of Route 11)	4,751,425	3,563,569	1,187,856
5. Bathurst to Chatham (Coastal Route 11) (design and construct certain sections of Coastal Route 11)	3,629,861	2,722,396	907,465
6. St. Leonard to St. Quentin (Route 17)	665,738	499,303	166,435
7. Plaster Rock - Renous Highway (Route 109) (To continue structural and alignment improvements)	<u>344,877</u>	<u>258,657</u>	<u>86,220</u>
TOTAL	12,000,000	9,000,000	3,000,000



CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTHIGHWAYS  
(1977-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Campbellton - Dalhousie Bypass (Route 11) (grading paving, signing, lighting, road construction and structure)	8,700,000	6,525,000	2,175,000
2. Belledune to Bathurst (Route 11) (Paving signing, interchange, bypass and access road construction)	8,300,000	6,225,000	2,075,000
3. Chatham to St. Margarets (Route 11) (Highway reconstruction)	5,000,000	3,750,000	1,250,000
4. Rexton to Shediac (Route 11) (Construction of highways and structures)	13,800,000	10,350,000	3,450,000
5. Coastal Route 11 (upgrading and bridge construction, paving)	8,300,000	6,225,000	2,075,000
6. Central Peninsula Access Road (Route 360) (Access road upgrading)	2,500,000	1,875,000	625,000
7. Carry-over projects (completion of projects)	800,000	600,000	200,000
8. Other Northeast Access Roads (Route 8 and Route 17)	8,000,000	6,000,000	2,000,000
9. Planning Provision	<u>600,000</u>	<u>450,000</u>	<u>150,000</u>
TOTAL	56,000,000	42,000,000	14,000,000

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTINDUSTRIAL DEVELOPMENT  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Planning of Industrial Development	2,850,000	2,280,000	570,000
2. Regional Industrial Development	4,425,000	3,540,000	885,000
3. Assistance to Manufacturing	4,350,000	3,480,000	870,000
4. Provisions of Industrial Infrastructure	<u>14,660,000</u>	<u>11,728,000</u>	<u>2,932,000</u>
	26,285,000	21,028,000	5,257,000
15% Contingency	<u>3,942,750</u>	<u>3,154,200</u>	<u>788,550</u>
TOTAL	30,227,750	24,182,200	6,045,550

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTKENT REGION PILOT PROJECT  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Resource Development and Technical Support	4,335,000	3,468,000	867,000
2. Infrastructure	1,550,000	1,240,000	310,000
3. Administration	<u>855,000</u>	<u>684,000</u>	<u>171,000</u>
	6,740,000	5,392,000	1,348,000
15% Contingency	<u>1,011,000</u>	<u>808,800</u>	<u>202,200</u>
TOTAL	7,751,000	6,200,800	1,550,200

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTKING'S LANDING HISTORICAL SETTLEMENT  
(1975-1977)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Completion of Historical Settlement			
1.1 Completion of site development	1,120,000	896,000	224,000
1.2 Construction of interchange	1,750,000	1,400,000	350,000
1.3 Construction of visitor reception centre, parking lot and access road	920,000	736,000	184,000
1.4 Water Transpor- tation Pilot Project	<u>30,000</u>	<u>24,000</u>	<u>6,000</u>
	3,820,000	3,056,000	764,000
15% Contingency	<u>573,000</u>	<u>458,400</u>	<u>114,600</u>
TOTAL	4,393,000	3,514,400	878,600

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTMINERALS AND FUELS DEVELOPMENT  
(1976-1981)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Opportunity Identification	5,487,500	4,390,000	1,097,500
2. Opportunity Development	<u>4,350,000</u>	<u>3,480,000</u>	<u>870,000</u>
	9,837,500	7,870,000	1,967,500
15% Contingency	<u>1,475,625</u>	<u>1,180,500</u>	<u>295,125</u>
TOTAL	11,313,125	9,050,500	2,262,625

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTMIRAMICHI CHANNEL STUDY  
(1975)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Miramichi Channel Field Surveys			
1.1 Main Field Work	291,000	218,250	72,750
1.2 Channel Bottom Sampling Survey	<u>14,600</u>	<u>10,950</u>	<u>3,650</u>
	350,600	229,200	76,400
15% Contingency	<u>45,840</u>	<u>34,380</u>	<u>11,460</u>
TOTAL	351,440	263,580	87,860

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTNORTHEAST NEW BRUNSWICK  
(1977-1982)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Industrial Development	24,000,000	18,000,000	6,000,000
2. Urban - Industrial Infrastructre	23,100,000	17,300,000	5,800,000
3. Resource Development	26,500,000	19,825,000	6,675,000
4. Human Resources Development	12,000,000	5,625,000	6,375,000
5. Special Housing Program	1,900,000	1,425,000	475,000
6. Management & Implementation	<u>8,000,000</u>	<u>5,000,000</u>	<u>3,000,000</u>
TOTAL	95,500,000	67,175,000	28,325,000

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTPLANNING  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. To provide federal and provincial funds required to acquire external staff and services to undertake studies and to carry out planning activities required to identify and analyse economic and socio-economic development needs and opportunities, and to develop and implement strategies, programs and subsidiary agreements pursuant to those needs and opportunities	<u>4,875,000</u>	<u>2,437,500</u>	<u>2,437,500</u>
TOTAL	4,875,000	2,437,500	2,437,500



CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENT  
SAINT JOHN AND MONCTON ARTERIAL HIGHWAYS  
(1975-1981)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Saint John Throughway	26,700,000	18,690,000	8,010,000
2. Wheeler Boulevard & Shediac Highway (Moncton area)	<u>24,500,000</u>	<u>17,150,000</u>	<u>7,350,000</u>
TOTAL	51,200,000	35,840,000	15,360,000

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTTOURISM DEVELOPMENT  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Essential Resource Services	5,550,000	4,440,000	1,110,000
2. Infrastructure	<u>7,270,000</u>	<u>5,816,000</u>	<u>1,454,000</u>
	12,820,000	10,256,000	2,564,000
15% Contingency	<u>1,923,000</u>	<u>1,538,400</u>	<u>384,600</u>
TOTAL	14,743,000	11,794,400	2,948,600

CANADA/NEW BRUNSWICK SUBSIDIARY AGREEMENTDEVELOPING REGIONS

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Resource and Industrial Development			
1.1 Northwest Region	3,860,000	3,088,000	772,000
1.2 Miramichi Region	2,345,000	1,876,000	469,000
1.3 Grand Lake Region	3,350,000	2,680,000	670,000
1.4 Charlotte Region	<u>4,365,000</u>	<u>3,492,000</u>	<u>873,000</u>
SUB-TOTAL	<u>13,920,000</u>	<u>11,136,000</u>	<u>2,784,000</u>
2. Municipal Development			
2.1 Northwest Region	7,317,000	5,487,750	1,829,250
2.2 Miramichi Region	3,841,000	2,880,750	960,250
2.3 Grand Lake Region	629,000	471,750	157,250
2.4 Charlotte Region	<u>567,000</u>	<u>425,250</u>	<u>141,750</u>
SUB-TOTAL	<u>12,354,000</u>	<u>9,265,500</u>	<u>3,088,500</u>
TOTAL	<u>26,274,000</u>	<u>20,401,500</u>	<u>5,872,500</u>

Subsidiary Agreements in Preparation

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
NEW BRUNSWICK	Saint John Market Square	Phase V Agreement Conclusion	The Market Square development is a major urban core redevelopment initiative to include a housing, hotel, industry and trade centre, office and retail space, etc. A federal funding proposal was prepared and accepted by the City of Saint John and the developer. Federal participants include CMHC, DPW, National Harbours Board and DFE (Small Craft Harbours). Implementation arrangements are presently under review and the submission is being prepared. The DREE share of costs is estimated at \$7-8 million.

PREPARED BY: Coordination - Moncton, N.B.

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
NEW BRUNSWICK	Saint John Dry Dock Expansion	Phase II Detailed Analysis	This proposal envisages possible financial support from DREE and the Province toward expansion of the Saint John Shipbuilding and Dry Dock Company facilities at Saint John. The federal government has already announced that it will contribute approximately \$10 million toward a \$17 million expansion of the yard for the purpose of providing ship repair capacity for which there is an identified possible clientele. A further expansion would involve additional capacity for shipbuilding purposes. The need for this added capability relates to prospective requirements for large Arctic-class carriers to be used for Arctic oil and gas developments. Discussions with the shipyard and interests in the petroleum industry relate to the likely schedule for the placing of orders for such vessels and the shipyard's ability to deliver such vessels should it be successful in negotiating contracts.

Incentives

RDIA IN NEW BRUNSWICK

The RDIA program has been in effect in New Brunswick since July 1, 1969, and, up to December 31, 1978, a total of 396 offers of incentive assistance to the manufacturing and processing sectors had been accepted. This assistance is forecast at \$71.3 million and involves proposed capital expenditures of \$241.0 million on fixed assets and creation of 8,770 direct jobs.

A geographical distribution of RDIA grants is shown on the attached map. It should be noted that the overall north-south commitment of funds and job creations are closely correlated to population distribution despite the fact that mining and pulp and paper, among the largest employers in the north-east sector, are ineligible for assistance under the program.

Table I is a county-by-county analysis of the amount of grants, expected eligible costs, and expected new direct jobs. Similarly, Table II shows the same data divided by industry classification. Ranking these variables by county indicates that facilities benefitting most under the program were concentrated near the major metropolitan centers and in Gloucester County. On an industry basis, the program has provided the greatest assistance and, consequently, job creations in the wood products and furniture, metalworking, and the food and beverage industries.

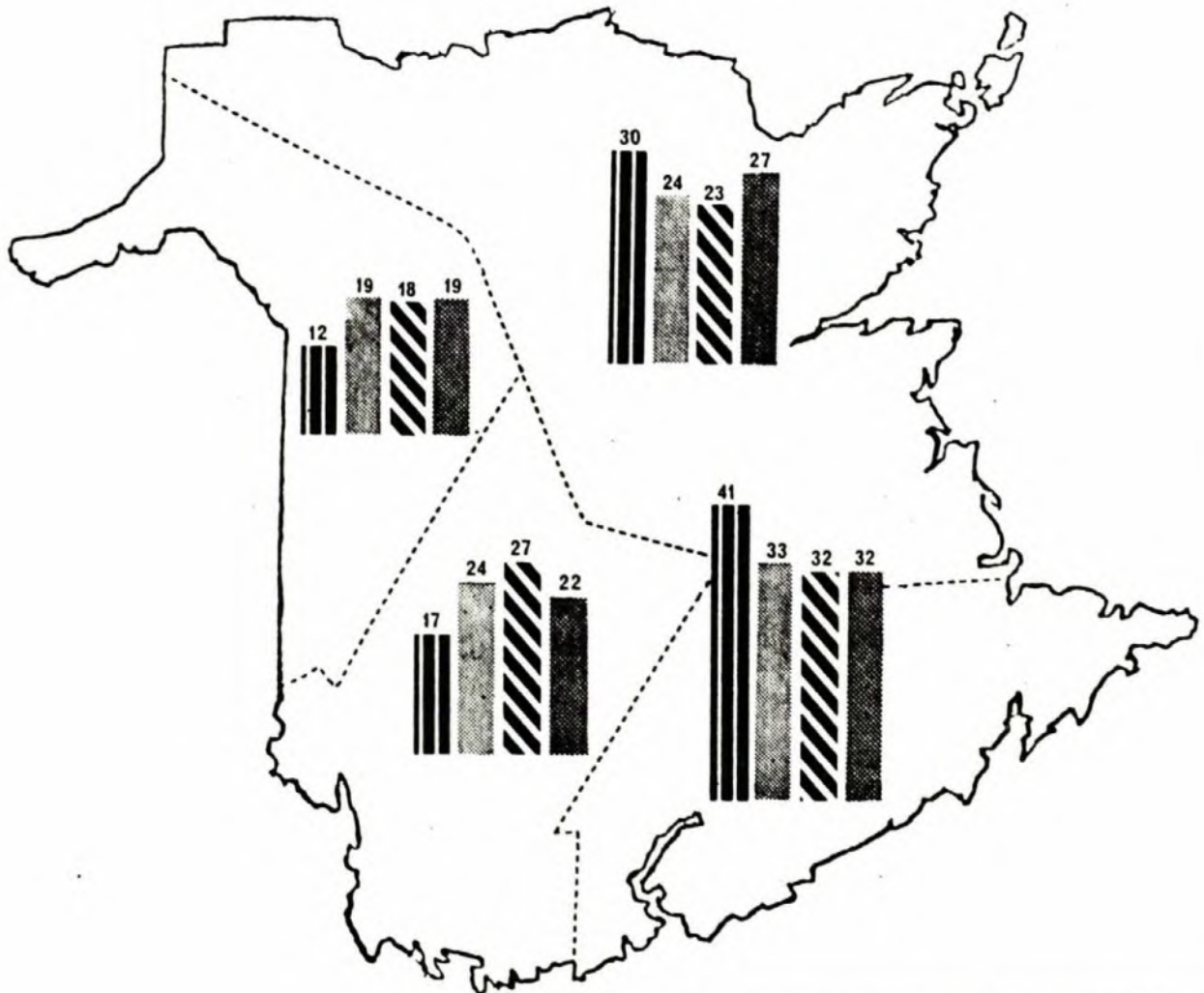
In Tables III and IV, expected direct job creations and the expected amount of incentive grants are compared on a geographic basis versus industry classification. The data show a significant concentration of both jobs and incentive grants which has been serviced by the New Brunswick Multiplex Corporation. The tables also show significant job creations in fish processing in the northeast sector and in the food processing areas of the Saint John River Valley. Both incentive assistance and job creations in the major wood products and furniture industry were fairly evenly distributed throughout the province.

There are five guaranteed loans in force in New Brunswick as at December 31, 1978, with a total value of \$10.6 million. Data shown is for accepted offers of incentive grants. The data is adjusted for any bankruptcies, cessations of operation, and facilities destroyed by fire since receipt of the offer. Expenditures of funds and jobs created are estimated and are based on offers to facilities under construction, as well as to those in operation.



# NEW BRUNSWICK RDIA INCENTIVES BY GEOGRAPHIC AREA

June 1969 – December 1978



■■■ % NEW BRUNSWICK POPULATION  
 ■■■ % EXPECTED \$ INCENTIVE GRANTS  
 ▨ % EXPECTED FIXED ASSET INVESTMENT  
 ■■■ % EXPECTED NEW DIRECT JOBS

TABLE I

NEW BRUNSWICK  
RDIA ACTIVITY BY COUNTY  
JULY 1, 1969 to DECEMBER 31, 1978

<u>County</u>	<u>Population<sup>1</sup></u> <u>('000)</u>	<u>Estimated Amount</u> <u>of Incentive Grants</u> <u>(\$ Millions)</u>	<u>Expected</u> <u>Fixed Asset</u> <u>Investment</u> <u>(\$ Millions)</u>	<u>Expected</u> <u>Direct</u> <u>New Jobs<sup>2</sup></u>
Restigouche	41	1.5	4.6	450
Gloucester	81	8.0	26.5	1,420
Northumberland	54	6.1	21.1	410
Kent	<u>29</u>	<u>1.2</u>	<u>3.5</u>	<u>100</u>
NORTHEAST	<u>205</u>	<u>16.8</u>	<u>55.7</u>	<u>2,390</u>
Madawaska	35	2.5	10.4	370
Victoria	21	7.4	21.5	710
Carleton	<u>25</u>	<u>3.8</u>	<u>10.8</u>	<u>620</u>
NORTHWEST	<u>81</u>	<u>13.7</u>	<u>42.8</u>	<u>1,690</u>
Westmorland	106	13.6	45.8	1,680
Albert	22	0.1	0.4	10
Queens	13	0.6	1.9	110
Kings	44	1.9	6.8	240
Saint John	<u>90</u>	<u>7.2</u>	<u>22.4</u>	<u>750</u>
SOUTHEAST	<u>275</u>	<u>23.3</u>	<u>77.3</u>	<u>2,780</u>
Charlotte	25	7.7	28.9	810
York	71	7.4	30.6	830
Sunbury	<u>21</u>	<u>2.2</u>	<u>5.8</u>	<u>250</u>
SOUTHWEST	<u>117</u>	<u>17.4</u>	<u>65.3</u>	<u>1,900</u>
TOTAL <sup>3</sup>	<u>678</u>	<u>71.3</u>	<u>241.0</u>	<u>8,770</u>

Data Source: DIDS master tape, December 31, 1978.

1. Statistics Canada 1976 Census 92-802.
2. Job data rounded to 10's.
3. Columns may not add to subtotals and totals due to rounding.

26/03/79

TABLE II  
 NEW BRUNSWICK  
 RDIA ACTIVITY BY MANUFACTURING SECTOR  
JULY 1, 1969 - DECEMBER 31, 1978

<u>Industry Classification</u>	<u>Estimated Amount Of Incentive Grants (\$ Millions)</u>	<u>Expected Fixed Asset Investment (\$ Millions)</u>	<u>Expected Direct New Jobs<sup>1</sup></u>
Food and Beverage	10.7	35.4	1,300
Fish Processing	6.0	19.4	1,300
Textiles, Leather, Clothing	3.9	10.3	190
Wood and Furniture	19.8	79.0	2,530
Metalworking <sup>2</sup>	12.9	39.2	1,550
Electrical	2.4	5.2	350
Nonmetallic Mineral	4.7	16.9	440
Other	<u>10.8</u>	<u>35.7</u>	<u>1,070</u>
TOTAL <sup>3</sup>	<u>71.3</u>	<u>241.0</u>	<u>8,770</u>

2.4-4

Data Source: DIDS master tape, December 31, 1978.

1. Job data rounded to 10's.

2. Metalworking includes primary metal, machinery, metal fabricating, and transportation equipment industries.

3. Columns may not add to subtotals and totals due to rounding

26/03/79

TABLE III

NEW BRUNSWICK  
GEOGRAPHIC RDIA ASSISTANCE BY MANUFACTURING SECTOR  
ESTIMATED DIRECT JOBS CREATED<sup>1</sup>  
JULY 1, 1969 to DECEMBER 31, 1978

<u>Product Classification</u>	<u>North-East Counties</u>	<u>North-West Counties</u>	<u>South-East Counties</u>	<u>South-West Counties</u>
Food and Beverage	100	730	430	70
Fish Processing	870	-	30	400
Textiles, Leather, Clothing	-	70	30	90
Wood and Furniture	870	510	600	540
Metalworking <sup>2</sup>	170	130	800	460
Electrical	20	150	170	-
Nonmetallic Mineral	10	30	330	70
Other	<u>340</u>	<u>70</u>	<u>390</u>	<u>270</u>
TOTAL <sup>3</sup>	<u>2,390</u>	<u>1,690</u>	<u>2,780</u>	<u>1,900</u>

Data Source: DIDS master tape, December 31, 1978.

1. Data rounded to 10's.
2. Metalworking includes primary metal, machinery, metal fabricating, and transportation equipment industries.
3. Columns may not add to subtotals and totals due to rounding.

26/03/79

TABLE IV

NEW BRUNSWICK  
GEOGRAPHIC RDIA ASSISTANCE BY MANUFACTURING SECTOR  
ESTIMATED AMOUNT OF INCENTIVE GRANTS (\$ MILLIONS)  
JULY 1, 1969 to DECEMBER 31, 1978

<u>Industry Classification</u>	<u>North-East Counties</u>	<u>North-West Counties</u>	<u>South-East Counties</u>	<u>South-West Counties</u>
Food and Beverage	0.7	6.9	2.8	0.4
Fish Processing	3.0	-	0.4	2.6
Textiles, Leather, Clothing	1.1	0.1	1.0	1.6
Wood and Furniture	7.8	4.8	3.2	4.1
Metalworking <sup>1</sup>	1.2	0.7	6.6	4.4
Electrical	0.1	0.6	1.1	0.7
Nonmetallic Mineral	0.1	0.3	3.7	0.6
Other	<u>2.8</u>	<u>0.4</u>	<u>4.7</u>	<u>3.0</u>
TOTAL <sup>2</sup>	<u>16.8</u>	<u>13.7</u>	<u>23.3</u>	<u>17.4</u>

2.4-6

Data Source: DIDS master tape, December 31, 1978.

1. Metalworking includes primary metal, machinery, metal fabricating, and transportation equipment industries.

2. Columns may not add to subtotals and totals due to rounding.

26/03/79

Other Programs

NEW BRUNSWICK  
DREE Expenditures April 1, 1969 to March 31, 1979  
(\$000's)  
Other than Subsidiary Agreements

<u>Program/Agreement</u>	<u>Duration</u>	<u>Expenditures Contr. &amp; Loans</u>	<u>Remaining Commitment</u>
ADB Programs, Coal Subventions Power Development	1969-77	24,673	63
ARDA II, ARDA III	1969-70, 1970-75	4,881	-
Export Trade Promotion	1973-74	17	-
Forest Resources Study	1972-74	389	-
FRED Mactaquac	1966-76	11,166	-
FRED NENB	1966-76	45,548	-
Interim Planning	1974-75	328	-
Moncton Metro Region Planning Study	1970-72	273	-
Mineral Reconnaissance	1970-76	3,655	-
Maritime Marshland Rehabilitation	1969-70	806	-
N.B. Multiplex Corporation	1971-76	1,572	-
N.B. Newstart	1968-76	4,365	-
N.E.N.B. Transportation Study	1974-75	85	-
Surveying, Mapping & Land Registration	1969-73	2,216	-
Surveying, Mapping & Land Registration Accommodation Agreement	1973-74	440	-
Second Special Areas Agreement	1971-76	119,238	800
Special Highways - 1971	1971-75	32,498	-
Industrial Incentives	1969-79	93,500	23,197
	TOTAL	345,650	24,060



PRINCE EDWARD ISLAND

## PRINCE EDWARD ISLAND

From April 1, 1974 to March 31, 1979, DREE has spent approximately \$140 million through the Comprehensive Development Plan. The majority of these expenditures occurred in the Agriculture, Tourism, Industrial Development, Transportation and Education programs. Included in this figure is \$18 million which is DREE's share of the P.E.I. - Mainland Electrical Interconnection Cable.

Some of the major initiatives have been the Family Farm Program which provides assistance to farmers to develop their farms, the Lobster Licence Retirement Program which has provided incentives to fishermen to leave the industry, the development of tourism infrastructure and the construction of industrial parks, malls and factories.

The formal relationship with the Province is through the Joint Advisory Board which consists of five provincial Cabinet Ministers with the Premier as co-chairman and five senior federal officials with the Deputy Minister of DREE as co-chairman. On a day-to-day basis, the Plan is managed by the Federal Plan Manager (Director General, Prince Edward Island) and the Provincial Plan Manager (Deputy Minister, Department of Development).

At least once each year, the Joint Advisory Board meets in Charlottetown and reviews the progress of all sectors and recommends a budget for the following year to the Minister of DREE and the Premier. Approximately every four - five years a major planning effort is undertaken and when approved by both governments and the Joint Advisory Board, the finished product becomes the basic strategy for the following years.

Economic Overview

PRINCE EDWARD ISLAND  
ECONOMIC OVERVIEW

OVERVIEW

The performance of the Prince Edward Island economy has been good for 1978. The major impetus came from the construction industry. The export sector was also a source of strength.

Labour Market

In 1978, employment grew by 3.6 percent. This increase was marginally lower than the growth in the labour force but not sufficiently different to change the unemployment rate which remained at 9.9 percent. The employment ratio, at 52.1 percent, was 4.1 percentage points higher than the Region. For the first four months of 1979 over the corresponding period of 1978, employment grew at 2.2 percent while the labour force increased by 4.0 percent. Consequently, the unemployment rate climbed to 11.7 percent.

Sectoral Performance

The value of fish landings increased by 47 percent in 1978. The volume increase, however, was only 11.4 percent. Farm cash receipts recorded a gain of 9.5 percent.

Activity in the construction industry was buoyant in 1978. Total housing starts were up 46.8 percent and the value of building permits issued during the year increased by 31 percent over the previous year.

Exports, which rose by 28.9 percent, were also another source of strength.

Retail sales rose by 15.9 percent in Prince Edward Island. The increase in tourist traffic and the devaluation of the Canadian dollar are partly responsible for this improvement. It is also noteworthy that wages and salaries rose by 8.9 percent compared to 8.5 percent for the Region.

SELECTED CURRENT INDICATORS  
 PERCENTAGE CHANGE OVER PREVIOUS PERIOD  
ATLANTIC REGION AND PRINCE EDWARD ISLAND

	<u>ATLANTIC</u> <u>1978</u>	<u>P. E. I.</u> <u>1978</u>
<u>RATES:</u>		
Unemployment rate (Jan-Dec)	12.5	9.9
Participation rate (Jan-Dec)	54.8	57.8
Employment rate (Jan-Dec)	48.0	52.1
<u>PERCENTAGE CHANGES:</u>		
	<u>1978/77</u>	<u>1978/77</u>
Labour Force (Jan-Dec)	4.1	3.7
Employment (Jan-Dec)	4.1	3.6
Wages and Salaries (Jan-Dec)	8.5	8.9
Consumer Expenditures		
Retail Sales (Jan-Dec)	14.1	15.9
Investment (Excluding repair expenditures)		
i) Total - 1979*/78	10.0	4.1
ii) Manufacturing - 1979*/78	24.3	-13.0
Construction		
i) Value of building permits (Jan-Dec)	15.7	31.0
ii) Housing starts		
a) Urban centres (Jan-Dec)	-30.6	-49.4
b) All areas (Jan-Dec)	-13.8	46.8
Exports-province of lading (Jan-Dec)	16.4	28.9
Fish Landings		
i) Value (Jan-Dec)	29.7	47.0
ii) Volume (Jan-Dec)	6.3	11.4
Farm Cash Receipts (Jan-Dec)	10.4	9.5

\* Intentions 1979

SELECTED CURRENT INDICATORS  
ATLANTIC REGION AND PRINCE EDWARD ISLAND

<u>RATES</u>	<u>ATLANTIC</u>		<u>P.E.I.</u>	
	<u>JAN-APR</u>		<u>JAN-APR</u>	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
Unemployment rate-adjusted	12.7	12.8	11.7	10.1
Participation rate-adjusted	55.8	54.4	58.5	57.2
Employment ratio-adjusted	48.8	47.5	51.7	51.4

<u>PERCENTAGE CHANGE</u>	<u>JAN-APR</u>			<u>JAN-APR</u>		
	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>
Labour force-adjusted -000-	891	851	4.6	52	50	4.0
Employment-adjusted -000-	778	742	4.8	46	45	2.2

Development Plan

PRINCE EDWARD ISLAND

DREE Expenditures To 31-03-79 (\$000's)	<u>Sub Agreement</u>	<u>Period</u>		<u>Estimated Cost (000's)</u>			<u>Cost Sharing Ratio</u>
		<u>From</u>	<u>To</u>	<u>Federal</u>	<u>Prov.</u>	<u>Total</u>	<u>Federal/Province</u>
105,184	Comprehensive Development						
	Plan - Phase II	01-04-75	31-03-80	141,000	32,650	173,650	100/0
							90/10
							50/50
18,000	Submarine Cable Electrical						
	Interconnection	01-04-75	31-03-77	27,000*	9,000	36,000	75/25
123,184				168,000	41,650	209,650	

\* Includes EM&R Loan of 9,000 to the Province



PRINCE EDWARD ISLANDCOMPREHENSIVE DEVELOPMENT PLANPHASE II - APRIL 1, 1975 TO MARCH 31, 1979

<u>Program Description</u>	<u>Cost- Sharing Ratio Fed/Prov</u>	<u>Actual cost \$000's</u>		
		<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Agriculture	90/10	30,375	27,338	3,037
2. Forestry	90/10	2,494	2,245	249
3. Fisheries	90/10	4,858	4,372	486
4. Tourism & Conservation	90/10	5,851	5,266	585
5. Industrial Development	90/10	13,393	12,054	1,339
6. Land Use Planning	90/10	1,544	1,390	154
7. Land Adjustment	90/10	4,707	4,236	471
8. Market & Product Development	90/10	2,431	2,188	243
9. Agricultural Research	100/10	1,433	1,433	-
10. Transportation	90/10	11,908	10,717	1,191
11. Power Transmission	90/10	176	158	18
12. Urban Development	90/10	6,599	5,939	660
13. Manpower Development	90/10	2,951	2,656	295
14. Education Facilities	50/50	28,180	14,090	14,090
15. Housing	90/10	3,660	3,294	366
16. Environment	90/10	5,492	4,943	549
17. Plan Management	90/10	2,056	1,850	206
18. Community Resources	90/10	<u>1,128</u>	<u>1,015</u>	<u>113</u>
SUB-TOTAL		129,236	105,184	24,052
19. P.E.I. - Mainland Interconnection	75/25	<u>36,000</u>	<u>27,000</u>	<u>9,000</u>
TOTAL		<u>165,236</u>	<u>132,184</u>	<u>33,052</u>

The termination date of Phase II of the Agreement is March 31, 1980. The 15-year Agreement expires on March 31, 1984.

PRINCE EDWARD ISLAND COMPREHENSIVE DEVELOPMENT PLAN

On March 14, 1977, an amending agreement was signed providing financial arrangements for the remaining three years of Phase II of the Prince Edward Island Comprehensive Development Plan. The amendment calls for contributions by the Department of Regional Economic Expansion of \$29,700,000 in the fiscal year 1978-79. The amendment also provides for the removal of salaries and related costs of provincial civil servants from allowable expenditures in approximately equal annual reductions over the five-year period commencing April 1, 1977.

The following summary of objectives and budgets by sector for the first four years of Phase II of the Comprehensive Development Plan reflects emphasis on economic development as directed by the Phase II Agreement. The objectives and strategies for the remaining year will continue this emphasis within a flexible financial framework.

Agriculture

The objective of the agricultural program is to establish and maintain as many profitable farms as possible. The major programs consist of capital incentives, extension services, and the construction of grain elevators and veterinary clinics to service farmers across the Island.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 467,613	\$4,208,518	\$4,676,131
1976-77	637,635	5,738,714	6,376,349
1977-78	885,490	7,969,410	8,854,900
1978-79	1,095,357	9,858,218	10,953,575

Electrical Interconnection

This program funded the construction of the Prince Edward Island - mainland submarine electrical interconnection.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ -	\$9,000,000	\$9,000,000
1976-77	-	8,900,000	8,900,000
1977-78	8,701,000	7,748,600	16,449,600
1978-79	349,000	1,351,400	1,700,400

\* Includes EM & R loan

The financial arrangements are:

- DREE contributes 50 percent or \$18,000,000 maximum;
- EM & R loans 50 percent of the balance or \$9,000,000 maximum;
- Province of Prince Edward Island contributes the balance.

Forestry

The main objective of the forestry program is to carry out reforestation of both Crown and private lands, while at the same time providing seedlings, forestry management and extension services to existing woodlot owners. One of these means is a financial incentives program.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 41,964	\$ 377,676	\$ 419,640
1976-77	66,457	598,115	664,572
1977-78	74,500	670,500	745,000
1978-79	86,700	780,300	867,000

Fisheries

The fisheries program aims to expand the resource base, improve methods of harvesting, handling and processing fish, and to provide extension services; all with the intent of increasing the returns to the fishermen. The two major programs are the aquaculture program which develops oysters and the Lobster Vessel Certificate Retirement Program which was introduced in fiscal year 1976-77.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 85,093	\$ 765,837	\$ 850,930
1976-77	114,715	1,032,438	1,147,153
1977-78	169,920	1,529,280	1,699,200
1978-79	122,255	1,100,295	1,222,550

Industrial Development

The objectives are to generate employment with the emphasis on year-round jobs and to assist businessmen to diversify the base of the Island's economy. Some of the major programs are the provision of industrial parks and malls and the provision of financial assistance to small businesses and the service sector.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 239,451	\$2,155,055	\$2,394,506
1976-77	287,900	2,591,098	2,878,998
1977-78	535,010	4,815,090	5,350,100
1978-79	365,780	3,292,020	3,657,800

Community Resources

The program assists community organizations to further develop their capabilities and improve public access to policy formulation. It provides financial and managerial assistance to community development groups to allow them to take advantage of economic opportunities and, in addition, provides technical assistance for public involvement in planning.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 39,484	\$ 355,354	\$ 394,838
1976-77	26,758	240,826	267,584
1977-78	31,780	286,020	317,800
1978-79	32,115	289,030	321,145

Tourism and Conservation

The tourism programs are intended to develop tourism and, in particular, disperse tourists across the Province and to extend the spring/fall shoulder season. Major programs included the development of parks and recreation complexes such as Brudenell in the eastern end of the Province and Mill River in the western end. In addition, numerous information, promotion, and unique vacation projects are being developed.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 131,337	\$1,182,032	\$1,313,369
1976-77	121,413	1,092,716	1,214,129
1977-78	173,500	1,561,500	1,735,000
1978-79	187,960	1,691,640	1,879,600

Land Adjustment

The basic function of this program is to continue agricultural land consolidation and rationalization of activities. Included in this program is the acquisition of land for forestry, wildlife, and tourism purposes as well as the development of a few community pastures.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 135,387	\$1,218,483	\$1,353,870
1976-77	153,303	1,379,727	1,533,030
1977-78	132,395	1,191,555	1,323,950
1978-79	80,000	720,000	800,00

Market and Product Development

This program finances the Market Development Centre, which provided producers, processors, and manufacturers with access to the marketing services necessary to compete successfully in the marketplace. In addition, it develops new products, new sales methods, and assists in improving utilization of raw products.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 56,548	\$ 508,930	\$ 565,478
1976-77	81,043	729,384	810,427
1977-78	57,450	517,050	574,500
1978-79	59,000	531,000	590,000

Urban Development

This program assists in the development of the Summerside waterfront development and the Charlottetown downtown area.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 68,807	\$ 619,263	\$ 688,070
1976-77	207,700	1,869,300	2,077,000
1977-78	160,200	1,441,800	1,602,000
1978-79	191,780	1,726,020	1,917,800

Educational Facilities

This program which is being phased down, provides for the construction of new facilities and renovations to existing educational facilities; thereby contributing to an improved educational system for the Province which can respond to the needs and interests of individual students and the requirements of new employment opportunities.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$6,366,704	\$6,366,704	\$12,733,408
1976-77	2,993,538	2,993,538	5,987,076
1977-78	2,311,500	2,311,500	4,623,000
1978-79	2,637,500	2,637,500	5,275,000

Housing

This program aims to improve housing conditions for low income families and to encourage home construction on serviced lots. These programs complement the existing Central Mortgage and Housing Corporation's programs.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 57,965	\$ 521,689	\$ 579,654
1976-77	65,468	589,211	654,679
1977-78	156,010	1,404,090	1,560,100
1978-79	107,700	969,300	1,077,000

Environment

Programs in this sector aim to foster and improve the management of the Province's environment resources. This is done by eliminating sources of pollution and improving the efficiency and methods of waste handling.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 189,037	\$1,701,331	\$1,890,368
1976-77	147,142	1,342,274	1,471,416
1977-78	120,450	1,084,050	1,204,500
1978-79	127,415	1,146,735	1,274,150



Transportation

This program is involved in cost-sharing the construction and upgrading of three types of highways; the resource roads, the collector highway, and the expanded collector system.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 247,227	\$2,225,044	\$2,472,271
1976-77	318,636	2,867,720	3,186,356
1977-78	364,000	3,276,000	3,640,000
1978-79	320,000	2,880,000	3,200,000

Power Conversion/Transmission

This program provides assistance for the provision of three-phase power transmission service to areas which require this power for industry. Assistance will also be given to projects which will reduce the Islands dependency on oil-fired thermal generated electricity.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 3,360	\$ 30,240	\$ 33,600
1976-77	4,278	38,503	42,781
1977-78	2,000	18,000	20,000
1978-79	10,000	90,000	100,000

Plan Management

This program provides the administrative control and management framework to government departments responsible for implementing programs within the Plan.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 43,379	\$ 426,407	\$ 473,786
1976-77	47,837	430,536	478,373
1977-78	53,925	485,325	539,250
1978-79	74,997	674,973	974,970

Land Use Planning

The objective of this sector is to support the collection of information for land use planning and to work towards an acceptable land use plan for the Island.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 45,817	\$ 412,356	\$ 458,173
1976-77	60,983	548,845	609,828
1977-78	25,198	226,780	251,978
1978-79	27,810	250,290	278,100

Manpower Development

This program provides employment training opportunities which complement existing conventional training or educational programs.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	\$ 73,155	\$ 658,401	\$ 731,556
1976-77	78,894	710,045	788,939
1977-78	87,450	787,050	874,500
1978-79	62,000	558,000	620,000

Agricultural Research

The objective of this program is to supplement agricultural research in support of the development priorities for Island agriculture. The projects are carried out by members of the federal Charlottetown agricultural research station.

	<u>Provincial</u>	<u>Federal</u>	<u>Total Cost</u>
1975-76	-	\$ 249,557	\$ 249,557
1976-77	-	362,993	362,993
1977-78	-	425,000	425,000
1978-79	-	450,500	450,500

## Initiative Description

Comprehensive Development Plan

Amendment No. 4 to the P.E.I. Comprehensive Development Agreement dated March 7, 1969 amends the second Memorandum of Implementation by adding the funding arrangements for the third, fourth and fifth years of the second phase of implementation. Provincial civil servant costs are being phased out in approximately equal annual reductions over a five-year period commencing April 1, 1977.

PROGRAM SUMMARY 1979-80

<u>Programs</u>	<u>Estimated Total Cost</u>
	<u>1979-80</u>
Agriculture	6,813,400
Forestry	1,500,000
Fisheries	1,884,800
Tourism and Conservation	2,206,200
Industrial Development	4,410,000
Land Use Planning	160,000
Land Adjustment	772,400
Market and Product Development	851,900
Agricultural Research	490,000
Transportation	3,740,000
Power and Energy	1,400,000
Urban Development	1,075,000
Manpower Development	649,800
Educational Facilities	5,875,400
Housing	1,043,700
Environment	1,356,900
Plan Management	839,400
Community Resources	343,500
	<hr/>
SUB-TOTAL	35,412,400
Power Transmission Cable	-
	<hr/>
TOTAL	<u>35,412,400</u>
 <u>DREE Contribution:</u>	
Agr. Research, Cable	- 100%
School Construction	- 50%
All Other Programs	- 90%
DREE Contribution	29,570,000
Province	5,842,400

Agreements in Preparation

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
PRINCE EDWARD ISLAND	Phase III Development Plan	Phase II Detailed Analysis	<p>An outline of the Phase Planning Program was presented to the March 3, 1978, meeting of the Joint Advisory Board.</p> <p>The joint Phase III Planning meeting was held on April 13, 1978.</p> <p>The final draft of the evaluation was presented to the federal members of the Joint Advisory Board on November 6, 1978.</p> <p>The Joint Advisory Board met on November 21, 1978. The record of decision has been agreed upon and program planning is continuing.</p> <p>The Cabinet discussion paper is being prepared.</p> <p>A Phase III update was prepared for the Joint Advisory Board meeting on February 27, 1979. The report was accepted by the Joint Advisory Board.</p> <p>Funding for Phase III has not been determined, but would be expected to be on a declining scale from the 1979-80 federal level of \$29.6 million.</p>

Incentives

RDIA IN PRINCE EDWARD ISLAND

The RDIA program has been in effect in Prince Edward Island since July 1, 1969, and, up to December 31, 1978, a total of 148 offers of assistance to the manufacturing and processing sectors had been accepted. This assistance is forecast at \$15.3 million and involves proposed capital expenditures of \$41.7 million on fixed assets and the creation of 2,700 jobs.

A geographical distribution of RDIA grants by county is shown on the attached map. It should be noted that the commitment of funds and job creations are closely correlated to population distribution.

Table I is a county-by-county analysis of the amount of grants, expected fixed asset costs, and expected new direct jobs. Similarly, Table II shows the same data divided by type of industry. The percentage of job creations in the food and beverage industry shows a correlation with jobs in place, as defined by the 1976 census, as follows:

	<u>% Jobs Created</u>	<u>% Work Force</u>
Food and Beverage	44	40
Fish Processing	10	34
Wood Products	10	3
Other	<u>36</u>	<u>23</u>
	100%	100%

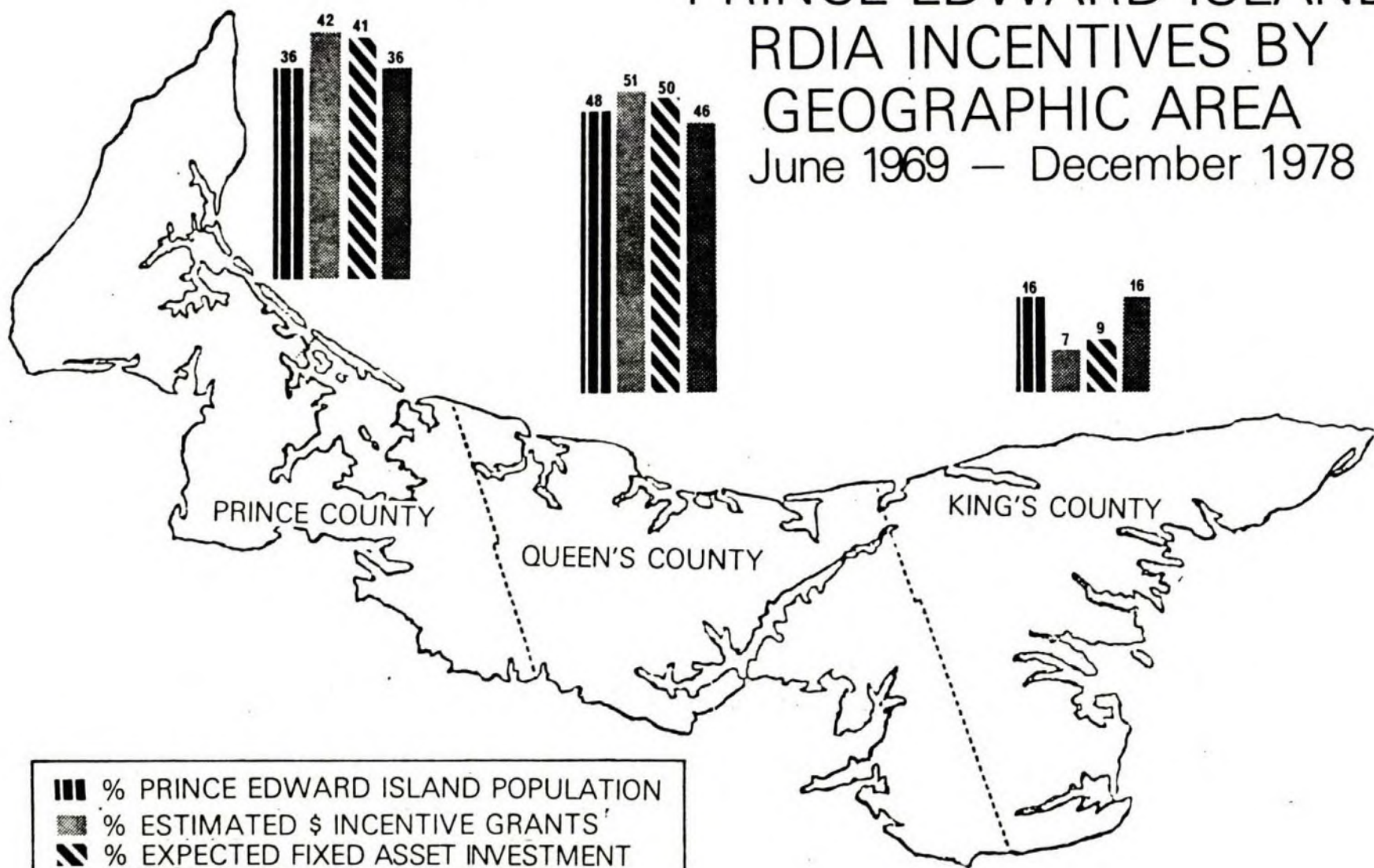
While the province's manufacturing industry has a predominant agricultural and fish products base, recent RDIA assistance has trended strongly toward wood and metal products manufacturing.

In Tables III and IV, expected job creations and the expected amount of incentive grants are compared on a geographic (county) basis versus type of industry. It should be noted that the newly created wood and metals producing facilities are mainly located in the two major urban centres, Charlottetown and Summerside.

There is one guaranteed loan outstanding in Prince Edward Island, with a value of \$3.0 million. All data shown is for accepted offers of incentive grants. The data is adjusted for any bankruptcies, cessations of operation, or facilities destroyed by fire since receipt of the offer. Expenditures of funds and jobs created are estimated and are based on offers to facilities under construction, as well as to those in operation.



# PRINCE EDWARD ISLAND RDIA INCENTIVES BY GEOGRAPHIC AREA June 1969 – December 1978



■■■ % PRINCE EDWARD ISLAND POPULATION  
 ■■■ % ESTIMATED \$ INCENTIVE GRANTS  
 ■■■ % EXPECTED FIXED ASSET INVESTMENT  
 ■■■ % EXPECTED NEW DIRECT JOBS

TABLE I

PRINCE EDWARD ISLAND  
RDIA ACTIVITY BY COUNTY  
JULY 1, 1969 to DECEMBER 31, 1978

<u>County</u>	<u>Population ( '000)</u>	<u>Estimated Amount of Incentive Grants (\$ Millions)</u>	<u>Expected Fixed Asset Investment (\$ Millions)</u>	<u>Expected<sup>1</sup> Direct New Jobs</u>
Kings	18.6	1.0	3.6	420
Queens	56.4	7.8	20.8	1,250
Prince	<u>43.2</u>	<u>6.4</u>	<u>17.3</u>	<u>1,040</u>
TOTAL	<u>118.2</u>	<u>15.3</u>	<u>41.7</u>	<u>2,700</u>

3.4-3

NOTES: Data Source: Statistics Canada 1976 Census 92-802.  
DIDS master tape, December 31, 1978.

1. Job Data rounded to 10's.
2. Columns may not add to subtotals and totals due to rounding.

26/03/79

TABLE II

PRINCE EDWARD ISLAND  
RDIA ACTIVITY BY MANUFACTURING SECTOR  
JULY 1, 1969 - DECEMBER 31, 1978

<u>Manufacturing Sector</u>	<u>Estimated Amount Of Incentive Grants (\$ Millions)</u>	<u>Expected Fixed Asset Investment (\$ Millions)</u>	<u>Expected Direct New Jobs</u>
Potato Processing	5.0	13.0	870
Agriculture	1.1	3.7	200
Dairy and Meat	0.8	3.3	110
Fish Processing	1.6	5.4	280
Wood Industries	1.3	3.1	260
Metalworking <sup>1</sup>	2.8	6.9	480
Other Manufacturing <sup>2</sup>	<u>2.6</u>	<u>6.3</u>	<u>490</u>
Total	<u>15.3</u>	<u>41.7</u>	<u>2,700</u>

NOTES: Data Source: DIDS master tape, December 31, 1978

1. Metalworking includes primary metal, machinery, metal fabricating and transportation equipment industries.
2. Other Manufacturing includes textiles, non-metallic mineral products, chemicals, and printing and publishing industries.
3. Columns may not add to subtotals and totals due to rounding.

TABLE III

PRINCE EDWARD ISLAND  
 GEOGRAPHIC RDIA ASSISTANCE BY MANUFACTURING SECTOR  
 ESTIMATED DIRECT JOBS CREATED<sup>1</sup>  
JULY 1, 1969 to DECEMBER 31, 1978

<u>Manufacturing Sector</u>	<u>Kings County</u>	<u>Queens County</u>	<u>Prince County</u>
Potato Processing	170	70	630
Agriculture	-	180	20
Meat and Dairy	10	70	30
Fish Processing	90	90	100
Wood Industries	40	90	130
Metalworking <sup>2</sup>	110	360	20
Other <sup>3</sup>	-	400	110
TOTAL	<u>420</u>	<u>1,250</u>	<u>1,040</u>

NOTES: Data Source: DIDS master tape, December 31, 1978

1. Job Data rounded to 10's.
2. Metalworking includes primary metal, machinery, metal fabricating, and transportation equipment industries.
3. Other Manufacturing includes textiles, non-metallic mineral products chemicals, and printing and publishing industries.
4. Columns may not add to subtotals and totals due to rounding.

26/03/79

TABLE IV

PRINCE EDWARD ISLAND  
 GEOGRAPHIC RDIA ASSISTANCE BY MANUFACTURING SECTOR  
 ESTIMATED AMOUNTS OF INCENTIVE GRANTS (\$ MILLIONS)  
JULY 1, 1969 to DECEMBER 31, 1978

<u>Manufacturing Sector</u>	<u>Kings County</u>	<u>Queens County</u>	<u>Prince County</u>
Potato Processing	0.2	0.4	4.4
Agriculture	-	0.8	0.4
Meat and Dairy	-	0.5	0.3
Fish Processing	0.4	0.7	0.6
Wood Industries	0.4	0.4	0.5
Metalworking <sup>2</sup>	0.1	2.5	0.1
Other <sup>3</sup>	<u>-</u>	<u>2.5</u>	<u>0.1</u>
TOTAL	<u>1.1</u>	<u>7.8</u>	<u>6.4</u>

NOTES: Data Source: DIDS master tape, December 31, 1978.

1. Metalworking includes primary metal, machinery, metal fabricating, and transportation equipment industries.
2. Other Manufacturing includes textiles, non-metallic mineral products chemicals, and printing and publishing industries.
3. Columns may not add to subtotals and totals due to rounding.

26/03/79

Other Programs

PRINCE EDWARD ISLAND  
DREE Expenditures April 1, 1969 to March 31, 1979  
(\$000's)  
Other than Phase II of Comprehensive Development Plan

<u>Program/Agreement</u>	<u>Duration</u>	<u>Expenditures Contr. &amp; Loans</u>	<u>Remaining Commitment</u>
ADB Programs	1969-77	2,952	12
ARDA II	1969-70	210	-
FRED - P.E.I.	1969-75	94,173	-
Maritime Marshland Rehabilitation	1969-70	15	-
P.E.I. Newstart	1969-71	2,034	-
Surveying, Mapping & Land Registration Accommodation Agreement	1969-73	400	-
Industrial Incentives	1969-79	11,100	6,942
	TOTAL	<u>109,925</u>	<u>6,954</u>

NOVA SCOTIA



## NOVA SCOTIA

Under the G.D.A. Nova Scotia and DREE have entered into eleven subsidiary agreements since 1975. Development initiatives have been undertaken in the fields of natural resources, urban and area development, energy conservation, and industrial renewal. Expenditures from 1974 have exceeded \$222 million on GDA, RDIA, ARDA, and special areas programs.

Paramount among major initiatives being considered in Nova Scotia are subsidiary agreements relating to Ocean Industries Development, Shipyards Assistance, and new agreements on minerals and Metropolitan Halifax/Dartmouth to replace or extend expiring agreements. The first two are designed to create permanent employment by establishing a nucleus of medium-to-high technology manufacturing and service industries, and by providing industrial support infrastructure to Halifax Industries Ltd. for ship repair purposes. Total costs are estimated at \$30 million and \$40 million respectively. Efforts in the minerals sector and the Halifax/Dartmouth development would be continued either through new or extended agreements.

Negotiations between DREE and the Province of Nova Scotia are conducted through the Department of Development. In addition, this department monitors the implementation of subsidiary agreements which are implemented by other Provincial Departments. Joint Management committees, with representation at the Deputy Minister level draw their members from these departments.

In addition to the contractually required evaluation, progress on subsidiary agreements is reviewed annually at the G.D.A. ministerial meeting attended by senior members from both levels of government.

Economic Overview

NOVA SCOTIA  
ECONOMIC OVERVIEW

OVERVIEW

The Nova Scotia economy achieved moderate growth in 1978. The major sources of strength were the export sector and consumer expenditures. On the other hand, the construction industry, particularly housing construction, was sluggish.

Labour Market

Employment in Nova Scotia grew at the same rate as the Region at 4.1 percent in 1978. As the labour force growth was marginally below the employment growth rate, the rate of unemployment remained unchanged at 10.6 percent in 1978, that is 2 percentage points lower than for the Region. The employment ratio was higher than the Region at 50.4 percent. For the first four months of 1979, the labour force grew slightly faster than the employment. As a result, the unemployment rate increased to 10.9 percent. At the sub-provincial level, the rates of unemployment in March varied from 8.9 percent in the southwest area to 21.0 percent in the Cape Breton area.

Sectoral Performance

Consumer expenditures, as measured by retail sales, were up by 15.3 percent in 1978 compared to 1977. The increase is partly due to the stimulative effect of the reduction in sales tax. Wages and salaries were up by 10.5 percent.

The construction industry, particularly the housing sector, has been sluggish. Total housing starts in 1978 were down 35 percent compared to the previous year. Partly due to slackness in the provincial housing construction, lumber production was lower than in the previous year by 4.7 percent. On the other hand, the value of building permits was higher than in 1977 by 14.1 percent.

Partly in response to increases in exports and in consumption of domestic products associated with the devaluation of the Canadian dollar, the value of manufacturing shipments in 1978 rose dramatically by 19.7 percent over 1977. Significant increases were recorded in food and beverages, petroleum and coal products, and chemical and chemical products. There were also noteworthy increases in wood industries and metal fabricating. Total exports were up by 29.4 percent compared to 1977. This increase appears to have been broadly based.

In the primary sector, the performance was mixed. The coal industry had another good year. Pulpwood production was

4.1-1b

up by 2.1 percent and farm cash receipts, by 12.9 percent. Total value of fish landings was 26.5 percent higher than a year ago, but the volume was down by 1.4 percent.

SELECTED CURRENT INDICATORS  
PERCENTAGE CHANGE OVER PREVIOUS PERIOD  
ATLANTIC REGION AND NOVA SCOTIA

	<u>ATLANTIC</u> <u>1978</u>	<u>N.S.</u> <u>1978</u>
<u>RATES:</u>		
Unemployment rate (Jan-Dec)	12.5	10.6
Participation rate (Jan-Dec)	54.8	56.4
Employment rate (Jan-Dec)	48.0	50.4
<u>PERCENTAGE CHANGES:</u>		
	<u>1978/1977</u>	<u>1978/1977</u>
Labour Force (Jan-Dec)	4.1	4.0
Employment (Jan-Dec)	4.1	4.1
Wages and Salaries (Jan-Dec)	8.5	10.5
Consumer Expenditures Retail Sales (Jan-Dec)	14.1	15.3
Investment (Excluding repair expenditures)		
i) Total - 1979*/78	10.0	4.5
ii) Manufacturing - 1979*/78	24.3	25.1
Construction		
i) Value of building permits (Jan-Dec)	15.7	14.1
ii) Housing starts		
a) Urban centres (Jan-Dec)	-30.6	-40.9
b) All areas (Jan-Dec)	-13.8	-35.3
Manufacturing		
i) Value of total shipment (Jan-Dec)	20.1	19.7
ii) Value of paper & allied (Jan-Oct)	6.6	5.7
iii) Value of wood industries (Jan-Oct)	39.4	18.0
Exports-province of lading (Jan-Dec)	16.4	29.4
Forestry		
i) Pulpwood production (Jan-Dec)	2.2	2.1
ii) Lumber production (Jan-Dec)	15.5	- 4.7
Fish Landings		
i) Value (Jan-Dec)	29.7	26.5
ii) Volume (Jan-Dec)	6.3	- 1.4
Farm Cash Receipts (Jan-Dec)	10.4	12.9

(1) January to April

\* Intentions 1979

SELECTED CURRENT INDICATORS  
ATLANTIC REGION AND NOVA SCOTIA

<u>RATES</u>	<u>ATLANTIC</u>		<u>N.S.</u>	
	<u>JAN-APR</u>		<u>JAN-APR</u>	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
Unemployment rate-adjusted	12.7	12.8	10.9	10.8
Participation rate-adjusted	55.8	54.4	57.6	55.6
Employment ratio-adjusted	48.8	47.5	51.3	49.6

<u>PERCENTAGE CHANGE</u>	<u>JAN-APR</u>			<u>JAN-APR</u>		
	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>
Labour force-adjusted -000-	891	851	4.6	354	336	5.5
Employment-adjusted -000-	778	742	4.8	315	299	5.3

G.D.A. - Subsidiary Agreements

NOVA SCOTIA

DREE Expenditures To 31-03-79 (\$000's)	Sub Agreement	Period		Estimated Cost (000's)			Cost Sharing Ratio	
		From	To	Federal	Prov.	Total	Federal/Province	
14,468	Agriculture	22-06-76	31-03-81	29,980	18,237	48,217	80/20	
2,972	Cape Breton County							
-	Development (Interim)	07-01-77	31-03-78	3,010	1,290	4,300	70/30	
-	Energy Conservation	04-07-78	31-03-83	19,000	5,875	24,875	80/20	50/50
4,757	Forestry	28-06-77	31-03-82	36,142	24,395	60,537	80/20	50/50
59,046	Halifax/Dartmouth Metro							
-	Area Development	31-03-75	31-03-80	79,997	29,709	109,706	20/80	70/30 50/50
5,827	Industrial Development	22-06-76	31-03-81	13,031	3,258	16,289	80/20	
14,851	Mineral Development	17-02-75	31-03-80	15,870	3,968	19,838	80/20	
915	Planning	22-06-76	31-03-80	2,500	2,500	5,000	50/50	
16,489	Strait of Canso Area							
-	Development	31-03-75	31-03-80	19,265	6,569	25,834	80/20	70/30
1,358	Tourism	28-06-77	31-03-82	11,000	2,750	13,750	80/20	
13,412	Sydney Steel Corp. Assistance Program	23-12-77	31-03-79	15,156	4,344	19,500	80/20	50/50
<u>134,095</u>				<u>244,951</u>	<u>102,895</u>	<u>347,846</u>		

4.2-1



CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTAGRICULTURAL DEVELOPMENT  
(1976-1981)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Land Development	31,400,000	17,120,000	14,280,000
2. High Energy and Protein Feed	7,192,000	5,160,000	2,032,000
3. Livestock Development	6,200,000	4,960,000	1,240,000
4. Horticulture	2,425,000	1,940,000	485,000
5. Special Development	<u>1,000,000</u>	<u>800,000</u>	<u>200,000</u>
TOTAL	48,217,000	29,980,000	18,237,000

CANADA/NOVA SCOTIA INTERIM SUBSIDIARY AGREEMENTCAPE BRETON COUNTY DEVELOPMENT  
(1977-1978)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. New Point Aconi Road - Five miles of new highway from Prince Mine to Trans Canada Highway	2,360,000	1,652,000	708,000
2. Roads - Highway #4 - Upgrading Highway #4 from Highway #125 to the Preparation Plant access road at Victoria Jct.	1,650,000	1,155,000	495,000
3. Roads Sydney Mines - Reconstruction of road into Sydney Mines and new road to wash Plant within Sydney Mines	<u>290,000</u>	<u>203,000</u>	<u>87,000</u>
TOTAL	4,300,000	3,010,000	1,290,000

CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTFORESTRY  
(1977-1982)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Forest Management	23,436,000	18,749,000	4,687,000
2. Forest Industry Development	900,000	600,000	300,000
3. Support Services	599,000	355,000	244,000
4. Education, Public Information & Evaluation	635,000	508,000	127,000
5. Wood Salvage and Ancillary Management	<u>34,967,000</u>	<u>15,930,000</u>	<u>19,037,000</u>
TOTAL	60,537,000	36,142,000	24,395,000

CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTINDUSTRIAL DEVELOPMENT  
(1976-1981)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Opportunity Identification, Analysis and Promotion	2,850,000	2,280,000	570,000
2. Industrial Parks and Related Infrastructure	11,879,000	9,503,200	2,375,800
3. Industrial Infrastructure	1,400,000	1,120,000	280,000
4. Public Information and Evaluation	<u>160,000</u>	<u>128,000</u>	<u>32,000</u>
TOTAL	16,289,000	13,031,200	3,257,800

CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTMETROPOLITAN HALIFAX-DARTMOUTH AREA DEVELOPMENT  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Halifax-Dartmouth Waterfront Development	90,743,000	67,420,100	23,322,900
2. The Gateway: The Port	1,500,000	1,200,000	300,000
3. Industrial Development	<u>17,463,800</u>	<u>11,376,900</u>	<u>6,086,900</u>
TOTAL	109,706,800	79,997,000	29,709,800

CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTPLANNING  
(1976-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Physical and Resource Planning	1,500,000	750,000	750,000
2. Research and Studies to Investigate Development Opportunities	3,000,000	1,500,000	1,500,000
3. General Development Planning	<u>500,000</u>	<u>250,000</u>	<u>250,000</u>
TOTAL	5,000,000	2,500,000	2,500,000

CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTSTRAIT OF CANSO AREA DEVELOPMENT  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Strait of Canso Development Authority	1,208,000	966,000	242,000
2. Integrated Regional Planning	1,995,000	1,596,000	399,000
3. Community and Industrial Infrastructure	22,531,000	16,623,000	5,908,000
4. Evaluation	<u>100,000</u>	<u>80,000</u>	<u>20,000</u>
TOTAL	25,834,000	19,265,000	6,659,000

CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENT  
SYDNEY STEEL CORPORATION ASSISTANCE PROGRAM  
(1977-1979)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Capital Works	18,000,000	14,400,000	3,600,000
2. Business Planning and Studies	<u>1,500,000</u>	<u>756,000</u>	<u>744,000</u>
TOTAL	19,500,000	15,156,000	4,344,000



CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTTOURISM DEVELOPMENT  
(1977-1982)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Tourism Development General	5,220,000	4,176,000	1,044,000
2. Tourism Development Destination Areas	<u>8,530,000</u>	<u>6,824,000</u>	<u>1,706,000</u>
TOTAL	13,750,000	11,000,000	2,750,000

CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTENERGY CONSERVATION  
(1978-1983)

<u>Programs</u> <u>Description</u>	Estimated Cost		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Energy System Planning	3,000,000	1,500,000	1,500,000
2. Energy Opportunities	<u>21,875,000</u>	<u>17,500,000</u>	<u>4,375,000</u>
TOTAL	24,875,000	19,000,000	5,875,000

CANADA/NOVA SCOTIA SUBSIDIARY AGREEMENTMINERAL DEVELOPMENT  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Resource Development Planning	43,000	34,400	8,600
2. Mineral Resource Inventory	228,800	183,040	45,760
3. Mineral Evaluation Survey	15,971,500	12,777,200	3,194,300
4. Geological- Geochemical Survey	2,825,300	2,260,240	565,060
5. Laboratory Services	266,900	213,520	53,380
6. Program Management and Administration	<u>502,500</u>	<u>402,000</u>	<u>100,500</u>
TOTAL	19,838,000	15,870,400	3,967,600

Subsidiary Agreements in Preparation

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
NOVA SCOTIA	Halifax Panamax Dry Dock Subsidiary	Phase IV Agreement Negotiation	<p><u>OBJECTIVE</u> To provide industrial support infrastructure to Halifax Industries Ltd. to enable high skilled jobs and incomes to be maintained at the Port of Halifax.</p> <p><u>STRATEGY</u> The key element of the strategy is to provide a Panamax dock to the port to capture significant repair market potential that exists.</p> <p>The present estimate of the facility cost is \$40 million anticipated to be shared on an 80/20 basis with the Province. Key answers to be developed during proposal formulation include:</p> <ol style="list-style-type: none"><li>(1) benefits/costs of make or buy decisions,</li><li>(2) leasing arrangements from Province to consortium, and</li><li>(3) viability analysis. Cabinet documentation is in preparation.</li></ol>

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
*NOVA SCOTIA	Ocean Industry Development Sub-Agreement	Phase IV Agreement Negotiation	A) <u>OBJECTIVES</u> To create permanent employment and income opportunities in Nova Scotia's ocean industry sector through creation of a nucleus of medium-to-high technology ocean manufacturing and service industries.  B) <u>STRATEGY</u> Key elements of this strategy include meeting identified ocean industry requirements for specialized elements of infrastructure; assisting both existing and new industries in efforts to expand and/or locate their ocean operation in Nova Scotia; facilitating increased product and technological for ocean activities; promoting Nova Scotia based ocean equipment and services.  Present estimated cost of the Agreement is \$30 million, with DREE's share 80%.  This initiative will be cast within a regional oceans industry framework, which it is intended to present for cabinet consideration in the near future.

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
Nova Scotia	Sydney Steel Corporation Assistance Program II	Phase V Agreement Conclusion	Capital expenditures will enable Sydney Steel Corporation to produce the size and quality of billets for a 2.2 million-ton term contract, as well as improve the revenue contribution from rail operations while studies are completed to identify the relative merits of the various steelmaking options under consideration. The capital expenditures totalling \$50 million will be shared 65/35 with the Province. A further \$17.5 million of federal funding has been committed, with assignment to specific capital projects awaiting the conclusion of business studies now underway.

Incentives



RDIA IN NOVA SCOTIA

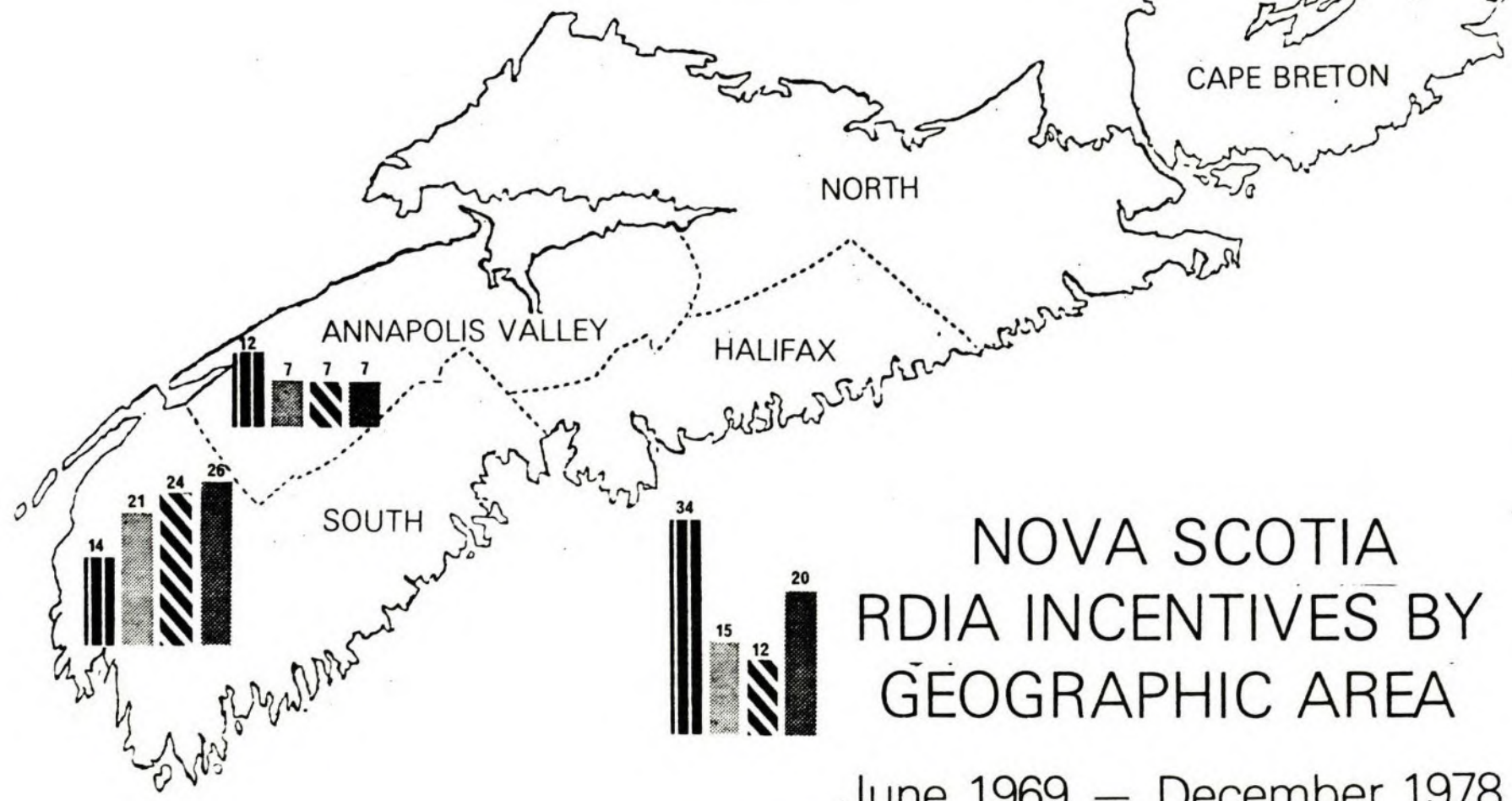
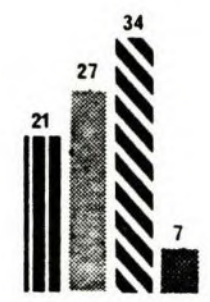
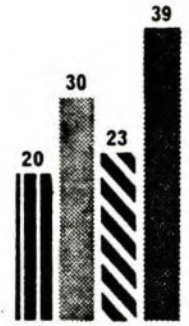
The RDIA program has been in effect in Nova Scotia since July 1, 1969, and, up to December 31, 1978, a total of 390 offers of incentive assistance to the manufacturing and processing sectors had been accepted. This assistance is forecast at \$78.9 million and involves proposed capital expenditures of \$341.7 million on fixed assets and the creation of over 9,910 direct jobs.

Table I is a county-by-county analysis of the amount of grants, expected eligible costs, and expected new direct jobs. Similarly, Table II shows the same data divided by industry classification. Ranking the variables by county indicates that the facilities benefiting most under the program were concentrated near the major metropolitan centers of the urban-industrial core and in Sydney. On an industry basis, steel (Sysco) accounted for 22% of incentive grants and 31% of the related expenditures on fixed assets. The next greatest areas of incentive assistance and also job creations provided by the program were to rubber and chemical, fish processing and metalworking industries.

In Tables III and IV, expected direct job creations and the expected amount of incentive grants are compared on a geographic basis versus industry classification. These data indicate concentrations of RDIA-assisted projects along the lines of existing industries in the less developed areas of the Province, while most industrial diversification occurred in the urban-industrial core which runs from Halifax to the New Brunswick border. For example, assistance to fish processing facilities was concentrated in the southern area of the Province, Cape Breton Island, and the Strait of Canso, and food processing was the major industry assisted in the agriculturally-based Annapolis Valley. The most diversification of industry covered by the program occurred in the northern counties, with major concentrations in the industrial parks at Amherst and Truro.

Only one guaranteed loan, with a value of \$720,000, is in force in Nova Scotia, and all data shown in the tables are for accepted offers of incentive grants. The data are adjusted for any bankruptcies, cessations of operation, and facilities destroyed by fire since receipt of the offer. Expenditures of funds and jobs created are estimated and are based on offers to facilities under construction, as well as to those in operation.

- ▦▦▦ % NOVA SCOTIA POPULATION
- ▨▨▨ % ESTIMATED \$ INCENTIVE GRANTS
- ▧▧▧ % EXPECTED FIXED ASSET INVESTMENT
- ▣▣▣ % EXPECTED NEW DIRECT JOBS



# NOVA SCOTIA RDIA INCENTIVES BY GEOGRAPHIC AREA

June 1969 – December 1978

TABLE I

NOVA SCOTIA  
RDIA ACTIVITY BY COUNTY  
July 1, 1969 - December 31, 1978

County	Population ( '000's)	Estimated Amount of Incentive Grants (\$ Millions)	Expected Fixed Asset Investment (\$ Millions)	Expected Direct New Jobs <sup>1</sup>
Cumberland	36	4.9	13.7	900
Colchester	42	7.7	27.6	1,340
Pictou	49	8.9	32.6	1,220
Antigonish	18	0.4	1.2	60
Guysborough	13	2.1	3.4	390
NORTH	<u>158</u>	<u>24.0</u>	<u>78.5</u>	<u>3,900</u>
HALIFAX COUNTY	279	12.1	41.6	2,020
Hants	32	2.5	11.5	180
Kings	48	2.5	9.7	420
Annapolis	23	0.5	1.5	140
ANNAPOLIS VALLEY	<u>103</u>	<u>5.5</u>	<u>22.6</u>	<u>740</u>
Digby	21	0.8	2.9	270
Yarmouth	25	2.6	9.4	400
Shelburne	17	1.3	3.5	200
Queens	13	0.3	0.7	20
Lunenburg	42	11.3	64.6	1,690
SOUTH	<u>118</u>	<u>16.3</u>	<u>81.0</u>	<u>2,590</u>
Richmond	12	0.4	1.6	50
Inverness	22	0.3	0.8	70
Cape Breton <sup>2</sup>	128	20.3	115.4	560
Victoria	8	-	-	-
CAPE BRETON	<u>170</u>	<u>21.0</u>	<u>117.8</u>	<u>680</u>
TOTALS	<u>828</u>	<u>78.9</u>	<u>341.7</u>	<u>9,910</u>

NOTES: Data Sources: Statistics Canada 1976 Census 92-802. DIDS master tape  
December 31, 1978.

1. Job Data rounded to 10's.
2. Includes SYSCO modernizations: Fixed Assets \$103.5 million, Offers \$17.3 million, Jobs 18.
3. Columns may not add to subtotals and totals due to rounding.

TABLE II  
NOVA SCOTIA  
RDIA ACTIVITY BY MANUFACTURING SECTOR  
July 1, 1969 - December 31, 1978

<u>Industrial Classification</u>	<u>Estimated Amount of Incentive Grants (\$ Millions)</u>	<u>Expected Fixed Asset Investment (\$ Millions)</u>	<u>Expected Direct New Jobs<sup>1</sup></u>
Food, Beverage	7.2	31.4	990
Fish Processing	8.0	25.2	1,680
Rubber and Chemicals	14.5	66.1	2,080
Textiles and Clothing	3.8	14.9	480
Food and Furniture	8.8	23.0	1,340
Metal Fabricating, Machinery, etc.	25.5	129.8	1,570
Electrical	3.2	8.7	850
Other	7.9	42.6	930
TOTAL	<u>78.9</u>	<u>341.7</u>	<u>9,910</u>

NOTES: Data Sources: DIDS master tape, December 31, 1978.

1. Job Data rounded to 10's.

2. Columns may not add to subtotals and totals due to rounding.

TABLE III

NOVA SCOTIA  
GEOGRAPHIC RDIA ASSISTANCE BY MANUFACTURING SECTOR  
ESTIMATED DIRECT JOBS CREATED  
July 1, 1969 - December 31, 1978

<u>Industry Classification</u>	<u>Northern Nova Scotia</u>	<u>Halifax County</u>	<u>Annapolis Valley</u>	<u>Southern Nova Scotia</u>	<u>Cape Breton</u>
Food and Beverage	290	290	340	20	50
Fish Processing	400	20	20	960	270
Rubber and Chemicals	1,100	120	-	870	-
Textiles and Clothing	430	40	-	10	-
Wood and Furniture	530	260	160	230	160
Metalworking	810	430	40	110	150
Electrical Products	150	680	-	10	20
Other	<u>180</u>	<u>170</u>	<u>180</u>	<u>380</u>	<u>30</u>
TOTAL	<u><u>3,900</u></u>	<u><u>2,020</u></u>	<u><u>740</u></u>	<u><u>2,590</u></u>	<u><u>680</u></u>

NOTES: Data Source: DIDS master tape, December 31, 1978

1. Data rounded to 10's
2. Columns may not add to subtotals and totals due to rounding.

TABLE IV

NOVA SCOTIA  
GEOGRAPHIC RDIA ASSISTANCE BY MANUFACTURING SECTOR  
ESTIMATED AMOUNT OF INCENTIVE GRANTS (\$ MILLIONS)  
July 1, 1969 - December 31, 1978

<u>Industry Classification</u>	<u>Northern Nova Scotia</u>	<u>Halifax County</u>	<u>Annapolis Valley</u>	<u>Southern Nova Scotia</u>	<u>Cape Breton</u>
Food and Beverage	2.0	3.2	1.7	0.1	0.2
Fish Processing	1.9	0.2	-	4.8	1.1
Rubber and Chemicals	7.1	0.9	-	6.4	-
Textiles and Clothing	2.5	0.3	-	1.0	-
Wood Furniture	3.8	1.6	0.7	1.2	1.4
Metalworking	4.9	2.3	0.2	0.3	17.9
Electrical Products	0.6	2.5	-	-	0.1
Other	<u>1.2</u>	<u>1.1</u>	<u>3.0</u>	<u>2.4</u>	<u>0.2</u>
TOTAL	<u>24.0</u>	<u>12.1</u>	<u>5.5</u>	<u>16.3</u>	<u>21.0</u>

NOTES: Data Source: DIDS master tape, December 13, 1978.

1. Columns may not add to subtotals and totals due to rounding.

Other Programs

NOVA SCOTIA  
DREE Expenditures April 1, 1969 to March 31, 1979  
 (\$000's)  
Other than Subsidiary Agreements

<u>Program/Agreement</u>	<u>Duration</u>	<u>Expenditures Contr. &amp; Loans</u>	<u>Remaining Commitment</u>
ADB Programs, Coal Subventions, Power Development	1969-78	42,325	50
ARDA II, ARDA III	1969-70, 1970-75	18,013	-
Extended Special Areas & Highways	1970-76	82,748	-
Export Trade Promotion	1973-74	16	-
Interim Planning	1974-75	447	-
Management Engineering Services	1971-72	270	-
Mainland Investments Ltd.	1972	9,999	-
Maritime Marshland Rehabilitation	1969-70	846	-
N.S. Newstart	1967-72	2,227	-
Special Highways - 1971	1971-74	30,000	-
Surveying, Mapping & Land Registration	1969-73	1,860	-
Surveying, Mapping & Land Registration Accommodation Agreement	1971-76	234	-
Industrial Incentives	1969-79	96,600	24,571
	TOTAL	<u>285,585</u>	<u>24,621</u>



NEWFOUNDLAND

## NEWFOUNDLAND

Since 1974 DREE has entered into sixteen subsidiary agreements with the Government of Newfoundland relating to the development of the province's resources, urban and rural areas, and providing infrastructure for future economic growth. The DREE commitment under these agreements totalled \$346 million and expenditures totalled \$229 million. Commitments under other programs such as ARDA III, RDIA, Special Areas and so on have totalled \$207 million. Since 1974 expenditures under these programs have totalled \$72 million. Therefore, the total DREE commitment in Newfoundland since 1974 is \$553 million and expenditures have amounted to \$301 million.

The nine major initiatives under current consideration relate to the Polytechnical Institute, Labrador Development, Land Surveying & Mapping, Forestry, Primary Fish Landing and Distribution Centre, Stephenville Paper Mill Conversion, Industrial Development, and Hydro Interconnections. The total value of these agreements is about \$338 million. The DREE share is undetermined for several of the programs. However, the DREE contribution could total \$300 million. The majority of the agreements cover five year development programs.

All formal dealings between DREE and the Province of Newfoundland are conducted through the office of the Minister for Intergovernmental Affairs. At the present time the Premier, the Honourable Brian Peckford, holds the Intergovernmental Affairs portfolio. Our day-to-day dealings with the Province are directed through Intergovernmental Affairs Secretariat of the Executive Council. Day-to-day contacts also include the senior executives, such as deputy ministers and assistant deputy ministers, of line departments involved in the planning and implementation of subsidiary agreements.

A ministerial meeting is held each year as provided for under the GDA with the Minister for Intergovernmental Affairs to review the progress of approved agreements and to consider the status of new initiatives as well as discuss future programs and policies.

Economic Overview

NEWFOUNDLAND  
ECONOMIC OVERVIEW

OVERVIEW

The Newfoundland economy again registered a negative growth rate in 1978. The strike in iron ore mining had a particularly negative impact on growth. Activity in the construction and forestry industries was also sluggish. On the other hand, the manufacturing sector and the fishing industry experienced considerable improvement over the previous year.

Labour Market

Despite the overall decline in economic activity, employment rose by 3.1 percent during 1978, due to growth in the service sector. As this growth was insufficient to absorb the growing labour force, the unemployment rate rose to 16.4 percent in 1978 from 15.6 percent in 1977. In the first four months of 1979 over the corresponding period of 1978, employment rose by 4.6 percent. However, the labour force increased by 5.6 percent so that the unemployment rate increased to 17.0 percent. Sub-provincially, the rates in March varied from 17.7 percent in the Avalon Peninsula area to 26.0 percent in the West Coast and Labrador region.

Sectoral Performance

Despite the slow growth in wages and salaries in 1978, 4.7 percent, retail sales increased by 13.9 percent, only slightly lower than that recorded for the Region.

The most significant factor affecting economic growth in 1978 was the prolonged strike at the iron ore mines in Labrador. Mining output is estimated to be lower by about 35 percent for the year. Production in this sector is expected to be normal in 1979 and, as a result, the economy is expected to register moderate growth.

The construction industry was also generally depressed. The value of building permits in 1978 decreased by 12.6 percent while total housing starts decreased by 23 percent.

On a bright side, manufacturing shipments grew by 20.8 percent in 1978, largely as a result of the food and beverage industry. The comparable growth rate for the Region was 20.1 percent. The fishing industry also recorded substantial gains. The value of fish landings was up 33 percent and the volume by 16 percent.

It is noteworthy that exports grew by only 6.2 percent compared to 16.4 percent for the Region. Pulpwood production was down by 11.5 percent.

SELECTED CURRENT INDICATORS  
 PERCENTAGE CHANGE OVER PREVIOUS PERIOD  
ATLANTIC REGION AND NEWFOUNDLAND

	<u>ATLANTIC</u> 1978	<u>NFLD.</u> 1978
<u>RATES:</u>		
Unemployment rate (Jan-Dec)	12.5	16.4
Participation rate (Jan-Dec)	54.8	51.7
Employment rate (Jan-Dec)	48.0	43.2
<u>PERCENTAGE CHANGES:</u>		
	<u>1978/1977</u>	<u>1978/1977</u>
Labour Force (Jan-Dec)	4.1	3.7
Employment (Jan-Dec)	4.1	3.1
Wages and Salaries (Jan-Dec)	8.5	4.7
Consumer Expenditures		
Retail Sales (Jan-Dec)	14.1	13.9
Investment (Excluding repair expenditures)		
i) Total - 1979*/78	10.0	29.3
ii) Manufacturing - 1979*/78	24.3	83.9
Construction		
i) Value of building permits (Jan-Dec)	15.7	-12.6
ii) Housing starts		
a) Urban centres (Jan-Dec)	-30.6	-27.8
b) All areas (Jan-Dec)	-13.8	-23.0
Manufacturing		
i) Value of total shipment (Jan-Dec)	20.1	20.8
ii) Value of paper & allied (Jan-Oct)	6.6	- 0.5
iii) Value of wood industries (Jan-Oct)	39.4	58.3
Exports-province of lading (Jan-Dec)	16.4	6.2
Forestry		
Pulpwood production (Jan-Dec)	2.2	-11.5
Fish Landings		
i) Value (Jan-Dec)	29.7	33.3
ii) Volume (Jan-Dec)	6.3	16.0

(1) January to April

\* Intentions 1979

SELECTED CURRENT INDICATORS  
ATLANTIC REGION AND NEWFOUNDLAND

<u>RATES</u>	<u>ATLANTIC</u>		<u>NFLD.</u>	
	<u>JAN-APR</u>		<u>JAN-APR</u>	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
Unemployment rate-adjusted	12.7	12.8	17.0	16.2
Participation rate-adjusted	55.8	54.4	52.9	51.2
Employment ratio-adjusted	48.8	47.5	43.9	40.9

<u>PERCENTAGE CHANGE</u>	<u>JAN-APR</u>			<u>JAN-APR</u>		
	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>	<u>1979</u>	<u>1978</u>	<u>CHANGE</u>
Labour force-adjusted -000-	891	851	4.6	206	195	5.6
Employment-adjusted -000-	778	742	4.8	171	164	4.6

G.D.A. - Subsidiary Agreements

NEWFOUNDLAND

DREE Expenditures To 31-03-79 (\$000's)	Sub Agreement	Period		Estimated Cost (000's)			Cost Sharing Ratio	
		From	To	Federal	Prov.	Total	Federal/Province	
598	Agriculture	14-07-78	31-03-83	12,907 1,800 (Agriculture)	1,634	16,341	90/10	
10,741	Fisheries Marine Service Centres	15-10-74	31-01-78	10,800	1,200	12,000	90/10	
44,684	Forestry Gros Morne Park Area	26-03-74	30-09-79	47,778	7,188	54,966	90/10	
16,704	Development	28-05-74	31-03-80	20,642	2,293	22,935	90/10	
12,439	Highways 1974-75	28-05-74	31-03-75	12,478	1,386	13,864	90/10	
20,000	Highways 1975-76	28-05-75	31-03-76	20,000	2,222	22,222	90/10	
54,876	Highways 1976-81	22-06-76	31-03-81	88,244	12,916	101,160	90/10	50/50
3,004	Inshore Fisheries Development	22-06-76	31-03-81	10,585	1,176	11,761	90/10	
6,425	Labrador Interim	03-12-76	31-03-81	18,258 1,404 (NH&W)	2,435	22,097	90/10	60/40
1,969	Mineral Development	17-12-76	31-12-81	5,606 (DREE)				
				5,606 (EM&R)	1,246	12,458	90/10	

5.2-1a



DREE Expenditures To 31-03-79 (\$000's)	Sub Agreement	Period		Estimated Cost (000's)			Cost Sharing Ratio	
		From	To	Federal	Prov.	Total	Federal/Province	
4,090	Ocean Research & Development	23-05-75	31-03-80	4,419	491	4,910	90/10	
731	Planning	01-04-77	31-03-82	4,000	2,385	6,385	90/10	75/25 50/50
1,592	Rural Development	14-07-78	31-03-83	13,122	1,458	14,580	90/10	
5,467	Special Fish Plant Water Systems	15-10-74	31-03-78	5,517	613	6,130	90/10	
44,189	St. John's Urban Region	23-07-75	31-03-80	51,000	17,000	68,000	75/25	
478	Tourism	22-02-78	31-03-83	11,938	1,327	13,265	90/10	
<u>227,987</u>				<u>346,104</u>	<u>56,970</u>	<u>403,074</u>		

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTAGRICULTURAL DEVELOPMENT  
(1978-1983)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Farm Development	5,431,900	4,888,710	543,190
2. Development Opportunities	827,600	744,840	82,760
3. Blueberry Industry Development	2,772,400	2,495,160	277,240
4. Marketing	1,262,400	1,136,160	126,240
5. Land Use Planning	2,050,300	1,845,270	205,030
6. Land Development	1,280,900	1,152,810	128,090
7. Agricultural Facilities	2,000,000	1,800,000	200,000
8. Planning, Coordination and Evaluation	<u>715,800</u>	<u>644,220</u>	<u>71,580</u>
TOTAL	16,341,300	14,707,170	1,634,130

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTFISHERIES MARINE SERVICE CENTRE PROGRAM  
(1974-1978)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
To establish 14 service centres equipped with slipways or haulouts, sheltered harbours and repair facilities for the boats and fishing gear, including the specialized services required to repair large engines and electronic equipment.			
1. Durrell	994,308	894,877	99,431
2. Wesleyville	1,115,409	1,003,868	111,541
3. Harbour Grace	1,454,759	1,309,283	145,476
4. Bonavista	1,058,336	952,502	105,834
5. Old Perlican	1,253,043	1,127,738	125,305
6. Isle aux Morts	1,565,349	1,408,814	156,535
7. La Scie	655,191	589,672	65,519
8. Fogo Island	711,472	640,325	71,147
9. Southern Harbour	1,235,021	1,111,519	123,502
10. Englee	575,616	518,055	57,561
11. Labrador South	407,880	367,092	40,788
12. St. Barbe North	428,779	385,901	42,878
13. Burgeo	76,044	68,440	7,604
14. St. Mary's Bay	<u>468,793</u>	<u>421,914</u>	<u>46,879</u>
TOTAL	12,000,000	10,800,000	1,200,000

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENT

FORESTRY  
(1974-1979)  
SCHEDULE "A"

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Acquisition of Forest Lands	4,228,600	2,114,300	2,114,300
2. Forest Management	371,900	334,710	37,190
3. Harvesting Utilization Research & Development	10,263,500	9,237,150	1,026,350
4. Access Road Construction	17,411,500	15,670,350	1,741,150
5. Intensive Forest Inventories	3,191,400	2,872,260	319,140
6. Protection of Forest Resource	3,940,700	3,546,630	394,070
7. Forest Improvement	6,076,000	5,468,400	607,600
8. Administration of the Forest Resource	<u>9,483,000</u>	<u>8,534,700</u>	<u>948,300</u>
TOTAL	54,966,600	47,778,500	7,188,100

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTGROS MORNE PARK AREA DEVELOPMENT  
(1974-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Planning Studies and Development Program	270,000	243,000	27,000
2. Community Infrastructure	15,987,200	14,388,480	1,598,720
3. Road Construction	6,448,000	5,803,200	644,800
4. Technical Supervision and Related Expenses	130,000	117,000	13,000
5. Evaluation	<u>100,000</u>	<u>90,000</u>	<u>10,000</u>
TOTAL	22,935,200	20,641,680	2,293,520

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTHIGHWAYS  
(1974-1975)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Burgeo Road (construction and upgrading)	1,998,747	1,798,872	199,875
2. St. Lawrence to Lawn (paving)	772,127	694,914	77,213
3. Bay D'Espoir Highway (upgrading, construction and paving)	4,183,916	3,765,524	418,392
4. Daniel's Harbor towards Hawkes Bay (reconstruction and grading)	2,010,833	1,809,750	201,083
5. La Scie Road (upgrading)	975,523	877,971	97,552
6. Deer Lake to Park Boundary (paving)	1,113,135	1,001,822	111,313
7. Plum Point towards St. Barbe (recon- struction and grading)	60,365	54,329	6,036
8. St. Anthony towards airport (reconstruction and grading)	166,540	149,886	16,654
9. Fortune-Lamaline Road (reconstruction and grading)	717,121	645,409	71,712
10. St. Alban's Milltown (paving)	1,332,237	1,199,013	133,224
11. Northern Arm-Point Leamington (recon- struction and grading)	<u>533,900</u>	<u>480,510</u>	<u>53,390</u>
TOTAL	13,864,444	12,478,000	1,386,444

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTHIGHWAYS  
(1975-1976)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Burgeo Road (new construction - Burgeo North Bridge)	3,200,000	2,880,000	320,000
2. Bonavista North Loop Road (grading & bridges)	3,492,000	3,143,000	349,000
3. Northern Peninsula Highway (construction, reconstruction, paving and bridges)	10,530,000	9,477,000	1,053,000
4. Bay D'Espoir Highway (reconstruction and paving)	3,000,000	2,700,000	300,000
5. Baie Verte - La Scie (grading and paving)	<u>2,000,000</u>	<u>1,800,000</u>	<u>200,000</u>
TOTAL	22,222,000	20,000,000	2,222,000

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTHIGHWAYS  
(1976-1981)

<u>Programs</u> <u>Description</u>	Estimated Cost		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Burgeo Road	21,004,000	18,904,000	2,100,000
2. Bonavista North Loop Road	18,451,000	16,606,000	1,845,000
3. Bay D'Espoir Highway	984,000	886,000	98,000
4. Baie Verte-La Scie Road	762,000	685,000	77,000
5. Northern Peninsula Highway	40,459,000	36,413,000	4,046,000
6. Harbour Breton Highway	12,100,000	10,890,000	1,210,000
7. Program Evaluation	400,000	360,000	40,000
8. Baie Verte Area Roads	<u>7,000,000</u>	<u>3,500,000</u>	<u>3,500,000</u>
TOTAL	101,160,000	88,244,000	12,916,000



CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTINSHORE FISHERIES DEVELOPMENT  
(1976-1981)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. St. Barbe North Facilities Improvement	2,539,091	2,285,182	253,909
2. Water Supplies for Fish Plants	3,101,909	2,791,718	310,191
3. Program Evaluation and Development Planning Studies	200,000	180,000	20,000
4. Inshore Fisheries Marine Service Centres	<u>5,920,000</u>	<u>5,328,000</u>	<u>592,000</u>
TOTAL	11,761,000	10,584,900	1,176,100

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTLABRADOR INTERIM  
(1976-1981)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Wabush Industrial Park	5,800,000	5,220,000	580,000
2. Northwest River Bridge	4,300,000	3,870,000	430,000
3. Happy Valley-Goose Bay Economic Development Corp.	385,000	346,500	38,500
4. Student Dormitory at Happy Valley Vocational School	1,852,000	1,666,800	185,200
5. Auxiliary Sewage Collector System and Outfall Facility	500,000	450,000	50,000
6. Street Improvement in the Town of Happy Valley	500,000	450,000	50,000
7. Town of Happy Valley Neighborhood Program	750,000	450,000	300,000
8. Program Evaluation	200,000	180,000	20,000
9. Capital Projects	6,110,000	4,095,000 (DREE) 1,404,000 (NH&W)	611,000
10. Investigative	1,500,000	1,350,000	150,000
11. Public Information Processes	100,000	90,000	10,000
12. Project Management	<u>100,000</u>	<u>90,000</u>	<u>10,000</u>
TOTAL	22,097,000	19,662,300	2,434,700

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTMINERAL DEVELOPMENT  
(1976-1981)

<u>Programs</u> <u>Description</u>	Estimated Cost		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Regional Mineral Potential Evaluation	8,587,000	7,728,300	858,700
2. Mineral Development Strategies	2,582,000	2,323,800	258,200
3. Mineral Resource Management	1,089,000	980,100	108,900
4. Program Evaluation	<u>200,000</u>	<u>180,000</u>	<u>20,000</u>
TOTAL	12,458,000	11,212,200	1,245,800

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTOCEAN RESEARCH AND DEVELOPMENT  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. To stimulate the development of marine technology within the Province and to foster the establishment of marine ice-related industries. To ensure that the Newfoundland business community becomes fully involved in marine resource development in the adjacent ice-congested waters.	<u>4,910,000</u>	<u>4,419,000</u>	<u>491,000</u>
TOTAL	4,910,000	4,419,000	491,000

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTPLANNING  
(1976-1981)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
To provide a capability for the undertaking of studies and the carrying on of such planning as is required to identify and analyse economic and socioeconomic development opportunities in Newfoundland and to develop and implement strategies, programs and subsidiary agreements pursuant to those opportunities.			
1. External staff and services	4,800,000	3,040,000	1,760,000
2. Provincial staff	<u>1,585,000</u>	<u>960,000</u>	<u>625,000</u>
TOTAL	6,385,000	4,000,000	2,385,000

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTRURAL DEVELOPMENT  
(1978-1983)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Community Development	9,350,000	8,415,000	935,000
2. Rural Incentives	4,140,000	3,726,000	414,000
3. Crafts Industry Development	960,000	864,000	96,000
4. Program Evaluation and Information	<u>130,000</u>	<u>117,000</u>	<u>13,000</u>
TOTAL	14,580,000	13,122,000	1,458,000

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTSPECIAL FISH PLANT WATER SYSTEM  
(1974-1978)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Water Supply to Fish Plant - Burnt Islands	1,050,243	945,219	105,024
2. Water Supply to Cannery and Fish Processing Facilities - Little Bay Islands	224,244	201,820	22,424
3. Water Supply to canneries - Newstead - Comfort Cove	915,684	824,116	91,568
4. Water Supply to Fish Plant - Hermitage	545,679	491,111	54,568
5. Water Supply to Fish Plant - Southern Harbour	907,525	816,771	90,754
6. Water Supply to Fish Plants - Admiral's Beach	389,090	350,181	38,909
7. Water Supply to Fish Plant - Valleyfield	722,051	649,846	72,205
8. Water Supply to Fish Plant - Bay Bulls	509,221	458,299	50,922
9. Water Supply to Fish Plant - New Harbour	506,755	456,080	50,675
10. Water Supplies to Fish Handling Facilities at various locations	<u>359,508</u>	<u>323,557</u>	<u>35,951</u>
TOTAL	6,130,000	5,517,000	613,000

CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTST. JOHN'S URBAN REGION  
(1975-1980)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost:</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. St. John's Urban Region Water Supply	33,340,000	25,005,000	8,335,000
2. St. John's Harbour Arterial	34,540,000	25,905,000	8,635,000
3. Evaluation	<u>120,000</u>	<u>90,000</u>	<u>30,000</u>
TOTAL	68,000,000	51,000,000	17,000,000



CANADA/NEWFOUNDLAND SUBSIDIARY AGREEMENTTOURISM DEVELOPMENT  
(1978-1983)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. Marketing	310,000	279,000	31,000
2. Attractions	3,523,800	3,171,420	352,380
3. Packaged Tourism Development	635,700	572,130	63,570
4. Tourism Services	1,358,800	1,222,920	135,880
5. Accommodation	6,652,300	5,987,070	665,230
6. Planning, Coordination and Evaluation	<u>784,000</u>	<u>705,600</u>	<u>78,400</u>
TOTAL	13,264,600	11,938,140	1,326,460

Subsidiary Agreements in Preparation

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
*NEWFOUNDLAND	Amendment to Forestry Subsidiary Agreement for Labour Intensive Forest Management Program	Phase V Agreement Conclusion	A proposal by the Province of Newfoundland for a program of Labour Intensive Forest Management activities has been identified as a suitable candidate for funding from the recently announced \$300 million funding for economic development. The program will require an estimated \$10.4 million in federal funding over a four-year period. Interdepartmental consultations have been completed. The submission was approved by Treasury Board on April 11, 1979 (T.B. 763602); P.C. 1979-4/1340 dated April 25, 1979. The amendment requires the signatures of the federal and provincial Ministers.

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
NEWFOUNDLAND	Newfoundland Polytechnical Institute	Phase III Project Formulation	The proposal received from the Province called for the construction of a \$41.1 million polytechnical institute. Ministers agreed to re-examine the proposal for a more modest facility to replace the existing College of Fisheries and relieve the overcrowding conditions at the College of Trades and Technology. A design study has been funded under the Planning Sub-Agreement. The revised plan estimates it will cost \$33.7 million with a projected enrollment of 1,343 and will consist of 252,000 square feet of space.
NEWFOUNDLAND	Labrador Development	Phase III Project Formulation	A comprehensive proposal from the Province for the balanced development of Labrador, a five-year program estimated to cost \$130 million includes initiatives in the area of economic, social, cultural and physical development. Consultation with other federal departments and agencies, e.g. Transport, NH&W, IAND, Communications, CEIC is continuing. Dialogue with the Province in some sectors is continuing and briefs from various interest groups are being considered in the development of programs.

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
NEWFOUNDLAND	Land Surveying and Mapping	Phase V Agreement Conclusion	The Canada/Newfoundland Agreement on Land Surveying and Mapping signed October 5, 1972 expired March 31, 1978. A proposal from the Province, to continue the work started under the recently expired Agreement has been received. It seeks to provide mapping at a level consistent with the rest of the Atlantic Region. The five-year program cost is estimated to be \$7,444,200 with the anticipated DREE share being 90% representing \$6,700,000. The work program proposed represents approximately 50% of the remaining surveying and mapping requirements of the Province including Labrador. EM&R officials have completed their review and are supportative. A Treasury Board submission and attendant appendices are in preparation.
NEWFOUNDLAND	Forest II Sub-Agreement	Phase IV Agreement Negotiation	The current Canada/Newfoundland Agreement on Forestry was extended to September 30, 1979. The Province of Newfoundland has submitted a five-year plan at a cost of \$110.6 million for the period of 1979-80 to 1983-84 for consideration as the basis of a second subsidiary agreement. The five-year plan contains program activity in the area of: Forest Resource Inventory and Management Planning; Silviculture; Forest Products Development; Forest Utilization; Timber Scaling and Lumber Grading; Forest Economics and Statistics; Resource Access. Roads, Forest Protection and Forest Administration. Total costs will be in the vicinity of \$55 million. Final documentation is being prepared.

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
*NEWFOUNDLAND	Primary Fish Landing and Distribution Centre	Phase I Preliminary Analysis	<p>The proposal calls for the establishment of a primary fish landing and distribution centre at Harbour Grace, Newfoundland. The estimated cost is \$49.2 million and funding is requested on a 90/10 basis over five years for capital costs related to site development, wharves, onshore landing, holding, distribution and vessel servicing facilities. The facility is intended to receive increased landings from offshore areas arising from the adoption of the 200-mile economic zone and distribute these landings to existing seasonal plants on the Avalon Peninsula.</p> <p>The Centre is to be operated by a recently established provincial crown corporation which will be responsible for procurement and distribution of product.</p> <p>Major issues are related to the viability of the concept, an appropriate harvesting strategy for an expanded fleet, vessel licensing and quota allocations. The response of the seasonal plant owners to the concept is also uncertain at this time. A joint DREE/DFO review process is underway, and dialogue with the Province has begun. Federal Fisheries officials advise that decisions on resource allocation and fleet expansion are not expected before the third quarter of 1979.</p>

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
*NEWFOUNDLAND	Stephenville Paper Mill Conversion	Phase V Agreement Conclusion	Province of Newfoundland proposed that the Department enter into a \$15 million subsidiary agreement to assist in the reactivation and conversion of the Labrador Linerboard Limited mill for newsprint production. The proposal is part of a sales agreement between the Province and Abitibi Paper Co. Ltd. Federal approval of cost-sharing the conversion program for the mill was announced on December 15, 1978. A sub-agreement with Newfoundland will be concluded for a total DREE contribution of \$13.5 million (90%), \$1.5 million (10%) provincial to assist in the \$60 million conversion program proposed by Abitibi Paper Co. Ltd. The submission has been approved. (P.C. 1979-2/1357 dated May 2, 1979). The agreement requires the signatures of the federal and provincial Ministers.

SUB-AGREEMENTS IN PREPARATION

DATE: May 23, 1979

ATLANTIC REGION

<u>PROVINCE</u>	<u>PROJECT TITLE</u>	<u>STATUS</u>	<u>COMMENTS</u>
NEWFOUNDLAND	Hydro Interconnections	Phase I Preliminary Analysis	The proposal provides for a subsidiary agreement to support the replacement of diesel-fueled, power-generating stations in a number of isolated communities by connecting these communities to the central hydro-electric grid system. The total capital cost is estimated to be \$10.8 million to be expended in the 1979-80 and 1980-81 fiscal years. The Province is requesting that DREE contribute 90% of the cost or \$9.7 million in a two year agreement. DREE officials are conducting a preliminary analysis of the provincial proposal.
*NEWFOUNDLAND	Industrial Development Phase I - Western Newfoundland		The proposal concerns the provision of new industrial land and access in the city of Corner Brook, and an industrial access road from the Trans Canada Highway to Stephenville. The total cost of the program is \$26,650,000. The federal contribution is \$23,985,000. The submission was forwarded to Treasury Board on May 14, 1979.



Incentives

RDIA IN NEWFOUNDLAND

The RDIA program has been in effect in Newfoundland since July 1, 1969, and, up to December 31, 1978, a total of 162 offers of incentive assistance to the manufacturing and processing sectors had been accepted. This assistance is forecast at over \$24.9 million and involves proposed capital expenditures of \$79.7 million on fixed assets and the creation of over 4,370 direct jobs.

A geographical distribution of RDIA grants is shown on the attached map, and it should be noted that, apart from the southern and northeast areas of the province, there is a close correlation of population distribution to the expenditure of funds and the creation of jobs. If the southern and northeast areas were combined, the correlation would exist, as it does in most parts of the Atlantic Region.

The province has been divided into ten census divisions, as shown on the second map. Table I is a division-by-division analysis of the amount of grants, expected eligible costs, and expected new direct jobs. Similarly, Table II shows the same data divided by type of industry. During the first eight and a half years of the program, 60% of RDIA incentive assistance was extended to the fish processing industry and provides 61% of the total jobs created. The percentage of job creations by the principal fish processing and food industries is in direct proportion to existing jobs in place (as defined by the 1972 Statistics Canada industrial survey), as follows:

	<u>% RDIA Jobs Created</u>	<u>% Work Force</u>
Fish Processing	61%	43%
Food, Beverage	9%	10%
Pulp and Paper	-	19%
Other	30%	28%
	<u>100%</u>	<u>100%</u>

In Tables III and IV, expected job creations and the expected amount of incentive grants are compared on a geographic basis versus type of industry. It should be noted that, in the combined south coast and northeast areas, 88% of RDIA assistance and 80% of jobs created were related to the fish processing industry. In the Avalon Peninsula and on the west coast, incentive grants were made to a more diversified group of industries; nevertheless, 45% of grants and 53% of jobs were in fish processing facilities.

There are four guaranteed loans in force in Newfoundland as of December 31, 1978, with a total value of \$2.4 million.

# NEWFOUNDLAND RDIA INCENTIVES BY GEOGRAPHIC AREA June 1969 – December 1978

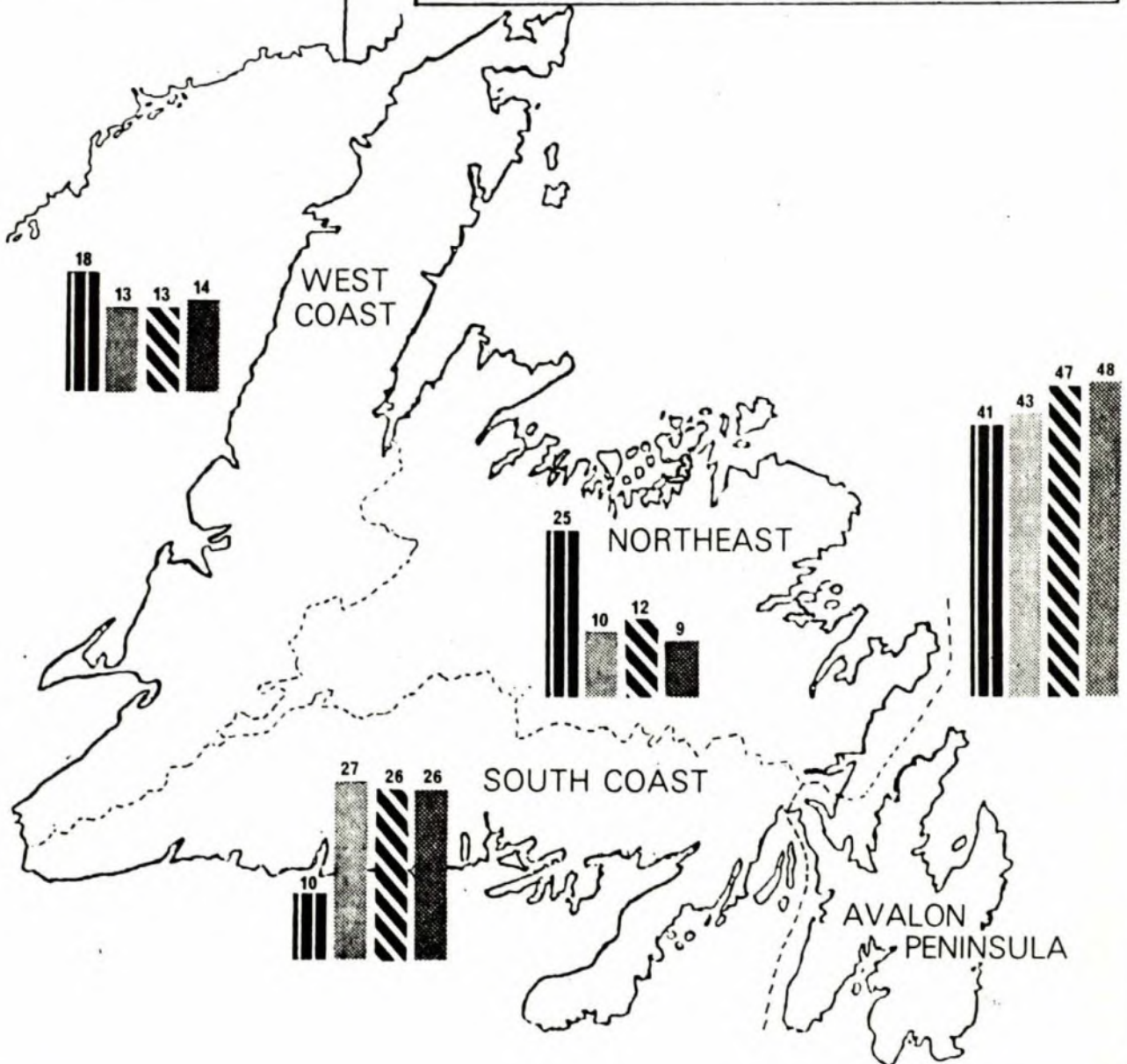


TABLE I

NEWFOUNDLAND  
RDIA ACTIVITY BY CENSUS DIVISION  
July 1, 1969 - December 31, 1978

<u>Census Division</u>	<u>Population<sup>1</sup></u> <u>('000's)</u>	<u>Estimated Amount</u> <u>of Incentive Grants</u> <u>(\$ Millions)</u>	<u>Expected Fixed</u> <u>Asset Investment</u> <u>(\$ Millions)</u>	<u>Expected</u> <u>Direct</u> <u>New Jobs<sup>2</sup></u>
<u>AVALON PENINSULA</u>				
One	<u>228</u>	<u>11.1</u>	<u>37.5</u>	<u>2,110</u>
<u>SOUTH COAST</u>				
Two	30	2.3	7.5	400
Three	<u>26</u>	<u>4.6</u>	<u>13.5</u>	<u>740</u>
	<u>56</u>	<u>6.9</u>	<u>21.0</u>	<u>1,140</u>
<u>WEST COAST</u>				
Four	30	1.0	2.1	120
Five	46	1.4	4.6	150
Nine	<u>25</u>	<u>1.2</u>	<u>3.5</u>	<u>350</u>
	<u>101</u>	<u>3.5</u>	<u>10.3</u>	<u>620</u>
<u>NORTHEAST</u>				
Six	43	0.8	2.7	150
Seven	43	0.5	1.6	110
Eight	<u>53</u>	<u>1.4</u>	<u>5.2</u>	<u>150</u>
	<u>139</u>	<u>2.7</u>	<u>9.6</u>	<u>410</u>
<u>LABRADOR</u>				
Ten	<u>33</u>	<u>0.6</u>	<u>1.4</u>	<u>90</u>
TOTAL <sup>3</sup>	<u>557</u>	<u>24.9</u>	<u>79.7</u>	<u>4,370</u>

Data Sources: DIDS master tape, December 31, 1978.

1. Statistics Canada 1976 Census 92-802.
2. Job data rounded to 10's.
3. Columns may not add to subtotals and totals due to rounding.

TABLE II

NEWFOUNDLAND  
RDIA ACTIVITY BY MANUFACTURING SECTOR  
July 1, 1969 - December 31, 1978

<u>Industry Classification</u>	<u>Estimated Amount of Incentive Grants (\$ Millions)</u>	<u>Expected Fixed Asset Investment (\$ Millions)</u>	<u>Expected Direct New Jobs<sup>1</sup></u>
Food and Beverages	2.7	9.8	410
Fish Processing	15.0	48.6	2,680
Rubber and Chemicals	0.3	1.1	50
Wood and Furniture	1.5	3.9	400
Metal Fabricating, Machinery, etc.	2.2	7.6	460
Nonmetallic Mineral Products, etc.	0.7	1.7	120
Other	<u>2.4</u>	<u>6.9</u>	<u>260</u>
TOTAL <sup>2</sup>	<u>24.9</u>	<u>79.7</u>	<u>4,370</u>

Data Source: DIDS master tape, December 31, 1978.

1. Job data rounded to 10's.

2. Columns may not add to subtotals and totals due to rounding.

TABLE III

NEWFOUNDLAND  
GEOGRAPHIC RDIA ASSISTANCE BY MANUFACTURING SECTOR  
ESTIMATED DIRECT JOBS CREATED<sup>1</sup>  
July 1, 1969 - December 31, 1978

<u>Industry Classification</u>	<u>Avalon</u>	<u>South Coast</u>	<u>West Coast</u>	<u>Northeast</u>	<u>Labrador</u>
Food and Beverages	250	-	110	50	-
Fish Processing	1,250	1,020	190	220	-
Rubber and Chemicals	40	-	10	-	-
Wood and Furniture	60	-	220	80	30
Metal Fabricating, Machinery	240	110	40	30	40
Nonmetallic Mineral Products	50	-	20	10	20
Other	<u>220</u>	<u>-</u>	<u>30</u>	<u>30</u>	<u>-</u>
TOTAL <sup>2</sup>	<u><u>2,110</u></u>	<u><u>1,140</u></u>	<u><u>620</u></u>	<u><u>410</u></u>	<u><u>90</u></u>

Data Source: DIDS master tape, December 31, 1978.

1. Data rounded to 10's.
2. Total columns may not add to subtotals and totals due to rounding.

TABLE IV

NEWFOUNDLAND  
GEOGRAPHIC RDIA ASSISTANCE BY MANUFACTURING SECTOR  
ESTIMATED AMOUNT OF INCENTIVE GRANTS (\$ MILLIONS)  
July 1, 1969 - December 31, 1978

<u>Industry Classification</u>	<u>Avalon</u>	<u>South Coast</u>	<u>West Coast</u>	<u>Northeast</u>	<u>Labrador</u>
Food and Beverages	1.7	-	0.9	0.1	-
Fish Processing	5.0	6.6	1.6	1.8	-
Rubber and Chemicals	0.3	-	-	-	0.1
Wood and Furniture	0.3	-	0.5	0.5	0.3
Metal Fabricating, Machinery	1.5	0.3	0.2	0.1	0.1
Nonmetallic Mineral Products	0.2	-	0.1	0.2	0.2
Other	<u>2.2</u>	<u>-</u>	<u>0.2</u>	<u>-</u>	<u>-</u>
TOTAL <sup>1</sup>	<u>11.1</u>	<u>6.9</u>	<u>3.5</u>	<u>2.7</u>	<u>0.6</u>

Data Source: DIDS master tape, December 31, 1978.

1. Columns may not add to subtotals and totals due to rounding.

Other Programs



NEWFOUNDLAND  
DREE Expenditures April 1, 1969 to March 31, 1979  
(\$000's)  
Other than Subsidiary Agreements

<u>Program/Agreement</u>	<u>Duration</u>	<u>Expenditures Contr. &amp; Loans</u>	<u>Remaining Commitment</u>
ADB Programs, Power Development	1969-77	59,210	-
ARDA II, ARDA III	1969-70, 1970-78	8,512	-
Argentia Task Force Projects	1970-72	689	-
Evaluation of Hydro Electric Sites - Newfoundland & Labrador	1976-77	500	-
Interim Planning	1974-75	242	-
Memorial University - VIR	1974-78	620	-
Mineral Exploration & Evaluation	1971-76	1,149	-
Nfld. & Labrador Development Corporation	1972-82	20,623	6,902
Second Resettlement Agreement	1970-77	2,838	-
Second Special Areas Agreement	1971-76	138,520	-
Special Highways - 1971	1971-75	29,987	-
Surveying, Mapping & Land Registration	1970-78	4,795	-
Surveying, Mapping, Land Registration & Mineral Laboratory Accommoda. Agreement	1973-74	700	-
Water Conservation - Rose Blanche	1975-81	1,131	294
Industrial Incentives	1969-79	20,600	10,664
	TOTAL	<u>290,116</u>	<u>17,860</u>

CANADA/NEWFOUNDLAND

NEWFOUNDLAND AND LABRADOR DEVELOPMENT CORPORATION LIMITED  
AGREEMENT  
(1971-1982)

<u>Programs</u> <u>Description</u>	Estimated Cost		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
1. To provide loan funding and equity funding in support of small and medium-size businesses in Newfoundland and Labrador.			
2. Market analysis, library and technical assistance, research and financial services.	5,050(B) <u>27,000(NB)</u>	2,525(B) <u>25,000(NB)</u>	5,525(B) <u>2,000(NB)</u>
TOTAL	32,050	27,525	4,525

B - Budgetary

NB - Non-Budgetary (loans)

CANADA/NEWFOUNDLAND AGREEMENT FOR ROSE BLANCHEWATER CONSERVATION  
(1975-1981)(ARDA)

<u>Programs</u> <u>Description</u>	<u>Estimated Cost</u>		
	<u>Total</u>	<u>Federal</u>	<u>Provincial</u>
The community of Rose Blanche was selected as the site for research and investigation for development conservation of water supplies. The project involves the installation of a combined modular water system and associated sewerage system.	<u>2,850</u>	<u>1,425</u>	<u>1,425</u>
TOTAL	2,850	1,425	1,425

**MINISTER'S REFERENCE BOOK**

**QUEBEC REGION**

MINISTER'S REFERENCE  
BOOK

QUEBEC REGION

JUNE 1979

THE QUEBEC REGIONAL ECONOMIC DEVELOPMENT CONTEXT

THE QUEBEC REGIONAL ECONOMIC DEVELOPMENT CONTEXT

Despite considerable expansion and a high level of activity since the beginning of this century, and in particular since the end of the Second World War, the economy of Quebec is facing a certain number of problems and is lagging behind other regions of the country, often by appreciable amounts. Indicators such as per capita personal income and the unemployment rate provide a general idea of these disparities.

Since the end of the last war per capita personal income in Quebec has on the average been 10 per cent lower than the national average and 25 per cent lower than in Ontario. This difference in incomes has been narrowing since the start of the seventies, due in part to a greater growth in productivity. However, a significant part of the reduction in the disparity can be attributed to much higher government transfer payments to Quebec.

The Quebec unemployment situation has always been relatively unfavourable, with levels of unemployment noticeably higher than the national average. In 1978 the rate was 10.9 per cent in Quebec against 8.4 per cent for the whole of Canada and 7.2 per cent in Ontario.

The deterioration of Quebec's economy

More important than these general considerations is the gradual deterioration of Quebec's relative position in the Canadian economy, which appears to be the most prominent tendency of Quebec's long-term economic development. During the twenty years following the Second World War, until the mid-sixties, Quebec's economy kept pace with the country as a whole and even developed more rapidly in some sectors and in the areas of investment and productivity. Employment growth was more or less the same, and the relatively high level of unemployment could be attributed to the much more rapid increase in the Quebec labour force.

However, since the mid-sixties economic activity has expanded more slowly in Quebec than in Canada as a whole, and in some respects more slowly than in the Maritime provinces. For example, between 1961 and 1978 the gross provincial product in Quebec increased less rapidly than in all the other Canadian provinces, while Quebec's share of the total number of jobs in Canada went from 27.3 per cent in 1961 to 25.3 per cent in 1978. The province's demographic growth has also fallen behind; in 1961 Quebec's population represented 28.9 per cent of the national total, but in 1978 it made up only 26.8 per cent. The deterioration of Quebec's relative economic position is evident in the manufacturing sector, which

since 1961 has grown at a comparatively slower rate in terms of production, employment and investments. Quebec's share of total Canadian employment in the manufacturing sector went from 33.8 per cent in 1961 to 30.6 per cent in 1976. Difficulties in this sector are largely attributable to structural problems. Although Quebec's industrial structure is fairly diversified, activity is still highly concentrated in traditional industries connected with forest resources and in labour intensive industries which produce non-durable consumer goods. These industries are finding it increasingly difficult to compete on world market', especially with countries having low production costs. In comparison, rapid-growth industries are a much smaller part of Quebec's industrial structure, and tend to locate in Ontario instead.

Finally, Quebec's relative decline is particularly evident in the Montreal region, which is Quebec's main economic growth centre. Montreal's position as a growth centre has deteriorated, particularly in relation to Toronto. This trend began after the end of the second war when financial activities and company headquarters began moving to Ontario. The transfer of these decision-making centres eventually increased in pace and it has had important consequences for other sectors, particularly the manufacturing sector. The decline was also felt in transportation activities, on which the Montreal region's development had been based.

#### Factors in the decline

The shift of Canada's economic centre of gravity to Southwestern Ontario is the main reason for the deterioration of Quebec's relative position in the manufacturing sector. This shift also explains Toronto's gains at the expense of the Montreal region.

Quebec is a fair distance from the dense manufacturing areas of the northeastern United States. The province was not well located to benefit from the wave of industrialization in the first half of the twentieth century. The introduction of customs barriers at the end of the last century, aimed at protecting Canadian industry from American competition, resulted in a migration of American companies northward, particularly in the steel and automobile industries. These firms were seeking to extend their market areas. They located mainly in Ontario, close to their American factories and head offices.

Quebec's economic development has been shaped by the following distinct historical factors:

- the presence of natural resources, including water hydro



resources, which favoured the development of forest industries and primary metal processing industries;

- Montreal's position as the hub of transportation systems linking Europe and central Canada, resulting in the establishment of important financial and commercial services and manufacturing industries to supply local and export markets;
- an abundant supply of labour, which favoured the development of the textile, clothing and footwear industries.

Quebec and Ontario have thus developed along very different lines, which is reflected in their industrial structures. Historical factors have strongly influenced the development of both economies since the early sixties, a period during which rapid-growth industries were poorly represented in Quebec.

#### Interregional disparities

The disparities existing between different parts of the province must be taken into account in the context of Quebec's regional economic development. The growth in economic activity over the years has been spread unequally among the various areas of the province. From 1951 to 1966 all the regions of Quebec, with the exception of the North Shore, declined in importance in relation to Montreal from the points of view of population and production. However, for the last ten years or so the Quebec City and Outaouais regions have been growing in relative importance, owing to the stagnation of the Montreal region.

The unbalanced growth of economic activity in the various regions is reflected by marked differences in unemployment rates: in 1977 the rate was 9.4 per cent in the Montreal region but 18.8 per cent in the Lower St-Lawrence-Gaspé region. There are also sizable gaps in personal disposable income per capita, which in the Montreal region is 10 per cent higher than the provincial average. The figure for the Lower St-Lawrence-Gaspé region is 68 per cent of the average, while in the Trois-Rivières and Eastern Townships regions, which rely heavily on traditional industries, it is 83 per cent of the average.

#### Projections for the 1980's

Several factors which shaped the economic situation in the seventies will continue to influence Quebec's development in the next decade. Energy costs will remain high and the need for capital to develop the abundant energy sources in the West could accelerate the shift of economic activity

which characterized the seventies. The outcome of the GATT negotiations would appear to offer new possibilities for processing the main natural resources locally, but the status of several traditional industrial sectors are far from stable in the light of international competition. In sum, there is no indication that a perceptible improvement will take place in the international situation, which once again will be dominated by problems of unemployment and inflation.

Quebec's relative share of population, employment and production could again decrease in the eighties, given these factors and the trends of the past twenty years.

Based on conservative projections of zero net immigration in the next few years and maintenance of the current birth rate, Quebec population growth will remain under 1.0 per cent, which means that Quebecers could make up less than 25.0 per cent of the Canadian population by the mid-eighties. In the longer term, the aging of the population will cause changes in government priorities in the areas of social security, housing and medical and hospital care.

In the seventies the number of the women in the work force rose very rapidly and a large share of these women found employment in the tertiary sector. Female participation in the work force will continue to increase in the eighties but at a decreasing rate, and thus growth in the total labour force will, on the average, be under 2.5 per cent annually. Quebec will have to provide for the creation of over 65,000 jobs per year during the next decade in order to reduce unemployment levels to around 6 per cent.

In recent years, the growth in investment has been slow and was largely the result of major public projects such as James Bay. Even though the investment climate seems to be improving slowly, no public or private sector projects on the scale of those undertaken in the seventies have been announced. The restructuring and modernization of the manufacturing industry will involve considerable investment, but this will not be enough to create the thousands of jobs that Quebec needs or to improve economic performance.

It is therefore unlikely that the average growth in production in the eighties will be as high as in the first half of the seventies, when it was 5.4 per cent annually. Realistic predictions set the average at slightly over 3.0 per cent annually, which means that employment growth will barely exceed current levels of under 2.0 per cent annually. Therefore, Quebec will probably experience a long period of high unemployment, until at least 1985, with rates of about 10.0 per cent.

REGIONAL DEVELOPMENT PROBLEMS IN QUEBEC AND  
FEDERAL GOVERNMENT DEVELOPMENT STRATEGY

REGIONAL DEVELOPMENT PROBLEMS IN QUEBEC AND  
FEDERAL GOVERNMENT DEVELOPMENT STRATEGY

The reduction of regional disparities and the elimination of inequalities have always been recognized by the Canadian government as national objectives. Efforts to improve regional circumstances extend well beyond the government's specific and quantifiable objectives; they help to fulfil the continuing federal commitment to social equality, economic prosperity and national unity.

In a country as vast as Canada, regional imbalances naturally occur. Some regions possess more abundant natural resources or enjoy a more favourable geographic location, and thus experience sustained economic growth which generates levels of income and employment which are higher than in other regions. The free interplay of economic forces tends to create what economists refer to as "development" or "growth poles".

1969-1973 period

The Department of Regional Economic Expansion was created to co-ordinate the implementation of major, long-term, comprehensive programs aimed at promoting regional economic and social development and reducing disparities among provinces and regions.

The new department brought together under one administration various legislation and programs (for example, ARDA, PFRA, FRED) which had previously been administered by different federal departments and agencies.

In addition, DREE co-operated with other federal departments and the provinces to formulate programs for regions having an outstanding lack of employment opportunities or industrial or urban infrastructures. These programs were to provide for the co-ordination and planning of efforts by the various levels of government and took the form of federal-provincial agreements on special areas. Twenty-three of these areas were designated to receive four types of assistance: infrastructure assistance, social adjustment measures, resource development support and direct financial assistance to industry.

The Quebec special areas included the regions of Sept-Iles/Port Cartier, Quebec City, Trois-Rivières, Lac Saint-Jean and Mirabel. Projects were implemented by either the province or the municipality concerned. Under the Canada-Quebec Special Areas Agreement, which terminated March 31, 1975, DREE contributed over \$182.2 million in grants and nearly \$117 million in loans to Quebec.

Based on the experience gained from the ADIA, a new incentive program was established. The Regional Development Incentives Act, for which DREE was given responsibility, took effect in 1969, and which quickly became one of the federal government's chief instruments for stimulating investment in manufacturing and processing industries and creating new employment opportunities in slow-growth areas. In essence, the RDIA promotes productive employment opportunities in regions experiencing slower economic growth than in the larger centres; these regions are designated for the purposes of the Act. Financial assistance is available to manufacturing and processing companies which are interested in establishing, expanding or modernizing facilities in a designated region. Commercial facilities are not eligible for incentive grants, but loan guarantees are available for certain types of projects.

Although the designated areas have been somewhat modified since 1969 and some changes have been made in the calculation of incentive amounts, the RDIA remains a key instrument in DREE's activities. The federal government has other programs designed to assist industry, but the industrial incentives program is unique in that it "utilizes" industrial projects for development purposes. By March 31, 1979, DREE will have contributed \$326.5 million under the RDIA in Quebec to assist some 2,723 industrial projects which are intended to create 73,165 jobs by supplementing private investments in the order of \$1.7 billion. Certain aspects of the program will be examined later in this document.

#### 1973-1979 period

After three years of working with programs which were inherited from various departments, as well as with the Special Areas Agreements and the RDIA, DREE undertook a thorough review of its policies. This study, which was conducted in consultation with other federal departments and the provincial governments, produced several recommendations and conclusions which were to have a considerable impact on regional development policy in Canada. These conclusions led to the formulation of a regional development strategy based on the following three priorities:

- to encourage the formulation and implementation of federal and joint federal-provincial policies, which together support development in slow-growth regions. DREE would take the lead in ensuring that the policies of other federal departments supported, as much as possible, regional development objectives.
- The identification of obstacles to economic development in slow-growth regions and the formulation of programs to eliminate or mitigate these obstacles. In planning their urban, industrial, social and economic

projects, the provinces would have to be able to rely on the federal government's sharing the cost of programs designed to improve regional, community and industrial infrastructures.

- The identification and definition of development opportunities in slow-growth regions. This priority was important because it represented an entirely new concept based on encouraging the realization of regional potentials, instead of attacking weaknesses.

This new philosophy, the "new approach", first led to administrative changes in the RDIA and certain other existing programs (ARDA, FRED and Special Areas). However, its most important consequence was the signing of General Development Agreements (GDAs) with each of the provinces except Prince Edward Island. These agreements set out the strategy for the achievement of DREE's objectives. The term of the GDAs is ten years, except in the case of the Canada-Quebec agreement, which contains a provision (clause 12) for termination after the third year with the consent of both parties. The Quebec GDA was signed on March 15, 1974, and expires March 31, 1984.

#### The General Development Agreement

The Canada-Quebec GDA was to spearhead DREE's new strategy, which was to give priority to activities capable of changing the trends in Quebec's economic development and producing more lasting effects on the province's overall growth. Development programs were to focus on the strengths of the Quebec economy and respect provincial priorities.

The GDA contained two important innovations which set it apart from former programs. First, it incorporated an element of flexibility - no sector or region was automatically excluded from the agreement. Secondly, the GDA outlined a comprehensive plan of action affecting all sectors of economic activity, to be implemented over a period of several years. It was therefore necessary to make decisions on the ordering of activities. Schedule "A" of the GDA, which described the problems, strategy and objectives of both governments with respect to economic development, was quite different from the Schedule "A"s of the GDAs with the other provinces. The latter outline a series of measures to be undertaken by the signatories, but do not describe an overall strategy.

The GDA provided two methods for achieving the objectives as outlined in Schedule "A". First DREE and the QPDA agreed to try and co-ordinate the policies of the federal and provincial departments involved in economic development and

convince them to include regional considerations in their planning. This co-ordination also implied that DREE and the QPDB would, if necessary, ask departments to redirect their programs in light of certain regional development priorities.

The objectives of the GDA were also to be achieved through the signing of subsidiary agreements defining a joint strategy for supporting development opportunities in accordance with Schedule "A". Both parties (DREE and the QPDB) furthermore agreed to involve as many federal and provincial agencies and departments as necessary in the planning and financing of their efforts.

The General Development Agreement was based on specific federal government objectives. In the first place, Ottawa wished to indicate its intention to have more reasonable control over regional development expenditures - the ARDA and FRED programs had not complied satisfactorily with the new Treasury Board requirements under the PPBS. In addition, the federal government desired, through DREE, to ensure that the regional development efforts of its various departments would be co-ordinated and that these departments closely follow the results of DREE action in sectors normally within their jurisdiction.

Secondly, the General Development Agreement clearly was an indication of the federal government's firm intention of finding adequate solutions to the problems posed by regional disparities. Federal authorities hoped that under the GDA they would participate in the regional planning process carried-out by provincial officials since, in theory, the GDA called for very close consultation in the formulation as well as in the implementation and programming of each of the subsidiary agreements subsequently drawn up. Finally, the work of identifying special areas across the country had convinced Ottawa that the provinces ought to make greater efforts in the area of land development planning, and the federal government hoped that the GDA would speed up these efforts. In sum, the GDA satisfied the policy priorities as well as the economic and social concerns of the federal government.

#### Implementation mechanisms

The GDA provided mainly for two mechanisms which were to guarantee the achievement of the agreement's key objectives. The first body, the Development Committee, was in principle responsible for planning activities, pursuant to section 9(2) of the GDA which states:

"The Development Committee shall meet at least once a year to review the programs and projects undertaken

by virtue of this Agreement and to advise on new programs and projects proposed which might give rise to new subsidiary agreements."

Furthermore, certain responsibilities regarding other programs, such as the special areas, were entrusted to the Development Committee in order to centralize the implementation mechanisms of the two governments for the stated purpose of making the various means of fighting regional disparities more cohesive.

Specifically, the Development Committee's original functions were as follows:

- 1) To supervise the implementation of the agreement;
- 2) To make recommendations on or bring to the Minister's attention:
  - development plans, as well as measures, projects and works necessary for the implementation of such plans in the special area
  - within the context of the overall development of Quebec's economy, changes in the boundaries of the special areas and the designation of other special areas (when Montreal was designated a special area, consultations were held with the Quebec government through the Development Committee)
  - any review of the current agreement and any new agreement designed to replace or complement the current agreement
  - any measure affecting economic expansion and social adjustment in the special area;
- 3) To consult the organizations or agencies concerned, whenever deemed necessary;
- 4) To ensure that the populations and agencies affected by this agreement are kept informed.

To achieve this, the Development Committee is composed of an equal number of DREE and QPDB representatives and chaired by the Assistant Deputy Minister of DREE and the President-General Manager of the QPDB.

Briefly, the Development Committee is designed as a mechanism for federal-provincial co-operation through which an unprecedented joint planning effort is undertaken. At the



third meeting of the Development Committee in Quebec City on March 30, 1976, the following statement was recorded in the minutes:

"The general objective of Development Committee members is that their committee is to be primarily an orientation committee. Barring any major problems, the management committees will not have to appear before the Development Committee. Revisions to schedules "B" will be made on the recommendation of the management committees and will require the signatures of the co-chairmen. Thus, the Development Committee will have more time to discuss development objectives and the means of achieving them."

In short, the Development Committee was meant to be the focal point of discussions on medium and long-term economic measures needed to meet the structural needs of the Quebec economy, whereas the Management Committee of each agreement was responsible for ensuring the smooth running and implementation of each subsidiary agreement.

The management committees supervise the implementation of each subsidiary agreement. Composed of one DREE and one QPDB representative, they also bring together federal and provincial representatives of each sectoral department concerned. For example, the Subsidiary Agreement on Mineral Development enabled representatives of the Quebec Department of Natural Resources and the federal Department of Energy, Mines and Resources to meet for discussion purposes. Specifically, the functions of the Management Committee were to see to the implementation of the projects listed in Schedule "B" (technical schedule) and suggest to the Development Committee amendments to certain projects in the agreement.

Furthermore, a series of implementation procedures governing contracts, plans and specifications and public advertisement ensures that both parties are able to monitor the progress of the agreement closely. It should be noted that the implementation of projects contained in the agreement is ensured by the provincial sectoral department which, pursuant to the implementation procedures, suggests to the Management Committee ways of achieving the objectives listed in Schedule "A" of the agreement.

DREE ACTIVITIES IN QUEBEC AND THEIR BUGETARY IMPACT

DREE ACTIVITIES IN QUEBEC AND THEIR BUGETARY IMPACT

A) Overview

Since its creation in 1969, DREE has committed more than \$1.7 billion dollars to economic and industrial development in Québec through federal-provincial agreements (\$1.4 billion) and industrial incentives programs (\$349 million). Last March 31, DREE disbursements reached the \$1.1 billion mark. The following table shows the status of each program undertaken by DREE In Quebec.

<u>Program</u>	<u>Total commitment</u>	<u>Expenditures</u>	<u>Balance</u>
<u>Activity No. 2 General Development Agreement</u>			
SIDBEC	30.0	30.0	-
Key highway networks	205.5	88.3	117.2
Industrial infrastructures	82.6	25.5	57.1
Forest development	193.4	41.7	151.7
Agricultural development	62.0	35.0	27.0
Mineral development	17.2	11.3	5.9
Industrial studies	0.6	0.6	-
Bleached kraft pulp mill	30.0	30.0	-
PICA	8.0	3.2	4.8
Water treatment facilities for the Montreal area	120.0	90.0	30.0
Tourism	45.6	2.2	43.4
Public infrastructures	23.2	1.7	21.5
Modernization of the pulp and paper industry	<u>90.0</u>	<u>-</u>	<u>90.0</u>
Sub-total	908.1	359.5	548.6

Activity No. 3

RDIA	325.0	287.7	37.3
Montreal special area	24.7	5.3	19.4
Sub-total	349.7	293.0	56.7

Activity No. 4

ARDA III	24.4	24.4	-
ARDA (Native Peoples)	1.6	1.6	-
FRED	153.2	153.2	-
Special areas (grants)	113.0	113.0	-
Special areas (loans)	95.8	95.8	-
NMASA (grants)	69.0	69.0	-
NMASA (loans)	<u>19.0</u>	<u>19.0</u>	<u>-</u>
Sub-total	476.0	476.0	-
Total	1,733.0	1,128.5	605.3

B) The budget

Chart I traces DREE commitments to Quebec for the period 1969-81. Excluding advance payments of \$50 million in 1977-78 and \$40 million in 1978-79 under the water treatment facilities program for the Montreal area, expenditures remained relatively stable from 1974-75 up to the last fiscal year.

This situation is attributable to several factors such as the gradual decline of activities under the special areas program and the slow start of new activities under the GDA. It should be borne in mind that this transition occurred amid the federal-provincial relations climate, and the government budget cutbacks, mentioned earlier. The situation was all the more complex in view of the fact that Quebec's financial situation allowed it little opportunity to assume its share of new joint activities.

Furthermore, in view of the very nature and circumstances of DREE activities (infrastructure work, industrial development), a timetable is established for each project.

This timetable extends well beyond the fiscal year and makes us essentially dependent on contractors, municipalities, sectoral departments, the QPDB, private enterprise and the like, as well as on intervening factors such as the time needed for obtaining government approval, the climate of labour relations, financing sources and so forth. This general situation makes it difficult to stay within the budget. Moreover, it takes between twelve and eighteen months before a new subsidiary agreement is fully implemented in terms of disbursements.

With respect to incentive programs, approximately one year elapses on the average between the time a grant request for a small project is received and the time the first payment is made. The average time lapse for larger projects is two years.

C) Brief description of programs

ARDA III (1971-75)  
Share ratio 50/50

This agreement provided for the development of agricultural, forestry, tourist and mineral resources in the Saguenay - Lac Saint-Jean and the Northwest regions of Quebec through programs aimed at providing access to forest resources, consolidating and rationalizing the primary sector, setting up community and industrial infrastructures, encouraging mining activities and so on.

Total expenditures:     \$48,818,572  
DREE share:             \$24,409,286

FRED (1968-76)

The purpose of the agreement was to promote the economic development and social adjustment of the region, increase income and employment opportunities and raise living standards. Specifically, the objectives of the agreement were:

- To modernize traditional primary sectors (agriculture, forestry, fisheries) in order to provide workers in these sectors with more stable employment and, as far as possible, with jobs as remunerative as those in these same sectors elsewhere in Quebec;
- To create dynamic, new activities in industry, mining and tourism capable of absorbing as far as possible the manpower left jobless by the modernization of traditional sectors;

- To launch a comprehensive labour force reclassification program to provide workers with needed occupational and geographical mobility;
- To accelerate urbanization by regrouping populations in a number of urban centres with adequate facilities;
- To set up the equipment and infrastructures needed to ensure the program's success;
- To set up a cohesive institutional framework geared to the requirements of a concerted development policy for the region.

Total expenditures: \$411 million  
Government of Canada: \$277.7 million, of which DREE's  
commitment is  
\$153.2 million  
Government of Quebec: \$133.3 million

#### Special Areas (1970-75)

This federal-provincial agreement enabled both levels of government to provide financial assistance in the form of loans and incentive grants to carry out infrastructure projects (roads, water mains and sewage systems, residential and industrial infrastructures, industrial parks and so forth) in regions where growth is vital to Quebec's economic development. The agreement is designed for regions with considerable economic potential in view of their close proximity to natural resources - potential which cannot be developed due to a severe lack of infrastructures - and which require special measures following the implementation of major projects.

The agreement applies to five areas in Quebec: Quebec City, Trois-Rivières, Sept-Iles-Port-Cartier, Saguenay-Lac Saint-Jean and the New Montreal Airport Special Area.

Total expenditures: \$208.8 million  
Incentive grants: \$113.0 million  
Loans: \$ 95.8 million

#### General Development Agreement (1974-84)

Signed in March 1974, the GDA outlined DREE's new strategy for Quebec which was aimed at implementing programs capable re-directing economic development in Quebec and which would produce a more lasting impact on the province's growth. To achieve this objective, activities

were to focus on the strengths of the Quebec economy and respect at the same time the overall priorities for economic development in the province. The GDA differed from former programs in two respects. First, it incorporated a certain element of flexibility inasmuch as no sector or region was excluded automatically from possible interventions. Secondly, the GDA outlined a comprehensive development strategy involving the main sectors of economic activity and specifically identified those sectors which were to receive special attention from both levels of government in order to promote greater development of the Quebec economy. This development strategy is provided in Schedule "A" of the GDA which describes the objectives, problems and priorities for intervention of the two governments in economic development matters.

In general, the cost-sharing ratio for subsidiary agreements signed under the GDA is 60/40.

#### SIDBEC (1974-78)

This agreement provides funding to carry out phase II of SIDBEC's expansion plan, which calls for the expansion of the Corporation's steel plant and reduction plant at Contrecoeur. SIDBEC's output of crude steel will therefore increase from 900,000 to 1,600,000 tons per year. The cost of the last component of the expansion plan exceeds \$200,000 million, of which DREE's commitment is \$30 million.

#### Key Highway Networks (1974-1982)

The purpose of this agreement is to provide Quebec with an adequate highway infrastructure with a view to promoting the industrial development of certain regions of the province with high growth potential, consolidating the regions in order to increase the level of industrial and commercial relations and distributing economic growth among the various regions in Quebec in order to achieve a better urban balance and reduce regional disparities.

Total commitments:     \$448.8 million  
DREE share:             \$205.5 million

#### Forest Development (1975-84)

The purpose of this agreement is to enable Quebec to improve its network of access roads to forest resources in the Crown forests of the Saguenay-Lac Saint-Jean, North Shore, Lower St Lawrence-Gaspé and Abitibi-Témiscamisque regions. The agreement will promote optimal exploitation of forest resources, eliminate the danger of wood short-

ages in the short term and provide opportunities for the expansion of existing mills.

Total commitments: \$322.3 million  
DREE share: \$193.4 million

#### Industrial Infrastructures (1975-82)

The agreement consists of a program of financial assistance for municipalities to enable them to set up or improve infrastructures necessary for carrying out industrial projects. Since the amendment of January 24, 1978, financing of the agreement covers 75 per cent of the total investment. In certain cases, financial assistance provided under the agreement facilitates the development of new industrial parks. In other cases, it promotes the development or expansion of existing industrial parks. More than thirty municipalities have already received financial assistance under this component of the agreement.

In addition, the agreement provides for the establishment and development of well-equipped industrial fishery parks in the Gaspé area and on the North Shore. Finally, one component of the agreement deals exclusively with the provision of additional assistance to municipalities which do not have the necessary infrastructures for a major industrial project.

Total commitments: \$137.7 million  
DREE share: \$ 82.6 million

#### Agricultural Development (1976-82)

The purpose of this agreement is to implement a land-use adjustment program in the following Quebec farming regions: Lower St Lawrence, Gaspé, Saguenay-Lac Saint-Jean, Abitibi-Témiscamingue, Quebec City, Beauce, Outaouais, Eastern Townships, Trois-Rivières, Assomption and Nicolet. The agreement also includes a land reclamation program involving two components: the development of municipal watercourses and the underground drainage of farmland. This program was initially restricted to the Montreal Plain, but the agreement was amended on June 22, 1977 to include the three large farming regions of Eastern Quebec, Saguenay-Lac Saint-Jean and Abitibi-Témiscamingue.

Total commitments: \$103.3 million  
DREE share: \$ 17.2 million



Mineral Development (1976-82)

This agreement provides for the construction of access roads to the most promising geological zones with a view to maximizing exploration efforts by the private sector. Geoscientific projects and petroleum exploration will also be carried out under the agreement. These activities will increase knowledge in the fields of geology and hydrocarbons through the use of auxiliary geoscientific methods. A research and development program will encourage development of procedures for mining and processing complex ores. The agreement also provides for the building and putting into operation of a laboratory and a pilot plant. The surrounding areas will also benefit substantially from the positive effects of these programs.

Total commitments:     \$28.6 million  
DREE share:             \$17.2 million

Industrial Studies (1976-77)

The purpose of the agreement is to provide financial assistance for carrying out studies which will supply the elements needed to formulate or implement policies, programs and projects involving the industrial sector in Quebec. The studies may be very diversified in form and approach and may be grouped in terms of four facets: analytical studies and the synthesis of general aspects or problems, programming studies, studies designed to identify and assess the advisability of manufacturing opportunities and studies designed to identify and define methods for rationalizing production.

Total commitments:     \$1.2 million  
DREE share:             \$600,000

Establishment of a Bleached Kraft Pulp Mill at  
St Félicien (1976-80)

The purpose of this agreement is to enable Donohue St Félicien Inc to set up a bleached kraft pulp mill at St Félicien, Roberval Country. The plant will have an annual capacity of 262,000 tons. This agreement will also improve the employment situation by creating 1,000 new jobs and will consolidate approximately 1,000 other existing jobs.

Total commitments:     \$50 million  
DREE share:             \$30 million  
Provincial share:     \$20 million

Mirabel Airport Industrial and Commercial Park (1976-1982)

The purpose of this agreement is to provide financial assistance for la Société du Parc industriel et commercial Aéroportuaire de Mirabel (SPICAM) to help it formulate a land development plan for the purposes of setting up an industrial and commercial park in the area surrounding Mirabel airport and implementing projects essential to the execution of the plan.

Total commitments: \$13.3 million

DREE share: \$ 7.8 million

Tourism Development (1978-83)

The general objective of this agreement is to increase and diversify tourist attractions with a view to drawing a greater number of foreign tourists and encouraging Quebecers to take greater advantage of existing facilities in the province.

This objective will be achieved through the following facets of activity:

- (1) tourist industry promotion with the emphasis, among other things, on setting up tourist reception centres;
- (2) development of provincial parks for tourism and recreational purposes in several regions of Quebec;
- (3) development of regional tourism potential by carrying out recreational, tourism or cultural projects in the various regions and by establishing a network of outdoor recreation centres and holiday camps; and
- (4) development of the region's cultural and historic heritage (Place Royale, Ile-des Moulins, museums, historic stopovers).

Total commitments: \$76 million

DREE share: \$45.6 million

Public Infrastructures (1978-80)

This agreement will make it possible to carry out work on infrastructures. A number of medium-sized municipalities do not have the necessary financial resources to undertake expensive public works projects. Therefore the lack of adequate infrastructures can delay or jeopardize the establishment of new industries. The implementation of

a major industrial project often calls for additional services that the municipality cannot pay for alone. Furthermore, a new company can also generate a demand for additional housing. Consequently, the agreement finances the construction of municipal infrastructures and helps pay for a number of urban renewal projects and the development of trailer parks.

Total commitments: \$34.9 million  
DREE share  
(including CEIC): \$23.2 million

Water Treatment Facilities for the Montreal Area (1977-82)

The purpose of this agreement is to assist the Quebec government in stepping up the water treatment program in the Montreal area (estimated at \$1.2 billion) and carrying out the required works.

Total commitments: \$200 million  
DREE share: \$120 million

Modernization of the Pulp and Paper Industry (1979-84)

The purpose of this agreement is to provide pulp and paper companies with financial assistance which will enable them:

- to modernize their facilities with a view to reducing production costs;
- to install equipment promoting environmental protection and energy conservation.

Government assistance may account for up to 25 per cent of the capital costs.

Total commitments: \$150 million  
DREE share: \$ 90 million

D) Regional and sectoral overview of DREE commitments (1969-79)

As mentioned previously, DREE and the Quebec government have committed \$1.7 billion under the various subsidiary agreements. The sectoral and regional breakdown of commitments is given in detail in tables 1 and 2. Total commitments are distributed by administrative region and by sector according to the following percentages:

<u>Sectoral distribution</u>	<u>(\$ '000)</u>	<u>per cent</u>
Resource development	\$427.7	24.7
Tourism and socio cultural activities	119.9	6.9
Transportation	355.2	20.5
Accompanying infrastructures		
- industrial	102.8	5.9
- urban	271.3	15.6
Industrial development	441.7	25.5
Others	<u>15.1</u>	<u>0.9</u>
Total	\$1,733.7	100%
<u>Regional distribution</u>		
Gaspé	\$260.9	15.1
Saguenay-Lac Saint-Jean	146.8	8.5
Quebec City	215.5	12.4
Trois-Rivières	214.5	12.4
Eastern Townships	58.5	3.4
Montreal	483.0	27.9
Outaouais	45.7	2.6
Northwest Québec	126.0	7.3
North Shore	130.2	7.5
Non regionalized	<u>52.6</u>	<u>3.3</u>
Total	\$1,733.7	100%

Future priorities for intervention

The initiatives DREE plans to undertaken during the next four years are in keeping with the activities carried out since the signing of the GDA and stem from the development strategy and priorities for intervention described in Schedule "A" of that agreement. They also take into consideration the current problems and new challenges

facing the Quebec economy, particularly with respect to the prospects for the manufacturing industry in light of the GATT negotiations. The new initiatives planned will broaden the scope of previous activities and are aimed at exploring the advantages and developing the potential of the Quebec economy and the various regions of the provinces. Furthermore, the present unemployment situation requires the implementation of measures to create jobs immediately and consolidate existing jobs.

The main components of DREE's plan of action for Quebec are as follows:

- to step up programs focussing on the rationalization and development of resources and increased processing in Quebec;
- to consolidate and modernize traditional manufacturing activities;
- to step up the transformation of the industrial structure by promoting the development of new activities, in particular high-growth and high-productivity activities;
- to improve the tourism, industrial and urban infrastructures with a view to creating favourable conditions for increased economic development; and
- to promote the development of all Quebec regions through intensive and selective development of their potential.

To implement this plan of action, DREE and the Quebec government intend to sign the following subsidiary agreements:

<u>1979-80</u>	<u>Planned federal commitments (\$'000)</u>
Agriculture	\$24,000
Industrial infrastructures	10,000
Tourism (Old Montreal, Palais des Congrès)	25,000
Mineral development	30,000

Highway networks (transportation development)	17,000
Port and Quebec City area	12,000
Economic development of the Outaouais region	12,000
Total	<u>\$130,000</u>

<u>1980-81</u>	<u>Planned federal commitments (\$'000)</u>
Scientific park	\$12,600
Public infrastructures	10,000
Total	<u>\$22,000</u>

## INDUSTRIAL INCENTIVES PROGRAM

In the area of industrial development, the Department of Regional and Economic Expansion is responsible for administering the Regional Development Incentives Act (RDIA). This act enables the department to provide financial assistance to processing and manufacturing industries wishing to establish, expand or modernize facilities in designated regions of Quebec.

Although the RDIA has not been amended since it came into force, it is interesting to trace the development of the program, especially with respect to changes in its geographical areas of application.

At the end of 1970, the Montréal-Hull-Cornwall corridor (Region C) was established as a designated region for RDIA purposes. However, the maximum allowable amount of incentive assistance in this region was lower than that offered in the rest of Quebec. This area ceased to be a designated region in June 1973.

In 1974, administrative amendments were made to the Regulations under the RDIA and the area of application of the incentives program was expanded to include five additional census divisions, taking in Granby, Saint-Hyacinthe and others.

In 1975, the southeastern portion of Pontiac County (Fort-Coulonge and area) was made part of the designated region.

On July 1, 1977, DREE began administering a new industrial incentives program in the Montreal area, which is now designated as a special area. The main purpose of this program is to reduce the high unemployment rate in the Montreal area by creating jobs and encouraging investment. This temporary measure also has certain related goals, namely the modernization of the Quebec's industrial structure and the reinforcement of satellite towns through greater industrial decentralization.

Under this program, DREE may offer incentives up to a maximum of twenty-five per cent of capital costs for the establishment of new facilities and twenty per cent for expansion or modernization of certain manufacturing industries, including food and beverages, metal products, machinery, transportation equipment, electrical and electronic products, chemical products, scientific and professional equipment and sporting goods and toys.

From the financial point of view, data developed on the RDIA program and the Montreal special area programs indicate that from 1969 to March 31, 1979, DREE has offered incentive grants in the amount of \$349.7 million, which will generate approximately \$1.8 billion in investments and will create more than 77,000 jobs. The two tables which follow show the breakdown of these amounts by region and sector.

REGIONAL BREAKDOWN  
NET ACCEPTED INCENTIVE OFFERS FROM  
COMMENCEMENT OF PROGRAMS TO MARCH 31, 1979 \*

	<u>Capital cost</u>	<u>%</u>	<u>Net offers</u>	<u>%</u>	<u>Jobs</u>	<u>%</u>
Lower St Lawrence/ Gaspé Peninsula	\$ 48,386,302	2.6	\$ 10,809,093	3.1	1,625	2.1
Saguenay - Lac-St-Jean	67,212,507	3.7	15,582,532	4.5	2,667	3.4
Quebec City	227,381,695	12.4	54,232,944	15.5	15,266	19.8
Trois-Rivières	411,017,993	22.4	79,076,841	22.6	12,697	16.3
Eastern Townships	101,211,079	5.5	20,773,646	5.9	5,072	6.5
Montreal	654,362,014	35.7	107,497,293	30.7	33,332	43.0
Outaouais	14,661,277	0.8	3,101,372	0.9	776	1.0
Northwestern Quebec	135,480,282	7.4	35,432,968	10.1	4,613	5.9
North Shore	174,088,998	9.5	23,199,383	6.6	1,394	1.8
Total	<u>\$1,833,802,147</u>	<u>100.0</u>	<u>\$349,706,072</u>	<u>100.0</u>	<u>77,442</u>	<u>100.0</u>

\* This table includes the Montreal special area program.



BREAKDOWN BY SECTOR  
NET ACCEPTED INCENTIVE OFFERS FROM  
COMMENCEMENT OF PROGRAMS TO MARCH 31, 1979\*

	<u>Capital cost</u>	<u>%</u>	<u>Net offers</u>	<u>%</u>	<u>Jobs</u>	<u>%</u>
Food & beverages	\$167,794,903	9.2	\$ 30,009,001	8.6	5,583	7.2
Tobacco	169,000	0.01	33,800	0.01	4	0.01
Rubber	57,236,287	3.1	11,678,168	3.3	2,393	3.1
Leather	16,677,795	0.9	4,415,932	1.3	2,133	2.8
Textiles	109,886,979	6.0	22,006,266	6.3	5,294	6.8
Knitted goods	26,816,796	1.5	4,299,462	1.2	2,219	2.9
Clothing	34,894,515	1.9	7,352,584	2.1	6,147	7.9
Wood products	269,994,066	14.7	66,352,177	18.9	13,155	17.0
Furniture & furnishings	44,441,180	2.4	10,064,488	2.9	3,694	4.8
Paper and related products	211,685,169	11.5	31,238,079	8.9	1,802	2.3
Printing & publishing	31,250,163	1.7	5,923,589	1.7	1,650	2.1
Primary metals	27,566,082	11.9	38,758,703	11.1	4,422	5.7
Metal products	130,125,318	7.1	26,874,923	7.7	7,098	9.2
Machinery	60,655,486	3.3	13,489,260	3.9	3,501	4.5
Transportation equipment	49,454,493	2.7	11,845,934	3.4	6,902	8.9
Electrical appliances	79,512,182	4.3	16,930,540	4.8	4,234	5.5
Non-metallic minerals	91,485,348	5.0	18,924,470	5.4	2,007	2.6
Petroleum and coal products	1,170,200	0.06	229,555	0.07	40	0.05
Chemical industry	196,792,254	10.7	21,054,204	6.0	2,607	3.4
Manufacturing industry	36,193,931	1.9	8,224,937	2.4	2,557	3.3
<b>TOTAL</b>	<b>\$1,833,802,147</b>	<b>100.0</b>	<b>\$349,706,072</b>	<b>100.0</b>	<b>77,442</b>	<b>100.0</b>

\*This table includes the Montreal special area program

THE ORGANIZATIONAL FRAMEWORK

THE ORGANIZATIONAL FRAMEWORK

The organizational structure of DREE in Quebec consists of five directorates reporting to the Assistant Deputy Minister, Robert C. Montreuil. They are:

- A - Economic Analysis, under the direction of Mr. Claude Huot;
- B - Major Development Projects;
- C - Promotion and Industrial Incentives, under the direction of Mr. André Mélikoff;
- D - Implementation (Quebec City Provincial Office) under the direction of Mr. Micheal La Salle;
- E - Co-ordination and Program Services, under the direction of Mr. James Wiper.

A description of the branches, divisions and services contained within the above directorates follows.

## ECONOMIC ANALYSIS DIRECTORATE

The Economic Analysis Directorate was established to make recommendations concerning the strategy to be followed by the Department in Quebec in the short term (0 to 5 years) and the medium - term (5 to 10 years) and to participate in the development of sectoral and regional intervention programs in the context of unilateral and joint action. It is also responsible for reviewing and continuously analysing the economic situation in Quebec, as well as federal and provincial policies which may affect regional development efforts in Quebec. In addition, it has been given the mandate of identifying development opportunities and barriers and making appropriate recommendations. Finally, it provides economic counselling to the other directorates in regard to their programs.

The activities involved in carrying out the above responsibilities can be divided into three general categories - general studies, sectoral studies and regional studies. Obviously, these studies often overlap on one level or another.

### General studies

The Directorate bases its recommendations concerning the basic strategy to be followed by the Department on the results of on-going analyses of economic development in the province. It must also closely analyse the consequences of national economic policies on the provincial economy.

### Sectoral studies

Sectoral development is constantly analysed in order to identify the problems and possibilities in each sector of economic activity. Such analysis also enables the Directorate to identify and follow the development of industrial opportunities with a view to assisting the Promotion and Industrial Incentives directorate in its work.

As in the case of general studies, sectoral analysis development is useful in the formulation of sectoral strategies. The Economic Analysis Directorate closely monitors the federal Department of Industry, Trade and Commerce's development of industrial strategies and participates in the establishment of specific guidelines for the administration of the RDIA program and the development of related industry assistance programs, particularly with regard to small and medium-sized businesses (SMB) and the rationalizing of traditional industry

### Regional studies

On-going analysis of regional conditions is ensured by direct liaison with key source people in the various regions,

as well as by a series of regional indicators developed by the Directorate. This analysis allows for the development of a spatial intervention strategy and the establishment of regional intervention plans.

With respect to the development of an intention strategy, priorities are determined for each region. The regions requiring special assistance under RDIA program for certain industries can be identified.

The regional intervention plans specify objectives and intervention strategies and determine medium-term priorities for each of Quebec's administrative regions.

MAJOR DEVELOPMENT PROJECTS DIRECTORATE

The main objective of the Directorate is to identify, analyse and encourage the realization of major development projects in the industrial and commercial sectors that can create improved opportunities for productive and permanent employment in the Quebec Region. It also seeks to forecast the social adjustment measures necessitated by the implementation of the major projects. It is the responsibility of the Directorate to develop and follow up on special projects which might be carried out in the Quebec Region.

In the context of this mandate, the Directorate follows the progress of major cases in regard to economic development and formulates programs which might eventually be the subject of subsidiary agreements.

To this effect, the Directorate's officers develop and maintain close contacts with representatives of both federal and provincial departments and other agencies, as well as with various other economic agents.

PROMOTION AND INDUSTRIAL INCENTIVES DIRECTORATE

The Promotion and Industrial Incentives Directorate is responsible for the planning and implementation of two incentives programs. These programs, which are administered under the Regional Development Incentives Act (RDIA) and the Department of Regional Economic Expansion Act (DREE Act), are designed to create jobs and generate capital investment by offering financial assistance in the form of incentive grants and loan guarantees to businesses and industries wishing to establish new facilities or to expand or modernize existing operations in the designated regions of Quebec.

To this effect, the Promotion and Industrial Incentives Directorate must also involve itself in promotional activities in both the domestic and international spheres.

The Regional Development Incentives Act (RDIA) - Quebec Region

The RDIA provides for financial contributions to industrial enterprises located in the designated regions of Quebec. A team of incentives officers receives applications for incentives from industrialists, which they analyse and evaluate in accordance with eligibility criteria and with a view to their effect on regional economic development. They also follow up on accepted incentive offers by means of inspections before releasing a part or all of the payments.

Montreal special area program

Montreal, its surrounding area and satellite towns were designated a special area under the Department of Regional Economic Expansion Act in July 1977. The program is designed to offer incentives to high technology and rapid-growth manufacturing enterprises wishing to locate, expand or modernize in the Montreal area. The program operates in the same way as the RDIA program.

QUEBEC CITY PROVINCIAL OFFICE

The Quebec City office is composed of an implementation directorate, an administration section, an information section and an industrial incentives division. However, the Industrial Incentives Division reports to the Incentives Directorate in Montreal and the information section (Public Affairs Service) reports to the regional Information Branch.

Implementation

The Implementation Directorate deals mainly with the management of the Canada-Quebec General Development Agreement, under which there are fourteen subsidiary agreements. In addition, it participates in the development of new agreements, federal-provincial negotiations and the implementation of the said agreements. The Directorate is also responsible for ensuring a certain degree of co-ordination with other federal departments concerned with regional development. It is also in charge of the branch offices in Rimouski, Val d'Or and Alma.

Branch offices

The activities of the three branch offices are based on the development of the potential of the areas in which they are located.

They were created to ensure the presence of DREE in each of the large areas in Quebec. In addition to following the application of the Canada-Quebec agreements in the field, they facilitate the identification of the most promising development opportunities and promote the expansion of established businesses and the manufacture of new products.

Administration

The role of the Administration Section is to provide support to the provincial office and the branch offices in routine administrative matters. It is also responsible for the financial management of the subsidiary agreements.



CO-ORDINATION AND PROGRAMS SERVICES DIRECTORATE

The Co-ordination and Programs Services Directorate has been given the mandate of co-ordinating and directing all of the services relating to the departmental programs. It includes a program co-ordination and evaluation branch, a finance and administration branch, an information branch and a regional personnel services branch.

PROGRAM CO-ORDINATION AND EVALUATION BRANCH

The Program Co-ordination and Evaluation Branch has been given the mandate of co-ordinating, reviewing and evaluating departmental activities in the Quebec Region. In order to carry out this mandate, the Branch performs a number of functions, which can be divided into three main categories of activity - internal co-ordination and external liaison, the review and co-ordination of unilateral and joint development programs and projects and the co-ordination and preparation of departmental correspondence and documents by a regional secretariat.

Co-ordination

The co-ordination of DREE activities takes place at two levels: internal co-ordination and external liaison.

The internal co-ordination activities are designed to optimize the preparation, use and co-ordination of internal information through the introduction of reference sources on the content of DREE projects and programs and the co-ordination of information prepared by DREE directorates or internal management committees and required for management purposes.

In the context of external liaison, the Branch establishes and maintains working level contacts and information exchanges with the principal federal departments likely to participate with DREE in regional development efforts in Quebec, particularly with a view to establishing permanent co-operation in the planning of programs.

Program review and evaluation

Program review and evaluation consists of reviewing DREE's various unilateral and joint programs in regard to their objectives and content and analysing their results in relation to the objectives set and their impact on regional economic development in Quebec. In conjunction with the provincial implementing agents and the operational directorates of the Department, the Branch is thus in a position to propose new orientations when subsidiary agreements are being amended and incentives programs are being reviewed.

Regional Secretariat

The Regional Secretariat is mainly responsible for the forwarding, preparation and follow-up of correspondence and requests for departmental information addressed to the Quebec Region.

## FINANCE AND ADMINISTRATION BRANCH

This branch provides the directorates in the Quebec Region with the technical support and the information they required to carry out their mandates. The services it provides fall into four categories - data, administrative, financial and auditing.

### Data Services Division

The objective of the Data Services Division is to electronically process information pertaining to the various DREE-Quebec directorates in order to promptly supply management with the information it requires. A medium-scale computer is connected to the national network formed by the other three regions and to external high-scale equipment by means of a communication channel. The activities of this service consist of improving implementation on the national level and developing regional systems to meet the needs of DREE in Quebec.

### Administrative and Technical Services Division

This division offers a range of services required for organizational administration, notably accommodation, telecommunications, supply and records management. Records management is carried out by the documentation centre, which offers such services as inter-library loans, references and bibliographies. This service also deals with submissions to Treasury Board and the Privy Council and provides an automatic processing service for documents of a repetitive nature. In addition, it provides all of the routine administrative services such as the distribution of circulars and printing.

### Financial Services Division

The Financial Services Division is responsible for advising managers on all financial matters within their jurisdiction, ensuring the smooth running of financial operations within the Region and preparing financial reports for the Branch. These responsibilities are delegated to two sections - accounting and financial analysis.

The accounting section checks and audits all requisitions for payment to ensure that funds are used properly and that expenditures are made in accordance with Treasury Board directives. This section is also responsible for the collection of all revenue.

The financial analysis section is in charge of collecting and analysing all data related to obtaining funds for programs and administration. It is therefore responsible

for the preparation of program and main estimates. Moreover, it is in charge of the budgetary control of allocated funds and suggests possible action in cases where there are significant discrepancies. This section also evaluates the financial content of program submissions and carries out all special financial analyses of spending and operational costs. Finally, it advises the Branch on budgetary planning matters.

#### Auditing Services Division

The Auditing Services Division ensures the smooth running of the internal financial control of programs and operations in Quebec. More specifically, it organizes, directs and co-ordinates the independent auditing of the industrial incentives program and the federal-provincial agreements program. It also performs internal audits of financial and administrative operations in the Quebec Region.

## INFORMATION BRANCH

The Information Branch creates and implements a range of programs designed to inform Quebecers about the policies and activities of the Department in the Region.

It assesses the Region's information requirements, advises senior management of them and implements the communication programs most likely to encourage a relationship of confidence and understanding with the general public and the business world.

The Branch is divided into three related services - publicity, public relations and public affairs (Quebec City).

### Publicity Services Division

The Publicity Services Division is responsible for publicity and promotional campaigns, exhibitions, publishing, feedback and market surveys.

It develops and implements publicity and promotional campaigns, supervises the design and preparation of kiosks, organizes audio-visual presentations and co-ordinates the representation of the Department at exhibitions. Activities related to publishing include the production and distribution of various publications designed for the public. The effect of the various publicity campaigns is assessed periodically by Publicity Services, as is public opinion concerning the Department's policies.

### Public Relations Services Division

The Public Relations Services Division has three main responsibilities: the distribution of information, the planning of special events and relations with the public and the media.

It is therefore called upon to write and distribute press releases and to keep the various public groups informed by replying to requests for information. In regard to special events, the Division plans and co-ordinates official ceremonies, organizes press conferences and produces public affairs programs and special news reports. It also ensures constant liaison with the press and the electronic media.

### Public Affairs Service (Quebec City)

The Public Affaires Service of the Quebec City Provincial Office is responsible for providing publicity and public relations services for the provincial office and the branch offices in Rimouski, Alma and Val d'Or.

Its main role is to ensure liaison with the Government of Quebec, in particular with the Quebec Planning and Development Bureau, and the management committees for joint agreements. It also co-ordinates information and publicity relating to the joint agreements, writes joint press releases and prepares publications and regional travelling exhibitions.

## REGIONAL PERSONNEL SERVICES BRANCH

The Regional Personnel Services Branch is responsible for the application of the acts and regulations concerning personnel and the directives issued by the Public Service Commission and Treasury Board. In accordance with DREE's decentralization policy, the Branch has been given the following services as its mandate: position classification, staffing, staff relations, staff training and development, manpower planning and personnel services.

### Classification

The Branch is responsible for the classification of all positions in the administrative support category and forwards job descriptions for all other categories to headquarters.

### Staffing

The Branch is authorized to staff most positions in the Quebec Region. This involves the selection of staffing procedures, recruiting and staff selection. The Public Service Commission reserves the right to staff certain occupational groups - for example, the IS, PE and SX groups.

### Staff relations

The Branch directs this program, which is designed to improve employer-employee relations. In order to do this, it answers questions concerning the application of collective agreements, and deals with grievances, appeals, morale and well-being, suggestion awards, discipline, communication with employee associations, research and statistics.

### Training and development

A committee composed of representatives of each directorate determines training and development requirements and plans, co-ordinates and controls the methods for the training and development of DREE-Quebec employees.

### Manpower planning

The Branch ensures that employees are assessed annually and plans manpower requirements with the directors.

### Personnel services

The Branch must ensure that the staff receives all of the benefits offered to employees of the Public Service and that it is provided with any relevant information.

It also co-ordinates correspondence addressed to the Assistant Deputy Minister; sees to the forwarding of each request for the preparation of a reply or information to the appropriate directorate and ensures the quality of the replies by revising the texts submitted.



**MINISTER'S REFERENCE BOOK**

**ONTARIO REGION**

MINISTER'S REFERENCE BOOK

ONTARIO REGION




May 31, 1979

ONTARIO REGION ORGANIZATION AND FINANCIAL PROFILE

ORGANIZATION

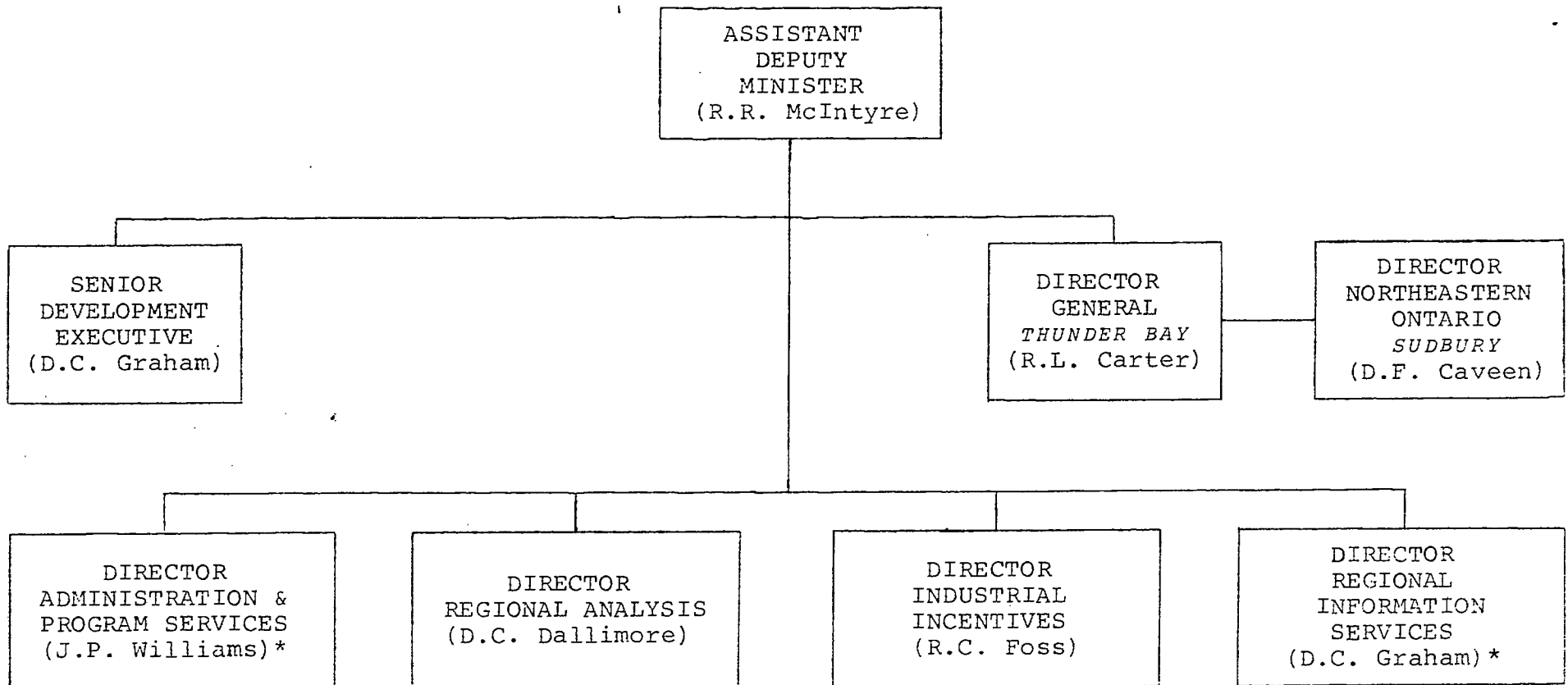
# DREE ONTARIO REGION

PLANNING REGIONS  
AND DREE OFFICES

-  Branch Office
-  Provincial Office
-  Regional Head Office



DEPARTMENT OF REGIONAL ECONOMIC EXPANSION  
ONTARIO REGION



1.1.2

\* Acting

April 30, 1979

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION  
ONTARIO REGION

PERSONNEL

General Description

Personnel of DREE (Ontario) serve in offices established in Toronto, Thunder Bay and Sudbury. Classifications include SX, Commerce, Information Services, Financial Management, Administrative Services, Economics, Personnel Administration and Computer Systems Administration. General Personnel Administration is conducted from the Toronto Office, with staffing being the only major personnel function sub-delegated to date.

Manpower

	<u>Authorized Positions</u>	<u>Positions Staffed</u>	<u>Authorized Person-Years</u>
<u>As of March 31, 1979</u>			
Toronto	62	46	47
Thunder Bay	30	26	26
	<u>92</u>	<u>72</u>	<u>73</u>

Forecast - 1980/81

Toronto	45
Thunder Bay	32
	<u>77</u>

FINANCIAL PROFILE



DEPARTMENT OF REGIONAL ECONOMIC EXPANSIONONTARIO REGIONTOTAL EXPENDITURES BY FISCAL YEAR  
1969-1979  
(\$000's)

1969/70	20,300
1970/71	12,800
1971/72	17,200
1972/73	19,100
1973/74	12,700
1974/75	19,000
1975/76	38,400
1976/77	27,200
1977/78	26,800
1978/79	22,600

DEPARTMENT OF REGIONAL ECONOMIC EXPANSIONONTARIO REGIONTOTAL EXPENDITURES BY ACTIVITY  
(\$000's)

	<u>Actual</u> <u>1977-78</u>	<u>Actual</u> <u>1978-79</u>	<u>Forecast</u> <u>1979-80</u>
1. Planning and Administration	2,128	2,205	2,546
2. Development Opportunity Initiatives	10,987	5,998	23,538
3. Industrial Incentives	6,785	6,697	7,300
4. Other Programs	6,885	7,691	1,350
TOTAL	<u>26,785</u>	<u>22,591</u>	<u>34,734</u>

DEPARTMENT OF REGIONAL ECONOMIC EXPANSIONONTARIO REGIONOUTSTANDING COMMITMENTS BY PROGRAM CATEGORY\*  
(\$000's)

GDA (Activity 2)	106,609
RDIA (Activity 3)	14,652
ARDA (Activity 4)	<u>1,846</u>
SUB-TOTAL	123,107

\* Inclusive of all GDA commitments to May 15, 1979 and all RDIA commitments to April 30, 1979, and of all expenditures relating to fiscal year 1978-79 and prior years.

OVERVIEW OF REGIONAL CIRCUMSTANCES, OPPORTUNITIES  
AND DEVELOPMENT ISSUES

OVERVIEW OF REGIONAL CIRCUMSTANCES  
OPPORTUNITIES AND DEVELOPMENT ISSUES

2.1 ECONOMIC CIRCUMSTANCES

Economic Structure

Due to its central location and its concentration of population, natural resources and manufacturing activity, Ontario has traditionally been a major strength of the Canadian economy. In 1978, for example, Ontario possessed 36 percent of the country's population, 38 percent of its labour force and accounted for 41 percent of real domestic product. The most significant components of the Ontario economy are the manufacturing and community, business and personal services sectors. Within the manufacturing sector, the most important industries on the basis of employment are transportation equipment, metal fabricating, food and beverage and electrical products.

Demographic and Labour Force Trends

The population growth of the province has slowed over the past three years as a result of continued low birth rates and decreasing immigration to the province. Despite this, the province has experienced particularly rapid growth in the labour force largely attributable to the maturing of the 'baby boom' generation and increasing female participation. As employment growth has not matched increases in the size of the labour force, the result has been a rising provincial unemployment rate from 6.3 percent in 1975 to 7.2 percent in 1978.

Agriculture, Forestry and Mining

Agriculture had a strong year in 1978 after three years of little or no growth. The forestry sector has continued to perform well since the difficulties experienced in 1975; growth in the forest industry is anticipated to moderate significantly over 1979 as some types of production approach full capacity. Ontario was the second largest mineral producer in 1978 although output declined from the previous year and the value of production decreased by 12.9 percent. Thus, for the second year, provincial mineral growth was outperformed by all other major mineral-producing provinces and Ontario's relative share of production declined.

Manufacturing Industry

The health of Ontario's manufacturing sector is vital to the provincial economy as the sector accounts for some 30 percent of real domestic product and 24 percent of total employment. Increases in capacity utilization, productivity

and employment paralleled increased production in the sector during 1978. This growth is expected to continue in 1979 as the manufacturing sector continues to benefit from the lower exchange rate of the Canadian dollar and an improved business climate. The long-term strength of the sector will depend on increased investment in high technology industries and in domestic research and development activity.

### Service Industry

Within the tertiary sector, transportation, communications and utilities continues to be a strong growth area. The service sector, of particular importance to the Ontario economy on the basis of employment, steadily expanded its share of total employment from 60 percent in 1970 to 65 percent in 1978; this growth trend is expected to continue. The tourism industry has been hampered by a lack of competitiveness, largely with the United States, in terms of cost, quality and diversity of its facilities. As a result, Ontario's tourism deficit increased dramatically from \$13 million in 1974 to an estimated \$604 million in 1978.

### Sub-Provincial Disparities

Ontario continues to be marked with sub-provincial disparities. Eastern Ontario, a traditional slow-growth region of the province, has experienced unemployment rates above the provincial average and a per capita income in 1976 five percent lower than the Ontario average, with particularly low income levels evident in the more rural areas. Over the past two years, the Eastern Ontario economy experienced a period of slow growth; restraint measures in the public sector and the federal government's decentralization policy have had a major dampening effect on the public administration sector. As the performance of the other sectors has not been strong enough to compensate for weakness in the public sector, the result has been an unemployment rate which increased from 7.6 percent in 1977 to 8.2 percent in 1978, a rate higher than the provincial average. While Eastern Ontario shares many of the South's locational and physical advantages, the region relies heavily on outside demand and public sector expenditures. Moreover, its concentration of manufacturing activity in such industries as clothing, textiles and electrical products leaves it vulnerable to competition from lower-priced imports.

A large part of Northern Ontario has not kept pace with the province as a whole or Canada generally from a development point of view. Unemployment rates and per capita income levels in the North compare unfavourably with the comparable provincial average. For example, in 1978 the unemployment rate was 7.6 percent compared to the provincial average of 7.2 percent. Similarly, the 1976 per capita income for the North was \$5,304, 13 percent below the Ontario figure. Such disparities continue

despite a strong performance by the important forest sector in recent years. While higher prices for such mineral commodities as copper, zinc, gold and silver has helped the large mining sector, the overall performance of the sector has been dampened by the continuing INCO strike in Sudbury. The closure of the iron mines in Atikokan and the declining price of uranium are expected to have negative implications in the 1980s. The dependence of the North on its resource base and the relative lack of manufacturing opportunities in the region result in an economy which is highly subject to world market vagaries and to the depletion of non-renewable resources.

## 2.2 ECONOMIC OPPORTUNITIES

Ontario's major opportunities for development over the medium term appear to lie in the manufacturing sector which is concentrated in Southern Ontario. As capacity utilization within manufacturing has reached 90 percent, there may be some pressure for plant expansion. Moreover, tariff reductions emanating from the GATT negotiations could present significant export opportunities. The auto parts industry is presently undergoing a multi-million dollar expansion, mostly in the Windsor area; as the North American auto industry embarks upon a period of unprecedented technological change with developments in the design of smaller, lighter and more fuel-efficient cars, significant new opportunities could result. In addition, resource developments in Western Canada are likely to result in some increased manufacturing activity in Ontario. The benefits which can be realized by Ontario's manufacturing sector will be dependent on the extent to which its current needs for increased investment, rationalization and specialization are met and on a stable currency, moderate wage and salary increases, continued U.S. economic growth and a moderation of interest rates. Southern Ontario will also benefit from Ontario Hydro developments and from tertiary sector expansion, notably in the financial and business activities centred in Toronto.

Within the resource-oriented economy of Northern Ontario, opportunities are more limited. Despite some mine expansions, there are no new mine developments underway; improved mineral taxation regulations and the recent decision by the Ontario Government to open the James Bay Lowlands for exploration may provide some longer-term opportunities. Manufacturing opportunities beyond the urban centres of Thunder Bay, North Bay and Sault Ste. Marie are likely to be concentrated in resource processing and in the manufacture of products for local consumer markets. In contrast, the forest sector, which is currently expanding and modernizing its production facilities, will likely provide the major scope in the immediate future for new development opportunities.

In Eastern Ontario, economic opportunities could include expansion in the electronics and communications industries, some increased activity in the food processing industries and a few public sector developments outside the Ottawa area. While some modernization of the region's pulp and paper plants is possible, the scope for new development opportunities in Eastern Ontario remains comparatively limited.



## 2.3 DEVELOPMENT CONSTRAINTS AND ISSUES

### 1. International Competitiveness of Ontario's Industry

Increasing competition from third-world countries in such labour-intensive industries as textiles and electrical products and from the U.S. and other nations in resource processing raises concern regarding Ontario's future industrial strength. Moreover, significant industrial adjustment including industry rationalization and increased research and development activity will be required to enable Ontario's industry to benefit from the freer trade resulting from the GATT negotiations.

### 2. Demographic and Labour Problems

The maturing of the baby boom generation and the increasing participation of women in the work force have contributed to high unemployment in the province and hold major implications for the educational system and for changing consumption patterns. Recent declining levels of immigration to Ontario will affect not only the province's population growth but also the supply of skilled labour. In addition, any large wage gains obtained during the heavy bargaining scheduled for 1979 could reduce the productivity and competitive base of Ontario industry.

### 3. Energy Concerns

Ontario's relative lack of indigenous energy resources leaves its economic base vulnerable to supplies from external sources. High energy costs will counteract some of the traditional advantages of Ontario's industry and will have a major impact on future development patterns. The prospects for nuclear power as an alternative energy source to Western oil and gas may be constrained by rising public concern over nuclear safety and waste disposal methods.

### 4. Natural Resources

Increasing competition from third-world countries as well as the U.S. is threatening some segments of Ontario's mineral industry; of particular concern is the iron ore industry which has experienced three mine closures with a fourth projected for 1980. Moreover, government taxation policies, environmental regulations and health and safety requirements are felt to have reduced the profitability of new and existing mining developments. Despite Ontario's extensive forest resource, inadequate forest management is creating a situation of threatened wood supply in the province. An associated concern is the growing competition in the forest products sector from countries such as the United States and Brazil. Moreover, the continuing loss of improved farmland in Southern Ontario holds major implications for the province's agricultural sector, for future food production and for land-use policy.

#### 5. Transportation Concerns

Increasing urbanization within Southern Ontario has generated a pressing need for improved accessibility between major urban centres. Associated with the need for improved inter-city air travel is the issue of a short take-off and landing (STOL) service between Toronto Island Airport, Ottawa and Montreal and the unresolved question of a second airport at Pickering and/or increased capacity at Malton. Moreover, increased tolls on the St. Lawrence Seaway could result in diverted traffic and reduced revenues for the province.

#### 6. Environmental Concerns

Acid rain observed in Ontario poses a threat to recreational lakes and to regional tourism. In addition, new toxic substances identified in the lower Great Lakes has generated concern regarding the future health of the Great Lakes. Moreover, there is concern as to the impact which increasing environmental protection and pollution abatement requirements may have upon resource and industrial development.

#### 7. Changing Settlement Patterns

Expanded business and commercial development in the suburbs is generating a trend towards increased commuting to work in the suburbs from residences beyond the urban boundaries. Such changing settlement patterns will generate financial burdens for urban centres which must maintain existing services and for the area beyond the urban boundaries where the increasing population is demanding new services. Such trends will increase demand for agricultural land and necessitate improved land-use planning within Southern Ontario.

#### 8. Sub-Provincial Disparities

The continuing social and economic disparities between the North, East and Southern regions are of major concern to government. As a result of the largely resource-based economy of the North and the relative lack of manufacturing operations, the North suffers from cyclically influenced employment, labour instability and high levels of outmigration. Sparse population, remoteness of the area, high transportation costs and a generally lower quality of life than in the South present obstacles to the region's growth. Of particular concern are the problems faced by the province's substantial native population and the economic vulnerability of the region's single-industry communities.

Eastern Ontario, while less dependent on its resource base than is the North, is largely a public sector oriented economy with approximately 1 of 4 jobs associated with government. Its industrial structure is antiquated and technically deficient with manufacturing activity largely concentrated in import-vulnerable industries such as textiles, clothing and electrical products.

REGIONAL DEVELOPMENT STRATEGY: PAST AND FUTURE

REGIONAL DEVELOPMENT STRATEGY: PAST AND FUTURE

The genesis of the Ontario Government's current approach to regional development occurred in 1966 when the Province initiated the Design for Development Program. This program set out the Government's general development goals and eventually led to the establishment of five planning regions for which regional strategies were to be developed. However, producing plans for five sub-provincial regions and modifying these plans to suit changing economic circumstances is an immense and involved task. To date, only a strategy for Northwestern Ontario and a discussion document for the Northeast have been released. Changing economic circumstances have necessitated greater interest on the part of the Province in attracting new growth to Ontario and lesser concern as to whether such growth is directed to the east or west of Toronto or indeed to the more peripheral areas of the North. While the Province remains committed to reducing the socio-economic disparities of the Northern and Eastern regions, the difficult economic conditions of recent years have generated greater emphasis on ensuring the longer-term health of the overall provincial economy with special concern for Southern Ontario's industrial strength.

In 1974, DREE and the Government of Ontario signed a ten-year General Development Agreement to facilitate federal-provincial cooperation in the pursuit of regional development activity within the framework of the provincial Design for Development program. While the Ontario Government welcomed financial assistance for regional development, it would have preferred a direct contribution to its Regional Priority Budget with the DREE presence limited to the provision of industrial incentives through the RDIA program. Due to the Province's attitude towards DREE involvement in regional development activity and to the need for quick action, the first agreements (including those for Cornwall, Northwestern Ontario and Dryden) were project specific and largely oriented to the provision of basic infrastructure. Since then, however, the nature of subsidiary agreements negotiated under the GDA has evolved towards thematic agreements such as the Single-Industry Resource Community and the Community and Rural Resource Development Agreements and, more recently, to sectoral agreements such as Forest Management and specific mineral development amendments. Future development initiatives are expected to continue in the trend towards increased emphasis on sectoral, resource-oriented initiatives in the Northern and Eastern regions.

Further to the above-noted changes in regional development strategy, there has been a marked shift in Ontario government policy towards a more interventionist role in the provincial economy. The recent establishment of a \$200 million Employment Development Fund underlines the intent of the Province to become more actively involved in interfacing with the private

sector in order to stimulate economic growth. This policy shift combined with the industrial adjustment measures which will be required as a result of reduced tariff and non-tariff barriers emanating from the GATT negotiations will likely create pressure for increased federal government assistance to Southern Ontario. Such pressure would have particular implications for DREE as, with the exception of some ARDA activity in the more peripheral areas of Southern Ontario and the recent subsidiary agreement for the pulp and paper industry under which firms in Southcentral Ontario could be eligible for assistance, the Department's programming efforts have focussed on Northern and Eastern Ontario.

ONTARIO REGION PROGRAM ACTIVITY

DREE-ONTARIO PROGRAM EXPENDITURES<sup>1</sup>  
April 1, 1969 to March 31, 1979

	<u>GDA</u> (\$000's)	<u>Industrial</u> <u>Incentives</u> (\$000's)	<u>ARDA and</u> <u>Other Programs</u> <sup>2</sup> (\$000's)	<u>Total</u> (\$000's)
1969-70	-	-	19,759	19,759
1970-71	-	577	11,835	12,412
1971-72	-	2,363	14,574	16,937
1972-73	-	9,600	9,436	19,036
1973-74	-	5,912	6,625	12,537
1974-75	4,642	7,027	6,052	17,721
1975-76	15,148	13,606	7,765	36,519
1976-77	9,971	7,817	7,607	25,395
1977-78	10,987	6,785	6,885	24,657
1978-79	5,998	6,697	7,691	20,386
	<u>46,746</u>	<u>60,384</u>	<u>98,229</u>	<u>205,359</u>

1 does not include credits to prior years or contributions by other federal government departments

2 includes expenditures under the Area Development Incentives Act (A.D.I.A.)

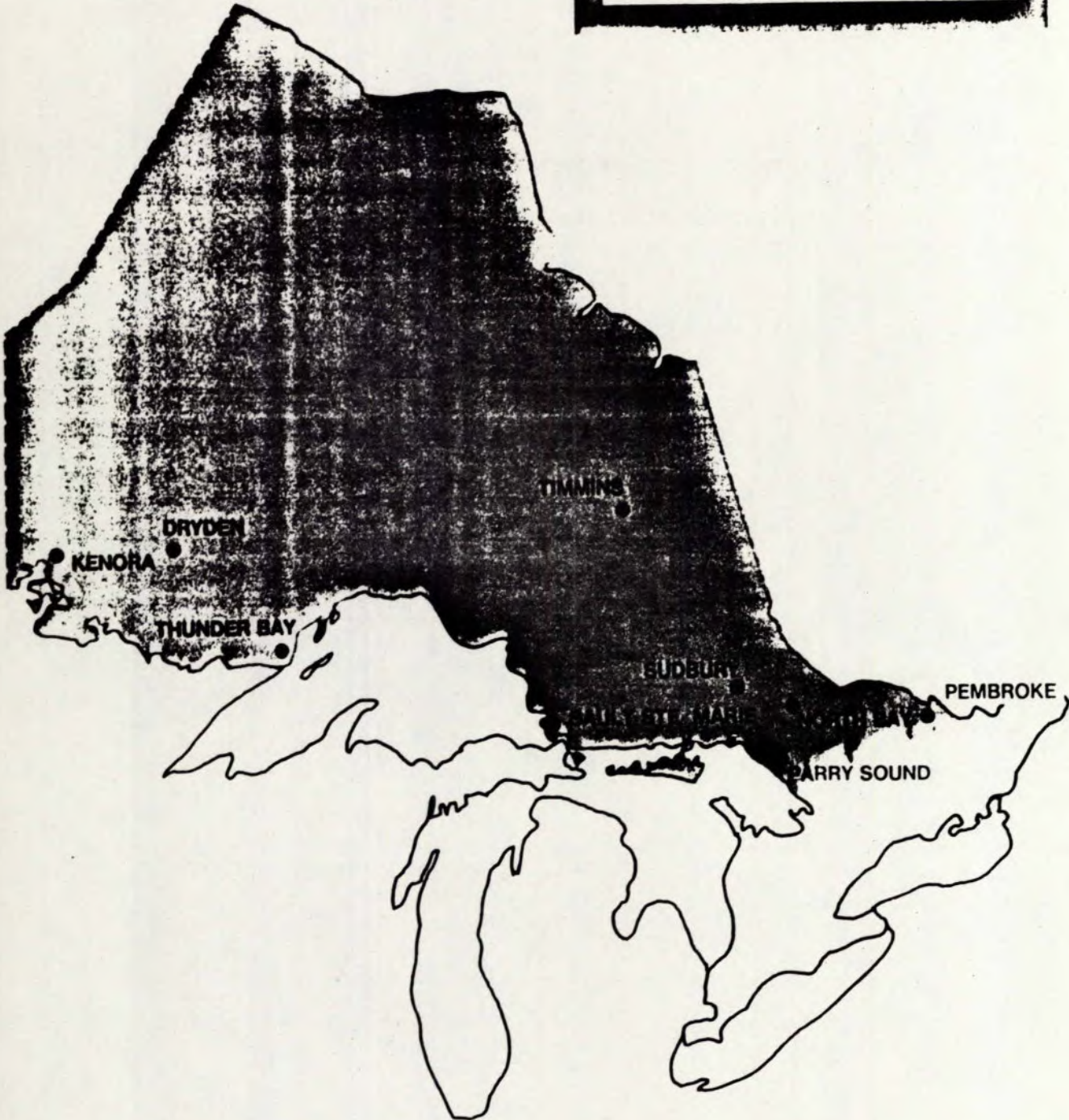
ONTARIO REGION PROGRAM ACTIVITY  
REGIONAL DEVELOPMENT INCENTIVES



**DREE**  
**ONTARIO REGION**

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**RDIA**  
Designated Region



REGIONAL DEVELOPMENT INCENTIVESProgram Overview

Through the Regional Development Incentives Act (RDIA), which has been in effect since July 1, 1969, the Department of Regional Economic Expansion (DREE) provides incentives in support of the establishment, modernization or expansion of manufacturing and other types of facilities. To be eligible for an incentive grant under the Act as amended, a project must involve manufacturing or processing, be located in a designated region and commence commercial production prior to December 31, 1981.

In Ontario, the region that stands designated by the Governor in Council comprises the whole of Northern Ontario, inclusive of the Manitoulin, Parry Sound and Nipissing Territorial Districts (except that portion of Nipissing which lies south of Algonquin Park), and the northern and eastern parts of Renfrew County, extending as far south as Sebastopol and Horton Townships, and including the Town of Renfrew.

DREE regional development incentives did apply elsewhere in Ontario in two prior instances. From April 1, 1971 to June 30, 1973, Stormont, Glengarry and Prescott Counties were designated under RDIA, as part of the so-called Region "C" comprising Montreal and surrounding regions. From April 8, 1970 until December 31, 1975, the Renfrew-Pembroke Special Area was designated under the DREE Act, allowing industry in the area to receive similar assistance to that being provided under RDIA. The Special Area then comprised all of Renfrew County, except the northern extremity lying east of Algonquin Park, plus adjoining portions of Nipissing District and Hastings County, including the Village of Bancroft.

Besides incentive grants, repayable development incentives and loan guarantees are also made available as a means of increasing or maintaining employment opportunities in regions designated by the Governor in Council as requiring special measures to facilitate economic expansion and social adjustment. The text and tables that follow refer only to the more important outright grant portion of the program.

In Ontario, the overall DREE commitment under the incentive grant program, from its inception in July, 1969 until April, 1979, adds to some \$75.0 million spread among 372 projects (net accepted offers). On an annual basis, this means an average federal commitment of \$7.6 million. Of the \$75.0 million worth of accepted offers, some \$60.4 million had been paid out by the end of the 1978-79 fiscal year.

Upon excluding 21 discontinued projects, involving a cessation of operations in contravention of the Act and its Regulations, the Department is left with 351 projects or offers, worth \$72.6 million. When all these projects are completed, they will have led to the creation of some 11,450 direct jobs. Corresponding capital outlays by the private sector, meanwhile, will have totalled an estimated \$393.2 million.

Broken down by standard industry groups, the 351 accepted offers have favoured the wood, primary metal and chemical industries, as one table shows. Metal fabricating and machinery also performed well. Capital costs are high in relation to the number of jobs in the case of primary metals and chemicals, whereas they are low almost everywhere else, as in clothing. Electrical products benefitted only marginally under the program, and are shown under Other Major Groups, along with knitting mills and the printing and publishing group.

When allocated by planning region, regional development incentives are seen to have been of particular benefit to Northeastern Ontario, which accounts for 69.1 percent of the value of accepted offers. Even after allowance is made for some sizeable projects in the Northeast (Algoma Steel in Sault Ste. Marie, Ecstall Mining--now Texasgulf--in Timmins, Dupont in North Bay, etc.), the Northeast is still ahead accounting for 55.2 percent of the number of accepted offers. The Eastern Ontario ranking takes into account incentives approved under the Region "C" (City of Cornwall, etc.) and the Renfrew-Pembroke Special Area designation of the early 70s. As noted above, the only part of Eastern Ontario which remains designated under the program is the northeast portion of Renfrew County.

REGIONAL DEVELOPMENT INCENTIVESNET ACCEPTED OFFERS FOR ONTARIO PROJECTS  
JULY 1, 1969 - APRIL 30, 1979

No. of Projects:	372
Amount of Incentives:	\$ 75,036,200
Payments Effected:*	\$ 60,384,500
Eligible Capital Costs:	\$401,939,100
Direct Jobs:	12,300

\* To March 31, 1979

REGIONAL DEVELOPMENT INCENTIVESNET ACCEPTED OFFERS FOR ONTARIO PROJECTS  
JULY 1, 1969 - APRIL 30, 1979COMPLETED AND ACTIVE PROJECTS (% OF TOTAL)

No. of Projects:	351	(94.4)
Amount of Incentives:	\$ 72,619,200	(96.8)
Payments Effected:*	\$ 57,967,600	(96.0)
Eligible Capital Costs:	\$393,183,100	(97.8)
Direct Jobs:	11,450	(93.1)

\* To March 31, 1979

REGIONAL DEVELOPMENT INCENTIVESCOMPLETED AND ACTIVE PROJECTS  
IN ONTARIO BY INDUSTRY GROUP

<u>SIC Group</u>	<u>No. of Projects</u>	<u>Amt. of Incentive %</u>	<u>Eligible Capital Costs %</u>	<u>Direct Jobs %</u>
Food & Beverage	34	2.5	2.1	2.7
Rubber & Plastics	12	1.1	1.0	1.3
Textile	16	3.1	3.7	4.5
Clothing	8	3.7	2.3	11.5
Wood	101	29.1	24.8	30.2
Furniture & Fixtures	9	1.8	1.4	2.7
Paper & Allied	6	1.2	1.8	1.2
Primary Metal	19	25.2	29.9	14.4
Metal Fabricating	36	4.0	2.7	5.6
Machinery	21	3.5	2.6	5.6
Transportation Equipment	18	2.0	1.1	3.7
Non-Metallic Mineral	17	2.0	1.6	1.3
Chemical	23	16.9	23.0	8.2
Misc. Manufacturing	11	2.2	1.2	3.0
Other Major Groups	20	1.7	1.0	4.2
<hr/>				
All Industry Groups	351	100.0	100.0	100.0

REGIONAL DEVELOPMENT INCENTIVESCOMPLETED AND ACTIVE PROJECTS  
IN ONTARIO BY PLANNING REGION

	<u>No. of Projects</u> %	<u>Amt. of Incentive</u> %
1. Eastern Ontario	24.4	18.4
2. Northeastern Ontario	55.3	69.1
3. Northwestern Ontario	20.3	12.5
	<u>100.0</u>	<u>100.0</u>

ONTARIO REGION PROGRAM ACTIVITY  
AGRICULTURAL AND RURAL DEVELOPMENT (ARDA)



AGRICULTURAL AND RURAL DEVELOPMENTProgram Overview

Prior to the signing of the Canada-Ontario General Development Agreement in February 1974, the only DREE initiatives in Ontario consisted of the regional development incentives program summarized in the preceding pages, and the program known as ARDA after the Agricultural and Rural Development Act of 1961.<sup>1</sup>

Two Canada-Ontario Rural Development Agreements were signed by the DREE Minister. The first one, dated May 12, 1970, was operative between April 1970 and March 1975, whereas the other, dated August 7, 1975, was to be effective from April 1975 until March 1977 but was subsequently renewed to March 1979. The latter Agreement, however, virtually came to an end insofar as project approvals were concerned, following the federal restraint measures announcement of September 8, 1978.

By virtue of the Rural Development Agreements, Canada was contributing one-half of the shareable cost of approved programs or projects, the other half being the responsibility of the Province. Non-shareable costs, where applicable, were borne by the individuals, enterprises or municipalities receiving assistance. Where Indian lands and Indian people were involved, special cost-sharing arrangements were negotiated. In these instances, the usual federal contribution was 100 percent of shareable costs.

Over nine years, the total federal expenditure in Ontario under the 1970-75 and 1975-79 ARDA Agreements amounted to \$52.5 million, or some \$5.8 million annually.<sup>2</sup> Of this nine-year total, some \$2.2 million were for Indian projects.

The primary benefits of the Canada-Ontario Rural Development Agreements accrued to agriculture, forestry, tourism and small processing or manufacturing enterprises utilizing renewable natural resources. In agriculture, the main program components were farm enlargement and land consolidation,

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- 1 The bill was passed by the Parliament of Canada in 1961 as the Agricultural Rehabilitation and Development Act. The legislation was modified and re-enacted under its new name in 1967.
  - 2 Upon including the outstanding commitments of prior ARDA Agreements (1962-65 and 1965-70), the average annual ARDA expenditure was closer to \$6.4 million between April 1970 and March 1979.

capital grants for farm development, drainage outlets and community pastures. On the forestry side, reforestation and stand improvement operations, such as thinning, were carried out on both private and public lands, whereas publicly owned park and tourist facilities were established or expanded to assist the recreation and travel industry. Some programs, like land consolidation (the withdrawal from agriculture of lands of low agricultural capability) and some water and soil conservation projects, affected more than one sector or industry, and were aimed at the rural economy as a whole. A small research element was also part of ARDA.

Projects relating to Indian and native people often consisted of initiatives aimed at the tourist trade. Other projects assisted the production of such items as cranberries and wild rice as well as some manufactured goods.

Nine ARDA projects remain to be implemented in Ontario during the 1979-80 fiscal year, for which the total federal commitment is \$1.8 million. These projects comprise three community pastures (Rainy River, Amherst Island and Grey-Dufferin), an extensive outlet drainage program and a tourist trail, both in Eastern Ontario, and four Indian initiatives: a camping ground on Rice Lake near Peterborough, wild rice and some reforestation, both in Northwestern Ontario, and a Moosonee enterprise producing T-shirts bearing native prints.

ONTARIO REGION PROGRAM ACTIVITY  
GENERAL DEVELOPMENT AGREEMENT

CANADA-ONTARIO  
GENERAL DEVELOPMENT AGREEMENT  
(GDA)

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Signed: February 26, 1974

Terminates: March 31, 1984

OBJECTIVES

- (a) To improve opportunities for productive employment and access to those opportunities, and to sustain existing productive employment opportunities in those areas and sectors of Ontario which, relative to other areas and sectors of the province, are in need of special measures in order to realize their development potential with particular emphasis on disadvantaged and underperforming planning regions in socio-economic terms;
- (b) to encourage socio-economic development in those areas of the province requiring special initiatives to permit the residents to contribute to and participate in the benefits of economic development;
- (c) to reinforce policies and priorities of the Province for regional development within Ontario insofar as they pertain to the areas and sectors of the province identified in objective (a).

CANADA-ONTARIO  
GENERAL DEVELOPMENT AGREEMENT  
GDA

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Signed: February 26, 1974

Terminates: March 31, 1984

STRATEGY

To pursue the objectives stated, Canada and the Province will seek to achieve a co-ordinated application of relevant federal and provincial policies and programs through continuing

- (a) identification of development opportunities and assistance in their realization through co-ordinated application of relevant federal and provincial policies and programs; including the provision of specialized measures required for such realization;  
and
- (b) analysis and review of the economic and social circumstances of Ontario and Ontario's relationship to the national economy, as these may be relevant to achieving the objectives stated.

The federal and provincial Ministers shall meet annually to consider and revise, as the need arises, the broad strategy designed in 1974, and listing the major development opportunities for which assistance is deemed desirable.

CANADA-ONTARIO  
GENERAL DEVELOPMENT AGREEMENT  
(GDA)

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FINANCING AND IMPLEMENTATION

The General Development Agreement specifies that, where the costs of any initiative are to be shared between Canada and Ontario, a subsidiary agreement shall specify the cost-sharing arrangements. Except in two instances, the nine Subsidiary Agreements signed to date state that the amount payable by Canada with respect to the projects covered shall be fifty percent (50%) of the total eligible costs, making the federal-provincial cost-sharing arrangement a 50-50 proposition. Under the Single-Industry Resource Communities Subsidiary Agreement, however, Canada agreed to pay 100 percent of the costs of water and sewage services to be installed on an Indian Reserve near Longlac. Furthermore, under the recently signed Pulp and Paper Industry Facilities Improvement Subsidiary Agreement, it was agreed that two-thirds of the costs of the program would be borne by Ontario and one-third by Canada.

All subsidiary agreements approved under the umbrella-type GDA contain clauses whereby Canada and Ontario shall, through the Principal Ministers, appoint a Management Committee consisting of an equal number of representatives of each party. Each management committee is responsible for the overall management of the subsidiary agreement over which it has authority. Among its many duties, each management committee must submit annually for the approval of the Ministers a report on the progress of each agreement, accompanied by recommendations with respect to the progress of implementation. Such reports may be discussed at the Ministers' annual meetings.

Each subsidiary agreement includes provisions regarding evaluation. Under the GDA, Canada and the Province are to provide each other with such information as either party may reasonably require in order to evaluate the operation of any subsidiary agreement.

For the federal Treasury, the nine Subsidiary Agreements signed to date have meant an overall commitment of \$155.8 million. Of this amount, some \$47.7 million have been spent in the course of the five-year period ending March 31, 1979, for an average annual spending of \$9.4 million. While this federal commitment of \$155.8 million is mainly a DREE commitment, it should be noted that some \$2.6 million or 2.5 percent of the total is being provided by other government departments (OGDs). Similarly, on the payment side, \$1.1 million or 2.4 percent of the total federal expenditure has come out of OGD budgets.

Whereas only four other departments or agencies have committed funds to the GDA cause so far,<sup>1</sup> this does not adequately measure the present, nor the anticipated future input of OGDs in the DREE work. OGDs play a valuable and increasingly important advisory role in the formulating and the implementing of DREE programs, through their presence on committees, their participation in an annual meeting of federal departments and agencies, and through an almost continual exchange of ideas by correspondence, telephone and other means.

The tables that follow summarize the nine Subsidiary Agreements signed between February 26, 1974 and May 15, 1979. Four of the nine agreements had been completed by March 31, 1979.

Over 60 percent of the federal GDA financial commitments, it will be noted, accrue to the forestry sector, as both forest management and pulp and paper facilities emerge as high priority programs. Urban infrastructure follows, with water and sewage systems along with industrial parks accounting for the bulk of the expenditure under this heading. The remaining commitments are for transportation development and planning studies.

Of the overall federal commitment of \$155.8 million, some \$60.6 million have been allocated to specific projects. On a sub-regional basis, nearly 55 percent of the latter amount has been earmarked to projects located in Northwestern Ontario, whereas 27.4 and 17.7 percent are to benefit Northeastern and Eastern Ontario respectively. While the commitments under the Forest Management and Pulp and Paper Industry Facilities Improvement Subsidiary Agreements have yet to be allocated, Northern Ontario is bound to be the main impact area, since most of the Province's pulp and paper mills are located there, and since the Forest Management Agreement only applies in Northern Ontario.

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1 Financially involved are the Canada Employment and Immigration Commission (CEIC), Central Mortgage and Housing Corporation (CMHC), the Ministry of Transport (MOT) and the Department of Indian Affairs and Northern Development (DIAND).

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSFederal Commitment by Agreement to May 15, 1979:

1. Cornwall	26-2-74/31-3-77	\$ 8,122,739*
2. Dryden	24-3-75/31-3-77	1,429,555*
3. Interim Northlands	7-7-75/31-3-78	212,633*
4. Northwestern	23-5-74/31-3-79	25,441,510*
5. Northeastern	25-3-76/31-3-82	14,498,325
6. Single-Industry Resource Communities	18-10-76/31-3-81	10,205,000
7. Community and Rural Resource Development	7-12-77/31-3-83	4,728,325
8. Forest Management	8-12-78/30-9-83	41,118,250
9. Pulp and Paper Facilities Improvement	15-5-79/31-3-84	50,000,000
		<hr/> \$155,756,337

\* Actual Expenditure

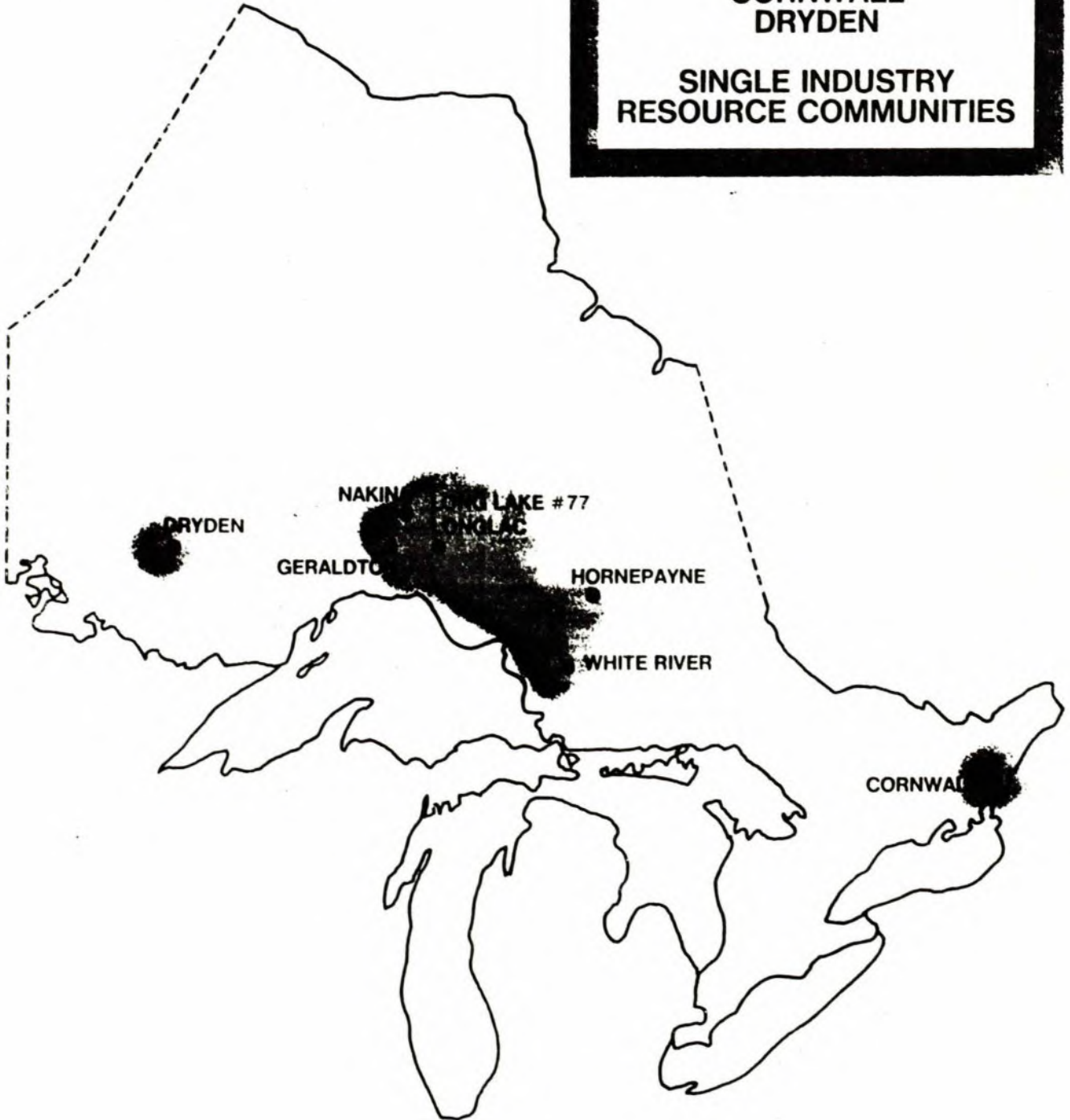


# DREE ONTARIO REGION

SUBAGREEMENTS

CORNWALL  
DRYDEN

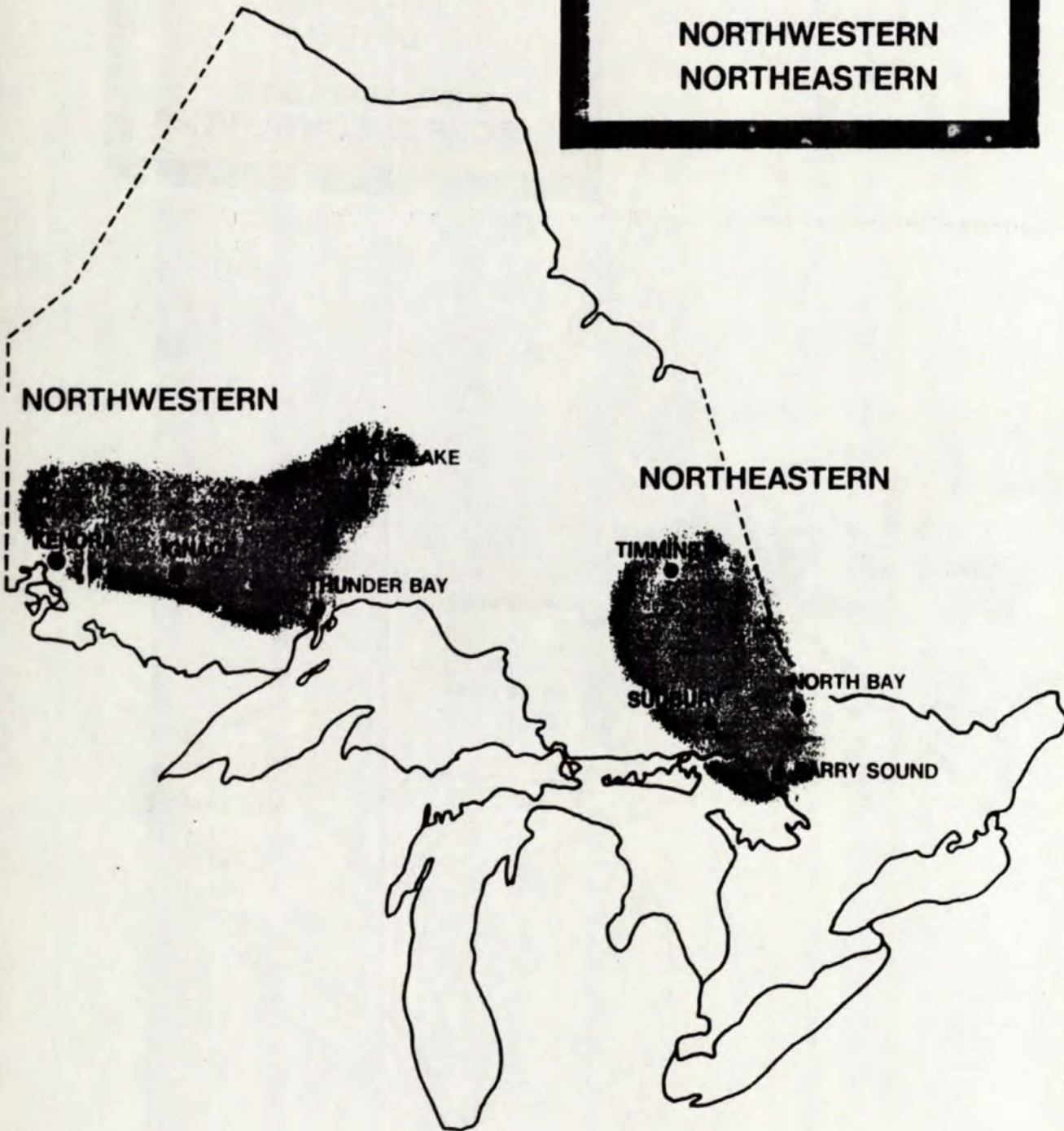
SINGLE INDUSTRY  
RESOURCE COMMUNITIES



**DREE  
ONTARIO REGION**

**SUBAGREEMENTS**

**NORTHWESTERN  
NORTHEASTERN**



# DREE ONTARIO REGION

## SUBAGREEMENTS

COMMUNITY & RURAL  
RESOURCE DEVELOPMENT

INTERIM NORTHLANDS



# DREE ONTARIO REGION

## SUBAGREEMENTS

FOREST MANAGEMENT



PULP & PAPER  
FACILITIES  
IMPROVEMENT



CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSCORNWALL

Signed: February 26, 1974

Terminated: March 31, 1977

Purpose:

Agreement aimed to (1) increase the number and range of viable employment and income opportunities available in the Cornwall area, and (2) improve the City's physical, socio-economic and cultural environment.

<u>Program Components</u>	<u>Federal Commitment and Expenditure</u>
Eastern Industrial Park	\$ 915,239
West-End Single-Industry Site and Related Trunk Services	1,659,500
Civic Centre and Canal Lands Development	5,010,000
Tourist and Recreation Area	538,000
TOTAL	<u>\$8,122,739</u>

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSNORTHWESTERN ONTARIO

Signed: May 23, 1974

Terminated: March 31, 1979

Purpose:

Agreement aimed to (1) strengthen the region's designated primate and strategic centres as identified in the Ontario government's Design for Development documents, (2) increase the net value of production by the resource-related industries through the processing of additional local raw materials, (3) improve the transportation and communication systems within the region, and (4) make optimum use of existing public investments by rationalizing the urban structure of the region.

<u>Program Components</u>	<u>Federal Commitment and Expenditure</u>
Thunder Bay Sewage System Improvements	\$12,862,206
Ignace Sewage Treatment Plant Expansion	298,373
Kenora Airport	696,224
Kenora Area Highway Intersections	115,883
Highway 599	5,716,888
Resource Access Roads	5,715,266
Thunder Bay Industrial Complex Study	12,500
Wild Rice Study	24,170
TOTAL	<u>\$25,441,510</u>

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSDRYDEN

Signed: March 24, 1975

Terminated: March 31, 1977

Purpose:

Specific objectives of the Agreement were to (1) reinforce a strategic centre within the Central Patricia development area, and (2) provide an environment suitable for stable economic and social development.

<u>Program Components</u>	<u>Federal Commitment and Expenditure</u>
Dryden Water and Sewage System Improvements	\$1,429,555
TOTAL	<u>\$1,429,555</u>

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSINTERIM ONTARIO NORTHLANDS

Signed: July 7, 1975

Terminated: March 31, 1978

Purpose:

Agreement was a commitment in principle to a broad approach applying to all of Northern Ontario and consisting of mutually reinforcing social and economic elements supportive of economic activity and contributing to an improvement in the quality of life in the region.

<u>Program Elements</u>	<u>Federal Commitment and Expenditure</u>
Life Skills	\$ 44,750
Teaching Homemaker Skills	10,500
Pilot Recreation Area on English River	28,383
Manpower Adjustment Study	<u>130,000</u>
TOTAL	\$212,633



CANADA-ONTARIO GDA SUBSIDIARY AGREEMENT'SNORTHEASTERN ONTARIO

Signed: March 25, 1976

Terminates: March 31, 1982

Purpose:

Agreement wants to (1) reinforce the policies and priorities of the province for regional development insofar as they pertain to Northeastern Ontario, and (2) alleviate constraints to the economic and social development of key population centres in Northeastern Ontario.

<u>Program Components</u>	<u>Federal Commitment</u>	<u>Federal Expenditure to March 31, 1979</u>
<u>Sudbury Area</u>		
Walden Industrial Park	\$ 1,693,000	\$1,171,626
<u>Parry Sound Area</u>		
Carling Township Industrial Park	1,113,200	1,103,685
Planning, Organization and Management of Industrial Development Activity	6,500	6,500
<u>Timmins Area</u>		
City of Timmins Water and Sewerage System Improvements	4,873,000	4,154,826
Planning and Management of Industrial Development Activity and Industrial Park Location Study	72,500	65,961
<u>North Bay Area</u>		
City Industrial Park and Related Road, Water and Sewerage Services	5,160,000	-
Sub-Total	\$12,918,200	\$6,502,598
Contingency	1,580,125	-
TOTAL	\$14,498,325	\$6,502,598

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSSINGLE-INDUSTRY RESOURCE COMMUNITIES

Signed: October 18, 1976

Terminates: March 31, 1981

Purpose:

Intent of the Agreement is to (1) capitalize upon some sizeable private sector investment in the pulp and paper, sawmilling and rail transportation industries, and (2) enable the affected communities to fulfill their roles as growth centres in the economic development of Northern Ontario, through the provision of a living environment that will support a stable employment base.

<u>Program Components</u>	<u>Federal Commitment</u>	<u>Federal Expenditure to March 31, 1979</u>
Nakina Water and Sewage System Improvements	\$ 1,239,500	\$ 615,244
Longlac Water and Sewage System Improvements	2,125,000	1,258,051
Geraldton Water System Improvements	1,385,000	1,210,116
Geraldton Airport and Airport Access Road	1,920,500	1,308,486
White River Water and Sewerage System Improvements	1,030,000	745,009
Long Lake #77 Indian Reserve Water and Sewage Services	609,200	-
Hornepayne Town Centre and Public Area	565,000	-
Contingency	1,330,800	-
TOTAL	<u>\$10,205,000</u>	<u>\$5,136,906</u>

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSCOMMUNITY AND RURAL RESOURCE DEVELOPMENT

Signed: December 7, 1977

Terminates: March 31, 1983

Purpose:

Agreement wants to (1) strengthen the community structure of rural areas by encouraging resident participation, (2) improve opportunities for productive long-term employment through resource assessments and development, and (3) diversify the economic base of rural areas by encouraging the development of alternative secondary industry.

<u>Program Components</u>	<u>Federal Commitment</u>	<u>Federal Expenditure to March 31, 1979</u>
<u>Upper Ottawa Valley</u>		
Forest Resource Assessment	\$ 72,500	\$ 27,980
Mineral Resource Assessment	245,500	120,480
Industrial Land Development Studies	157,500	42,957
Regional Economic Development Assistance	100,000	-
Sub-Total	<u>\$ 575,500</u>	<u>\$191,417</u>
<u>New Forests in Eastern Ontario</u>		
Hybrid Poplar Development Plantations	\$1,005,000	\$131,235
Hybrid Poplar Nursery	435,000	253,045
Hardwood Forest Renewal	675,000	108,828
Forestry and Agriculture Resource Inventory	120,000	9,643
Hybrid Poplar Research	<u>155,000</u>	<u>33,336</u>
Sub-Total	<u>\$2,390,000</u>	<u>\$536,087</u>
<u>Kirkland Lake Area</u>		
Program of Geoscientific Surveys	\$1,146,000	\$ 90,636
Sub-total	<u>\$1,146,000</u>	<u>\$ 90,636</u>
Contingency	<u>616,825</u>	<u>-</u>
TOTAL	<u>\$4,728,325</u>	<u>\$818,140</u>

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSFORESTRY MANAGEMENT

Signed: December 8, 1978

Terminates: September 30, 1983

Purpose:

Agreement is part of a package that will enable governments and the private sector to (1) enhance forest management activity in Northern Ontario, and (2) accelerate reforestation in an effort not only to create new employment opportunities within the wood-based industries, but to sustain existing employment which is currently in jeopardy due to the present inability to ensure long-term wood supplies.

<u>Program Components</u>	<u>Federal Commitment</u>	<u>Federal Expenditure to March 31, 1979</u>
Forest Access	\$30,000,000	-
Silvicultural Camps	955,000	-
Nursery Expansion	2,500,000	-
Soil Survey	500,000	-
Assessment	1,800,000	-
Contingency	5,363,250	-
TOTAL	<u>\$41,118,250</u>	-

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTS  
PULP AND PAPER INDUSTRY FACILITIES IMPROVEMENT

Signed: May 15, 1979

Terminates: March 31, 1984

Purpose:

Agreement enables Canada and Ontario to participate jointly in programs of incentives for the pulp and paper industry in Ontario. The objectives of the programs are to assist in meeting the costs of conforming to pollution abatement standards, and to improve the viability and competitiveness of the pulp and paper industry in Ontario by accelerating and maximizing private sector investment in modernization and to promote policies which are supportive of good forest management, pollution abatement and modernization.

<u>Program Components</u>	<u>Federal Commitment</u>	<u>Federal Expenditure to March 31, 1979</u>
Pulp and Paper Pollution Abatement		
Pulp and Paper Mill Modernization		
Consulting and Professional Services		
Public Information and Program Evaluation		
TOTAL	\$50,000,000	-

CANADA-ONTARIO GDA SUBSIDIARY AGEEMENTSFederal Commitment by Functional Category:

	\$	%
1. Urban Infrastructure, Strategic Centres	37,155,000	23.9
2. Urban Infrastructure, Single-Industry Communities	8,002,000	5.1
3. Transportation Development*	14,461,000	9.3
4. Forest Management	43,912,000	28.2
5. Pulp and Paper Facilities Improvement	50,000,000	32.1
6. Planning Studies**	2,226,000	1.4
	<u>155,756,000</u>	<u>100.0</u>

\* Excludes forest access roads

\*\* Excludes studies relating to forest management and to pulp and paper facilities improvement

CANADA-ONTARIO GDA SUBSIDIARY AGREEMENTSFederal Commitment by Planning Region:

	\$	%
1. Eastern Ontario	11,471,000	17.7
2. Northeastern Ontario	17,683,000	27.4
3. Northwestern Ontario	35,484,000	54.9
Sub-Total	<u>64,638,000</u>	<u>100.0</u>
4. Unallocated	<u>91,118,000</u>	-
TOTAL	155,756,000	-

INITIATIVES AT AN ADVANCED LEVEL OF NEGOTIATIONEastern Ontario

The objectives of this initiative are to stabilize, diversify and expand the economy of Eastern Ontario. The strategy for achieving these objectives is to reinforce the policies and priorities of the Province for the Eastern Ontario region through the provision of supplementary federal and provincial programs. Programs covering agriculture, forestry, mining, tourism and small business incentives are foreseen. The estimated total federal commitment over a five-year period is \$25 million.

The geography of the target area for this initiative was a matter of additional negotiation between the DREE Minister and the Treasurer of Ontario. In this regard, it has since been agreed that the target area will include those counties located within the provincially designated Eastern Ontario Planning Region. The small business incentives component was also a matter of concern to the DREE Minister but no follow-up action was pursued on this issue.

The development of this initiative has progressed to the Treasury Board submission stage and is currently awaiting the DREE Minister's approval for movement to the Treasury Board Secretariat. The recent federal election has delayed the processing of this initiative. However, the Province is anxious to proceed with the signing of the agreement in order that agricultural drainage projects, including those connected with the South Nation River system, can be implemented. Many similar drainage projects were funded under the recently terminated ARDA program.

Northern Rural Development

The primary objectives of this initiative are to increase opportunities for permanent employment, and to raise earned income in the northern rural areas of the province. The strategy for achieving these objectives is to provide assistance to resource sectors likely to attract private investment in support of related economic activities. Economic sectors for which programs will be put in place include agriculture, forestry, mining and tourism. In addition, this initiative will provide for small business incentives and some supportive rural infrastructure.

The total federal funding, which would be committed over a five-year period, is approximately \$8.5 million. However, where projects funded under this initiative primarily involve Status Indians, Canada may be required to pay up to 100 percent



of directly related costs. The extra cost to Canada for these projects is estimated at \$1.5 million. In this regard, negotiations are underway with the Department of Indian Affairs and Northern Development (DIAND) to cost-share equally with DREE such additional federal costs.

It is anticipated that negotiations with DIAND will be completed by July and that a Treasury Board submission will be ready for consideration by the DREE Minister shortly thereafter. The Province is supportive of this initiative except for those projects that would be of primary benefit to Status Indians.

OTHER INITIATIVES UNDER DISCUSSIONNorthern Remote Access

The objective of this initiative, which is at a preliminary stage of development, is to improve transportation linkages with remote northern areas of the province. It is envisaged that the strategy for achieving this objective would include the upgrading of existing airstrips to all-weather standards, the construction of access roads, and studies to examine modes of transportation applicable to the north, e.g. winter roads, hovercraft, waterborne shipping etc.

The Province has already invested heavily in the development of a remote airstrip program. In this regard, the Province and the federal Ministry of Transport are supportive of proposals, particularly with respect to navigational aids, that would improve air travel safety and efficiency. The key issue connected with these measures is the responsibility for the future operation and maintenance of such new facilities. In the longer term, it is generally accepted that Transport Canada should be responsible. However, Transport Canada has proposed that the Province contribute toward near-term operating costs arising from the construction of such facilities.

Discussions are continuing with the Province and with Transport Canada to further define the initiative. A preliminary analysis of proposed programs of assistance is underway. Federal commitment to this initiative could be up to \$15 million over a five-year period (1979-84). The development of the initiative to the Treasury Board submission stage has been targeted for consideration and approval by the DREE Minister in the late fall of this year.

**MINISTER'S REFERENCE BOOK**

**WESTERN REGION**

MINISTER'S REFERENCE BOOK

WESTERN REGION

June 1979

WESTERN REGION

ECONOMIC CIRCUMSTANCES

Western Canada continues to be one of the stronger regions in the Canadian economy. The west benefited greatly from the resource boom in the early seventies and the region's current strength is closely linked to its primary resources, particularly in the energy sector. The Alaska Highway Pipeline, additional tar sands development in Alberta, heavy oil development in Alberta and Saskatchewan, uranium development in Saskatchewan, and the possibility of additional pipeline construction to tap Canada's frontier reserves, combine to provide a continuing optimism. In the medium term, a strong economic performance in Alberta, led by the energy and construction sectors, and the beginning of a uranium-led resource boom in Saskatchewan are anticipated. British Columbia is expected to experience moderate growth due largely to a resurgence in demand for metallic minerals. Manitoba's economy is expected to be less buoyant, relying heavily on the industrial opportunities associated with the major developments.

Economic expansion in western Canada has produced a westerly shift in Canada's centre of economic gravity as the region provides a more direct contribution to national economic performance. The west's share of national new capital investment, goods producing value-added, and new employment creation all increased dramatically during the 1970s. Personal incomes in the west have more than doubled to \$48.5 billion (1977) increasing their share of the national total from 26.3 percent to 28.2 percent. Total employment in western Canada grew by 33 percent to 2.8 million also increasing its share of national employment. At the same time, the western labour force grew by only 30.4 percent. As a result of higher job creation relative to labour force growth, the unemployment rate in the west dropped significantly relative to the national average.

While agriculture's share of the western economy has declined, the resurgence in beef prices and demand, the expected rising world demand for grains as well as the introduction of new crop strains and specialty crops all suggest a diversification and stabilization of farm outputs and incomes. The recently depressed prices and markets for metallic and non-metallic minerals have reversed. The prospects for copper, lead, zinc, molybdenum, potash, uranium and to a lesser extent nickel are all buoyant. Energy

developments especially in the heavy oils and tar sands promise to become the focus of not only the western but possibly the Canadian economy. In total, investments in western energy development could easily top \$50 billion during the 1980s.

Manufacturing activities in the west are closely tied to processing primary products or in providing inputs to the resource industries. The west's buoyant economy provides an opportunity for increased manufacturing not only in the west but throughout Canada.

Increased activity is expected in the service sector and the already noticeable growth in financial intermediaries and other service industries should increase, with Calgary, Edmonton and Vancouver showing continued expansion.

A major paradox in the west is the growing disparity between non-native and native people. The unemployment rates of Indian and Metis people, often in excess of 30 percent, remain among the highest in Canada. Native unemployment is becoming particularly apparent in the metropolitan areas where the 15 to 30 year age group is concentrating in increasing numbers. In contrast to these circumstances, there are increasing indications that western Canada may be faced with substantial labour shortages in key skilled trades as the demand for highly skilled labour for energy and other construction projects strengthens. This duality is becoming more visible as larger numbers of native people are migrating to urban centres, e.g. projections indicate that by 1985 nearly 25 percent of the school enrollment in Regina will be children of native ancestry.

Constraints relating to the long-term development of the region continue to persist. British Columbia's major forestry resources are being tapped and most of the remaining timber is relatively remote, slow growing, or of a commercially less desirable species. Mineral resources in the region are rich but face high development costs. The ability of the transport system to handle increasing quantities of bulk products remains a continuing concern, and recurrent water shortages and floods on the prairies could emerge as a major constraint.

#### PROGRAMMING

Programming in the Western Region has been based on and continues to be developed around removing disparities and constraints and obtaining the full benefit of the region's resource wealth and anticipated economic growth. In general, development initiatives relate to activities within three broad program areas: industrial development, western northlands and rural areas.

### Industrial Development

Industrial development and diversification continues to be a principal objective in recent subsidiary agreements entered into by DREE with the Western Provinces. Through the Industrial Development Agreements in British Columbia and Manitoba and the Iron and Steel Agreement in Saskatchewan the Department works closely with provincial governments to selectively emphasize industrial sectors with the greatest potential and to concentrate on geographic locations with both need and potential. Programs are revised to meet the changing needs of the area; the RDIA program is due for legislative review and consideration is currently being given towards expanding the area of application under the Canada-Alberta Nutritive Processing Agreement. New programs with a direct impact on furthering industrial development in the Western Region are being developed. These include an industrial agreement planned for Saskatchewan, agreements aimed at overcoming water supply as a constraint to development, and agreements aimed at further development of significant forest resources of the Western Region. In this connection, agreements were recently signed respecting water programs and forestry development in Saskatchewan, and forestry in British Columbia.

### Western Northlands

Present circumstances and future options of people of native ancestry continue to be a matter of national concern. DREE, together with other federal departments as well as provincial and territorial governments, continues to be deeply involved in the Western Provinces, the Northwest Territories and Yukon in programs directed toward these people. The major departmental programs aimed at improving opportunities for people of native ancestry are Northlands and Special ARDA. More recently the department has extended programming for native people through the signing of subsidiary agreements with the Governments of the Northwest Territories and Yukon. The department is currently participating in extensive discussions relating to possible future programming for natives. These discussions may lead to an extension of current departmental programs and further attempts to deal with problems associated with urban natives: an issue which has become more apparent with the continued migration of natives to major urban centers.

### Rural Areas

Department programming in rural areas will continue to encourage industrial and commercial expansion in smaller urban centers and programs in support of a more balanced and

diversified rural economy. The British Columbia Agriculture and Rural Development Subsidiary Agreement is designed to provide greater income opportunities for rural people and to strengthen the economic base of the rural communities. In Manitoba, the Value-Added Crops Subsidiary Agreement is intended to concentrate on the development of specialty crops and their further processing in the province. The new Saskatchewan Subsidiary Agreement for Agriculture will encourage programs aimed at productivity enhancement and technological transfers in the province. Continued emphasis on further processing of agricultural goods will encourage industrial diversification and promote opportunities throughout the agricultural economy. A further agreement with the Province of Saskatchewan is directed towards the implementation of a major program aimed at overcoming problems associated with the availability of water as a constraint to development. An agreement of this sort has been under negotiation with the Province of Manitoba but may now be subject to some modification in programming resulting from recent flooding problems.

Soil and water conservation are still the basic concerns of PFRA, however this DREE agency plays an important role in DREE's development activities. PFRA continues its program of assistance towards on-farm water supply, and continue operations on the Southwest Saskatchewan Irrigation projects and the community pastures. PFRA is playing the lead role in our negotiations with Manitoba for the agreement on programs for water supply and drought sensitivity, and will play the lead role in the implementation of the agreement in Saskatchewan. Although the original ten-year Agreement for the construction and operation of the Gardiner Dam was scheduled to conclude March 31, 1979, it has been extended for a period of two years to allow for further performance monitoring.

### Tourism

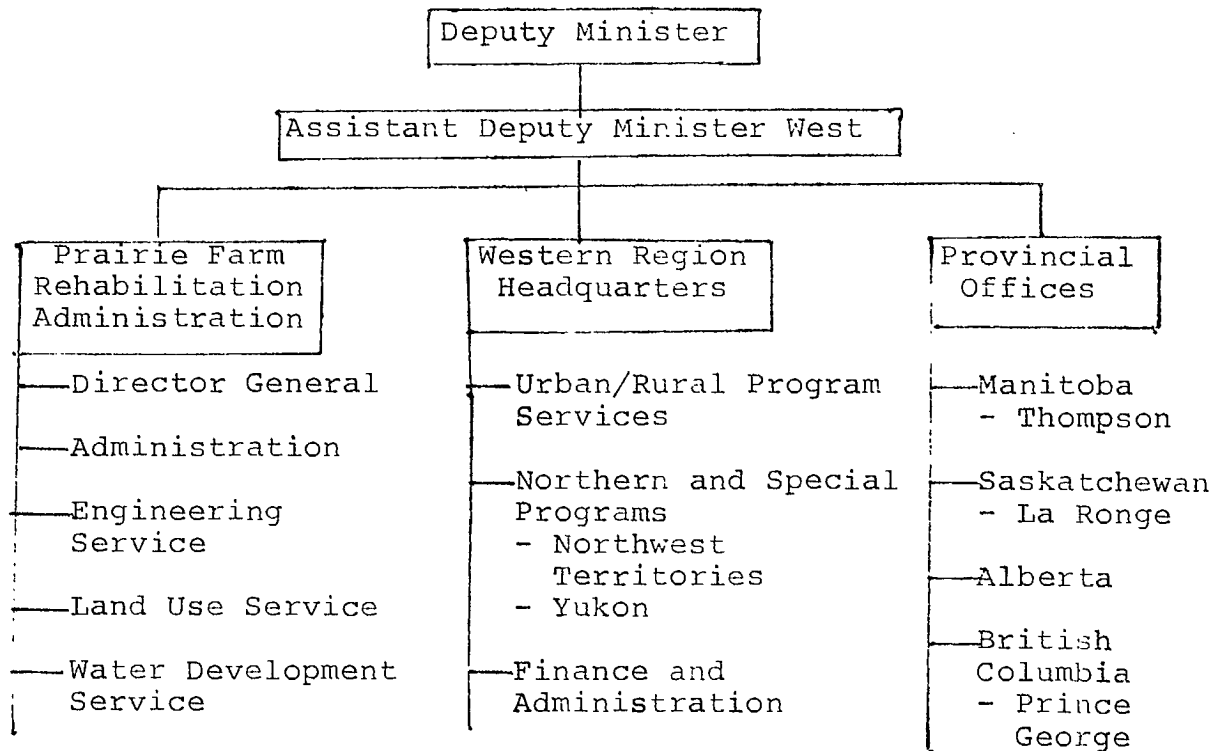
The tourism industry continues to be identified as an area requiring attention from both a regional and national perspective. DREE has entered into subsidiary agreements aimed at encouraging development in the tourism sector in Manitoba and British Columbia and is currently giving consideration to such agreements with the remaining provinces and territories.



DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

WESTERN REGION

A.1 ORGANIZATION



Organization Functions

Western Region Headquarters

Responsible for providing advisory services and expertise to the Assistant Deputy Minister West, to the Director General of PFRA, and to the Directors General in provincial offices and their staff, as well as providing the vehicle for co-ordinated delivery of Western Region programs.

Responsible for the administration of applicable DREE programs such as Special ARDA and the Regional Development Incentives Act within the Northwest Territories and Yukon Territory. Assistance in research, evaluation and the negotiation of cost-shared agreements with the Territories and other government departments is provided from Regional Headquarters.

Provincial Offices

Responsible for the delivery of programs within provincial boundaries; negotiating cost-shared agreements with provincial officials; researching, evaluating and implementing projects; and participating in the development of regional policy through the presentation of provincial peculiarities and interests.

Prairie Farm Rehabilitation Administration (PFRA)

Responsible for the formulation, development and delivery of policies and programs within the Prairie Farm Rehabilitation Act including land use adjustment and water conservation and development.

A.2 PERSONNEL

General Description

Personnel in the Western Region are employed in 27 groups and in all categories. These include more than 114 employees in the CO and ES groups and a relatively large number in the EN group. Other occupations range from the various professions of the Administrative and Foreign Service category to the skilled and semi-skilled occupations and trades of the Administrative Support, Technical and Operational categories.

Person-Year Data

	<u>1979-80 Man-Year Ceilings</u>	<u>Projected Usage to Mar.31/80</u>	<u>Strength as at Mar.31/79</u>	
			Cont.	Casual
Western Region Headquarters	91	91	91	13
Northwest Territories	3	3	3	0
Yukon	3	3	3	0
Manitoba	54	54	52	5
Saskatchewan	51	51	45	3
Alberta	28	28	26	3
B.C.	35	36	37	2
	265	266	257	26
PFRA	899 <sup>1)</sup>	895	707	42
<b>TOTAL</b>	<b>1 164</b>	<b>1 161</b>	<b>964</b>	<b>68</b>

1) Continuous employees - 699  
Casual employees - 200

A.3 FINANCE

Outstanding Program Commitments  
(as at March 31/79)

(\$000's)

<u>PROGRAM CATEGORY</u>	<u>NWT</u>	<u>YUKON</u>	<u>MAN.</u>	<u>SASK.</u>	<u>ALTA.</u>	<u>B.C.</u>	<u>PPRA</u>	<u>TOTAL</u>
Sub-Agreements	-	-	85 056	77 826	30 122	57 338	-	280 342
RDIA	77	-	19 468	12 301	2 500	3 104	-	37 450
ARDA	-	-	-	-	-	515	-	515
Special ARDA	976	347	3 026	4 608	-	3 428	-	12 385
Other:								
-Budgetary	-	-	-	-	-	-	18 884	18 884
-Non-Budgetary	-	-	-	-	-	-	7 544	7 544
<u>TOTAL</u>	<u>1 053</u>	<u>347</u>	<u>107 550</u>	<u>94 735</u>	<u>32 622</u>	<u>94 385</u>	<u>26 428</u>	<u>357 120</u>

A.3 FINANCE

Western Region Program Expenditures  
(1969-70 to 1978-79 inclusive)

(\$000's)

	<u>MAN.</u>	<u>SASK.</u>	<u>ALTA.</u>	<u>B.C.</u>	<u>PFRA</u>	<u>TOTAL</u>
<u>1969-70</u>						
Sub-Agreements	--	--	--	--	--	--
Industrial						
Incentives	4 999	1 543	8 245	2 204	--	16 991
ARDA	1 073	2 613	2 396	1 779	--	7 861
Special ARDA	--	--	--	--	--	--
Other:						
- Budgetary	4 664	1 786	2 934	792	6 883	17 059
- Non-Budgetary	--	--	--	--	--	--
<b>TOTAL (1969-70)</b>	<u>10 736</u>	<u>5 942</u>	<u>13 575</u>	<u>4 775</u>	<u>6 883</u>	<u>41 911</u>
<u>1970-71</u>						
Sub-Agreements	--	--	--	--	--	--
Industrial						
Incentives	4 149	1 997	3 037	3 196	--	12 379
ARDA	1 296	2 125	3 855	1 819	--	9 095
Special ARDA	--	--	--	--	--	--
Other:						
- Budgetary	7 512	2 747	2 666	782	3 378	17 085
- Non-Budgetary	<u>1 214</u>	<u>675</u>	<u>660</u>	--	--	<u>2 549</u>
<b>TOTAL (1970-71)</b>	<u>14 171</u>	<u>7 544</u>	<u>10 218</u>	<u>5 797</u>	<u>3 378</u>	<u>41 108</u>
<u>1971-72</u>						
Sub-Agreements	--	--	--	--	--	--
Industrial						
Incentives	4 965	4 001	1 260	9 252	--	19 478
ARDA	874	2 255	396	925	--	4 450
Special ARDA	5	--	--	--	--	5
Other:						
- Budgetary	9 133	2 208	2 734	666	3 520	18 261
- Non-Budgetary	<u>705</u>	<u>442</u>	<u>986</u>	--	<u>217</u>	<u>2 350</u>
<b>TOTAL (1971-72)</b>	<u>15 682</u>	<u>8 906</u>	<u>5 376</u>	<u>10 843</u>	<u>3 737</u>	<u>44 544</u>

A.3 Western Region Program Expenditures (Continued)

	<u>MAN.</u>	<u>SASK.</u>	<u>ALTA.</u>	<u>B.C.</u>	<u>PFRA</u>	<u>TOTAL</u>
<u>1972-73</u>						
Sub-Agreements	--	--	--	--	--	--
Industrial						
Incentives	12 830	1 293	2 048	3 753	--	19 924
ARDA	1 891	472	908	783	--	4 054
Special ARDA	169	57	--	--	--	226
Other:						
- Budgetary	5 898	1 609	1 132	--	6 096	14 735
- Non-Budgetary	<u>552</u>	<u>303</u>	<u>599</u>	<u>--</u>	<u>849</u>	<u>2 303</u>
TOTAL (1972-73)	<u>21 340</u>	<u>3 734</u>	<u>4 687</u>	<u>4 536</u>	<u>6 945</u>	<u>41 242</u>
<u>1973-74</u>						
Sub-Agreements	--	--	--	--	--	--
Industrial						
Incentives	3 005	1 450	11 855	2 402	--	18 712
ARDA	2 015	1 512	2 499	1 426	--	7 452
Special ARDA	1 136	168	--	161	--	1 465
Other:						
- Budgetary	4 117	780	2 412	35	8 866	16 210
- Non-Budgetary	<u>568</u>	<u>88</u>	<u>1 107</u>	<u>--</u>	<u>737</u>	<u>2 500</u>
TOTAL (1973-74)	<u>10 841</u>	<u>3 998</u>	<u>17 873</u>	<u>4 024</u>	<u>9 603</u>	<u>46 339</u>
<u>1974-75</u>						
Sub-Agreements	8 005	735	3 246	2 926	--	14 912
Industrial						
Incentives	5 685	1 734	1 910	797	--	10 126
ARDA	2 448	4 213	2 003	924	--	9 588
Special ARDA	1 801	653	--	874	--	3 328
Other:						
- Budgetary	3 157	201	1 283	--	13 799	18 440
- Non-Budgetary	<u>760</u>	<u>168</u>	<u>616</u>	<u>--</u>	<u>2 832</u>	<u>4 376</u>
TOTAL (1974-75)	<u>21 856</u>	<u>7 704</u>	<u>9 058</u>	<u>5 521</u>	<u>16 631</u>	<u>60 770</u>

A.3 Western Region Program Expenditures (Continued)

	<u>MAN.</u>	<u>SASK.</u>	<u>ALTA.</u>	<u>B.C.</u>	<u>PFRA</u>	<u>TOTAL</u>
<u>1975-76</u>						
Sub-Agreements	12 116	9 584	4 701	2 779	--	29 180
Industrial						
Incentives	5 269	4 702	5 721	879	--	16 571
ARDA	2 711	3 210	1 346	2 335	--	9 602
Special ARDA	1 497	749	--	2 618	--	4 864
Other:						
- Budgetary	3 016	--	121	--	10 999	14 136
- Non-Budgetary	469	--	51	--	4 100	4 620
<b>TOTAL (1975-76)</b>	<b>25 078</b>	<b>18 245</b>	<b>11 940</b>	<b>8 611</b>	<b>15 099</b>	<b>78 973</b>

	<u>NWT</u>	<u>MAN.</u>	<u>SASK.</u>	<u>ALTA.</u>	<u>B.C.</u>	<u>PFRA</u>	<u>TOTAL</u>
<u>1976-77</u>							
Sub-Agreements	--	13 025	12 110	4 405	3 484	--	33 024
Industrial							
Incentives	--	9 482	2 232	4 695	114	--	16 523
ARDA	--	2 752	5 901	3 353	3 549	--	15 555
Special ARDA	20	1 816	1 419	--	795	--	4 050
Other:							
- Budgetary	--	1 969	--	--	--	10 019	11 988
- Non-Budgetary	--	47	--	--	--	3 961	4 008
<b>TOTAL (1976-77)</b>	<b>20</b>	<b>29 091</b>	<b>21 662</b>	<b>12 453</b>	<b>7 942</b>	<b>13 980</b>	<b>85 148</b>

	<u>NWT</u>	<u>MAN.</u>	<u>SASK.</u>	<u>ALTA.</u>	<u>B.C.</u>	<u>PFRA</u>	<u>TOTAL</u>
<u>1977-78</u>							
Sub-Agreements	--	14 643	9 366	5 549	7 392	--	36 950
Industrial							
Incentives	--	6 204	3 392	697	216	--	10 509
ARDA	--	2 525	3 387	1 912	3 806	--	11 630
Special ARDA	334	1 694	2 324	--	1 389	--	5 741
Other:							
- Budgetary	--	412	--	--	--	16 809	17 221
- Non-Budgetary	--	--	--	--	--	3 669	3 669
<b>TOTAL (1977-78)</b>	<b>334</b>	<b>25 478</b>	<b>18 469</b>	<b>8 158</b>	<b>12 803</b>	<b>20 478</b>	<b>85 720</b>

A.3 Western Region Program Expenditures (Continued)

	<u>NWT</u>	<u>YUKON</u>	<u>MAN.</u>	<u>SASK.</u>	<u>ALTA.</u>	<u>B.C.</u>	<u>PFRA</u>	<u>TOTAL</u>
<u>1978-79</u>								
Sub-Agreements	-	-	10 616	10 716	7 783	7 692	-	36 807
Industrial								
Incentives	80	-	6 383	3 261	1 625	2 157	-	13 506
ARDA	-	-	2 569	1 604	1 475	2 620	-	8 268
Special ARDA	750	165	1 592	4 033	-	1 820	-	8 360
Other:								
-Budgetary	-	-	-	-	-	-	12 347	12 347
-Non-Budgetary	-	-	-	-	-	-	3 154	3 154
<b>Total (78-79)</b>	<b>830</b>	<b>165</b>	<b>21 160</b>	<b>19 614</b>	<b>10 883</b>	<b>14 289</b>	<b>15 501</b>	<b>82 442</b>
 <u>GRAND TOTAL</u>								
(69-70 to 78-79 inclusive)								
Sub-Agreements	-	-	58 405	42 511	25 684	24 273	-	150 873
Industrial								
Incentives	80	-	62 971	25 605	41 093	24 970	-	154 719
ARDA	-	-	20 154	27 292	20 143	19 966	-	87 555
Special ARDA	1 104	165	9 710	9 403	-	7 657	-	28 039
Other:								
-Budgetary	-	-	39 878	9 331	13 282	2 275	92 716	157 482
-Non-Budgetary	-	-	4 315	1 676	4 019	-	19 519	29 529
<b>TOTAL (69-79)</b>	<b>1 184</b>	<b>165</b>	<b>195 433</b>	<b>115 818</b>	<b>104 221</b>	<b>79 141</b>	<b>112 235</b>	<b>608 197</b>



B. PROGRAM CONTENT AND PLANS

B.1 Current Subsidiary Agreements

Summary of Costs

(\$000's)

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
British Columbia				
- Northeast Coal Phase II	5 000	5 000	5 000	10 000
- Agriculture and Rural Development	30 000	30 000	30 000	86 750
- Industrial Development	35 000	35 000	35 000	70 000
- Travel Industry Development	25 000	25 000	25 000	50 000
- Forestry	25 000	25 000	25 000	50 000
Alberta				
- Northlands	27 500	32 500	22 500	55 000
- Nutritive Processing	8 500	8 500	8 500	17 000
Saskatchewan				
- Iron and Steel	35 000	35 000	10 000	45 000
- Mineral Exploration & Development	1 088	2 175	2 175	4 350
- Mineral Exploration & Development (Interim)	835	1 235	1 235	2 470
- Planning	1 300	1 300	1 300	2 600
- Northlands (Interim)	27 980	39 980	23 320	63 300
- Northlands (Long Term)	58 300	87 000	40 000	127 000
- Qu'Appelle Valley	7 744	26 360	17 740	44 100
- Agribition & Mexabition	850	850	850	1 700
- Agriculture	7 660	7 660	7 660	15 320
- Planning 1979-84	750	750	750	1 500
- Forest Development	12 000	12 000	12 000	24 000
- Water	7 400	7 900	7 350	15 250
Manitoba				
- Mineral Exploration & Development	1 725	4 250	4 250	8 500
- Northlands	73 000	106 009	49 407	155 416
- Industrial Development	25 400	26 400	17 600	44 000
- Value-Added Crops Production	11 100	11 100	7 400	18 500
- Tourism Development	12 000	12 000	8 000	20 000

continued

B.1 Summary of Costs (Continued)

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
Northwest Territories - Community Economic Development	2 000	2 460	1 373	3 833
Yukon - Renewable Resource Development	3 120	4 520	2 080	6 600
<b>TOTAL</b>	<b>\$445 252</b>	<b>\$549 949</b>	<b>\$365 490</b>	<b>\$942 189</b>

B.2 Incentives

R.D.I.A. - COMPARATIVE ACTIVITY\*

WESTERN REGION

(\$000's)

	<u>MAN.</u>	<u>SASK.</u>	<u>ALTA.</u>	<u>B.C.</u>	<u>YUKON</u>	<u>NWT</u>	<u>TOTAL</u>
A. <u>Apr.1/78 - Mar.31/79</u>							
No. of applications	185	82	19	39	5	8	338
No. of accepted offers	102	31	5	24		5	167
Amount of offers	11 039	8 052	2 353	4 589		200	26 233
Auth. capital costs	40 139	42 069	15 010	17 039		722	114 979
Direct Jobs	1 811	573	235	499		30	3 148
B. <u>Apr.1/77 - Mar.31/78</u>							
No. of applications	135	72	18	37		1	263
No. of accepted offers	84	28	3	2		1	118
Amount of offers	5 485	3 738	141	184		32	9 580
Auth. capital costs	21 148	11 762	385	506		96	33 897
Direct Jobs	1 118	505	24	31		3	1 681
C. <u>Since inception to Mar. 31/79</u>							
No. of applications	1 373	673	333	304	5	9	2 697
No. of accepted offers	669	258	106	81		6	1 120
Amount of offers	81 327	37 257	41 434	13 008		232	173 258
Auth. capital costs	344 324	160 741	212 845	52 904		818	771 632
Direct Jobs	17 992	7 162	4 565	2 778		33	32 530

\* These figures relate to all accepted offers including those for projects that were subsequently declined or withdrawn.

B.3 Other Programs

Summary of Total Costs

(\$000's)

<u>PROGRAM</u>	<u>FEDERAL (DREE) COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
British Columbia			
- ARDA III	8 460	8 460	16 920
- ARDA 1975-77	8 239	8 239	16 478
- Special ARDA	11 012	161	11 173
Alberta			
- ARDA 1975-77	8 128	8 128	16 256
Saskatchewan			
- ARDA 1975-77	10 980	10 980	21 960
- Special ARDA	14 000	2 800	16 800
- Last Oak Park Phase, II & III	1 993		1 993
Manitoba			
- ARDA 1975-77	11 690	11 690	23 380
- Special ARDA	12 341	2 745	15 086
Yukon			
- Special ARDA	517	12	529
Northwest Territories			
- Special ARDA	<u>2 172</u>	<u>117</u>	<u>2 289</u>
TOTAL	\$89 532	\$53 332	\$142 864

## BRITISH COLUMBIA

### ECONOMIC CIRCUMSTANCES

British Columbia possesses a rich and varied resource base in its forests, minerals and fisheries. Dependence on forestry and minerals has been a prevailing concern for successive governments of British Columbia since the Second World War. Economic diversification, both sectorally and regionally, continues to be a major objective.

The British Columbia economy performed well in the 1970s, exceeded only by Alberta in Real Domestic Product growth. British Columbia's economic performance, like that of Canada, waned somewhat from the effects of the energy crisis of the mid-1970s. A lower valued Canadian dollar from 1977 onward has stimulated demand for provincial products. As a result per capita personal income has remained considerably above the national average.

The population of British Columbia in mid-year 1978 was 2 530 000, third among Canadian provinces.

British Columbia has a number of distinctive demographic features in the Canadian context. Perhaps the most characteristic feature has been the long-term trend of rapid population increase. In the period 1971 to 1978, British Columbia experienced the second highest percentage increase in population among the provinces in Canada, 15.9 per cent. British Columbia's share of the Canadian population increased from 10.1 per cent to 10.8 per cent.

In the early 1970s migration regularly accounted for 70 per cent or more of the annual population gain. By the late 1970s natural increase and net migration contributed approximately equally to the population increase in British Columbia.

The provincial population remains highly concentrated in the Lower Mainland and southern Vancouver Island areas, where two-thirds of the population, 1 649 000 people, live on 3.6 per cent of the province's land area. Nevertheless, there have been some recent signs that a significant shift in the spatial distribution of population growth is underway. In contrast to the urbanization trend occurring elsewhere in Canada, the

populations of the Vancouver-centered Lower Mainland and the Victoria urban area grew by only 8.9 per cent and 12.6 per cent, respectively, between 1971 and 1976, in contrast to the remainder of the province which experienced an 18.8 per cent increase. The period saw a general strengthening of the urban hierarchy with key regional centres, such as Prince George, Kamloops, Kelowna, Nanaimo and Cranbrook, all experiencing high growth rates in excess of the provincial level. A few important regional centres grew much more slowly or declined as a result of specific local conditions during the period, including Prince Rupert, Nelson and Dawson Creek.

During the period 1971-1978, the labour force of British Columbia increased by 293 000. The participation rate rose from 58 to 63 per cent, fourth highest among the ten provinces. Much of this increase is attributable to an increase in the participation in the labour force by women.

Employment grew by 271 000 between 1971 and 1978, an increase of 33 per cent. This compares to the national increase in employment of 25 per cent and was the second highest increase in employment in Canada in percentage terms. Since 1975, the unemployment figure in British Columbia has been near the 8.5 per cent level, more than a percentage point higher than in 1971.

Labour-management disputes have frequently been severe in British Columbia. In the 1967-77 period, man-days lost because of strikes and lock-outs have averaged 5.4 days per thousand in British Columbia compared to the national figure of 3.6 days per thousand. It is anticipated that 1979 will be a difficult year for labour-management negotiations in British Columbia.

Real domestic product, expressed in constant 1971 dollars, has grown from \$9.3 billion in 1971 to \$13.1 billion in 1978. Year-to-year performance during that period was highly variable ranging from a 10.6 per cent increase in RDP in 1973 over 1972 to a low of 0.5 per cent in 1975 over 1974. Recent estimates by the Conference Board in Canada indicate real growth of 3.0 per cent for 1978 and predict 3.6 per cent increase in 1979. These figures, while modest by comparison to figures of the sixties, and early seventies, are above estimates and predictions for the country as a whole.

Personal income figures for British Columbia remain high, relative to the rest of Canada. In 1978 per capita personal income was estimated to be \$8 910, an increase from \$3 745 in 1971 (both figures in current dollars). The comparable estimate for 1978 for Canada would be \$8 146.

Investment (i.e, capital and repair expenditures) reached an estimated \$8.1 billion dollars in 1978 and accounted for 12.7 per cent of such investment for Canada. Investment in British Columbia has held fairly constant at the 12 - 13 per cent of the national total since the early seventies. In 1971, the figure was over 14 per cent.

Housing starts have been lower in British Columbia in 1977 and 1978, declining to an estimated 28 000. Forecasts for 1979 suggest an increase to levels above 30 000, a figure that was consistently attained during the mid-1970s.

Economic growth in the 70s has taken place mainly in the traditional sectors of forestry and mining on which the health of the provincial economy is dependent. Consequently, there has been little movement towards a major economic goal of the province, namely sectoral diversification out of the present dependence on limited processing of natural resources. The province continues to export most of its resource based output, principally to the United States, Japan and the European Common Market.

Generally, the outlook for the British Columbia economy in the 1980s is optimistic. The major overriding factor is, as always, the level of demand for the province's natural resource products as the world's industrial economies manage to adjust to higher valued commodity inputs. Lower growth expectations in the industrialized world may be partially offset by higher growth rates in developing Third World countries. Consequently, greatly expanded trading opportunities are expected with Pacific Rim countries.

Against this background, the British Columbia economy is expected to continue to perform well in comparison to other provinces, but to record slower growth than was experienced in the boom years of the late 1960s and early 70s. Factors contributing towards this period of somewhat slower growth include stiff competition in British Columbia's traditional product markets and a recognition that both renewable and non-renewable resources have absolute limits to development. Consequently, the 1980s will see concerns by both the private and public sectors for export development and resource management.

If world economic performance should exceed the lower expectations for the 1980s, then the prospects for British Columbia are greatly enhanced. In the minerals sector the potential for growth based on export demand is considerable. Buoyant economies in Japan, the United States and Europe would trigger development of new mines in British Columbia for metallurgical and thermal coal, copper, and molybdenum. Also, modernization and expansion of sawmills, plywood and veneer plants, pulp mills and paper mills would be stimulated thereby straining the limits of the province's annual allowable cut.

In the 1980s British Columbia will be faced by a number of persistent development problems. It is a continuing concern that the economy remains substantially undiversified, being highly dependent upon the natural resource sectors and the export of partially-processed raw materials. Also, these key industries are encountering stronger international competition. Some progress towards diversification was achieved in the 1970s, as non-resource based manufacturing made some gains. Additionally, growth in the tertiary sector, particularly the travel industry, transportation, trade and commerce and the public sector was recorded.

The relatively small local market is another development problem that will persist through the 1980s. Population growth has slowed in British Columbia since the mid 1970s, and unless resource boom conditions return in-migration will be modest.

A key development problem relates to changes in the renewable resource base. Reductions in the physical availability of resources, notably the forests and fisheries, are leading to increased federal and provincial government involvement in resource management policies and programming activity in their respective mandates.

Also restricting attempts to diversify the economic base is the limited presence of industrial research and development facilities in British Columbia. Development problems unlikely to diminish in the next decade are the familiar transportation constraints that face the province, of mountainous terrain, distance, inaccessible forest and mineral resources, isolated coastal communities, and port congestion. The latter has significance for British Columbia and also for the movement of bulk commodities from Western Canada.



Other potential difficulties involve the traditionally difficult labour relations climate in British Columbia often associated with the high degree of unionization; certain skilled labour shortages for large resource development projects; a general scarcity of usable land for development purposes; and the continuing need to create meaningful opportunities for one of Canada's largest populations of native ancestry.

The clarification of policy issues will have an important bearing on the thrust of economic development in British Columbia in the next decade. Generally, the provincial government favours a liberalization of Canada's trading position, and seeks greater access to world markets for intermediate natural resource products. Nonetheless, the provincial government seeks protection for certain key industries.

Resource management and the ownership and control of resources is becoming a critical issue. The provincial government strongly holds to its responsibilities for the management of resources and the right to resource rents. Federal/provincial initiatives for cost-sharing resource management are viewed cautiously at the present. Concern about foreign ownership trends is also a provincial issue, as is the desire for in-province control of the most important private companies.

Transportation policy will influence the determination of export opportunities, competitiveness of producers, and the level of activity in British Columbia ports. The Province has not finalized an energy policy, but recognizes the need for one. Against a background of adequate energy supplies, the nuclear alternative has been postponed in favour of hydroelectric and thermal-electric sources. Nonetheless, each of these options faces important constraints.

Specifically two development issues include provincial demands for a compensation package to offset social and environmental costs of the Alaska Highway Gas Pipeline which will cross northeastern British Columbia, and the question of native land claims, which is viewed as a strictly federal problem.

Sectoral opportunities in the decade of the 1980s are widespread and encouraging. The forest industries will remain the main economic force in British Columbia. However, opportunities in the forest sector will become increasingly difficult to achieve, reflecting timber supply limitations and international competition.

The industry will show an increasing awareness of the need for a development strategy, forest management and the rationalization and modernization of old plants.

Sawmilling output depends heavily on the level of housing starts in the United States. Conversion to small-log technology should be completed in the early 1980s together with productivity improvements. Employment growth will not match output gains. Plywood and veneer mills will be modernized in the early 1980s and export markets to Britain and elsewhere could strengthen. Steady growth in pulp demand should see several mill expansions and possibly construction of one or more new mills. Although essentially a modern industry, fully integrated with sawmilling, several older coastal pulp mills require modernization. Paper production, especially newsprint, is expected to remain strong.

It is the mineral sector that has perhaps the greatest potential for accelerated growth. There are many metallic and coal mining opportunities that could be developed as a result of a stronger world economy, higher prices, and a favourable exchange rate on the Canadian dollar.

Copper is the leading metal and there are a number of opportunities for development in the province, particularly in the Highland Valley. Several copper mines could be expanded, and a world scale copper smelter is a possibility. Molybdenum, often mined in association with copper, also offers a development potential. Direct employment from these operations could be considerable, resulting in some skilled labour shortages. A lead-zinc smelter to process concentrates from the Yukon is under active investigation. The Trail base metal smelter is undergoing a modernization program, and a major upgrading of the aging Kitimat aluminum smelter is being considered.

Rising prices have encouraged exploration activity in northeastern British Columbia for oil and gas resources. To date, discoveries are proving sufficient to sustain domestic and export gas demand, but do not meet provincial oil requirements.

Metallurgical coal prospects are good, but the timing for their development depends on world demand. Competition is faced from lower cost producers, particularly Australia. Opportunities will emerge in both northeast and southeast British Columbia. Some of the new mine developments will require major public capital expenditures for rail and port construction, townsite development and other essential infrastructure.

Thermal coal also offers opportunities for the 1980s, particularly in development of the Hat Creek coal deposits. However, hydro-electric projects appear to have priority at present.

British Columbia has a variety of energy opportunities, largely comprised of hydro-electric and thermal generating facilities. These afford the province a major comparative advantage.

Opportunities in agriculture and associated food processing will be locally significant. Upgrading of the limited agricultural land base will continue. Selective food processing opportunities will arise. The fishing industry will be stimulated by strong demand for fish protein in a world context and growing domestic product acceptance. The industry will operate in an increasingly controlled environment. Fish processing will be stimulated by the increased supply resulting from jurisdiction over the 200 mile coastal region, and longer term returns from the Salmonid Enhancement Program. Greater emphasis on herring for food and groundfish is expected.

Non-resource based manufacturing opportunities may emerge in the area of import replacement of heavy machinery and equipment for the resource industries. The marine industries category is also expected to afford opportunities. Heavy energy-using industries should be attracted on the strength of British Columbia's comparative advantage.

Strengthening the northern transportation system in British Columbia in the 1980s is a prerequisite to other northern initiatives, including development of presently inaccessible forest stands, the Alaska Highway Natural Gas Pipeline, metallurgical coal development in northeastern British Columbia and greatly expanded grain and other commodity movements. Upgrading transportation infrastructure in northern British Columbia will greatly strengthen the role of Prince Rupert.

Finally, in terms of employment, the service sector is expected to continue to lead the primary and secondary industries in job creation in the 1980s. A compositional shift from the 1970s is expected, with lesser emphasis on public sector growth, and strong gains from the tourism and travel industries, the retirement industry, and trade-related services.

When the scenario for opportunities in the 1980s is examined at the sub-provincial level within British Columbia, important development opportunities can be identified in nearly all cases. Indeed several regions have in many respects development options from which to choose.

Economic output will remain concentrated in the Lower Mainland and southern Vancouver Island where modernizations will occur in all aspects of the key forest products industries and where the service sector, notably trade, travel and retirement functions should thrive.

Other sub-provincial regions, however, should be able to make some inroads into the Southwest's economic share. In the Northeast the stimulus will come from mineral and energy resources, with the most important over the long-term being the eventual scenario for metallurgical coal development. Forestry development and agricultural expansion strengthen the economy of the Northeast. The Northwest has perhaps the greatest limitations in the province in terms of access, however, growth may be expected in transportation, mining and forestry.

The Coastal region will experience modernization of the forest industry, selective expansion in fisheries development, and possibly increased smelter activity. Important port developments for Western Canada will take place at Prince Rupert.

The Central Interior will have diversified opportunities in the woods industries, mining, agriculture and services, with Prince George continuing to assert its key role in northern British Columbia.

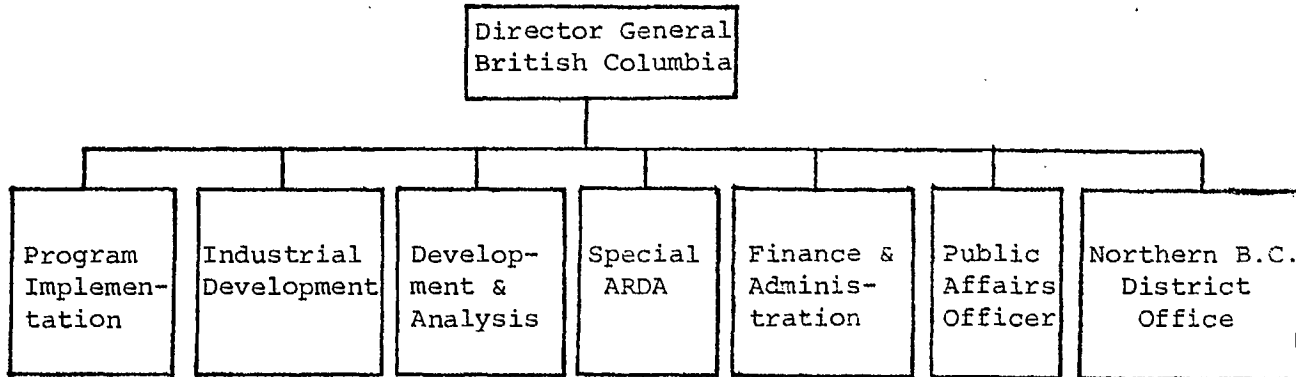
The Thompson-Okanagan region will experience some notable mining development in terms of copper and molybdenum and possibly in the longer term thermal coal from Hat Creek. Some expansion in agricultural processing should occur along with service sector growth and transportation.

Finally, resource-use conflicts between mining, forestry, agriculture and recreation may continue to hamper developments in the Southeast. Nonetheless, that region has been developing a sound metallurgical coal mining economic base, whose further development will be subject to trends in world demand and alternative options in the Northeast.

External forces in both Canada and in world markets will be major determinants in shaping British Columbia's economic development through the 1980s. Future sectoral policies of the Province can be expected to continually assert the provincial jurisdictional role. However, co-ordinated resource management and utilization policies by all levels of government are anticipated to become the main element in assuring that the benefits of economic opportunities are maximized.

BRITISH COLUMBIA

C.1 ADMINISTRATION



Organization Functions.

Program Implementation

Responsible for the implementation of departmental programs in the province, with the exception of industrial development programs, RDIA, and Special ARDA. Co-ordinates the implementation process of programs which are the responsibility of the Province, its agencies and other federal departments.

Industrial Development

Responsible for the implementation of all industrial development programs and for the administration of the Regional Development Incentives Act in the province, including analyses and evaluation and liaising with other federal government departments, provincial government departments and industrial organizations in order to achieve program objectives.

Development and Analysis

Responsible for the promotion of economic and social development within the province, executed through the co-ordination and integration of departmental policies and programs with those of the Province. Conducts studies and investigations into the economic and social circumstances in the province.

Special ARDA

Administers the federal-provincial Special ARDA Agreement and guidelines for the Special ARDA Committee in order to improve the economic circumstances and living conditions for people of Native ancestry.

Finance and Administration

Provides administrative support to the program divisions of the provincial office.

Public Affairs Officer

Responsible for developing and implementing an information program which will contribute to an increased level of understanding, appreciation and participation in DREE objectives by members of the general public and the media.

Northern British Columbia District Office

Located in Prince George, the office was established in December, 1977 to provide northern British Columbia residents with closer access to expanding DREE programming in the province, including RDIA, the Industrial Development Agreement, Special ARDA, and the Agriculture and Rural Development Agreement, and recently the Travel Industry Development Agreement. The office consists of a Program Manager, an Industrial Development Officer, a Special ARDA Officer and support staff.

Person-Year Data

1979-80 Person-Year Ceiling	35
Projected Usage to Mar. 31/80	36
Strength as at Mar. 31/79	37 (36 continuing and 1 casual)

BRITISH COLUMBIA

Outstanding Program Commitments  
(as at March 31, 1979)

(\$000's)

Subsidiary Agreements	87 338
RDIA	3 104
ARDA	515
Special ARDA	3 428
Other:	
- Budgetary	-
- Non-Budgetary	-
	<hr/>
TOTAL	94 385
	<hr/>



BRITISH COLUMBIA  
Program Expenditures

(\$000's)

<u>PROGRAM CATEGORY</u>	<u>70-71</u>	<u>71-72</u>	<u>72-73</u>	<u>73-74</u>	<u>74-75</u>	<u>75-76</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>	<u>TOTAL</u>
Sub-Agreements	-	-	-	-	2 926	2 779	3 484	7 392	7 692	24 273
Industrial Incentives	3 196	9 252	3 753	2 402	797	879	114	216	2 157	22 766
ARDA	1 819	925	783	1 426	924	2 335	3 549	3 806	2 620	18 187
Special ARDA	-	-	-	161	874	2 618	795	1 389	1 820	7 657
Other Budgetary	782	666	-	35	-	-	-	-	-	1 483
Non-Budgetary	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>5 797</b>	<b>10 843</b>	<b>4 536</b>	<b>4 024</b>	<b>5 521</b>	<b>8 611</b>	<b>7 942</b>	<b>12 803</b>	<b>14 289</b>	<b>74 366</b>

C.2 PROGRAM CONTENT AND PLANS

C.2a) Current Subsidiary Agreements

Summary of Total Costs

(\$000's)

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
Northeast Coal & Related Devel- opments: Phase II	5 000	5 000	5 000	10 000
Agriculture & Rural Development <sup>1</sup>	30 000	30 000	30 000	86 750
Industrial Development <sup>2</sup>	35 000	35 000	35 000	70 000
Travel Industry Development	25 000	25 000	25 000	50 000
Forestry	25 000	25 000	25 000	50 000
<b>TOTAL</b>	<b>\$120 000</b>	<b>\$120 000</b>	<b>\$120 000</b>	<b>\$266 750</b>

NOTES:

- 1 Local contributions may amount to \$26 750 000.
- 2 In addition the two senior governments are committed to up to \$20 million each of expenditures under co-ordinated programs; RDIA in the case of DREE and Low Interest Assistance by the British Columbia Development Corporation.

Program Description

FORT NELSON

The Canada-British Columbia Subsidiary Agreement on Fort Nelson was signed September 23, 1975. It terminated on September 30, 1978.

The infrastructure program includes water system improvements and sewerage system improvements.

The water system improvements include the construction of a new intake system, a booster station and transmission line to a new water reservoir, a clearwater storage reservoir, chlorination and transmission main, and the upgrading of the distribution system. The total cost of the water system improvements is \$4 874 000. DREE's total contribution is \$2.1 million.

The sewerage system improvements include the construction of a new sewage lagoon and a sewage interceptor program. Total costs of the sewerage system improvements are \$2 600 000, of which the federal share (\$900 000) is to be provided by CMHC's National Housing Act.

An amendment to extend the completion date and to realign the cost sharing on the federal side between DREE and CMHC was signed prior to March 31, 1978. The work is now completed and the facility was officially opened on October 6, 1978.

NORTHEAST COAL (Phase I expired; Phase II active)

The Canada-British Columbia Subsidiary Agreement to evaluate Northeast Coal and Related Developments was signed on January 28, 1977, and committed \$3 000 000 of joint federal-provincial funds, of which DREE's share was \$1 500 000. Subsequently, a Phase II agreement was signed on May 10, 1977, to continue the work. DREE's share of the total estimated \$10 000 000 under Phase II is \$5 000 000. On March 30, 1978, the expiry date of the Phase II agreement was extended from March 31, 1978, to March 31, 1980 to permit a more flexible study program that is responsive to a slower than expected recovery in metallurgical coal markets.

The program of studies will enable governments to respond to development proposals from the private sector. Program elements include coal resource analysis, transportation analysis, environmental baseline studies, community development evaluation, human resources data development, and identification and evaluation of ancillary development opportunities. Many studies are now complete. The study program will produce reports that are useful for some years in the future.

Exploration activity in the northeast continues at high levels, despite soft market conditions and a number of companies are at various stages in their preparation of mining plans for future development. At present the focus of attention is the B.P. Sukunka underground project that could be in production at about 1 million tonnes per year in the early 1980s and expand as markets develop. Questions concerning coal transportation systems for the area are uppermost in the minds of governments at present, and some major decisions are anticipated in 1979.

1976-79 WESTERN NORTHLANDS HIGHWAYS (Agreement expired  
March 31, 1979)

The Canada-British Columbia 1976-79 Subsidiary Agreement for Western Northlands Highways in British Columbia was signed on March 31, 1977 and terminated March 31, 1979.

The Agreement is in response to the Western Economic Opportunities Conference held in July, 1973 and was preceded by two interim Highway Subsidiary Agreements signed in August, 1974, and February, 1976.

Work under this Agreement is concentrated on construction or improvement of Highway 37 between Stewart and the B.C.-Yukon border and the link to Highway 16 between Meziadin Junction and Kitwanga.

The federal contribution for the three years is \$15 000 000 in total (DREE \$7 500 000 and MOT \$7 500 000). This is matched by a \$15 000 000 provincial contribution.

In September, 1978, as part of an overall program to curtail federal expenditure, the federal government announced its withdrawal from the second five-year phase of northern highways programs in British Columbia and Alberta.

AGRICULTURE AND RURAL DEVELOPMENT

The five-year Agricultural and Rural Development Subsidiary Agreement was signed on July 8, 1977. The agreement terminates on July 31, 1982. The cost of the program is up to \$86 750 000 of which the Federal (DREE) and provincial shares would each be \$30 000 000 and the local contribution \$26 750 000.

Initiatives under the agreement will reinforce policies and programs by the two levels of government relating to the development of the agricultural sector and food processing industry in rural regions of British Columbia.

There are four major program areas:

The Research, Planning, Training and Market Promotion Program will assist in the development of a provincial agricultural plan; undertake studies and research that may result in new projects; and provide support measures for farmer education and training as well as demonstration and extension activities. The total cost is anticipated to reach \$4 950 000 to be shared equally by both governments.

The Co-ordinated Resource Management Program will improve and expand the summer grazing capacity of Crown ranges for livestock in harmony with forestry, recreation and wildlife interests. The total cost may reach \$22 000 000, being shared 45 percent federally, 45 percent provincially and 10 percent locally.

The Primary Resource Development Program has the objective of increasing the acreage of lands capable of intensive agricultural production by means of drainage and new irrigation projects. The total cost of \$20 000 000 will be shared with the maximum federal and provincial contribution being \$7 500 000 each and the local contribution \$5 000 000.

The Support Services and Community Development Program will provide services needed in rural areas to allow the development of agricultural industries. The total cost is \$39 800 000 of which the maximum federal contribution would be \$10 125 000, the provincial contribution \$10 125 000 and the local share \$19 550 000.

## INDUSTRIAL DEVELOPMENT

This five-year Agreement signed on July 8, 1977 provides for joint program expenditures in the amount of \$70 million to be cost shared equally between Canada (DREE) and British Columbia. Both governments are also committed up to \$20 million each to carrying out industrial development programs within their mandates. Total joint and unilateral expenditures could reach \$110 million. The agreement is due to terminate on March 31, 1982.

There are four joint programs:

The Research program into industrial opportunities and the needs of community infrastructure if opportunities are to be realized is anticipated to cost \$3 850 000.

The Community Industrial Development program seeks to establish effective development capabilities in the province, through industrial land in key regional centres, support for industrial parks, industrial malls or advance factory space, and assistance to regional industrial commissions. Cost is estimated at \$61 000 000.

The Assistance to Small Enterprises program assists the modernization, expansion or establishment of small business enterprises. Total cost is anticipated to reach \$5 000 000.

The Public Information program may cost \$150 000.

In terms of unilateral programming, DREE has designated under the Regional Development Incentives Act that part of the province roughly north of 100 Mile House. Some \$20 000 000 may be committed.

The province, through the British Columbia Development Corporation, will expand its loan and loan guarantees programs and its program to provide reasonably priced industrial land. Expenditures may reach \$20 000 000.

An industrial Development Committee comprised of senior officials from the provincial Ministry of Economic Development, the British Columbia Development Corporation, DREE, Industry, Trade and Commerce, and the Federal Business Development Bank, will manage the agreement and meet with the industrial community and the regional industrial development commissioners to discuss the provincial economic environment and will report to both levels of government.

TRAVEL INDUSTRY DEVELOPMENT

The Canada-British Columbia Subsidiary Agreement for Travel Industry Development was signed on October 17, 1978. The termination date for the agreement is October 17, 1983. This is a \$50 million cost-shared agreement to strengthen the travel industry and to improve Canada's balance of payments. The target area excludes the Lower Mainland and southern Vancouver Island.

Activities under this Agreement fall into five major program areas:

The Planning program will develop long-term strategies for the travel industry of British Columbia by identifying trends, gaps, and future directions, and by conducting feasibility and opportunity studies. Total cost is anticipated to be \$1 500 000.

The second program will develop the institutional structure needed to co-ordinate travel industry associations. The industry will be assisted in development of operational plans, implementation of programs, training policies and information services. Total cost is anticipated to be \$4 500 000.

The third program is designed to upgrade travel industry facilities and infrastructure. It includes financial assistance for new and expanded facilities such as resorts, motels, and certain others. Total cost may reach \$13 000 000.

The fourth program will support creation, improvement, or expansion of major travel generators, such as cultural centres, special-interest parks, restored historic sites and settlements, and developed natural attractions. Total cost is anticipated to be \$15 000 000.

The fifth program will aid development of world class ski resorts offering year-round, multi-recreational facilities. Assistance will also be provided to regional and local ski facilities. This program's total cost could reach \$16 000 000.



INTENSIVE FORESTRY MANAGEMENT

A five year Intensive Forestry Management Subsidiary Agreement was signed on May 17, 1979.

Activities under this Agreement include five program areas.

The Reforestation Program will plant provincial Crown land that was not in the past adequately reforested after logging or forest fires. The total cost of this program is anticipated to be \$11 500 000.

The Juvenile Spacing Program is a forest quality exercise that will leave standing, in optimum sites, a pre-determined number of stems that have superior growth and form. The expected total cost of this program is \$30 000 000.

The Fertilization Program will promote faster tree growth and is particularly cost effective when done in conjunction with a Juvenile Spacing Program in nitrogen-deficient soil areas. The expected total cost of this program is \$5 000 000.

The Forest Protection Program will provide additional fire-fighting crews in areas of increased fire hazard resulting from the Juvenile Spacing Program. The expected total cost of this program is \$1 000 000.

The Implementation Contracts Program will hire private firms to supplement the Province's capacity to carry out some of the identified forest initiatives. The expected total cost of this program is \$2 500 000.

SUBSIDIARY AGREEMENTS - MAJOR CASES

1. Duke Point Industrial Park

In December, 1978 approval was given under the Industrial Parks program of the Industrial Development Subsidiary Agreement to an application from the British Columbia Development Corporation for a \$13 million low interest loan to finance the development of the 235-acre Duke Point industrial park adjacent to a new deep-sea shipping terminal in Nanaimo, British Columbia.

The industrial park will include three heavy industrial sites, expected to become the location of large wood products manufacturing facilities, a tank farm, to house petroleum products storage facilities to be relocated from less desirable locations on the Victoria and Nanaimo waterfronts, and a number of smaller industrial sites to be available to a wider range of potential users. The development of the park will be closely integrated to the development of the new shipping terminal to which the federal Ministry of Transport will contribute a \$7.8 million grant and \$5.4 million loan.

Planning for the Duke Point project has been underway for a number of years and has involved co-ordination with a number of federal and provincial agencies, the Nanaimo Harbour Commission and the City of Nanaimo.

The benefits accruing from this project will be of major importance to the overall development of Vancouver Island and, in particular, the City of Nanaimo. It is estimated that between 500 and 1 100 new direct jobs will be created and if indirect employment, exclusive of construction, is taken into consideration, between 1 200 and 2 800 jobs could be attributed to this initiative when it is completed.

At present clearing and levelling of the site is underway.

## 2. Whistler Resort Community

On October 17, 1978, it was announced that the Resort Community of Whistler would receive up to \$9 million in joint funding under the Canada-British Columbia Travel Industry Development and Subsidiary Agreement to help the town centre and surrounding area become a viable world class multi-season resort community. Benefits would accrue to Canada's international balance of payments through improvements to the Travel Account.

Major ski-related projects are presently being developed by private interests, Garibaldi Lifts Ltd. on Whistler Mountain and Fortress Mountain Resorts Ltd. on Blackcomb Mountain; however it is critical to develop major attractions with a multi-seasonal appeal if a viable year-round tourism complex is to be realized. Federal-provincial assistance will be given towards the development of non-ski-related facilities:

- (i) design costs for a multi-purpose recreation complex;
- (ii) planning to upgrade the golf course to championship class;
- (iii) infrastructure such as sewer, water and drainage systems, internal roads and parking; and
- (iv) improvement and expansion of the present road access system.

Funding is directed toward facilities and services owned and operated by the Whistler Village Land Company Ltd., a wholly-owned subsidiary of the municipality. Feasibility studies for the recreation centre and construction for the parking, water and sewer services are underway.

### 3. Trident Aircraft Factory

On May 3, 1979, it was announced that federal-provincial low interest loan funding of \$2.9 million was being made available for the construction of a 103 000 square foot factory for Trident Aircraft Ltd. at Victoria International Airport. The funds are to be provided through the Advance Factory Space Program of the Canada-British Columbia Industrial Development Subsidiary Agreement (IDSA), and will be loaned to the British Columbia Development Corporation which will build the factory and lease it to Trident at advantageous rates during the critical start-up phase. Savings to the company will amount to \$1.8 million during the five year term of the loan.

When peak production of the Trident "Trigull" amphibious aircraft is reached, probably in the fall of 1981, the plant will employ 250 and contribute an annual payroll of \$4 million. The plant will contribute to a diversification of the Victoria area economic base, reduce imports to Canada, and contribute export sales of some \$10 million annually.

In addition to this IDSA assistance, the department of Industry, Trade and Commerce has in the past committed \$8 million in loans and contributions to the Trigull project under the Enterprise Development Program.

C.2b) Incentives (RDIA)

Comparative Activity

(\$000's)

	<u>Apr.1/78</u> <u>Mar.31/79</u>	<u>Apr.1/77</u> <u>Mar.31/78</u>	<u>Inception to</u> <u>Mar.31/79*</u>
No. of applications	39	37	304
No. of accepted offers	24	2	81
Amount of accepted offers	4 589	184	13 008
Authorized capital costs	17 039	506	52 904
Direct jobs	499	31	2 778

\* These figures relate to all accepted offers including those for projects that were subsequently declined or withdrawn.

RDIA - Major Cases

1. Rim Forest Products, Hazelton

This firm has accepted an offer of \$1 270 000 to expand its existing sawmill and planer facilities at Hazelton, British Columbia. The expansion is expected to result in the creation of 48 direct new jobs. An additional 55 jobs will be added in logging and transportation related activities.

The project achieved commercial production in March, 1979, and the initial payment of \$823 455 has been made.

Rim Forest Products began its current operation in Hazelton in 1972 with assistance under the ARDA program. At that time, under Part IV of the third ARDA Agreement with British Columbia, a grant of \$350 000 was provided to enable the firm to construct the facility that it is now expanding. That grant resulted in the creation of 102 jobs in the mill and 20 jobs in ancillary operations. It is noteworthy that a large proportion of those jobs are filled by people of Native ancestry, and it is expected that the same will be so with the newly created jobs resulting from the expansion.

C.2c) Other Programs

Summary of Total Costs to March 31, 1979

(\$000's)

<u>PROGRAM</u>	<u>DREE<sup>1</sup></u> <u>COST</u>	<u>FEDERAL</u> <u>COST</u>	<u>PROVINCIAL</u> <u>COST</u>	<u>TOTAL</u> <u>COST</u>
ARDA III	\$ 8 460	\$ 8 460	\$ 8 460	\$16 920
ARDA 1975-77	8 239	8 239	8 239	16 478
Special ARDA <sup>2</sup>	11 012	11 012	161	11 173

1 Costs stipulated in signed agreements.

2 Adjusted commitment.

C.2d) Other Policy Issues and Plans

Economic Strategy of the Province

Although no formal provincial economic strategy has been documented, statements by officials of the government of British Columbia indicate that, in fact, the strategy of the Province includes the following elements:

- Provincial autonomy, particularly in resource rents and management;
- Strong emphasis on fiscal restraint and responsibility;
- An equitable, i.e., larger share of federal economic program funding; perhaps based on provincial contributions by sector;
- A desire to see federal 'transfer' payments largely restricted to transfers to individuals in disparate regions;
- Greater provincial role in international trade negotiations and discussions such as the recently concluded Multilateral Trade Negotiations;
- Generally a positive attitude towards trade liberalization; with, however, protection for some industries particularly in resource-processing;
- A user-pay approach to transportation policy, except in instances of isolation and frontier expansion;
- Industrial diversification away from a dependence on primary industries; not, however, to the neglect of key resource developments; and
- Support for free enterprise economy including small business.



SPECIAL ARDA 1977-1982

A new five-year Special ARDA Agreement was signed on May 18, 1977.

Under this Agreement, administered by DREE in co-operation with the provincial government, assistance can be provided to support the establishment, expansion or modernization of commercial undertakings which will provide employment for people of Native ancestry. In addition, assistance can also be available for special training needs for potential Native employees and for community services and facilities required to support development in remote parts of the province, most of which are in the north.

The geographic extent has been broadened to apply to all parts of the province with the exception of the greater Vancouver and Victoria areas.

A major change from previous Special ARDA Agreements is a reduction in the amount of equity required by applicants from 20 to 10 percent of the project cost.

Under the new Agreement, Native membership on the Advisory Committee was increased from four to seven, while non-Native members remained at six.

In contrast to the other western provinces, British Columbia does not have a Northlands agreement focused on Native people, and Special ARDA meets many of the needs for community assistance.

### Regional Development Programming

At times the Province has taken the position that regional development policies have the effect of subsidizing inefficient industry and regions at the expense of efficient ones. The published position of the British Columbia government suggests that they would prefer to see the federal government make direct transfers to residents of disadvantaged regions.

There has, however, been no slackening of provincial interest in joint development initiatives, and a number of agreements highly germane to British Columbia's future have been introduced in the industry, agriculture and travel industry sectors in 1977 and 1978. The provincial position overlooks the fact that even in a province as rich as British Columbia there are serious constraints associated with development opportunities that can often best be overcome through joint federal-provincial co-operation.

### Provincial Control of Natural Resources

The provincial government has adopted a strong stand on provincial responsibility for the management of natural resources and with this the right of taxation. With the exception of the fisheries, which are under federal jurisdiction, this is the case. Federal efforts to engage in cost-shared and consequently jointly-managed development programs affecting the resource sectors continue to be viewed by the Province as an intrusion into a provincial sphere. Federal attempts to manage its fisheries resources under the new Fisheries Act ran afoul of provincial policy in March, 1979, in the Queen Charlotte Islands where loggers continued to log areas that had been closed under the provisions of the Fisheries Act on the grounds that slope erosion would damage salmon spawning streams. This conflict emphasized the difficulties of multiple resource management in the province.

### Alaska Highway Natural Gas Pipeline Negotiations

A short term issue affecting development in British Columbia stems from provincial government demands for a transportation and communications development package for northern British Columbia as "compensation" for the Alaska Highway Natural Gas pipeline to be constructed across northeast British Columbia. The provincial government takes the view that British Columbia will not share equitably in the industrial benefits accruing from the project, nor will the Province receive financial assistance of the sort legislated for the Yukon, to offset increased service costs and socioeconomic, environmental impact costs. These issues are subject to further discussions and negotiations.

The native community of northeastern British Columbia is also preparing a major socioeconomic and environmental program package demand that will be designed to lessen the impact of the pipeline on their communities. Native land claims are also likely to be included. The exact degree of DREE participation is not known at this time.

#### Victoria Special Area

The Department studied a request from the Province in 1978 and 1979 to have Victoria designated as a Special Area before coming to the conclusion that designation was not warranted.

#### Forest Industry Upgrading

Recent announcements by B.E.D. Ministers concerning a forest development policy for Canada indicated that some assistance could be provided to B.C. sawmill and plywood facilities and selective pulp and paper mills for pollution abatement and modernization. The federal offer of assistance is contingent upon provincial cost sharing. No formal response from the B.C. provincial government has been received. DREE officials are informally aware that provincial government officials have initiated a series of consultations with the private sector in B.C. It is anticipated that a formal response to the federal offer will be forthcoming after these private sector consultations have been completed.

#### Tofino-Ucluelet Infrastructure

The communities of Tofino and Ucluelet claim that demands resulting from Pacific Rim National Park have exceeded their ability to supply adequate water and sewer systems. DREE has begun negotiations on an initiative to provide assistance. A larger tourism potential can be identified as can additional fish processing, another large water consumer.

#### Extension of Industrial Development Subsidiary Agreement Target Area

The Province has requested at a meeting with the President of the Board of Economic Development that the target area for the Industrial Development Subsidiary Agreement be extended to include the Regional District of Dewdney-Alouette in the Lower Mainland.

Potential Initiatives

There are preliminary indications that a West Kootenay initiative may evolve to overcome development constraints, notably of an infrastructural nature, that are thwarting local economic development opportunities.

There continues to be room for senior government support to northern British Columbia development through selected transportation and communication initiatives. This support would complement the broad range of essentially energy-related private sector developments affecting northern British Columbia, including oil and gas exploration, the Alaska Highway Natural Gas Pipeline and Northeastern British Columbia metallurgical coal development. There is also potential for an infrastructure subsidiary agreement in Northeast British Columbia if large scale coal developments proceed in the 1980s.

There would also appear to be some potential for developing a Mineral Development subsidiary agreement. The major thrusts would probably involve mine access in remote locations and measures to stimulate private sector exploration and extended production activity on small mining properties.

Recent discussions between the British Columbia offices of DREE, DFO and DIAND give indications of formally strengthening interdepartmental co-operation on matters related to the fishing industry. DREE, as one of its major concerns under Special ARDA, hopes to achieve a break-through that will permit non-status Indians to have access to the restricted fisheries on the West Coast on the same basis as status Indians. Special ARDA may become involved in providing financial assistance to native people, irrespective of status, for fishing vessels in co-operation with the policies of DFO, in view of the fact that the Indian Fishermen's Assistance Program (IFAP) of DIAND expired on March 31, 1979.

## ALBERTA

### ECONOMIC CIRCUMSTANCES

Despite Alberta's impressive economic performance, its economy displays vulnerability. The major contributor to the province's current prosperity is energy and construction activity associated with large energy-related projects. To lessen its dependence on non-renewable resources Alberta wants to diversify its economy towards renewable industries and processing of primary products.

Between 1961 and 1977, according to The Conference Board in Canada, the volume of production in Alberta grew annually by an average of 6.5 percent -- compared with 5.2 percent for the nation as a whole. During the sixteen year period, the size of Alberta's economy has almost tripled and the province's participation in the Canadian economy rose from 10 to 12 percent in GDP. Since 1971, the annual real domestic product (RDP) has had an average increase over 6 percent. This pace of growth was slightly slower in 1978, with a 5 percent increase in RDP, and some tapering off is expected through 1979. This is seen as a prelude to the next round of accelerated growth expected in the 1980s.

Likewise, the province has experienced rapid population and labour force growth. In 1971, the population of Alberta was 1.63 million. By 1978, it has reached 1.95 million and is projected to reach 2.4 million by 1986. Alberta's labour force in 1978 was 944 000. Its growth rate at 5.8 percent was about 2 percentage points higher than the Canadian average while the province's unemployment rate, at 4.6 percent was the lowest in Canada. However, a slower growth rate in the labour force is expected for 1979 and unemployment is expected to rise to about 5 percent.

Energy-related developments in the 1980s, will increase the rate of employment growth and also lead to shortages in some skilled occupations, causing upward pressure on selected wages and salaries. This shortage of skilled labour in Alberta, combined with lower wages and high unemployment levels in central and Atlantic Canada could result in increased rates of in-migration.

Alberta has enjoyed a favourable investment climate throughout the 1970s. Early in the decade, the growth rate in new capital expenditures rose dramatically, reaching a high of 30 percent in 1976. This investment growth rate has since eased

off and stood at 7.4 percent in 1978. Higher annual increases are again expected in the early 1980s when oil sands developments, the gas pipeline and other major projects will generate new investments. As a result, Alberta will remain a focal point for Canadian growth into the 1980s.

Alberta's production of coal more than doubled from 1970 to 1977 when it reached 14.2 million tonnes. Output of thermal coal is increasing while metallurgical coal declines.

Demand for thermal coal is expected to remain strong in the longer term as a result of expanded shipments to Ontario Hydro, increased electrical generating capacity in Alberta and its probable use to generate steam for in situ extraction of bitumen from the oil sands. Demand for metallurgical coal will remain dependent on the health of the Japanese steel industry, its major market.

The recent energy crisis, has caused a reversal of the decline in production of Alberta crude which occurred between 1973 and 1978. Alberta oil producers have now expanded production to the maximum technical limits. The shortfall of oil created by Iran is expected to push international oil prices up thereby possibly creating pressures for upward price movements in Canada.

Natural gas production has experienced steady increases over the past five years, reaching 2 814 billion cubic feet in 1977. Rapid expansion of gas reserves has continued in Western Canada with companies spending heavily on new exploration and trying to generate cash flow through market expansion. The United States is the most likely market for expansion.

Regulatory procedures have been completed for prebuilding the southern portion of the Alaska Highway Pipeline. However, agreement on pricing and contracts as well as administrative delays have held up construction and Alaska gas will not likely reach markets until the mid 1980s. In the interim, Canadian gas may well move to United States markets during the early 1980s, and the National Energy Board has concluded that surplus gas is available for export. Such sales will have a significant positive impact on Canadian balance of payments as well as provide cash flow to gas producers.

During the 1970s, Alberta manufacturing industries continued to account for slightly less than 10 percent of total provincial output, compared with 20 percent nationally. Though increasing in absolute terms, the rate of growth in manufacturing is not keeping pace with the rate of growth of population in Alberta.

Over the past five years, the composition of Alberta's manufacturing industries has slowly begun to shift away from the traditional dominance of the food and beverage industry, mainly due to an expanding petrochemical industry.

Construction is the second largest goods-producing sector in Alberta's economy and, during the 1970s, has taken the lead role in determining real growth. The slowdown in activity expected in 1978 did not materialize, mainly because of a rise in residential construction. However, a repeat performance in housing is not expected this year. RDP growth is projected to fall off in 1979 and probably will not rebound to the rapid growth rates of 1974-76 until the major energy projects such as the Alaska Highway Pipeline, a heavy oil upgrading plant and a third oil sands plant, go forward in the early 1980s.

The rapid economic growth in Alberta has had a strong impact on the development of the province's service sector which is Alberta's largest employer and accounts for around 60 percent of total employment and 50 percent of the total provincial value added.

Since 1971, the fastest growth component of Alberta's tertiary sector has been financial services which accounts for over 36 percent of the total. The advent of the Alberta Heritage Savings Trust Fund and its attraction of the short term money market to Alberta, along with the massive financial requirements of Syncrude and other energy developments, have caused a significant influx of financial services into the province. This trend should continue at least through the early 1980s.

Agriculture, forestry and tourism are three important renewable resource industries in Alberta. Net farm income of agriculture reached \$807 million in 1978. In 1979, farm cash receipts are expected to increase by about two and one-half percent due to high beef prices and stable grain markets. Forestry at present accounts for only 0.01 percent of Alberta's GDP. The province possesses vast forest resources, estimated at 940 million m<sup>3</sup> of coniferous and 590 million m<sup>3</sup> of deciduous wood, which are still severely underutilized.

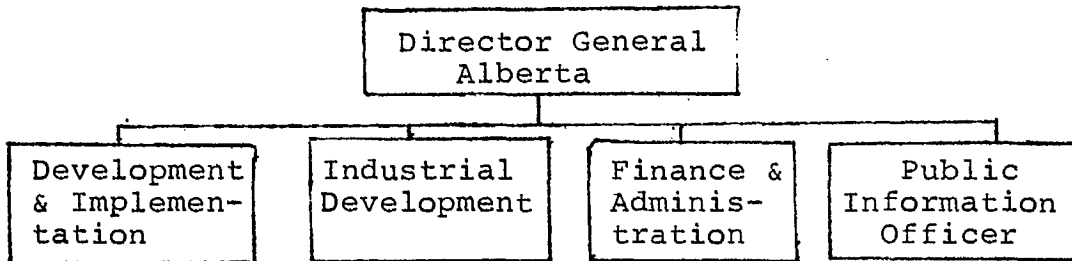
Tourism in Alberta has shown an overall average growth rate in excess of 10 percent per year during the 1970s. In 1978, the tourism industry generated \$900 million in revenues and accounted for 3.3 percent of GDP. Like forestry, the tourism industry offers good growth potential.

Because Alberta's rapid industrial growth is largely limited to energy-related activities, the resultant prosperity is not felt throughout the economy. Growth has tended to concentrate in the Edmonton-Calgary corridor and in a few other resource centres. As a consequence rural communities and native peoples have tended to remain outside the mainstream of Alberta's growth and prosperity.



ALBERTA

D.1 ADMINISTRATION



Organization Functions

Development and Implementation

Responsible for the promotion of socioeconomic development in Alberta through the co-ordination and integration of departmental policies and programs with provincial policies and programs. Conducts studies and investigations into the socioeconomic circumstances of the Province. Responsible for the implementation of all departmental programs in Alberta except those under the Regional Development Incentives Act and the Nutritive Processing Assistance Subsidiary Agreement. Co-ordinates the implementation process of programs which are the responsibility of the Province, its agencies and other federal departments.

Industrial Development

Responsible for activities under the Nutritive Processing Assistance Subsidiary Agreement, and the Regional Development Incentives Act, including analyses and evaluation and liaising with other federal government departments and provincial departments in order to achieve Agreement and program objectives. Promotes industrial development in Alberta through the co-ordination and integration of departmental policies and programs, with provincial policies and programs. Conducts studies and investigations designed to identify industrial opportunities.

Finance and Administration

Provides administrative support to the program divisions of the provincial office.

Public Information Officer

Responsible for developing and implementing an information program which will contribute to an increased level of understanding, appreciation and participation in DREE objectives by members of the general public and the media.

Man-Year Data

1979-80 Man-Year Ceiling	28
Projected Usage to March 31/80	28
Strength as at March 31/79	29 (28 continuing & 1 casual)

ALBERTA

Outstanding Program Commitments  
(as at March 31/79)

(\$000's)

Subsidiary Agreements	30 122
RDIA	2 500
	<hr/>
TOTAL	32 622
	<hr/>

## ALBERTA

Program Expenditures

(\$000's)

<u>PROGRAM CATEGORY</u>	<u>70-71</u>	<u>71-72</u>	<u>72-73</u>	<u>73-74</u>	<u>74-75</u>	<u>75-76</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>	<u>TOTAL</u>
Sub-Agreements	-	-	-	-	3 246	4 701	4 405	5 549	7 783	25 684
Industrial Incentives	3 037	1 260	2 048	11 855	1 910	5 721	4 695	697	1 625	32 848
ARDA	3 855	396	908	2 499	2 003	1 346	3 353	1 912	1 475	17 747
Special ARDA	-	-	-	-	-	-	-	-	-	-
Other:										
-Budgetary	2 666	2 734	1 132	2 412	1 283	121	-	-	-	10 348
-Non-Budgetary	660	986	599	1 107	616	51	-	-	-	4 019
<b>TOTAL</b>	<b>10 218</b>	<b>5 376</b>	<b>4 687</b>	<b>17 873</b>	<b>9 058</b>	<b>11 940</b>	<b>12 453</b>	<b>8 158</b>	<b>10 883</b>	<b>90 646</b>

D.2 PROGRAM CONTENT AND PLANS

D.2a) Current Subsidiary Agreements

Summary of Total Costs

(\$000's).

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
Alberta North <sup>1</sup>	\$27 500	\$32 500	\$22 500	\$55 000
- Human Development	10 235	10 235	10 235	20 470
- Community Services & Facilities	8 300	8 300	8 300	16 600
- Indian Reserves Community Services & Facilities	5 000	10 000	-	10 000
- Social Adjustment & Professional Development	1 475	1 475	1 475	2 950
- Community Economic Development	2 490	2 490	2 490	4 980
Nutritive Processing Assistance	<u>8 500</u>	<u>8 500</u>	<u>8 500</u>	<u>17 000</u>
TOTAL	\$36 000	\$41 000	\$31 000	\$72 000

1) Department of Indian Affairs and Northern  
Development contributes \$5 million.

Program Description

ALBERTA NORTH

The implementation of the Interim Canada-Alberta North Subsidiary Agreement, 1974-1978, provided the framework for joint planning by DREE and Alberta for a longer term northern development strategy.

On February 8, 1978, the Canada-Alberta Subsidiary Agreement on Alberta North was signed. The Agreement terminates March 31, 1982. Activity under the Agreement includes initiatives developed and implemented under the "Interim" Agreement, as well as providing for the development of new projects.

Programs being undertaken include those related to Human Development, Community Services and Facilities, Community Services and Facilities - Indian Reserves, Social Adjustment/Professional Development, and Community Economic Development.

The Agreement commits \$27.5 million in DREE funds, \$5.0 million of which is applicable to activity on Indian Reserves in northern Alberta, and the Department of Indian Affairs and Northern Development contributes a further \$5.0 million.

NUTRITIVE PROCESSING

The Canada-Alberta Subsidiary Agreement on Nutritive Processing Assistance was signed March 11, 1975 and amended in April, 1976, to include a Sheep Industry Development program. The Agreement will terminate March 31, 1980.

The areas of activity under the Agreement include:

- (i) Development Assistance;
- (ii) Public Information and Technical Services; and
- (iii) Sheep Industry Development.

The Development Assistance program takes the form of financial incentives to nutritive processing facilities outside the major metropolitan centres. The total estimated cost is \$15 798 000, of which DREE will contribute \$7 899 000.

The Public Information and Technical Services program provides financial support for those information and technical consulting activities that are required to facilitate implementation. Two types of initiatives that may be supported are consulting and professional services, and public information activity. The estimated total cost of the program is \$400 000. DREE's total estimated contribution is \$200 000.

The Sheep Industry Development program applies to the provision of sheep slaughter facilities at Innisfail, Alberta. These facilities are required for the development of Western Canada's sheep industry. A development grant totalling \$802 000, of which DREE is to contribute \$401 000, is provided by the program. On April 29, 1976 an initial payment of \$615 496 was made to which DREE contributed 50 percent (\$307 748).

D. 2b) Incentives

Comparative Activity

(\$000's)

	<u>Apr.1/78-</u> <u>Mar.31/79</u>	<u>Apr.1/77-</u> <u>Mar.31/78</u>	<u>Since Inception</u> <u>to Mar.31/79*</u>
Number of applications	19	18	333
Number of accepted offers	5	3	106
Amount of offers	2 353	141	41 434
Estimated capital costs	15 010	385	212 845
Estimated direct jobs	235	24	4 565

\* These figures relate to all activity under previous and present designations in Alberta.



D. 2c) Issues

ALBERTA ASPEN BOARD

Alberta Aspen Board built a plant in Slave Lake which was estimated to cost \$6 131 000 and provide 117 jobs. An offer of \$2 043 500 was made based on 25 percent estimated eligible costs of \$5 934 000 and \$5 000 per 117 estimated eligible jobs to be created. The plant commenced commercial production February 28, 1976, and an initial payment of \$1 809 820 was disbursed March 31, 1976.

As a result of large construction cost overruns, which the company could not adequately finance, some technological problems and excessive inventory resulting from weak markets, the company was forced to cease operations in June 1976.

The Department of Indian and Northern Affairs which had provided over \$4 000 000 term financing secured by a first, floating and fixed debenture, appointed a Receiver to mothball the plant and try to sell it. Two bids were received and the Receiver is now seeking court approval to accept the Weldwood of Canada offer of approximately \$7 500 000. Weldwood's bid was contingent upon receiving DREE assistance. Weldwood officials are now developing all supporting information required by DREE and it is expected that DREE Alberta will be able to complete analysis and forward a recommendation for the Minister's consideration in June, 1979.

The former operation, represented by its President, A. Tottrup, has initiated legal action against its former marketing agent, Weldwood, and has also spoken of suing the Department of Indian and Northern Affairs. DREE has no knowledge of the probability of success in either action but the legal process might delay the mill's re-opening.

NATIVE DEVELOPMENT

Alberta is the only province in the Western Region in which Special ARDA, a native-oriented program, is not being applied. The departmental position has been that other federal programs such as LEAP and the Indian Economic Development Fund do not provide the same level of support that is available to native entrepreneurs in other areas and that the Department remains willing to negotiate and implement a jointly-funded program of economic assistance which will allow Alberta's natives to capitalize on economic development and business opportunities.

## CURRENT CONSIDERATIONS

### Tourism

Alberta's buoyant economy and rapidly growing population have begun to strain existing recreation facilities, particularly at Banff and Jasper. Development of alternate destination points and recreational areas in northeastern Alberta could relieve this strain while promoting regional development and diversification.

A tourism-related initiative could focus on destination area development, planning, upgrading of the tourism plant and service, and increasing public awareness of Alberta's tourism opportunities. A subsidiary agreement would conform to the GDA objectives to improve productive employment in slow-growth areas and to promote balanced economic growth in the province. As well, it could supplement the socioeconomic objectives of the Alberta North Agreement.

### Forestry

The abundant, but virtually untouched, supply of aspen poplar that exists in Alberta's northern forests offers opportunities for development consistent with GDA objectives of improved opportunities for productive employment, particularly among the disadvantaged people of the north, and promoting balanced development in Alberta.

Discussions in this respect have been undertaken with the Province and the Department has indicated that it may be willing to support the commercial development and exploitation of this vast, largely untapped, natural, renewable resource. This initiative would complement the province's on-going forest development program, advance their goal of economic diversification and support the socioeconomic objectives of the Alberta North Agreement.

### Agricultural/Rural Development

DREE views agriculture as a key component in its regional development activities, especially in terms of its major role and essential contribution to the economic growth in rural areas. This industry, in the agro-rural areas of the province, generates much of the economic justification for the continued existence and future growth of many of the smaller rural communities. The health of agricultural industry has a direct relationship to the general economic health of the rural economy.

DREE and Alberta are currently jointly implementing the Canada-Alberta Subsidiary Agreement on Nutritive Processing Assistance. The Agreement not only supports greater processing of agricultural production as part of its activities, but, because these processors are situated in rural centres, is having a beneficial impact on the rural economy. DREE, with provincial concurrence, has proposed to redesign the current Agreement by broadening its activities and programs in order to more effectively meet its objectives. These modifications are intended to strengthen the linkages between agriculture, processing and rural development.

## SASKATCHEWAN

### ECONOMIC CIRCUMSTANCES

The performance of the Saskatchewan economy has been and remains heavily dependent on the production of largely unprocessed natural resources for foreign export markets. Traditionally, the narrow agricultural basis for provincial activity produced uncertain and often highly volatile economic conditions. Changes in international wheat markets have produced wide swings in the income and employment opportunities available to provincial residents and the revenues available to the Saskatchewan government. Periodic declines in the provincial population have also been a response to these highly variable economic conditions.

Provincial economic prospects have changed markedly in recent years. The early discovery and subsequent development of oil and gas, heavy oil, coal, potash and uranium have increased the basis for primary production. These recently developed "industrial" natural resources now account for approximately one-third of primary sector output.

Since 1974, rising energy prices have improved Saskatchewan's economic performance. Sustained demand for the province's fuel and grain production into the early 1980's is now precipitating a resource development boom. Exploration and initial construction and development benefits in uranium, heavy oil, and also coal and potash expansion are being experienced. Based on a fairly steady future growth in resource development, as seen by the province, the resource expansion will likely substantially transform the structure of Saskatchewan's natural resource economy and may significantly expand provincial resource revenues. The long term benefits from the uranium sector, however, may be inherently less stable as a result of recent environmental problems and public opinion associated with nuclear generating plant development.

In spite of the resource generated economic growth, Saskatchewan is making only limited progress towards a more diversified economic structure. Investment is concentrated in the capital intensive, technologically advanced primary resource sectors. The capital and skilled manpower requirements of these projects, as well as serious locational and management skill deficiencies, may actually inhibit expansion in the small provincial manufacturing sector, in spite of emerging opportunities. Saskatchewan's manufacturing expansion is

already constrained by its limited size, small entrepreneurial base, poor access to distant markets, poor penetration of local markets and frequent absence of industrial infrastructure in the traditional agricultural and service economy.

Many of Saskatchewan's northern, rural and native Indian and Metis residents remain excluded from the benefits of provincial expansion through isolation and restricted access to opportunities, although arrangements to alleviate their circumstances through federal-provincial and provincial-private sector initiatives are occurring. Those who do seek access to the centres of economic growth frequently find that their education, skills and training have limited application in the industrialized resource economy. For native people who are increasingly migrating to larger centres, these problems are compounded by social and other barriers to the labour market.

Development in Saskatchewan is highly dependent upon a few federal and provincial policies and regulatory frameworks. Federal energy, agriculture and transport policies have been instrumental in determining the recent pace of resource development in the uranium, oil, potash and wheat industries. Provincial resource policy has directed substantial levels of public investment towards natural resource development through Crown corporations, direct provincial incentives and concessions, and legislative controls particularly in agriculture, potash, mining, forestry, oil and gas.

Comparative economic advantage in the Saskatchewan economy lies in agricultural production and in the extraction, further processing of, and supply of machinery, equipment and services to natural resource industries. The province holds numerous unrealized economic opportunities for extraction, production and processing of heavy oil, forest, potash, peat, coal, grain, oilseed and livestock resources. Significant manufacturing expansion, particularly for grain handling, farm and mining machinery and services may be associated with anticipated resource developments. In the isolated northern economy further tourism, mineral, fur and fishing opportunities may be available.

Public policy initiatives are necessary to realize and sustain Saskatchewan's present optimistic economic outlook. Efficient industrial environments are needed in traditionally agricultural centres and in cities, if some of the manufacturing and high technology service benefits from western natural resource expansion are to be realized within Saskatchewan. Supportive federal energy, resource, transport, and trade policies will be required to maintain momentum for growth in the leading natural resource industries.

Under the General Development Agreement, federal-provincial initiatives have been taken to promote steel, northern and some rural developments. In the future, increased federal-provincial policy and program activity will be important to realize more of Saskatchewan's development potential. These initiatives should maintain the recent gains in productivity and diversification achieved within the primary resource sectors. Recently concluded agreements on agricultural productivity are indicative of these, and there may be continued assistance in developing the province's mineral base and improvements in forest industry productivity.

Additional programs should also be developed to improve the levels of native Indian participation in the provincial economy, and of their application to the circumstances of these people in urban as well as non-urban settings.

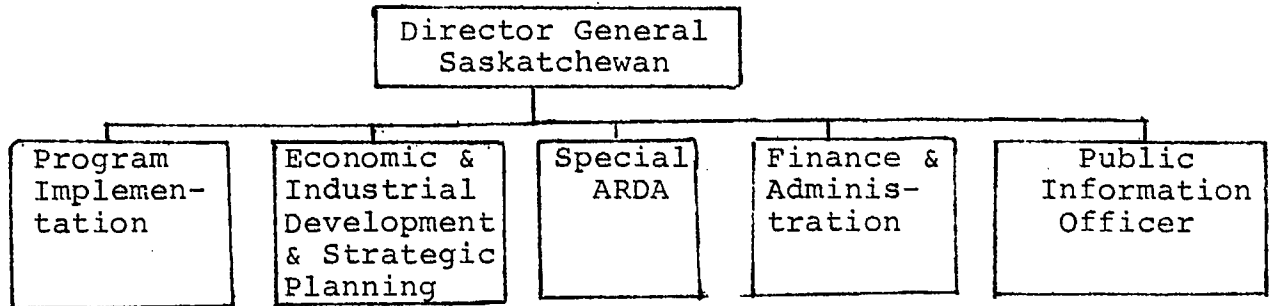
Realization of even a small portion of the resource-related manufacturing opportunities that are emerging in Western Canada will require a large expansion in the province's manufacturing sector, and in its capability to respond. Increased energy and resources will need to be directed towards exploiting and realizing the manufacturing and servicing opportunities that emerge. Incentives for entrepreneurial development and the establishment of attractive and competitive industrial and manufacturing environments are important considerations. The opportunity to identify and capitalize on spill-over effects of the substantial technical and industrial activity occurring in Alberta needs to be taken into account. All of these suggest the need in the near future to focus joint federal-provincial attention on a broad provincial industrial strategy, a rural development strategy, service sector development, high technology industrial support, and long term development of the tourism sector.

TABLE OF KEY ECONOMIC INDICATORS  
IN SASKATCHEWAN

	<u>Unit of Measure</u>	<u>1969</u>	<u>1972</u>	<u>1977</u>	<u>1978</u>
Population	Thousands	958	914	937	948
Unemployment	Percent	--	4.4	4.5	4.9
Participation Rate	Percent	53.3	56.5	61.5	61.9
Per Capital Income	Dollars	2 368	3 027	6 829	7 610
New Capital Investment	\$ Million	755	825	2 321	2 448
Census Value Added in Goods Producing Industries					
Total	\$ Million	1 575	1 676	4 130	4 740
Selected					
- Agriculture	\$ Million	774	721	1 688	1 857
- Minerals	\$ Million	289	356	966	1 199
- Manufacturing	\$ Million	195	257	535	628
Provincial Budget	\$ Million	449	629	1 513	1 695

SASKATCHEWAN

E.1 ADMINISTRATION



Organization Functions

Program Implementation

Responsible for the implementation of all departmental programs in the province, except Special ARDA and Industrial Incentives. Co-ordinates the implementation process of programs which are the responsibility of the Province, its agencies and other federal departments.

Economic and Industrial Development and Strategic Planning

Responsible for the administration of the Regional Development Incentives Act, including analyses and evaluation and liaising with other federal government departments, provincial government departments and industrial organizations in order to achieve program objectives; responsible for the promotion of industrial opportunities as well as of economic and social development within the province executed through the co-ordination and integration of departmental policies and programs with those of the Province. Conducts studies and investigations into the economic and social recommendations in the province.



Special ARDA

Administers the federal-provincial Special ARDA Agreement and guidelines for the Special ARDA Committee in order to improve the economic circumstances and living conditions for people of Native ancestry.

Finance and Administration

Provides administrative support to the program divisions of the provincial office.

Public Information Officer

Responsible for developing and implementing an information program which will contribute to an increased level of understanding, appreciation and participation in DREE objectives by members of the general public and the media.

Person-Year Data

1979-80 Person-Year Ceiling	51
Projected Usage to March 31/80	51
Strength as at March 31/79	47

SASKATCHEWAN

Outstanding Program Commitments  
(as at March 31/79)

(\$000's)

Subsidiary Agreement	77 826
RDIA	12 301
ARDA	-
Special ARDA	4 608
Other:	
- Budgetary	-
- Non-Budgetary	-
	<hr/>
TOTAL	94 735
	<hr/>

SASKATCHEWAN

Program Expenditures

(\$000's)

<u>Program Category</u>	<u>70-71</u>	<u>71-72</u>	<u>72-73</u>	<u>73-74</u>	<u>74-75</u>	<u>75-76</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>	<u>TOTAL</u>
Sub-Agreements	-	-	-	-	735	9 584	12 110	9 366	10 716	42 511
Industrial Incentives	1 997	4 001	1 293	1 450	1 734	4 702	2 232	3 392	3 261	24 062
ARDA	2 125	2 255	472	1 512	4 213	3 210	5 901	3 387	1 604	24 679
Special ARDA	-	-	57	168	653	749	1 419	2 324	4 033	9 403
Other:										
-Budgetary	2 747	2 208	1 609	780	201	-	-	-	-	7 545
-Non-Budgetary	675	442	303	88	168	-	-	-	-	1 676
<b>TOTAL</b>	<b>7 544</b>	<b>8 906</b>	<b>3 734</b>	<b>3 998</b>	<b>7 704</b>	<b>18 245</b>	<b>21 662</b>	<b>18 469</b>	<b>19 614</b>	<b>109 876</b>

E.2 PROGRAM CONTENT AND PLANS

E.2a) Current Subsidiary Agreements

Summary of Total Costs

(\$000's)

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
Iron, Steel & Other Related Metal Industries	\$ 35 000	\$ 35 000	\$10 000	\$ 45 000
Mineral Exploration <sup>1)</sup> & Development I	1 088	2 175	2 175	4 350
Mineral Exploration <sup>2)</sup> & Development II	835	1 235	1 235	2 470
Planning	1 300	1 300	1 300	2 600
Interim Northlands <sup>3)</sup>	27 980	39 980	23 320	63 300
- Human Development & Community Services	14 863	16 863	7 909	24 772
- Resources & Community Economic Development	1 657	1 657	1 105	2 762
- Transportation & Communication	10 740	20 740	13 826	34 566
- Implementation	720	720	480	1 200
Long Term Northlands <sup>4)</sup>	58 300	87 000	40 000	127 000
- Economic and Resource Development	5 100	5 100	3 400	8 500
- Human Development	37 680	53 880	17 920	71 800
- Transportation Development	14 860	27 360	18 240	45 600
- Implementation, etc.	660	660	440	1 100

E.2a) Current Subsidiary Agreements (cont'd)

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
Qu'Appelle Valley <sup>5)</sup>	\$ 7 744	\$ 26 360	\$ 17 740	\$ 44 100
- Environmental Improve- ment & Management	2 310	19 710	10 890	30 600
- Tourism & Recreation Development	4 434	5 650	5 850	11 500
- Implementation	1 000	1 000	1 000	2 000
Agribition & Mexabition	850	850	850	1 700
Agriculture	7 660	7 660	7 660	15 320
Planning 1979-1984	750	750	750	1 500
Forest Development	12 000	12 000	12 000	24 000
Water <sup>6)</sup>	<u>7 400</u>	<u>7 900</u>	<u>7 350</u>	<u>15 250</u>
TOTAL	\$160 907	\$222 210	\$124 380	\$346 590

- 1) EM&R provided \$1 087 500.
- 2) EM&R provided \$400 000.
- 3) Transport Canada provided \$10.0 million and DINA \$2.0 million.
- 4) Transport Canada provides \$12.5 million, CEIC provides \$9 million and DINA provides \$7.2 million.
- 5) DOE provides \$9.0 million, IT&C provides \$16 320 and DINA \$1.2 million. Federal cost includes \$8.4 million in loans and the provincial cost includes \$2.0 million in loans.
- 6) DOE provides \$500 000.

Program Description

IRON, STEEL AND OTHER RELATED METAL INDUSTRIES

BACKGROUND

On July 4, 1974, Canada and Saskatchewan signed a five-year Subsidiary Agreement on Iron, Steel and Other Related Metal Industries.

Under this Agreement Canada and the Province undertook to support the strengthening of the existing iron and steel industry and to expand and diversify iron and steel production in Saskatchewan, which in turn, could provide a substantial increase in the number and range of employment opportunities in the province.

The Agreement was signed by three Federal Ministers, (DREE, EM&R and IT&C) for Canada and Industry and Commerce for Saskatchewan.

The five major elements of the Subsidiary Agreement relate to iron ore exploration; related studies; direct ore reduction plant; development and expansion of steel facilities; foundries and other related metal industries and infrastructure.

Under the arrangement Canada agreed to contribute up to \$35 million in grants and \$25 million in loan guarantees. Saskatchewan agreed to contribute up to \$10 million in grants and \$50 million in loans and loan guarantees.

The overall management and co-ordination of the Agreement is the responsibility of a Steel Development Group, (S.D.G.) co-chaired by the Director General, Saskatchewan, DREE for Canada and the Deputy Minister of Industry and Commerce, or his designate, for Saskatchewan.

PROGRESS

(1) Primary and Secondary Iron and Steel Facilities

As of March 31, 1979, assistance by way of accepted incentive offers was provided to 49 firms. Federal incentive commitments under the Agreement amounted to approximately \$15.5 million. These projects are expected to stimulate investment of about \$100 million and create employment of 1 483 jobs.

During the past fiscal year (1978-79), activity continued at a healthy level, with ten firms assisted. Total offers accepted in this period amounted to \$10.6 million and involved new capital investment of \$84 million. This figure includes financial support to the \$80 million expansion of Interprovincial Steel and Pipe Corporation. Complete details of DREE involvement in this project are covered in a separate briefing paper. (See RDIA notes).

(ii) Iron Ore Exploration

Work which commenced in 1975-76 on a group of claims in the Kelsey Lake area, east of Prince Albert, Saskatchewan, was completed early in 1977. The S.D.G. reviewed the findings and concluded that the Kelsey Lake deposit did not appear to be an economic source of iron ore at this time.

(iii) Iron Ore Supply

H.E. Neal and Associates of Toronto was commissioned to identify alternate sources of oxide pellets. The work is completed and evaluation indicates that, at the present time, oxide pellets suitable for a Direct Ore Reduction Plant and available in sufficient quantity and at the required time could be purchased at the best price from the Atikokan deposit in Northwestern Ontario.

(iv) Direct Ore Reduction Plant

The feasibility of a D.O.R. Plant is still under investigation.

GENERAL

The Agreement, due to expire on March 31, 1979, was given a one-year extension to March 31, 1980 to facilitate further D.O.R. investigations and accommodate payment to the IPSCO initiative. This latter is required as a result of delays to the Alaska Gas Pipeline.

## MINERAL EXPLORATION AND DEVELOPMENT

### BACKGROUND

Under the 1974-78 Canada-Saskatchewan Subsidiary Agreement on Mineral Exploration and Development in Northern Saskatchewan, the federal and provincial governments contributed equally to a \$4.3 million program of geological investigation and evaluation work in the province. The federal contribution of approximately \$2.15 million was shared equally between DREE and the Department of Energy, Mines and Resources. The Agreement concluded on March 31, 1978, with a consensus by both governments that the initiative had been useful. Discussions were initiated on a successor agreement to extend and evaluate the work undertaken under the first Agreement.

On July 19, 1978, a two-year Interim Agreement on Mineral Development involving a 50-50 federal-provincial contribution of \$2.4 million was signed. While this new Agreement has been signed federally by both DREE and EM&R, the intent at the time of the Agreement's finalization was that all of the approximately \$1.2 million in federal funds would be provided by EM&R. However, subsequent budget constraints upon EM&R's funds have made it necessary to put into effect the understanding that DREE would provide financial support for the Agreement if no other alternative was available. Present estimates forecast that DREE will contribute up to \$800 000 of EM&R's Agreement share over the two-year period.

### PROGRESS

The final report for the first Agreement (1974-78) has been completed and submitted to the appropriate ministers.

A federal-provincial Management Committee, with an official of EM&R as the federal co-chairman, is responsible for administering the Agreement. Work is now actively underway on the programs.

### ISSUES

Provincial officials have suggested that a subsequent, longer term mineral development agreement would be useful. The DREE Saskatchewan Office has indicated that a further agreement would probably be of a lower priority but that if provincial ministers wish to make a formal proposal, the matter would be fully reviewed.



PLANNING

BACKGROUND

This Subsidiary Agreement with the Province was signed on August 18, 1975. It committed \$1.3 million in federal funds and \$1.3 million in provincial funds to assist with investigating development opportunities in Saskatchewan and planning to develop strategies, programs and future subsidiary agreements.

This Agreement, after two extensions, expired on March 31, 1979. All claims must be received by March 31, 1980.

The following studies which have a total DREE commitment of \$935 274 have been approved; those indicated by an \* have not yet been completed.

Community Planning Studies

- |                 |                     |
|-----------------|---------------------|
| 1. Battlefords  | 7. Uranium City     |
| 2. Canora       | 8. Yorkton          |
| 3. LaRonge      | 9. Creighton        |
| 4. Hudson Bay   | *10. Moose Jaw      |
| 5. Lloydminster | *11. Swift Current  |
| 6. Meadow Lake  | 12. Fort Qu'Appelle |

Community Mapping

- |                        |                   |
|------------------------|-------------------|
| 1. Creighton           | 4. Moose Jaw      |
| 2. Esterhazy & Melfort | *5. Prince Albert |
| 3. Nipawin             | *6. Uranium City  |

Core Studies

- |           |              |
|-----------|--------------|
| 1. Regina | 2. Saskatoon |
|-----------|--------------|

Northern Studies

- |             |          |
|-------------|----------|
| 1. Air      | 2. Roads |
| 3. Forestry |          |

Industrial Opportunity Studies

1. Prince Albert Industrial Opportunity Study
2. Saskatoon Industrial Opportunity Study
3. Meat Packing Feasibility Study
4. Saskatoon Research Park
5. Pharmaceutical and Fermentation Study
6. Fermentation Industry Feasibility Study
7. Fermentation Consultation
8. Fermentation Feasibility Study
9. Refrigeration Units for Recreational Vehicle Feasibility Study
10. Revenue Analysis of Gluten
11. Air Cushion Vehicles Feasibility Study
12. Industrial Development Process Instrument Design
13. Carpet Mill Pre-Feasibility Analysis
14. Tourism and Recreation Planning Study for Southwestern Saskatchewan
15. Whiteware from Saskatchewan Clay
16. Restaurant Equipment Feasibility Study
- \*17. Test of Aspen Wood
18. Environmental Assessment of Proposed Warman Industrial Park
19. Chocolate and Confectionary Manufacturing Facility
- \*20. Ozolin Textiles - Woolen - Nylon/Plastic Coating Mill Manufacturing Feasibility Study
- \*21. Study on Woven Nylon/Plastic Coating Mill - Part II
- \*22. Straw Compaction Study
- \*23. Regina Exhibition Study.

PLANNING  
1979-1984

A further five year, \$1.5 million cost-shared Canada-Saskatchewan Subsidiary Agreement for Planning was signed on May 17, 1979.

The activities under this Agreement will be supportive to identifying industrial projects in Saskatchewan, in undertaking preliminary analysis for new agreement formulation in support of the GDA process, and in providing analytic support for ongoing programs. It is the intention of this new Planning initiative to continue and to enhance joint planning activities under the GDA.

Areas that will receive priority for joint planning activities will be:

1. Economic Opportunity Studies - identify and examine potential economic development opportunities in various sectors in the province of Saskatchewan.
2. Urban Social Adjustment Studies - develop a strategy that will facilitate the transition confronting people of native ancestry living in urban centres and will enable their increased participation in urban employment opportunities.
3. Community Planning and Mapping Studies - provide an inventory, analysis and topographic information essential to planning and engineering activities related to development.
4. Core Redevelopment Studies - plan core development of larger cities, focusing on industrial and commercial developments as these relate to respective centres' economic growth potential.

SASKATCHEWAN NORTHLANDS

BACKGROUND

A five-year \$127 million Northlands Agreement was signed in La Ronge on August 28, 1978, between Canada and Saskatchewan. The new Agreement continues and extends the federal commitment to the development of northern Saskatchewan begun in the Interim Canada-Saskatchewan Northlands Agreement which provided \$63 million for northern development between 1974 and 1978.

The recently signed Northlands Agreement involves a federal contribution of \$87 million distributed as follows:

- a) DREE - \$58.3 million
- b) Transport Canada - \$12.5 million
- c) Canada Employment and Immigration Commission - \$9.0 million
- d) Indian and Northern Affairs - \$7.2 million.

The Ministers of the above-named departments were the federal signators to the Agreement.

The provincial government through its Departments of Northern Saskatchewan and Highways and Transportation will contribute \$40 million.

The larger part of the Agreement, totalling \$100 million, is cost shared on a 60/40 basis between the federal government (DREE and Transport Canada) and the Province (Department of Northern Saskatchewan and the Department of Highways and Transportation). Available funding is allocated to four sectors:

- a) Transportation and Communication Development
  - \$45.6 million
  - includes upgrading of major northern highways, construction of community access roads and airstrips.
- b) Human Development
  - \$44.8 million
  - includes community water and sewer projects, training and local government development programs, funding of community health and alcohol rehabilitation workers.

- c) Economic and Resource Development
  - \$8.5 million
  - includes reforestation and development of small forestry operations.
  
- d) Implementation and Public Consultation
  - \$1.1 million
  - includes funding for a Program Review Committee, and provincial information publications.

The remaining \$27 million under the Agreement is allocated to 100 percent federal programs. Of this amount, \$18 million is assigned to the Indian Reserve Community Services Program, on a 60/40 cost-shared basis between DREE and Indian Affairs. The final \$9 million is committed by CEIC for a Manpower Development Service Program in Northern Saskatchewan.

A key component of the Agreement is the formation of a Program Review Committee, composed of representatives of northern local government and native organizations. One of the responsibilities of the Committee is to recommend and advise on programs cost-shared under the Northlands Agreement. The Committee includes two representatives each from the Northern Municipal Council, the Saskatchewan Association of Northern Communities, Local Community Authorities, the Association of Metis and Non-Status Indians of Saskatchewan, and the Advisory Committee to the Minister of Northern Saskatchewan. The Federation of Saskatchewan Indians has declined an invitation to name representatives to the Committee.

While actual implementation of programs under the Agreement is the responsibility of the Department of Northern Saskatchewan (DNS) and delivery of 100 percent of federal programs that of DINA or CEIC, review and approval of all cost-shared northlands programs is undertaken through a joint federal-provincial management process.

The programs cost-shared by DINA and DREE are prepared by DINA in close consultation with Indian Chiefs in northern Saskatchewan before being submitted to the federal-provincial Management Group for approval. Programs delivered by CEIC under the Northlands Agreement are planned and delivered in co-ordination with other Northlands Programs, but undergo an independent review and approval procedure.

### PROGRESS

The 1978/79 Northlands work program of approximately \$19 million was approved by the Management Group and is now completed. The Program Review Committee has reviewed and commented on the 1978-79 program and has also reviewed and made recommendations on the 1979-80 work program at meetings held in January, February and March 1979. The Management Group has approved the 1979-80 program totalling approximately \$22 million, \$17.8 million cost shared between the Province and DREE and \$4.2 million cost shared between DIAND and DREE.

Projects approved for cost sharing under the Agreement in 1979-80 include:

- Fisheries Resource Development
- Upgrading of DNS Forestry Operations
- Community Health Workers
- NORTEP (Northern Teachers Program)
- Alcohol Rehabilitation
- Water Supply and Waste Disposal Project in Buffalo Narrows, Sandy Bay, Pelican Narrows, Air Ronge
- Multi-Purpose Community Facilities in Buffalo Narrows, Stony Rapids, Turnor Lake, Pinehouse, Ile-a-la-Crosse, Cumberland House, La Loche and Sandy Bay
- Upgrading Work on Highways #106 and #155
- Community Access Roads to Stanley Mission, Dillon-Michelle and Southend
- Remote Airstrip Development at Pelican Narrows and Sandy Bay
- Indian Reserve Community Water and Sewer Projects at La Ronge, Montreal Lake, Pelican Narrows and Red Earth
- Completion of Indian Reserve Multi-Purpose Community Facilities on seven Reserves
- Community Planning Studies for seven Indian Reserves
- Extension of the Manpower Outreach Program throughout Northern Saskatchewan.

### ISSUES

The key issue in this Agreement is expected to be the role and effectiveness of the Program Review Committee. It is hoped that the meetings of the Committee continue to be as effective as the first series.

QU'APPELLE VALLEY

BACKGROUND

This ten-year Agreement was signed on October 6, 1975. The Ministers of DREE, Environment Canada, Industry Trade and Commerce and Indian Affairs and Northern Development are the federal co-signators.

The Department of Industry, Trade and Commerce no longer has Treasury Board approval for the program through which it intended to support the Agreement and its financial responsibility of \$883 680 has been assumed by DREE.

The objectives of the Agreement are:

(1) to ensure the long term productivity of the Qu'Appelle Valley's recreation and tourism resource base:

(2) to increase the benefits from utilization of this resource base;

(3) to improve the management of land and water resources of the Valley.

The total shareable cost will be \$44 100 000 (\$33.7 in contributions, \$10.4 in loans) over a ten-year period from April 1, 1974 to March 31, 1984. The federal share will be \$17 960 000; as follows: DREE - \$7 743 680; Environment Canada - \$9 000 000; Department of Indian and Northern Affairs - \$1 200 000 and Industry, Trade and Commerce - \$16 320.

PROGRESS

A Management Board has been established to provide overall management of the work. The Director General, DREE Saskatchewan is the federal Co-chairman.

An Implementation Directorate has been appointed to carry out the day-to-day management of the work for the Board. The Manager of Program Implementation, DREE, Saskatchewan, is the federal member of the Directorate.

A Public Advisory Council has been appointed by the Board representing urban, rural, special interest groups and Indian Reserves in the Valley, to advise the Board concerning the work on behalf of those members of the public affected by the work.

SECTOR I - Environmental Improvement and Management

Flood Protection Projects

- (a) Flood control projects at Lumsden, Tantallon and Wascana Creek in Regina have been completed.
- (b) The Moose Jaw flood control program is underway. Construction of the Spring Creek diversion works is nearing completion. Dredging in the Moose Jaw River has commenced - properties in the flood plain have been purchased.
- (c) Water Conveyance in the Valley - proposals have been considered, agreement reached on the capacity, and a Multi-disciplinary Design Team formed to carry out the detailed design and prepare cost estimates. The Team has completed designs for four of the five reaches affected. These designs have been discussed with the public and Indian Bands and accepted by the Board. Construction was expected to start last fall in the eastern reaches of the Valley but has been delayed because negotiations for right-of-way with the Indian Bands have, so far, been unsuccessful, and approval of the Special Planning Area Commissions and the Provincial Water Rights have not yet been forthcoming. Construction in both the Katepwa Lake Outlet Channel and Valeport-Craven Channel Improvement projects has begun and will continue into next year. Final design on the Pasqua to Last Mountain Lake reach will be completed by early June and will be reviewed for final comments by the involved landowners and the Environmental Sector Committee.
- (d) Livestock Pollution Controls - this project has started and is proceeding satisfactorily with ten projects completed and an additional fifty proposed for the 1979-80 construction season.
- (e) Land Use Planning and Development Controls - The interim zoning is now in place, and the six Special Planning areas have been established by Provincial legislation.



- (f) Phase I of the Regina Tertiary Treatment Plant has been completed.
- (g) Research on the Moose Jaw Effluent Irrigation project is completed. A feasibility study comparing an effluent irrigation and a conventional system is complete. Further exploratory work and preliminary design are underway for the development of the effluent irrigation proposal.
- (h) 8 818.6 acres of flood prone land have been acquired in the Valley. This project has been proceeding more slowly than anticipated.

### SECTOR II - Tourism and Recreation Development

The Planning Team has prepared a concept plan which has been accepted by the Board and distributed for public discussion. A series of public meetings and information displays have been undertaken to explain potential developments and to invite public comment. Most of the programs in this sector will not begin until the planning is further advanced, although some work on the development of historic sites and nature interpretation areas is proceeding and several wildlife development plans for specific sites are completed.

Land for these projects is acquired under the Alternate Land Use Program, which acquires lands that have been identified as having a high potential for public uses such as public parks and recreation wildlife areas and fish spawning areas. Approximately 3 900 acres of land have been purchased under this program.

Interim guidelines have been prepared for approval of the Commercial Incentives and Loans Program. One incentive grant offer has been made to date for a commercial recreation project. Final draft guidelines for the Community Development Assistance Program will be adopted prior to June 1, 1979.

### SECTOR III - Implementation

The Implementation Agency Office is established in Fort Qu'Appelle. The Director of Implementation and his staff are working smoothly.

### SUMMARY OF EXPENDITURES

Federal expenditures to March 31, 1979 were \$5.5 million of which \$1.8 million was contributed by DREE.

AGRIBITION SUBSIDIARY AGREEMENT

BACKGROUND

This \$1.7 million 50/50 cost-sharing Subsidiary Agreement with Saskatchewan was signed on July 28, 1977.

The purpose of the Agreement was to construct and expand facilities for the Canadian Western Agribition and Mexabition in Regina.

PROGRESS

Construction was completed for the official opening on November 26, 1977.

PRODUCTIVITY ENHANCEMENT AND  
TECHNOLOGY TRANSFER IN AGRICULTURE

The Canada-Saskatchewan Subsidiary Agreement on Productivity Enhancement and Technology Transfer in Agriculture, signed May 17, 1979, will provide programming to March 31, 1982. The total estimated cost of the Agreement is \$15 320 000, of which DREE will contribute one-half or \$7 660 000 and the Province will contribute the balance.

Projects will be undertaken within three broad program categories as follows:

1. Crop Diversification and Technology Transfer - to encourage the production of new and special crops, innovative crops and cropping practices.
2. Productivity Improvement - to improve the productivity of crop and livestock enterprises.
3. Program Development, Public Information and Evaluation - to analyze the trends in agriculture and agricultural products and assist in the planning of agriculture in Saskatchewan.

The Agreement provides for a Management Board consisting of four members: the Director General of DREE, Saskatchewan (federal co-chairman), representatives of Agriculture Canada and Saskatchewan Department of Agriculture (provincial co-chairman) and a second provincial representative.

FOREST DEVELOPMENT

The three year Canada-Saskatchewan Subsidiary Agreement for Forest Development was signed on May 17, 1979. The Agreement provides for an equal contribution of \$12 million by DREE and the Province towards the cost of programs aimed at the long-term development of the industry.

Key program areas will include the following:

1. Transportation Links - to construct or upgrade high priority access roads, highway linkages and heavy-use roads of the transportation network to allow a greater integration of the industry and provide access to potentially commercial timber stands.
2. Industrial Planning - to identify opportunities for aspen and other underutilized tree species. Market and feasibility studies will be conducted under the Agreement and where positive, be made available to potential investors.
3. Opportunity Identification and Technological Advancement - where appropriate, pilot projects will be funded in order to test appropriate technology under Saskatchewan conditions. Where the feasibility of such pilot projects is demonstrated, industry will be encouraged to adopt such technology. Financial assistance to industry may be provided under one or more of the existing federal and provincial industrial assistance programs.
4. Resource Identification - the upgrading of the information base on the forest resource will be assisted through photographing and mapping of both existing and potentially commercial forest areas. A number of associated programs to analyze and evaluate the resource will also be supported.
5. Silviculture Expansion - the Government of Saskatchewan silvicultural practices will be aided through assistance to cone collection, scarification projects, tree planting, the establishment of seed production areas and the construction of seed extraction and cone storage facilities.

The Agreement provides for a Management Board consisting of six members: three representing Canada and three representing the Province. The federal members will include the Director General, DREE Saskatchewan or his designate (federal co-chairman), a representative of the Department of the Environment and one additional representative. The provincial members will include a representative of the Department of Tourism and Renewable Resources (provincial co-chairman) and two other provincial representatives.

WATER DEVELOPMENT FOR REGIONAL  
ECONOMIC EXPANSION AND DROUGHT PROOFING

This Interim Subsidiary Agreement on Water, signed on May 17, 1979, provides for a total estimated expenditure of \$15 250 000 with the Province providing \$7 350 000 and Canada \$7 900 000, of which DREE will contribute \$7 400 000 and DOE will contribute \$500 000.

This Agreement resulted from an analysis of the 1977 drought which indicated that drought and, in particular, water supply in time of drought, could have serious consequence on the prairie economy. The Agreement provides for DREE (PFRA) and the Province of Saskatchewan to explore the effects of serious drought on the economic structure of the province and how these might be ameliorated. Proposed studies could lead to a longer term subsidiary agreement which would provide for jointly undertaking water development projects and other programs which would support increased economic activity and insulate priority sectors of the province against drought.

The joint programming provided for by this Agreement will involve the federal-provincial Management Group, in three sectors of activity as follows:

1. Water Management Activities - develop a strategy to improve the effectiveness of future water management activities with particular attention on water-short and drought-sensitive areas.
2. Water Supply - analyze the availability of and requirement for water in specified areas, investigate and design identified works and undertake at least one larger storage project as well as a number of less costly schemes.
3. Flood Damage Reduction - enable the joint implementation of the recommendations of the Souris River Basin Study relative to the mitigation of urban flood damage and the improvement of programs of flood forecasting, warning and emergency action.

E.2b) Incentives (RDIA)

Comparative Activity<sup>1</sup>

(\$000's)

	<u>Apr.1/78-</u> <u>Mar.31/79</u>	<u>Apr.1/77-</u> <u>Mar.31/78</u>	<u>Since Inception</u> <u>to Mar.31/79</u>
No. of applications	82	72	673
No. of accepted offers	31	28	258
Amount of offers	8 052	3 738	37 257
Authorized capital costs	42 069*	11 762	160 741*
Direct Jobs	573*	505	7 162*

1 These figures relate to all accepted offers including those for projects that were subsequently declined or withdrawn.

\* The figures shown above reflect only the RDIA portion of a major project, i.e. IPSCO (see briefing notes); accordingly capital costs and direct jobs shown are prorated from the larger initiative. Figures for the latter are:

	<u>IPSCO</u>	<u>RDIA</u>	<u>GDA</u> (includes Prov. gov't portion - 40%)
Costs	\$68 500 000	\$33 333 333	\$35 166 667
Jobs	460	224	236

Large and Sensitive Cases

WEYBURN INLAND TERMINAL

In March 1974, a group of grain producers in the Weyburn area initiated an examination of the feasibility of constructing and operating an inland grain terminal. Based on the favourable findings of the study, the group formed a company and constructed an inland grain terminal with a rated annual throughput capacity of 20 million bushels and a working storage capacity of one million bushels.

The facility which was opened on November 2, 1976, and is now in operation, was financed partly by \$1.7 million equity contribution by 1 300 producers and partly by a \$3.6 million bank loan. This loan was guaranteed by DREE on a 90 percent shared risk basis.

A Mechanic's Lien of \$3 000 000 was filed against the title of the Terminal's real property on October 16, 1976, by Pentagon Construction and Techtrol Ltd., the construction company and general contractor for the Terminal respectively.

Pentagon Construction and Techtrol have served Statements of Claim and the Terminal has served a Statement of Defense and a Counterclaim. Examinations for Discovery have commenced and will be followed by a trial unless the claim is withdrawn. A minimum of six months is anticipated before the proceedings reach the trial stage and up to a year for final settlement.

To date, \$3 101 000 of the \$3.6 million guaranteed loan has been drawn down by the Terminal. The bank, however, will not advance any further capital funds until the Mechanic's Lien is cleared.

As a result of a shortfall in throughput, the Terminal has encountered cash flow problems, and accordingly was unable to make the first loan payment, which was due on January 31, 1978.

During the first year of operation, the company encountered some financial difficulty due to poor management and a lower-than-anticipated volume of business. Changes at the senior management level further aggravated the overall management difficulties. Despite the WITL having achieved



an acceptable level of throughput, the firm lost approximately \$631 000 on its operations. The company, through its solicitors, advised DREE on January 26, 1979 that WITL would be unable to meet the first principal payment on the DREE-guaranteed loan of \$3 101 000. This is the second such deferral requested since the company began operating, although monthly interest on the loan has been paid on a regular basis.

As of May 23, 1979, attempts to raise additional equity funds from sources such as FBDB, SEDCO and CDC have not been successful. A small amount (approximately \$250 000) has been pledged by existing shareholders but this amount falls far short of the \$1 000 000 plus required.

The Canadian Imperial Bank of Commerce (CIBC) is still nervous about its increasing exposure in WITL's operation; however, it believes that WITL's performance has improved over the past three to four months. It recognizes that grain throughput is low in spring because of road bans, flooding and seeding activity. Whether CIBC will call its loan this summer remains to be seen. If the Terminal realizes solid profits in months when it is expected to do so, the CIBC may hand on.

Discussions by WITL with other grain companies regarding their involvement as lessee or operator have not progressed substantially.

WITL is presently negotiating with Pentagon and Techrol (contractors) in an attempt to settle the outstanding \$3 000 000 mechanic's lien against the property. WITL is unable to divulge the confidential details of these negotiations; however, the President expressed his firm conviction that the matter would be settled within two weeks in a manner favourable to WITL.

IPSCO

On August 2, 1977, the Interprovincial Steel and Pipe Corporation (IPSCO) submitted an application under the Canada-Saskatchewan Steel Agreement for assistance in a proposed \$80 000 000 expansion project. The application proposed an expenditure of over \$73 million in Regina for plant and equipment including a new electric furnace and extension to the rolling mill. An additional \$7 million was proposed for additional equipment at the spiral pipe mill in Edmonton.

The intent of the application was to enable IPSCO to increase steel ingot capacity from 550 000 to 750 000 tons and to produce the high grade Arctic pipe to be used in the Foothills pipeline project.

Evaluation concluded that the IPSCO expansion would make significant and direct contributions to both the objectives of the Steel Agreement and the industrial development and diversification of Western Canada. Benefits of the project for Canada include the creation of 3 500 man-years of construction and 2 500 man-years of continuing employment, the annual generation of approximately \$23 million of public revenues and a steel import replacement effect as high as \$27 million per annum following the company's return to normal activity after pipeline construction.

Due to the sensitivity of the project, federal Cabinet approval was obtained for the provision of a cost-shared grant under the terms of the Canada-Saskatchewan Steel Agreement. The range of grant approved was between 15 percent and 18 percent of the approved capital costs of the project, for a total maximum grant of \$12.3 million. The grant would be composed of a maximum federal share of \$9.8 million and provincial grant of \$2.5 million. These grant levels are derived from a maximum federal grant of \$6 million under the Regional Development Incentives Program and a federal/provincial cost-shared grant of the remaining \$6.3 million under the Steel Agreement. An offer, made to IPSCO on July 4, 1978, has been accepted and publicly announced.

The expansion to the IPSCO facilities is closely hinged on the level of activity that may be generated in conjunction with the proposed Alaska Highway Pipeline and the project may be reduced, to some extent, if the gas pipeline does not proceed. In this instance, it is anticipated that

the \$6.0 million offered under RDIA would be paid out; however, the DREE portion of the cost-shared payment under the Steel Agreement would amount to \$1.8 million as opposed to the \$3.8 million anticipated in the offer.

The Co-Chairmen of the Steel Development Group have approved IPSCO's acceptance of the Tippins Machinery Company Inc., Philadelphia contract tender regarding the supply and installation of the rolling mill in respect to the DREE offer condition relating to Canadian content. Tippins has stated that the contract would contain 75 percent Canadian content and has begun to perform its obligations under the contract.

There has been at least one complaint from a Canadian sub-contractor regarding an alleged failure of Tippins to live up to its Canadian content commitments. The complaint was investigated and found to be without grounds for intervention by the Co-Chairmen of the Steel Development Group.

DIENER CONTROLS LTD.

The RDIA offer of \$50 703 to Diener Controls Ltd., dated February 25, 1975, was accepted by the firm on February 28, 1975. The firm was to be in commercial production by November 1, 1975. The first request for project documentation was requested by the Department on March 18, 1975 and was followed up by three subsequent letters. The required information has not been received to date from the applicant.

The firm appears to have been unable to meet several important terms of the incentives offer, including the required equity contribution and the commercial production deadline of November 1, 1975. It also appears that the firm has deviated significantly from the project objectives on which the DREE incentive offer was based. The likelihood of DREE eventually being able to make a payment on this project is unlikely.

On March 26, 1979, the applicant was advised that the Department required a detailed response to the stipulated conditions of the RDIA offer by April 30, 1979. Mr. Diener's response was not sufficiently comprehensive to warrant payment by RDIA.

The DREE Saskatchewan office has since learned that the Federal Business Development Bank (FBDB) has commenced foreclosure action against Diener Controls Ltd. as the company has not been servicing its debt to FBDB. It is the view of FBDB that it is unlikely that Diener Controls Ltd. has ever achieved commercial production, and probably never will.

The DREE Saskatchewan office has initiated an inspection to determine whether the offer has been voided by the applicant's failure to satisfy conditions as stipulated in the RDIA offer.

E.2c) Other Programs

Summary of Total Costs

(\$000's)

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
ARDA 75-77 <sup>1)</sup>	\$10 980	\$10 980	\$10 980	\$21 960
Special ARDA	14 000	14 000	2 800	16 800
Last Oak Park <sup>2)</sup> Phase II & III	1 993	1 993	-	1 993

1) This Agreement terminated December 31, 1978.

2) This Agreement terminated March 31, 1978.

E.2d) Issues

NATIVE ISSUES

The most important demographic trend in Saskatchewan for the next 25 years is the growth in the Indian ancestry population both in absolute terms and also as a proportion of the total provincial population. Forecasts indicate that Saskatchewan's population of people of Indian ancestry will grow more rapidly than the overall provincial population. This trend will have as large an impact on Saskatchewan as the rural-urban migration trends experienced over the last 50 years.

Almost 71 percent of the Treaty Indian population live on reserves with 29 percent (29 700) living off reserve. There are no firm population statistics available for the Metis and Non-Status Indian population. A probable estimate is that there are 86 600 Metis and Non-Status Indians in Saskatchewan and that 41.6 percent (36 100) live in the cities.

The Indian ancestry part of the population forms a much smaller proportion of the provincial labour force than it does of the total population because of differences in age structure and a slightly lower participation rate. It is anticipated that the labour force impact of the increase in the Indian ancestry population will be most significant in the new entrants to the labour force.

Between 1976 and 1986 over 1 in 5 of the new entrants could be of Indian ancestry while between 1986 and 2001 the ratio could be 1 in 4. Although forecasts to 1986 and 2001 may seem to be long range forecasts it should be remembered that all of the young people who will be entering the labour force between 1976 and 1986 are now in the school system and one-third of the new entrants between 1986 and 2001 have now been born.

URBAN NATIVE PILOT PROJECTS

It is proposed to undertake pilot projects to provide economic and social adjustment opportunities for native people in urban centres. It is recognized that the proportion of Status and Non-Status native people in urban centres is growing rapidly. These people are ill-equipped for what is becoming an increasingly competitive labour market. The proposed program would facilitate the transition which confronts urban natives and provide assistance leading to their participation in employment opportunities.

This is an area of specific concern for federal, provincial and municipal governments. While the scope of the problem is very large, the flexibility of DREE as a facilitator in such a pilot endeavour is considered a valuable program component for other, broader, joint initiatives.

Discussions with other federal departments and the Province are active.

INDUSTRIAL DEVELOPMENT

An interim subsidiary agreement is considered essential to explore the potential of specific industrial sectors for industrial development opportunities in Saskatchewan; and to develop an industrial strategy for the province as well as a means of implementing it in concert with the resource developments that are and will be taking place in the future.



COMPLEMENTARY DEVELOPMENT OF A GRASSLANDS NATIONAL PARK

In January 1975, the Honourable Don Jamieson, then Minister of Regional Economic Expansion, gave approval in principle to assisting in the development of a tourism and recreation plan for Southwestern Saskatchewan, complementary to the development of a proposed Grasslands National Park.

Subsequently, a Memorandum of Intention was made in March 1975, between the federal Minister of Indian Affairs and Northern Development, the Honourable Judd Buchanan, and the Saskatchewan Minister of Tourism and Renewable Resources, which recognized the suitability of creating a National Park in Southwestern Saskatchewan, dependent upon acceptance of the proposal by the people of Saskatchewan. DREE involvement was to take the form of technical assistance for the identification of tourism and recreation opportunities within an overall tourism and recreation plan in Southwestern Saskatchewan.

The Province of Saskatchewan has advised Ministers of Indian Affairs and Northern Development and Regional Economic Expansion that an agreement for the establishment of a Grasslands National Park in Southwestern Saskatchewan is contingent upon a subsidiary agreement with the Department of Regional Economic Expansion to take advantage of related tourism and recreation opportunities in Southwestern Saskatchewan. A primary provincial concern is that financial assistance be provided to offset the cost to the province of increased stress on ancillary services such as roads and other infrastructure which would result from increased tourist visitation in the area.

MANITOBA

ECONOMIC CIRCUMSTANCES

The Manitoba economy can be viewed in three components: an urban industrial region; an agricultural region; and a northern primary resource region. The economy is dominated by Winnipeg, an urban industrial region containing more than 50 percent of the provincial population and the preponderance of secondary manufacturing and service activities. A large portion of economic activity in Winnipeg is dependent upon activity in other parts of its trading area, which is most evident in the agricultural sector where Winnipeg contains a wide array of enterprises and institutions linked to the farm economy through processing, transportation, marketing and other service and supply function. The southern agricultural areas, which are devoted to crop and livestock production, contain a distinct urban community system of several regional centres which meet service and supply requirements of the agricultural region. The northern primary resource region, which encompasses the major geographical portion of Manitoba, is characterized by economic activities based upon natural resource extraction (mining, forestry, hydro-electric development, fishing and trapping) and government services. The region contains a number of resource-based single industry towns and a large number of remote settlements, populated by people of native ancestry, which are characterized by severe social and economic disparity.

Provincial population, although growing slowly, is becoming increasingly concentrated in Winnipeg and other major regional centres. An exception to this generalization is the population of native ancestry which is estimated to be growing at double the rate for the total provincial population and which, although located dominantly in the rural and northern areas, is becoming increasingly evident in Winnipeg.

During the decade of the 1970s the Manitoba economy has been characterized by slow, steady, but unspectacular growth at rates below the national average. As a result, there has been a steady erosion of Manitoba's relative position in the Canadian economy with the province's share of real output, population, personal income, value-added employment and investment declining steadily throughout the 1970s. Therefore, for a province that has traditionally performed at the Canadian average, Manitoba's position appears to be falling below this level in the 1970s. This relative decline is even more severe when placed in the context of a buoyant Western Canadian economy.

Despite substantial fluctuations on a year-to-year basis, the volume of agricultural output did not increase significantly during the 1970s. Farm cash receipts however, rose dramatically as a result of strong grain and livestock prices.

Mining output which had been increasing steadily throughout the 1971-75 period declined significantly after 1975 led by a substantial drop in nickel output, which, on the average accounts for 50 percent of total provincial mineral output. The industry has entered on a recovery stage at this time with copper output increasing in both volume and value and nickel output having bottomed out.

Manitoba's manufacturing sector experienced a significant increase in activity during the early 1970s followed by a recession during the 1975-77 period when real output, employment and new capital investment declined significantly. It would appear that Manitoba's manufacturing sector is once again on a positive growth track with a significant increase in real output, employment, new capital investment and manufacturing shipments in 1978.

The construction industry experienced a significant increase in output during the early 1970s as a result of northern hydro projects, infrastructure expenditures and a boom in residential construction. In the future, a major decline in construction output is expected as a result of slow growth of Manitoba's economy, a reduction in provincial government capital expenditure, a postponement of northern hydro-electric power development and a dramatic decline in new dwelling unit starts.

Although all sectors of the service sector, with the exception of public administration, experienced increases in real output and employment during the 1970s, the rate of increase has been declining significantly.

In the future, the Manitoba economy is likely to continue to experience steady but unspectacular growth at rates slower than the Canadian economy as a whole. This reflects the fact that the Manitoba economy is heavily oriented towards Western Canadian resource sectors which, while remaining strong, will be expanding at moderate rates. Other primary commodities--oil, gas, potash, and uranium--which are not integral parts of the Manitoba economy, and with which the Manitoba economy currently has more limited supply/service linkages, are the contemporary motors of

economic expansion in western Canada and are projected to lead to unprecedented economic growth in western Canada. The single most significant factor in Manitoba's economic prospects over the medium-term would appear to be the degree to which the province is successful in integrating its economic and industrial structure with the Western Canadian growth dynamics.

The substantial manufacturing base in the Manitoba economy can provide stimulus to the provincial economy through sales to extraprovincial markets. Economic expansion in western Canada will generate supply demands for resource activities and will lead to growth in consumer markets associated with expanded resource output. The existing manufacturing base in Manitoba can be utilized to service regional needs and where production and marketing efficiencies permit, national and international markets. Priorities for development of Manitoba's manufacturing sector, i.e. those industries that have strong linkages to the Manitoba economy or potential strengths, include the food and beverage, the health care products, light machinery, transportation equipment and the aerospace and electronic industries. Successful expansion of Manitoba's manufacturing potential will require attention to improved productivity, labour skills and government/industry cooperation.

With dramatic expansions in economic activity projected for western Canada, there will be renewed opportunity for Winnipeg to continue in its unique economic and social role as "Gateway to the West". Winnipeg is a mature, commercial, industrial and financial centre with importance as an international capital of the grain trade, a purveyor of financial and professional services to the Western Region and a transportation centre. In addition, Winnipeg provides a strong base upon which to expand a broad range of industrial activities. Its proximity to the prairie and mid-western markets of Canada and the United States, and to the main Canadian transportation and energy networks, will continue to play a key role in providing Winnipeg with industrial development opportunities.

In rural and northern areas, economic development is strongly dependent on the expansion of output and value-added in the resource sectors. A particular advantage of southern agro-Manitoba is its demonstrated capacity to produce special crops and livestock products suited to further processing and manufacturing in the province. Although no major opportunities are foreseen for the northern resource region, resource-based and value-added activities in mining, forestry, fishing and trapping will be important to sustain the northern economy and to provide options for the participation of people of native ancestry in socioeconomic development.

Manitoba's historic position of a purveyor of financial services to the prairie region may be copied in other sophisticated services such as engineering, architectural, and other professional services. Specifically, the current expertise and activities in the national and international grain trade together with public research and a broad range of agricultural, manufacturing, processing and service activities, provide a centre of excellence in Winnipeg in national agricultural development matters which can be built on to maintain Canada's role in international agricultural trade. Federal action to concentrate agricultural initiative in the Winnipeg area, in addition to expanding national strength, can contribute strongly to Manitoba's regional development.

In view of the fact that the Manitoba economy will continue to experience slow growth based upon traditional resource production, processing, and service/supply relationships, and in view of the fact that the major impetus for expanding the province's economic growth lies in integrating the Manitoba economy with Western Canadian growth dynamics, it is understandable that major economic issues relate to factors constraining the continued strength and expansion in traditional areas of strength and in integrating the Manitoba economy with more dynamic markets.

The performance of the provincial economy and pattern of economic development in southern Manitoba are strongly influenced by the availability and stability of potable water supplies for domestic, agricultural, industrial and other purposes. Adequate water supply is a key factor in strengthening and maintaining the vigour of secondary centres and providing location for industrial sites and a broad range of commercial and other service facilities necessary to the growth of primary resource sectors. While Winnipeg's current water supply capacity is adequate, consideration has been given by the City of Winnipeg to the need for construction of a second aqueduct from the Winnipeg River system. In addition to absolute level of water supply, variation at either extremes, for example, drought as in 1977, or the current spring flooding in the Red River Valley and other southern Manitoba locations, manifest the need for water management.

Adjustments in the configuration of Crowsnest Pass rates will affect volumes, value, and composition of agricultural production and farm incomes. Rail line abandonment is an inter-related matter, but the steps taken toward rationalization have been reasonably well-accepted, even though

the case for preservation of certain specific lines continues to be actively debated. Alternatives and solutions to these issues are neither clear cut nor unanimous, and involve a variety of economic, social and political consideration.

The current round of multilateral trade negotiations is expected to result in a reduction in the level of tariff protection afforded Canadian industry as a trade-off for improved foreign market access for Canadian processed and semi-processed raw materials. This outcome should, on balance, be favourable to western Canada. However, Manitoba, with western Canada's most diversified manufacturing base employing 59 000 workers could suffer dislocations since there are a large number of relatively small plants oriented toward the regional market.

With an acceleration in the out-migration from the province, due in large part to the pressures of economic expansion in the other western provinces, there is concern that Manitoba's economic growth may be constrained by the quality of the labour force. To the extent that migrants have typically highly employable skills, migration may contribute to a deterioration of the provincial labour force through a "creaming" effect. Conceivably, Manitoba firms may lose technically-skilled people to activities in other areas of the west and individual firms will be required to find replacements. Such skill shortages could have adverse effects on attempts to strengthen and expand the province's manufacturing base. At the same time, a significant proportion of entrants to the labour force will come from sub-groups of the population which are characterized by substantial socioeconomic disparity.

Currently, relative to domestic requirements, Manitoba Hydro has excess generating capacity of up to 30 percent of its annual capacity. This situation has resulted from an aggressive program over the past 13 years of hydroelectric resource development on the Nelson River, coupled with a substantial fall-off in growth in demand. Export markets for the surplus power are being aggressively pursued, both in the United States and in Canada through investigation of a possible western province's electric power grid. Development of extraprovincial markets could utilize excess capacity, reduce the need for rate increases, and set the stage for earlier resumption of northern hydro development, thus stimulating Manitoba's economic growth.

Winnipeg is a logical mid-point for which transportation services for rail, highway and air modes could be provided to growing east-west traffic. In addition, an efficient transportation network will enable growing Western Canadian markets to be served from Manitoba which has the West's most diversified manufacturing base. As a result, the quality of transportation linkages to growing markets should not be permitted to constrain Manitoba's growth. For example, Manitoba's highway linkages with Saskatchewan and the United States have been identified as being inferior to the systems to which they connect. Similarly, improvements in the national grain handling network would benefit Manitoba.

The lack of an economic development strategy for the Winnipeg area is a major issue, given that the economic prospects for the City are perceived to be more modest than for most urban centres in Canada, and substantially below those of other major cities in the West. Public sector actions will likely be needed in support of Winnipeg's economic development future. The City of Winnipeg is facing substantial financial pressures, with stable revenues and needed capital expenditures being deferred. In order to compete with other urban centres in Western Canada, Winnipeg must be perceived to be a vibrant dynamic city. Neglect in any of the traditional areas of civic responsibility would detract from the many well-known attributes of Winnipeg as a place to live and do business.

The low rate of participation in the labour force of the rapidly growing Status Indian and Métis population is a major constraint to the performance of the Manitoba economy. Native people appear to be increasingly migrating to urban areas, principally Winnipeg. The appropriate means of providing socioeconomic development services for non-Status Indian and Métis people is a matter of particular concern. While respecting the sociopolitical identity of the non-Status and Métis people, the Province holds the view that the Métis have no special rights beyond that of a sociopolitical group. The Province of Manitoba has taken the position that the federal government should retain responsibility for services to Status Indian people not only on the Reserves but also for those who choose to leave the Reserves and live in Winnipeg or other centres. The question of financial responsibility together with outstanding claims for Treaty rights will require government attention at least for the medium-term.

Future initiatives have been proposed in light of current circumstances and future prospects, opportunities and issues. The overall DREE Manitoba strategy is based on reinforcing areas of economic strength in natural resource production and processing, strengthening the province's diversified manufacturing base and promoting the socioeconomic development of people of native ancestry.

Following analysis and investigation through the pending Subsidiary Agreement on Water Development for Regional Economic Expansion and Drought Proofing, a project specific water development initiative is proposed. This initiative is presented in the program forecast as Assiniboine-Hespler Water Supply Services, which proposes to provide multipurpose use water supplies to a sub-area of the province with substantial economic growth potential.

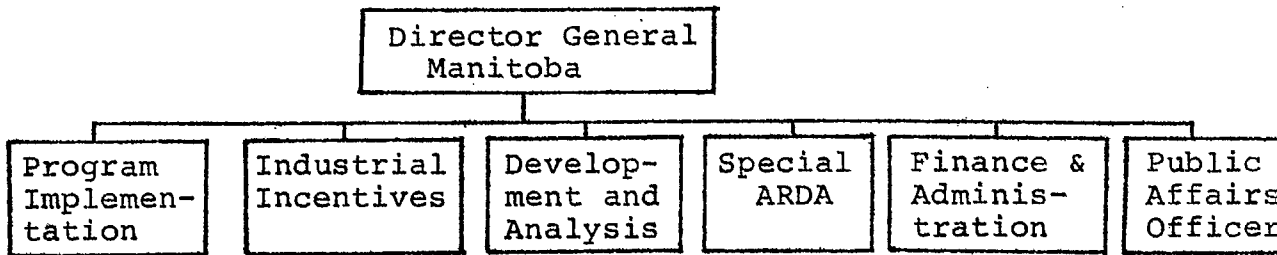
Following from work undertaken through the Industrial Development Subsidiary Agreement, it is contemplated that there will be a need to consider assistance to selected industrial sectors to overcome major constraints to expansion. As well, it is assumed RDIA will be renewed for the post-1981 period. Relative to hydro-development, the GDA system could provide a means for federal and multiprovincial co-operation in developing a Western power grid.

Turning to the socioeconomic development of people of native ancestry, it is anticipated that both Special ARDA and Northlands will be continued, but possibly with major modifications in the instance of Northlands. It is recognized that current discussions and policy deliberations may better define the inter-relationships and context within which these initiatives will be carried forward; consequently detailed program formulation will be required before expiration of current initiatives. As well, attention will be devoted to mounting an initiative to address the socioeconomic conditions of native people in urban areas, principally Winnipeg.



MANITOBA

F.1 ADMINISTRATION



Organization Functions

Program Implementation

Responsible for the implementation of all departmental programs in the province, except Special ARDA and Industrial Incentives. Co-ordinates the implementation of programs which are the responsibility of the Province, its agencies and other federal departments and which are funded through federal-provincial shared cost agreements under the GDA system. To ensure compliance with the terms of the agreements and consistency with their objectives.

Industrial Incentives

Responsible for the administration of the Regional Development Incentives Act, including analyses and evaluation and liaising with other federal government departments, provincial government departments and industrial organizations in order to achieve program objectives.

Development and Analysis

Responsible for the advancement of economic and social development with the Province, executed through the co-ordination and integration of departmental policies and programs with those of the Province. Conducts studies and investigations into economic and social circumstances in the province. Ensures appropriate staff support for the GDA system with the Province and the timely and relevant development of proposed agreements between the federal and provincial governments for the pursuit of general development objectives in the Province.

Special ARDA

Administers the federal-provincial Special ARDA Agreement and guidelines for the Special ARDA Committee in order to improve the economic circumstances and living conditions for people of Native ancestry. Receives and prepares for presentation to the Committee applications for assistance to commercial undertakings.

Finance and Administration

Provides administrative support to the program divisions of the provincial office.

Public Affairs Officer

Responsible for developing and implementing an information program which will contribute to an increased level of understanding, appreciation and participation in DREE objectives by members of the general public and the media, and for working with provincial officials to ensure compliance with specific federal-provincial agreements on information matters.

Person-Year Data

1979-80 Person-Year Ceiling	54
Projected Usage to March 31/80	54
Strength as at December 31/79	54 (51 continuing & 4 casual)

MANITOBA

Outstanding Program Commitments  
(as at March 31, 1979)

(\$000's)

Subsidiary Agreements	85 056
RDIA	19 468
ARDA	-
Special ARDA	3 026
	<hr/>
TOTAL	107 550

MANITOBA

Program Expenditures

(\$000's)

<u>PROGRAM CATEGORY</u>	<u>70-71</u>	<u>71-72</u>	<u>72-73</u>	<u>73-74</u>	<u>74-75</u>	<u>75-76</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>	<u>TOTAL</u>
Sub-Agreements	--	--	--	--	8 005	12 116	13 025	14 643	10 616	58 405
Industrial Incentives	4 149	4 965	12 830	3 005	5 685	5 269	9 482	6 204	6 383	57 972
ARDA	1 296	874	1 891	2 015	2 448	2 711	2 752	2 525	2 569	19 081
Special ARDA	--	5	169	1 136	1 801	1 497	1 816	1 694	1 592	9 710
Other:										
- Budgetary	7 512	9 133	5 898	4 117	3 157	3 016	1 969	412	--	35 214
-Non-Budgetary	<u>1 214</u>	<u>705</u>	<u>552</u>	<u>568</u>	<u>760</u>	<u>469</u>	<u>47</u>	<u>--</u>	<u>--</u>	<u>4 315</u>
<b>TOTAL</b>	<u>14 171</u>	<u>15 682</u>	<u>21 340</u>	<u>10 841</u>	<u>21 856</u>	<u>25 078</u>	<u>29 091</u>	<u>25 478</u>	<u>21 160</u>	<u>184 697</u>

F.2 PROGRAM CONTENT AND PLANS

F.2a) Current Subsidiary Agreements

Summary of Total Costs

(\$000's)

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
Mineral Exploration & Development 1976-79 <sup>1/</sup>	1 725	4 250	4 250	8 500
Northlands 1976-81 <sup>2/</sup>	73 000	106 009	49 407	155 416
- Resources & Community Economic Development	3 000	3 000	2 000	5 000
- Human Development & Community Services	48 100	68 609	24 473	93 082
- Transportation & Communication	18 900	31 400	20 934	52 334
- Co-ordination & Pilot Action Research	3 000	3 000	2 000	5 000
Industrial Development <sup>3/</sup>	25 400	26 400	17 600	44 000
Value-Added Crops Production	11 100	11 100	7 400	18 500
Tourism Development	<u>12 000</u>	<u>12 000</u>	<u>8 000</u>	<u>20 000</u>
TOTAL	\$123 225	\$159 759	\$86 657	\$246 416

1/Energy, Mines and Resources contributes \$2 525 000.

2/Canada Employment and Immigration contributes \$5 516 000;  
Transport Canada contributes \$12.5 million and Indian  
and Northern Affairs contributes \$14 993 000.

3/Industry, Trade and Commerce contributes \$1 million  
under this proposed sub-agreement.

Program Description

MANITOBA MINERAL EXPLORATION AND DEVELOPMENT

The Canada-Manitoba Mineral Exploration and Development Subsidiary Agreement, signed March 31, 1976, terminated March 31, 1979.

The program undertaken in this Agreement was comprised of the following projects:

- i) Base Metal Exploration;
- ii) Uranium Reconnaissance Exploration;
- iii) Regional Survey and Evaluation;
- iv) Industrial Minerals Evaluation;
- v) Pegmatite Mineral Exploration; and
- vi) Mineral Development Analyses.

The Base Metal Exploration project evaluated potential base metal targets through investigations in various parts of the Precambrian Shield and Paleozoic formations of Manitoba, and provided the means to test the extensions of geologically favourable zones in the vicinity of known base metal occurrences.

The Uranium Reconnaissance Exploration project consisted of two activities: airborne gamma-ray spectrometry and regional geochemistry. The purpose of the airborne gamma-ray spectrometry was to locate areas of potential uranium mineralization using the Geological Survey of Canada's high sensitivity gamma-ray spectrometry system. The airborne uranium reconnaissance survey was conducted over the Precambrian Shield of Manitoba.

The Regional Survey and Evaluation project provided geological support to the Uranium Reconnaissance Exploration project and also provided a means of evaluating and refining the results of the reconnaissance project through follow-up geophysical and geochemical surveys.

The Industrial Minerals Evaluation project was undertaken to accelerate the assessment of the industrial minerals potential of Manitoba and to provide for their effective long-term utilization in the context of urban development. The evaluation was concentrating on mineral aggregates, namely sand and gravel and limestone deposits.

The Pegmatite Mineral Exploration project assessed the most promising genetically-related granitoid terrains in Manitoba in order to stimulate the possibility of new sources of supply of an assortment of uncommon but important metals which occur in pegmatite mineral assemblages. The metals sought in this investigation included tantalum, lithium, cesium, beryllium, niobium, tungsten, tin and the rare earths.

The Mineral Development Analysis project analyzed the results from the other projects for possible future activities.

Estimated expenditures to March 31, 1979 are expected to be:

	<u>DREE</u>	<u>Federal</u>	<u>Provincial</u>	<u>Total</u>
Base Metals Exploration	643.1	1 041.1	1 041.1	2 082.2
Uranium Reconnaissance Exploration	-	809.3	809.3	1 618.6
Regional Survey and Evaluation	173.6	491.2	491.2	982.4
Industrial Minerals	348.6	626.3	626.3	1 252.6
Pegmatite	36.0	175.0	175.0	350.0
Mineral Development Analysis	<u>4.4</u>	<u>34.5</u>	<u>34.5</u>	<u>69.0</u>
TOTAL	\$1 205.7	\$3 177.4	\$3 177.4	\$6 354.8

MANITOBA NORTHLANDS

The Canada-Manitoba Northlands Subsidiary Agreement was signed on September 15, 1976, and will terminate on March 31, 1981.

Programs undertaken under this Subsidiary Agreement fall within four broad sectors, namely:

- (a) Sector A - Resources and Community Economic Development
- (b) Sector B - Human Development and Community Services
- (c) Sector C - Transportation and Communication
- (d) Sector D - Co-ordination and Pilot Action Research

The Agreement originally committed \$139 million (\$96 million federal and \$43 provincial). The federal share includes \$68 million from DREE; \$15 million from Department of Indian Affairs and Northern Development (DIAND); \$5.5 million from Canada Employment and Immigration Commission (CEIC); and \$7.5 million from Transport Canada (TC).

As a result of the Third Year Review in 1979-80, carried out in compliance with Section 4(5) of the Agreement, an additional \$16.7 million was allocated to the Agreement (\$5 million DREE; \$5 million TC; and \$6.7 million Province) to Sector C for the Surface Transportation Program. The review also recommended financial and program adjustments between sectors for the last two years of the Agreement, 1979-80 and 1980-81.

Brief descriptions of the sectors and adjustments recommended by the review are provided below.

Sector A - Resources and Community Economic Development

The objective of this sector is to improve the capability of northerners for economic development through increased information, participation and preplanning studies. Funding for identified opportunities is available from complementary programs such as Special ARDA, Indian Economic Development Fund (IEDF), Community Economic Development Fund (CEDF), etc. The original financial allocation to this sector was \$5.0 million.



Based on the Third Year Review, Sector A was recommended for a financial expansion to \$14.8 million from other sectors, and the addition of a new program, Resource Development and Employment, which will provide for new forest management activities, park development, and community economic level and guidelines. The purpose of an expanded Sector A is to provide more direct support to regional resource development and employment while continuing to provide for community planning and regional resource investigation and analysis.

The expanded support for resource development was based on the need for additional effort in northern resource development at a time when lower international demand resulted in an economic downturn and decreased employment opportunities, particularly in mining, construction and hydro development.

#### Sector B - Human Development and Community Services

The emphasis of this sector is placed on improving individual options to participate in either the industrial or remote northern economy and on improving community options for development. Individual options are enhanced through measures designed to improve information, education, employment, training and the health level of northern residents. Community options are to be improved through new or improved community infrastructure (e.g., safe water supplies) and the improvement of local capability for management.

The sector was originally made up of five programs: (1) Information and Extension; (2) Northern Manitoba Human Development Services; (3) Manpower Development Services (100 percent DIAND and 100 percent CEIC); (4) Northern Community Services; and (5) Indian Reserve Community Services (DIAND and DREE). The original five-year allocation was \$93 million.

Based on the Third Year Review recommendations, a new program was added to this sector, Program 6 - Extension and Community Affairs, designed to strengthen the local management of community and economic matters. Other major changes in Sector B include a reduction of the original five-year allocation from \$93 million to \$85 million which entails a consolidation of the delivery of human development programs in the north, with less emphasis on public administration of community employment projects and greater focus

of family relocation to actual job sites. Several community based projects, Moose Lake Loggers and Channel Area Loggers, were transferred to Sector A. CEIC and DIAND funded projects continue to be implemented in their original form. Reductions in Sector B are supplanted by the expanded thrust of Sector A.

#### Sector C - Transportation and Communication

The purpose of this sector is to finance projects designed to provide more reliable and reasonable access to most northern communities for the transportation of people, goods and services. The sector consists of two programs: Surface Transportation (roads) and Remote Airstrip Improvement. The original five-year allocation for this sector was \$36 million.

As a result of the Third Year Review, a strengthening of the regional road network to support economic development in the region was recommended. In addition, the remote access thrust and the completion of roads initiated in the first three years will be continued. The Remote Airstrip Program will be continued and expanded to those communities where emergency evacuation services are inadequate by other modes.

An additional \$16.7 million was allocated to the Surface Transportation Program, and the Remote Airstrip Improvement Program was reduced by \$1.7 million (from \$9.1 million to \$7.4 million as a result of revised cost estimates). In summary, the original sector total of \$36 million has been expanded to a total of \$51 million.

#### Sector D - Co-ordination and Pilot Action Research

The purpose of this sector is to provide for the financial administration and co-ordination of the Agreement in combination with funds for undertaking pilot action research. The allocation to this sector is \$5 million. No changes were required in Sector D following the Third Year Review.

MANITOBA INDUSTRIAL DEVELOPMENT

The Canada-Manitoba Subsidiary Agreement on Industrial Development, signed April 21, 1978, will terminate March 31, 1983.

Programs under this Agreement include:

- (i) Industrial/Commercial Support;
- (ii) Technology Assistance;
- (iii) Enterprise Development Centres;
- (iv) Industrial/Commercial Promotion;
- (v) Co-ordination and Assessment;
- (vi) Small Business Incentives;
- (vii) Industrial Site Preparation.

The total cost of the Agreement is \$44.0 million and is shared 60 percent federal and 40 percent provincial. The federal share of \$26.4 million is made up by DREE \$25.4 million and IT&C \$1.0 million.

The Industrial/Commercial Support program focuses industrial and commercial development activities on industries and locations which have the largest potential in Manitoba through opportunity identification, feasibility analysis, and market exploration. The total estimated cost of this program is \$5.0 million over five years. DREE's share of the cost is \$3.8 million.

The Technology Assistance program stimulates the application of new or contemporary technology in industry through the provision of technological resources to support the further development of industries in Manitoba and to enhance the attractiveness of Manitoba as an industrial location. The program extends over a five-year period at a total estimated cost of \$16.0 million. DREE's share of the total cost is \$9.0 million, and Industry, Trade and Commerce's (IT&C) share is \$1.0 million.

The Enterprise Development Centres program fosters the development of small manufacturing businesses and improves access for enterprises to essential industrial support services. Two centres have been approved; one in Brandon and one in Winnipeg. Services to be available from the Enterprise Development Centres include management assistance, productivity and distribution support, marketing and design support, and advance factory space. Total costs are estimated at \$5.0 million of which \$3.0 million will be DREE funds.

The Industrial/Commercial Promotion program provides assistance for the active involvement of regional and/or industrial development organizations in the economic development process in the province. The five-year total cost is estimated to be \$2.0 million funded totally by the Province.

The Co-ordination and Assessment program provides for the undertaking of projects which help the overall management of the Agreement. Projects may include analysis of industrial circumstance, prior assessment of projects, program performance and evaluation, and publication of materials relevant to the purposes of the initiative. The estimated cost of the program is \$1.0 million over five years. DREE will contribute a total of \$0.6 million.

The Small Business Incentives program encourages and assists the modernization, expansion or establishment of small business enterprises in secondary centres outside Winnipeg.

The incentive assistance is available to small enterprises involved in manufacturing or processing and maintenance or repair relating to the manufacturing sector. The estimated cost of the incentive program is \$5.0 million over the life of the Agreement. DREE's share is \$3.0 million.

The Industrial Site Preparation program provides assistance to local government for industrial site preparation. This program is available to centres outside Winnipeg. The program will run for five years at an estimated cost of \$10.0 million. The DREE contribution is \$6.0 million.

TOTAL ESTIMATED EXPENDITURES FOR 1979/80 (Fed. & Prov.)

(\$000's)

	<u>TOTAL</u>
Industrial/Commercial Support:	1 097.0
Technology Centres:	2 650.3
Enterprise Development Centres:	1 010.7
Industrial/Commercial Promotion:	400.0
Co-ordination and Assessment:	150.0
Small Business Incentives:	1 095.0
Industrial Site Preparation:	<u>670.0</u>
TOTAL:	7 073.0

VALUE-ADDED CROPS PRODUCTION

The Canada-Manitoba Subsidiary Agreement on Value-Added Crops Production, signed December 15, 1978, will start on April 1, 1979 and will expire on March 31, 1984. The total estimated cost of this Agreement is \$18 500 000 over five years. DREE will contribute \$11 100 000. Agriculture Canada has co-signed the Agreement and will be a member of the Implementation Committee.

The programs to be undertaken are as follows:

1. Value-Added Crops Investigation and Evaluation;
2. Special Crops Products;
3. Livestock Products;
4. Related Productivity Measures.

The Value-Added Crops Investigation and Evaluation program is intended to provide for investigations of the technical implications and the potential and/or realized benefits involved in the introduction and expansion of value-added crops. The estimated total program costs are \$800 000 of which DREE will contribute \$480 000.

The Specialty Crops Products program is intended to assist in the expansion and sustained production of special crops, primarily those crops which are processed or have a potential for processing in Manitoba. The major projects will be to extend production of grain corn into the 2 000 corn heat unit (CHU) to 2 400 CHU crop zones; demonstrate commercial production of soybeans; assure a supply of seed potatoes; improve efficiency of production of commercial potatoes; demonstrate regional adaptation of crop varieties; and investigate production potential of new special crops. The estimated total program costs are \$3 000 000 of which DREE will contribute \$1 800 000.

The Livestock Products program is intended to improve the production, handling and utilization of crops grown for livestock feed. Projects to be carried out under the program will include demonstrations of improved production, handling, storage and feeding of grasses, corn and other livestock feeds; forage seed production technology; improved livestock production technology; and selection of efficient feed-converting breeding stock.

The estimated total program costs are \$5 700 000 of which DREE will contribute \$3 420 000.

The Related Productivity Measures program will provide for implementation of projects that will remove constraints to the production of value-added crops, with particular attention to the provision of land and water management measures. The projects will be carried out in crop zones where high value crops can be produced. The major projects will be to improve drainage systems in Southeastern, Assiniboine South and Portage-Carberry crop zones; investigate crop production technology on organic soils; irrigation technology under Manitoba conditions; and wet sands management technology. The estimated total program costs are \$9 000 000 of which DREE will contribute \$5 400 000.

TOURISM

The Canada-Manitoba Subsidiary Agreement on Tourism Development was signed on December 15, 1978, to become operational April 1, 1979, and is to run to March 31, 1984. The Agreement provides up to \$20 million for the development of the tourism industry in Manitoba, with DREE providing \$12 million and the Province \$8 million, with costs of initiatives borne by Canada and Manitoba in the ratio of 60:40, respectively.

The programs of this Subsidiary Agreement are organized in two sectors:

- a) Destination Areas;
- b) Productivity Measures.

The Destination Areas sector will provide \$12 million for programs which will enhance existing destination areas and stimulate the development of new destination areas in the province through the support of selective projects requiring both public and private investments. A tourism industry study and planning program is provided to support the identification of destination areas, the preparation of area development plans and analysis of feasibility and anticipated economic impact of projects. A Winnipeg destination area program is available to support key public projects such as the restoration of historic sites, expansion of cultural facilities, and expansion of recreational services. Recognizing the needs to foster balanced economic growth a rural destination area program is designed to encourage economic development through development of public facilities to complement private investment. A tourism attractions program provides for the promotion and marketing of major attractions and events through a co-ordinated approach between government and provincial tourism associations.

The Productivity Measures sector provides \$8 million for programs which facilitate the establishment and the strengthening of non-governmental organizations in the Manitoba tourism industry as well as the direct involvement of the private industry in improving the services provided. Assistance will be provided for tourism industry organizations to provide start-up and

enhancement money to tourism organization. Program guidelines will reflect the need for these organizations to become self-supporting. A rural tourism industry incentives program will be available for the modernization, expansion and establishment of private accommodation facilities in regions outside Winnipeg. Assistance will be focused on key tourist facilities in rural destination areas.

A federal-provincial Tourism Development Management Committee will be established which will bring together senior officials from the federal Department of Regional Economic Expansion and the Canadian Government Office of Tourism and the provincial Ministries of Tourism and Cultural Affairs and Finance. An official of the Federal Business Development Bank will be an ex officio member of the Management Committee. The Committee will consult extensively with representatives of the tourism industry on an ongoing basis to ensure effective programs and appropriate strategies.



F.2b) Incentives

Comparative Activity

(\$000's)

	<u>Apr.1/78-</u> <u>Mar.31/79</u>	<u>Apr.1/77-</u> <u>Mar.31/78</u>	<u>Since Inception</u> <u>to Mar.31/79*</u>
No. of applications	185	135	1 373
No. of accepted offers	102	84	669
Amount of accepted offers	\$11 039	\$5 485	\$81 327
Authorized capital costs	\$40 139	\$21 148	\$344 324
Direct jobs	1 811	1 118	17 992

\* These figures relate to all accepted offers including those for projects that were subsequently abandoned or discontinued.

RDIA

Costs of administering the program in Manitoba are not charged to the program funds and are less than 5 percent of the program funds expended in Manitoba.

Industrial, Tourism and Agriculture Subsidiary Agreements will reinforce but not replace DREE's RDIA program in Manitoba and Industry, Trade and Commerce's EDP program.

In the 7½ years from the time the entire province of Manitoba was designated as an area where RDIA applies, to the end of 1977:

- DREE committed \$73 million in incentive offers to Manitoba firms,
- that led to \$318 million of private investment, which represents,
- approximately 40 percent of all the private investment in manufacturing in Manitoba during that period

- 95 percent of all firms who received grants during the 7½-year period complied with the conditions of the offer; in the other cases, recovery action has been taken or is underway.

F.2c) Other Programs

Summary of Total Costs

to March 31, 1979

(\$000's)

<u>PROGRAM</u>	<u>DREE COST</u>	<u>FEDERAL COST</u>	<u>PROVINCIAL COST</u>	<u>TOTAL COST</u>
ARDA 75-77 <sup>1)</sup>	\$11 689.5	\$11 689.5	\$11 689.5	\$23 379.0
Special ARDA since inception to Dec. 31/78	12 341.0	12 341.0	2 745.0	15 086.0

1/ This Agreement terminated March 31, 1977, however, programs continued until December 31, 1978.

F.2d)

Issues

McCain Foods Limited

An incentive offer of \$2 399 915 was accepted by the company in September, 1976 to assist in the establishment of a major vegetable processing plant at Portage la Prairie. The plant estimated to cost \$12 million is expected to create 205 direct jobs. In addition, it is expected that from 195 to 275 indirect jobs will be created in related service industries and farm labour.

Construction of the plant is now complete and production is underway. The applicant's claim for initial payment has been received and the staff work prior to payment is underway. The matter of a possible closure by the company of the french fry production line at a related company in Burnaby, British Columbia, Fresh Pak Ltd., has recently come to light. Discussions have been held with senior company officials concerning the requirement of the RDIA legislation that other company and related company operations producing similar products must continue at substantially the same rate as at the time of application for assistance for the new facility. It would appear from the discussions held to date that an arrangement concerning the B.C. operation which will be acceptable to both the applicant and DREE can be worked out.

Water Development

Canada and Manitoba have developed an "Interim Subsidiary Agreement on Water Development for Regional Economic Expansion and Drought Proofing". In brief, the objective areas of this Agreement follow:

- (a) to develop a strategy to improve the effectiveness of future water management activities especially in drought-sensitive areas;
- (b) to provide analysis into the availability and requirements for water in selected areas and to undertake the construction of such water supply and delivery schemes; and

- (c) to undertake in the Manitoba portion of the Souris Basin, the review and improvement of existing flood forecasting, warning and emergency action programs and the construction of such flood damage reduction works as can be identified as being viable.

DREE received authority to enter into the agreement from Treasury Board and Privy Council.

As of May 16, 1979, the Province of Manitoba had not yet passed Order in Council to enter into the agreement.

It is expected that Manitoba will participate.

#### FUTURE OF GENERAL DEVELOPMENT AGREEMENT

DREE and the Province have agreed at the GDA Ministers' level to examine the current GDA in the context of current federal and provincial priorities for regional development.

From the federal viewpoint, the current federal review of Manitoba's Economic Performance and Prospects provide a point of departure for these discussions. Early analysis indicates federal preferences to develop a more selective strategy of economic development.

The Province is known to have started an internal review of economic policy priorities in preparation for future federal-provincial discussions. The Province is known to favour greater emphasis on creating a climate for private business investment with governments providing only the public services.

#### REDIRECTION OF PROGRAMMING UNDER NORTHLANDS AND IMPLICATIONS FOR SPECIAL ARDA

The provincial government has made changes in its operational structure. This has resulted in some dismissals, layoffs and redeployment of staff involved in projects covered under the Northlands Agreement. However, careful analysis of the changes confirmed to date indicate that Special ARDA's role as an economic tool in the north is still valid and there has been little spinoff to Special ARDA beyond what has already been anticipated for the promotion of economic development proposals. In any event, all proposals referred to Special ARDA would have to satisfy that program's criteria.

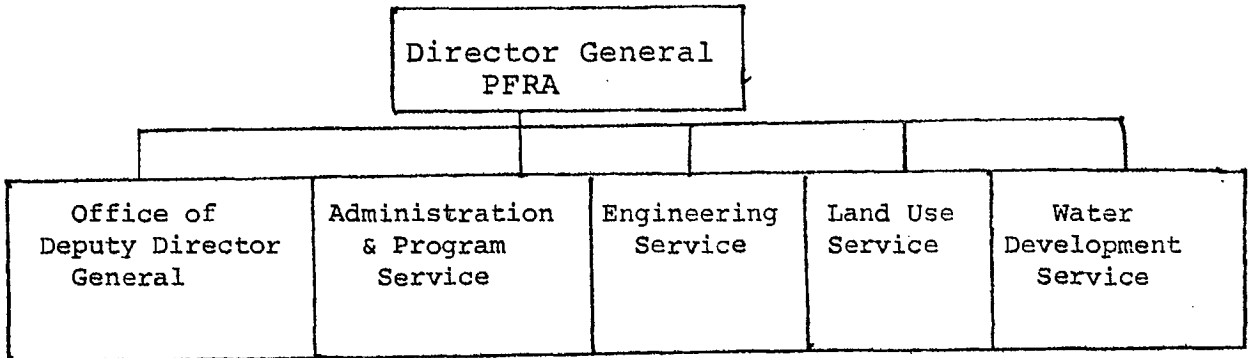
FLOOD DAMAGE

Areas adjacent to the Red River south of Winnipeg suffered many millions of dollars of damage from the recent flood.

It is anticipated that Manitoba will formally present proposals to Canada for flood relief. The dimensions of the assistance have not yet been identified.

PFRA

G.1 ADMINISTRATION



Organization Functions

Office of Deputy Director General

Evaluates programs and policies, initiates and participates in studies and evaluations of soil and water resource development, and conservation activities, co-ordinates performance measurement, and provides public information services. Also responsible for the implementation aspects of the Canada-Saskatchewan Interim Subsidiary Agreement on Water for Regional Economic Expansion and Drought Proofing.

Administration and Program Service

Provides co-ordinates administrative support and special program-related assistance to the three operational services at 120 locations throughout the three Prairie Provinces.

PFRA Manitoba Affairs

Implements the Canada-Manitoba Interim Subsidiary Agreement on Water for Regional Economic Expansion and Drought Proofing and undertakes certain portions of the Agreement; represents all aspects of PFRA activities to Manitoba Government officials and the public.

Engineering Service

Engages in the investigation, planning, design, construction and maintenance of various works pertaining to water development, irrigation and infrastructure programs in Manitoba, Saskatchewan and Alberta. Provides technical assistance to other federal departments, and to provincial governments, with respect to water resource planning and management.

Land Use Service

Operates 95 community pastures encompassing 2.4 million acres of land in the three Prairie Provinces and carrying approximately 250 000 head of cattle for some 6 000 patrons. This service includes pasture management, development and breeding services and operates on the basis of cost-recovery for direct operating costs. In 1980, cost-recovery is to be extended and will relate to a Treasury Board approved formula.

Water Development Service

Provides, through four divisions, technical and financial assistance for the development of water and land resources for community and agricultural purposes; operates irrigation projects in southwest Saskatchewan and an irrigation demonstration facility at Outlook, Saskatchewan; produces and distributes tree seedlings and cuttings to farmers and government agencies for shelterbelts; and provides equipment repair and maintenance, project construction, transport and related services to all elements of PFRA.

Person-Year Data

1979-80 Person-Year Ceiling	899
Projected Usage to Mar. 31/80	895
Strength as at Mar. 31/79	716

Because of the seasonal nature of the program, strength varies between 700 in winter and 1 100 during summer work peaks.



PFRA

Outstanding Program Commitments  
(as at March 31, 1979)

(\$000's)

Subsidiary Agreements	--
RDIA	--
ARDA	--
Special ARDA	--
Other:	
- Budgetary*	18 884
- Non-Budgetary	7 544
	<hr/>
TOTAL	26 428
	<hr/>

* Agricultural Service Centres	7 544
Alberta Irrigation	
Rehabilitation	11 340
	<hr/>
	18 884
	<hr/>

PFRA

Program Expenditures

(000's)

<u>PROGRAM CATEGORY</u>	<u>70-71</u>	<u>71-72</u>	<u>72-73</u>	<u>73-74</u>	<u>74-75</u>	<u>75-76</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>	<u>TOTAL</u>
Budgetary	3 378	3 520	6 096	8 866	13 799	10 999	10 019	16 809	12 347	85 833
Non-Budgetary	-	217	849	737	2 832	4 100	3 961	3 669	3 154	19 519
<b>TOTAL</b>	<b>3 378</b>	<b>3 737</b>	<b>6 945</b>	<b>9 603</b>	<b>16 631</b>	<b>15 099</b>	<b>13 980</b>	<b>20 478</b>	<b>15 501</b>	<b>105 352</b>

G.2 PROGRAM CONTENT AND PLANS

G.2a) Current Plans

LAND USE PROGRAM

The first PFRA community pastures were established in 1938. At that time it was recognized that large blocks of land would have to be reclaimed from soil drifting or submarginal grain production areas and developed for grazing purposes. Since that time, PFRA has established 95 pasture units on approximately 2 400 000 acres of land. In the 1978 grazing season, 147 895 adult cattle, 94 006 calves and 452 horses and colts were pastures. Applications for 1979 total 177 084 adult cattle.

Grazing fees are computed on a per diem basis to cover direct annual operating costs. In 1979, the basic charge will be 13¢ per head per day, which includes a recently approved increase in the municipal payment from 1¢ to 2¢.

PFRA community pastures are located mainly in Saskatchewan and Manitoba. Most of the land for Saskatchewan pastures was originally made available by transfer of title from the Province, but since 1945, an additional 563 000 acres have been leased to Canada. In Manitoba land is made available by reservation under Order in Council.

In addition, PFRA has agreements with six Indian Bands to manage 46 330 acres of Indian lands as community pastures, under renewable term agreements. All Indian pastures are in Saskatchewan.

In 1978 PFRA operated a 93 000-acre community pasture on the Suffield Military Range in Alberta. Under an agreement concluded with the Department of National Defence in November, 1977, PFRA will continue its activities at Suffield over five years. This will allow development and operations to proceed on a more permanent basis. Environment Canada and Agriculture Canada are co-operatively involved in this agreement. This participation will allow optimum livestock utilization of the pasture and at the same time ensure that environmental and wildlife concerns are met.

In 1974 a \$12 000 000, five-year program for pasture improvement was approved. To date, approximately 100 000 acres of low-yielding native vegetation has been upgraded by reseeding to high-yielding forage grasses and legumes. This has increased the long term carrying capacity of the affected pastures by 28 000 head. Activity on this program will stop in 1978 after the expenditure of \$6 700 000, pending clarification of cost recovery policies, as requested by Treasury Board. An in-depth review of the Community Pasture Program is in progress. The first portion has now been completed and accepted by Treasury Board.

COMMUNITY PASTURE FEES

PFRA fees to patrons are revised from time to time, with the objective of balancing revenue against costs. Accounting procedures are under way to align 1980 pasture fees with cost-recovery principles approved by Treasury Board, and based on the recent in-depth review.

	PFRA Pasture Fees		Sask. Gov't. Pasture Fees
	<u>1975</u>	<u>1979</u>	<u>1979</u>
CATTLE per head/day	.08 <sup>1)</sup>	.11 <sup>2)</sup>	.13 <sup>3)</sup>
CALVES per season	5.00	5.50	5.00
BREEDING FEE	10.00	13.00	18.00

- 1) plus municipal levy of 1¢ per head/day
- 2) plus municipal levy of 2¢ per head/day
- 3) plus a variable municipal levy which averages 2.7¢ per head/day.

WATER DEVELOPMENT PROGRAM

The PFRA program, providing financial and technical assistance to individuals and communities for the establishment of on-farm and community water supplies, was introduced in 1935. Initially, the policy applied only to dugouts, stockwatering dams and irrigation schemes. However, in 1973, this was expanded to include farm wells. Since the commencement of this program over 40 years ago, some 150 000 projects have been assisted.

A breakdown showing the number of projects constructed and financial assistance paid during various periods of program operations is given in the following table:

PFRA Water Development Program

Number of projects and Financial Assistance Paid

Period	Dugouts		Small Community Projects		Stock Dams		Irrigation Schemes		Wells		Total	
	No.	Amount Paid	No.	Amount Paid	No.	Amount Paid	No.	Amount Paid	No.	Amount Paid	No.	Amount Paid
From inauguration of Program to March 31, 1979	100 436	17 611 683	1 411	5 729 963	11 330	1 575 374	6 418	2 179 821	32 317	11 870 164	151 912	38 967 005
Fiscal Year 1977-78	1 899	618 889	8	65 138	113	41 895	179	100 111	6 796	3 142 752	8 996	3 968 785
Fiscal Year 1978-79	958	327 725	10	119 981	115	40 023	150	85 680	4 425	1 748 014	5 658	2 321 423

From the foregoing table, it will be noted that \$2 321 783 was expended on this program from April 1, 1978, to March 31, 1979, for the development of 5 658 projects, compared with \$3 968 785 in assistance to 8 996 recipients for the previous fiscal year 1977-78 that followed the 1976-77 period of drought.

### RURAL WATER PROJECTS PROGRAM

This program was announced by the federal government on March 2, 1973. It was then stated that

"PFRA will offer to share with the Prairie Provincial Governments, on a 50-50 basis, the cost of a program under which PFRA would construct multi-purpose community water storage projects to meet agricultural, domestic, recreational and other water needs in rural areas."

There are a large number of rural communities in the Prairie Provinces whose continuing development is constrained by a limited water supply. In many instances, additional water is available, but at a cost that exceeds the financial capability of the local municipality. Recognizing this as a constraint to economic development, the federal government is prepared to share with the Provinces in the cost of the necessary works. A former PFRA program was restricted to projects serving purely agricultural purposes. The broadening of the criteria determining the eligibility of projects to receive federal aid now allows the support of projects which satisfy the general water needs of rural areas.

Manitoba expressed great interest in the program from the beginning, which has resulted in the execution of four project agreements to date. McEachern Dam was provided for in the first agreement and this project was constructed during 1977. A second agreement covered the Vermilion Dam, on which construction was delayed because of Manitoba's difficulty in securing land control. This problem was resolved and construction, which started in early 1977, will be completed in early 1979.

An agreement to build community dams at Gilbert Plains and Grandview was executed in early 1977, but construction was again delayed by land acquisition problems experienced by the Province. The problem at Gilbert Plains has been resolved and a contract was awarded in September, 1978, for the construction of an in-channel dam at that location. The concrete portion of the dam was built during the winter of 1978-79. A record high spring runoff, accompanied by ice jams, removed some of the earth backfill around the structure, which will entail restoration and possibly some modifications before

the project can be certified as complete. It is possible that the Canada-Manitoba agreement providing for these two projects may have to be amended in 1979, so that an offstream excavated reservoir, instead of an in-channel dam, can be constructed at Grandview. If the former alternative is chosen, there will be a delay of at least a year before it can be constructed, as the site is now occupied by a portion of a highway which is scheduled for early relocation.

It is likely that the aforementioned projects will be the last ones built in Manitoba under the Rural Water Projects Program, which is in the process of being replaced by the Interim Subsidiary Agreement on Water Development for Economic Expansion and Drought Proofing under the Canada-Manitoba General Development Agreement. The Subsidiary Agreement, which covers the period 1979-82, provides for a number of drought-related studies, an examination of alternative methods of supplying water to certain areas of the province, the construction of certain flood-damage reduction works on the Souris River, the development of a number of water supply projects including the Treherne Dam on Boyne River and the Firdale Dam on Pine Creek, and increased storage at the Morden Dam on Deadhorse Creek. Provision is also made for the planning and construction of a number of as yet unidentified subregional water delivery schemes.

Under the Rural Water Project Program in Saskatchewan, community water supply lake intakes and pipelines are to be constructed, at Midale and Cabri in the summer of 1979. Enabling agreements have been executed, all related contracts have either been awarded or are in the final stages of the award process, and pending resolution of a strike affecting the pipe supplier, construction will begin in early summer. As in Manitoba, future projects of this nature will likely be built under an Interim Subsidiary Agreement on Water Development. Projects now scheduled for 1979-80 construction under the new arrangement include works at Birch Hills, Kipling, Manor and Melfort. Water supply works in the planning stage, for which construction is scheduled over the next few years, include facilities for Kerrobert, Humboldt, Ceylon, Radville, Grenfell, Canora and Weyburn. The latter project involves a multimillion dollar enlargement of an existing reservoir on the Souris River, near Weyburn, which was recommended for implementation by the 1978 Souris River Basin Study Report.

The Province of Alberta has not indicated much interest in either the Rural Water Projects Program or a successor program under the General Development Agreement. Rather, Alberta has requested the continuing involvement of PFRA's Engineering Service in a number of studies, including investigations into water storage potential on the Milk River, and the assessment of several existing projects in the area south of Hanna initially reported on in early 1979. In addition, PFRA has recently agreed to undertake dam safety inspections of five irrigation storage projects, do hydraulic modelling of the proposed Paddle River Dam, perform certain surveys related to the licensing requirements of irrigation projects and undertake flood studies on Parlby Creek in the basin of the Red Deer River.



AGRICULTURAL SERVICE CENTRES PROGRAM

This program was introduced in Saskatchewan and Manitoba in 1972 and in Alberta in 1973. It is expected that \$39.1 million of the authorized total of \$54 million will be spent on this program by March 31, 1979. Expenditures by province to that date are estimated to be as follows:

Manitoba	- \$13.6 million of the \$20 million program
Saskatchewan	- \$18.8 million of the \$28 million program
Alberta	- \$ 5.7 million of the \$ 6 million program

The date by which all construction under the program in Manitoba and Saskatchewan must be substantially completed has recently been amended to March 31, 1982, from the previously set date of March 31, 1979.

The program, undertaken by joint accord with the provinces, applies to 16 centres in Manitoba, 26 centres in Saskatchewan, and 13 centres in Alberta. Lloydminster appears in the Agreements with both Alberta and Saskatchewan.

This has been a complex program to administer, involving federal-provincial-municipal co-ordination on in-house and third-party engineering; financial planning; feasibility studies; detailed designs; and service, supply and construction contract administration. Nevertheless, it has been well received by the Manitoba and Saskatchewan governments.

The response from Alberta has been less favourable in that Alberta has a parallel program under which all centres are eligible for assistance. Alberta's attitude has been that the Agricultural Service Centres Program introduces an undesirable degree of federal involvement in the detailed planning of municipal infrastructure, and has begrudgingly accepted the program in order to obtain the grant portion of the financial assistance offered. The province did not respond to a federal offer to extend the life of the agreement and increase program funding to \$10 million when it was made in May, 1975. Accordingly, the offer was withdrawn in June 1976. The authorized \$6 million of program funds will be sufficient only to

construct works in 8 of the 13 Alberta centres. It appears that this amount will be underspent by some \$200 000.

In 1977 and 1978 Manitoba and Saskatchewan requested that the financial limits of the program be increased by \$5.0 million and \$6.5 million, respectively, in order that identified needs could be met at all designated centres. Both requests were turned down by Canada.

In March, 1978, a proposal for additional funding of \$18 million for all three provinces (\$5 million for Manitoba, \$7 million for Saskatchewan and \$6 million for Alberta), as part of a departmental presentation on long term federal strategy in response to drought in Western Canada, was rejected by Treasury Board.

ALBERTA IRRIGATION REHABILITATION PROGRAM

The Alberta Irrigation Rehabilitation Agreement of March 29, 1973, provides for the transfer of Canada's interests in the Bow River and St. Mary Irrigation Projects to Alberta and financial contributions by Canada for the rehabilitation of irrigation works in Alberta.

The transfer of the Bow River and St. Mary Irrigation Projects to Alberta has been essentially completed. Financial contributions made to date by Canada, in accordance with the Agreement, have been as follows:

- \$3 500 000 for the rehabilitation of secondary irrigation works by Alberta;
- \$2 000 000 for the rehabilitation of irrigation works on the Bow River and St. Mary Irrigation Projects;
- \$4 200 000 as compensation for the acceptance by Alberta of the transfer of the Bow River and St. Mary Irrigation Projects.

In addition, the Agreement calls for the rehabilitation by Canada of four major irrigation works at an estimated cost of \$16 500 000. In 1975, an increase of \$9 800 000 was authorized to provide additional funds for the revised estimated cost of rehabilitation of these four major works. This increase was related primarily to escalation in construction costs after the Agreement was entered into. The total authorized cost to Canada of this program now stands at \$36 million.

Of the four major structures, two, including the Carseland Weir and the Western Irrigation District Headworks, have been completed at a cost of \$7 800 000.

Construction on the third structure, the Brooks Aqueduct replacement, was started in 1974. Progress was delayed by difficulties associated with the acquisition of land required for the project, a responsibility of the Province of Alberta. Consequently, funds provided in the PFRA capital budget for work in 1974 and 1975 were not committed in construction contracts. Land control

was acquired by Alberta during 1976 and construction proceeded throughout 1977. A major \$5 000 000 earthwork contract, awarded in January, 1977, was essentially completed in the late fall of 1978; minor clean-up remains to be performed in the spring of 1979. A second major contract, which will essentially complete the new structure, was awarded in late February, 1978, in the amount of \$1 452 237 and is scheduled for completion in the spring of 1979. The estimated cost of the Brooks Aqueduct replacement is \$8.2 million, \$7.2 million of which will likely be spent by March 31, 1979.

The fourth major structure to be rehabilitated by Canada under this program is the Bassano Dam, estimated to cost \$10 200 000. Design work by PFRA was completed in December, 1978. Whereas it had been intended to commence construction in early 1979, with a scheduled completion in 1981, the matter of land ownership in the bed of the Bow River at the damsite has arisen. Indications are that the land is part of an adjacent Indian Reserve. Consequently, construction will be deferred until the Province acquires appropriate land control, and it is anticipated that a delay of at least one year will occur.

While the Agreement provides for the completion of these four major structures within five years of the date of the Agreement, that is by March, 1978, it became apparent that this schedule could not be met. Accordingly, an amendment extending the time of completion to March, 1982, was executed in December, 1977.

TREE NURSERY PROGRAM

The Tree Nursery at Indian Head, Saskatchewan, was established in 1902 by the Department of the Interior, transferred to the Experimental Farm Service of Agriculture Canada in 1931, and eventually to PFRA in 1963.

The program at the Nursery involves the production and distribution of tree seedlings for farmstead and field shelterbelt plantings throughout the Prairie Provinces. Although some 90 percent of the trees produced are for these purposes, trees are also provided for projects related to soil and water conservation, the preservation of wildlife, and reclamation. In 1978 approximately 6.3 million seedlings were shipped to 8 566 planters, and of this shipment, 64 percent were willow and caragana. Demands exceeded supplies by 2.4 million seedlings.

To reduce stock losses resulting from a break in dormancy, and thus increase production, a cold storage building that will permit temperature control of the stock up to the time of shipment is now under construction.

SOUTHWEST SASKATCHEWAN IRRIGATION PROGRAM

Since 1935, PFRA has constructed 26 water storage projects and six irrigation projects in southwest Saskatchewan. PFRA continues to operate and maintain all of these projects, with the exception of three reservoirs which were transferred to the province a few years ago.

Some of these reservoirs are used to meet international commitments for the division of flows between Canada and the United States through the International Joint Commission, and all storages provide some recreation and wildlife benefits. In addition, the City of Swift Current and the towns of Gravelbourg, LaFleche, and Eastend rely on PFRA reservoirs for water supplies.

Of the lands irrigated, 23 300 acres (464 users) are located in the six federal irrigation projects; 9 810 acres (123 users) are located in seven provincial irrigation projects; and 5 850 acres (63 users) are irrigated under private licenses.

From fiscal 1970-71 to date, a program of reconstruction and upgrading of the irrigation projects has been carried out. The program is now 90 percent complete and expected to be finished during fiscal 1980-81.

INTERIM SUBSIDIARY AGREEMENT ON WATER FOR  
REGIONAL ECONOMIC EXPANSION AND DROUGHT PROOFING

DREE (PFRA) and Environment Canada have entered into a three-year Interim Subsidiary Agreement on Water with the Province of Saskatchewan. This agreement calls for studies to assess (a) the economic development opportunities within the province, and (b) the constraints on such development due to lack of water.

The effects of recurring drought on the social and economic structure of drought-prone regions of the prairies will also be studied, and measures to ameliorate effects to maintain stability will be examined. From these studies, long-term economic and water resource development strategies will be derived for inclusion in a longer term subsidiary agreement.

The interim agreement also calls for the construction of small to mid-size storage and pipeline projects of immediate concern to the province. Provision for undertaking flood damage reduction measures, which are a constraint to economic and social performance and which are recommended by the Canada-Manitoba-Saskatchewan Souris River Basin Study Report of June, 1978, will also be included. The Agreement with Saskatchewan was signed on May 17, 1979. DREE funding under the Agreement is as follows:

Saskatchewan	-	\$7 400 000.
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G.2b) Program Plans

INTERIM SUBSIDIARY AGREEMENTS ON WATER FOR  
REGIONAL ECONOMIC EXPANSION AND DROUGHT PROOFING

DREE (PFRA) and Environment Canada are negotiating a three-year Interim Subsidiary Agreement on Water with the Province of Manitoba. This agreement calls for studies to assess (a) the economic development opportunities within the province, and (b) the constraints on such development due to lack of water.

The effects of recurring drought on the social and economic structure of drought-prone regions of the province will also be studied and measured to ameliorate effects to maintain stability will be examined. From these studies, long term economic and water resource development strategies will be derived for inclusion in longer term subsidiary agreements.

The interim agreement will also call for the construction of small to mid-size storage and pipeline projects of immediate concern to the province. Provision for undertaking flood damage reduction measures, which are a constraint to economic and social performance and which are recommended by the Canada-Manitoba-Saskatchewan Souris River Basin Study Report of June, 1978, will also be included. A similar and complementary interim subsidiary agreement on water and drought proofing was signed with the Province of Saskatchewan on May 17, 1979. DREE funding for the agreement is anticipated to be in the order of:

Manitoba - \$ 5 350 000

PFRA ALBERTA AFFAIRS

Plans are under way to establish a PFRA Alberta Affairs Office in Edmonton Alberta, in the near future. The Director, PFRA Alberta Affairs, will provide liaison between PFRA and the provincial DREE office in Alberta and will represent all aspects of PFRA activities to Alberta Government officials and the public. A similar office has already been established in Winnipeg with regard to Manitoba affairs, while in Saskatchewan the Deputy Director General's office provides the provincial point of contact.



G.2c) Other Policy Issues

PFRA PASTURE PROGRAM ON INDIAN RESERVES

The PFRA Community Pasture Program on Indian Reserves was implemented in 1963 with four Bands. By 1977-78 the program served 11 Bands, 8 in Saskatchewan and 3 in Alberta. Under the terms of the Agreements between PFRA and the Bands, PFRA was to operate the pastures for a period of 10 years with an option to renew.

The five agreements in Alberta have been terminated. In Saskatchewan, the Ochapowace Band and the Gordon Band have taken over their pastures. The remaining six agreements are under review, and the involved parties are seeking an optimum policy for future application.

The general objectives of the program are as follows:

- to provide grazing for local farmers;
- to bring into production, local resources for the benefit of Indian people;
- to encourage Indians to expand their livestock enterprises; and
- to assist in training Indians for employment.

PFRA is presently examining the effectiveness of this program and is holding discussions with the Indians and DINA in an attempt to establish a policy for longer term application.

OUTSTANDING TREATY INDIAN LAND ENTITLEMENTS  
PFRA COMMUNITY PASTURES - SASKATCHEWAN

The Honourable Warren Allmand announced in August, 1977, that the Federation of Saskatchewan Indians, the Province of Saskatchewan and the federal government had reached agreement on the means of fulfilling the outstanding Treaty land entitlements of Saskatchewan Indian Bands. An estimated 1 000 000 acres of land are involved.

Outstanding entitlements were recognized in the terms of the Natural Resource Transfer Agreements of 1930 between Canada and the Prairie Provinces. Under these terms the Provinces were required only to provide unoccupied provincial Crown lands to fulfill outstanding Treaty obligations. Saskatchewan has indicated its willingness to consider any reasonable request for provincial Crown lands. This would include occupied Crown lands where occupants of the land can be satisfied.

In the southern part of the province it appears that suitable provincial Crown land may not be available, as most Bands want to select land close to existing reserves. Canada has indicated that in this situation consideration would be given to making available federal land, or, if necessary, to purchase land.

There have been several requests for information concerning lands in PFRA pastures from DINA and from individual Indian Bands.

In general PFRA has recommended the following course of action:

- PFRA should inform their pasture patrons of the federal policy on Indian land entitlements and of the land selection process. This is now the subject of correspondence between DINA and PFRA.
- The same restriction on the selection of federal Crown land as on the selection of provincial Crown land should form part of Federal Policy. This will provide that existing users will be satisfied before a land transfer is approved.

Close contact has been maintained with DINA, through meetings and correspondence, on the land entitlement issue as it may affect PFRA.

TREE DISTRIBUTION PROGRAM

In June, 1978, PFRA received Treasury Board approval to construct a controlled temperature storage facility at the Indian Head Tree Nursery. The estimated cost of this project is \$750 000. Construction of the project has now been initiated and is scheduled for completion by June 30, 1979.

The Treasury Board approval was granted on the condition that PFRA conduct an analysis of cost recovery for operations of the Tree Nursery, and return to Treasury Board within four months a submission outlining a cost recovery approach that would include the degree of cost recovery, proposed schedule of prices for trees and services, and possible phase-in options.

The study was completed and the study report, together with a submission requesting authority to continue the present practice of not charging for tree seedlings, was forwarded to Treasury Board in December, 1978. Treasury Board approval of the submission was received, and the present policy will be continued.

SOUTH SASKATCHEWAN RIVER PROJECT

The terms of the 1958 Canada-Saskatchewan Agreement covering this Project provided that Canada would be responsible for the maintenance of the Project for ten years following completion of construction. The ten-year period expired on March 31, 1979. In anticipation of this transfer of responsibility, the province requested in 1978 that Canada maintain the project on the province's behalf and at the province's expense for a further five-year period ending March 31, 1984. Canada agreed and an agreement providing for this work was executed in 1978.

In early 1979, the province requested that the 1958 agreement be extended for several years to permit the province to become better prepared technically and administratively to manage the project. Canada agreed to a two-year extension, and accordingly, in April 1979 the 1958 agreement was so amended. At the same time, the 1978 agreement was amended to defer the five-year period to commence in 1981.

During the two-year interval, starting April 1, 1979, it has been agreed that PFRA and the province will jointly participate in a public information program to acquaint and inform the engineering community and the public with the performance of Gardiner Dam, and the benefits which have developed since construction of the project.

PROGRAM EVALUATION

The evaluation of four of PFRA's programs which have been in operation for many years has been initiated. These include:

- a) Tree Nursery Program
- b) Community Pasture Program
- c) On-Farm Grant Program
- d) Outlook Demonstration Farm.

It is expected that the evaluation of the foregoing programs will require 12 to 18 months to complete.

SHELLMOUTH RESERVOIR LAND DAMAGE CLAIMS

Certain farmers immediately upstream of the PFRA-constructed Shellmouth Reservoir near Kamsack, Saskatchewan, have claimed compensation for land damage which they say is caused by the presence of the reservoir.

Because of these continuing requests for crop loss payments, PFRA sponsored an engineering study which indicated that certain small areas of land might be affected by the operation of the reservoir. PFRA has held local meetings, discussed the situation with involved farmers on an individual basis, and has conducted land inspections and field investigations to try to determine what damage, if any, might be fairly placed against the project.

PFRA cannot scientifically relate the apparently changing field conditions to the existence of the reservoir. The reservoir could be involved in the problem but if it is, it is in a way that cannot be understood. To further the technical knowledge on this subject, including the effects of underground water movement, PFRA undertook a drilling program in this area and is closely monitoring spring flood levels and dates. Involved local people are being kept informed of developments by letters and meetings.

TRESPASS OF FEDERAL RIGHTS-OF-WAY ON PFRA RESERVOIRS

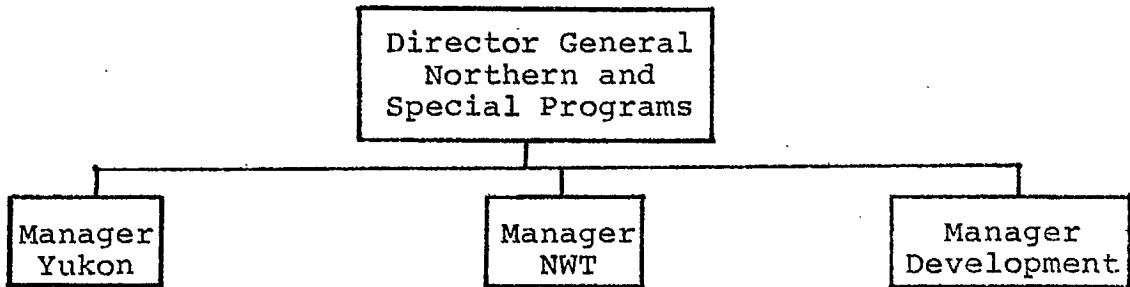
PFRA has advised cottage owners illegally occupying government-owned rights-of-way adjacent to Duncairn and Gouverneur Reservoirs in southwestern Saskatchewan to remove their structures by April 1, 1979, or if hardship can be established, by April 1, 1980. The cottage owners have organized against this and are attempting to make a public issue of the situation.

Canada acquired this land for a right-of-way for reservoir operations, anticipating intermittent flooding of the area in the maintenance of a proper balance between storing an adequate water supply and protecting the public from flood damages downstream from the reservoirs. Flooding has not occurred on these reservoirs since cottages were established; however, on review, PFRA hydrologists confirm that the land is subject to flooding and that the Crown should keep control of the lands. PFRA is currently attempting to regain control of the situation.

There has been a recent flurry of publicity on this subject, with generally balanced reporting by the media. Inquiries and presentations have been received from political representatives and aspirants in the area (federal constituency of Swift Current-Maple Creek). It is hoped that the cottages will be removed, but failing compliance, action will be initiated following appropriate guidelines from the Department of Justice.

NORTHERN AND SPECIAL PROGRAMS

H.1 ADMINISTRATION



Organization Function

Northern and Special Programs

Advises the ADM West and Provincial Directors General on native policy and is responsible for regional reviews and evaluation of Special ARDA and Northlands Agreements. The Special ARDA and Northlands Agreements are specifically designed to improve economic circumstances and living conditions for people of native ancestry. Administers the Federal/Territorial Special ARDA Agreements and the implementation of industrial development programs in the Northwest Territories and Yukon Territory, including analyses and evaluation and liaising with other federal government departments, territorial governments, industrial organizations and individual natives and native organizations. District offices are located in Yellowknife and Whitehorse.

Personnel consists of one senior officer, nine program officers and five clerical/typist support staff. Two officers and one clerical support person are located in each of the territorial offices (Yellowknife and Whitehorse).



Person-Year Data

1979-80 Person Year Ceiling	15
Projected Usage to Mar. 31/80	14
Strength as at Mar. 31/79	15

## NORTHWEST TERRITORIES

### ECONOMIC CIRCUMSTANCES

Within Canada, the Northwest Territories derives its distinctiveness from its physical characteristics and the unique background and composition of its people.

The Northwest Territories is immense in size, extending 1 800 miles from Inuvik in the west to Frobisher Bay in the east. Its 1.3 million square miles constitute one-third of the land mass of Canada, and within this area, circumstances present both unique development problems and development opportunities. The region has a tremendous wealth of largely untapped natural resources including minerals, forests, fresh water and recreational assets. At the same time, the Northwest Territories is the home of a number of people who view these resources as the foundation of their economic, social and cultural life-style.

In contrast to the physical size of the territories, the land is sparsely populated. The 46 000 residents live in approximately 60 communities scattered throughout the territories. People of Indian and Inuit ancestry still make up the majority of the population as a result of continuing high birth and decreasing death rates. They also possess distinctive skills, interests, abilities and expectations. Preservation of their way of life and recognition of their aspirations must be priorities in all developmental activities.

The extent of regional infrastructure is a limiting factor in promoting economic development in the north. Transportation and communications networks, for example, involve extremes of distance and, in many areas, are poorly developed. A limited road network exists in the west, but elsewhere communities are accessible only by air or sea. Eastern Arctic settlements rely on one or two supply shipments each year during a short, variable shipping season. Limited availability and high cost of energy, water or waste disposal facilities may comprise other infrastructure constraints on development. Consequently, the costs and risks of carrying on business in the north are extraordinarily high by Canadian standards.

The overall economy of the Northwest Territories is very narrowly based. The major component is the public sector, consisting of federal, territorial and municipal governments and their programs, second is the non-renewable resource sector, including the mining and oil and gas industries, followed by the renewable resource sector, including hunting, fishing, trapping and forestry; and a small manufacturing, tourism and services sector. Generally speaking, activity in those sectors which provide the majority of private sector wage employment tends to be large and capital intensive in nature, while projects in the traditional sector are small in scale and labour intensive.

Few northern needs are met through northern production or manufacture. The Northwest Territories exports partially processed resources and some craft items while importing most capital and consumption goods. Country food, the economic mainstay of many communities, is in short supply in some areas, while surpluses are underutilized in others. As a result, economic linkages between sectors and between communities are poorly developed, and little value added remains in the north.

The inhabitants of smaller communities, especially those of Indian or Inuit ancestry, are presently faced with the choice between traditional land-based activities or government support through make-work projects or transfer payments. The rapidly increasing population combined with increased pressure on the wildlife resource base will narrow even these alternatives in the future. Many are now seeking access to modern economic opportunities, but in a manner that will enable preservation of their life-styles and culture.

The population of the Northwest Territories has grown rapidly during the 1970s, from 34 805 in 1971 to an estimated 46 386 in 1978, an average annual rate of 4.1 percent. This rapid growth is expected to continue, though the balance will shift from the native majority to a native minority in the early 1980s. Currently, the population is about 20 percent Indian and Metis, 32 percent Inuit and 48 percent nonnative; the nonnative population is expected to be 50.1 percent by 1982. In addition, the population is growing at a rate far above the national rate. Current projections estimate a 1981 population of between 48 000 and 52 000, depending on the stability of past trends and the migration response to economic conditions. The total population should exceed 60 000 by 1985.

The population is becoming increasingly urbanized, if urban is taken to mean organized settlements rather than the usual census definition. Only five centres--Yellowknife, Hay River, Inuvik, Frobisher Bay, and Fort Smith--meet the census definition. They contain just under half the population and appear to be growing at the expense of some of the smaller centres.

The determination of unemployment and participation rates and employment levels is difficult in an economy like that of the Northwest Territories. The labour force age group was 25 900 in 1976, and is expected to reach 35 100 by 1986, but the participation and employment status of this group is largely indeterminate. Government agencies, both territorial and federal, employ about 6 000 and the private sector about 5 300. There may be as many as 1 200 people, mainly native, employed in the small arts and crafts operations of under 20 employees which are missed by the employment surveys, for a total employment level of 12 500. Unemployment rates are high, from 2 to 8 times national rates in various communities, and the overall rate is estimated to be about 18 percent. It should be noted, again, that unemployment is a difficult concept to apply meaningfully to a population engaged in subsistence hunting and fishing.

New labour force entrants are expected to average about 1 000 per year over the next decade. The territorial economy will not be able to reduce current unemployment levels or absorb new labour force entrants without sustained expansion of the major sectors. In the medium term, it is apparent that only the extractive industries and resulting spin-offs will be able to absorb this influx.

In terms of natural resources, the Northwest Territories is richly endowed by any standard. Eight mines were operating in 1978, including two gold mines, two lead-zinc, three silver-copper, and one tungsten. Many more ore bodies are known, containing copper, zinc, lead, silver, gold and uranium, but their remoteness, the lack of infrastructure and market conditions render most of them uneconomic at present. The territories also contains estimated proven reserves of over 100 million barrels of oil and 14 billion cubic feet of natural gas.

Economic growth in the mining industry is difficult to anticipate, as it depends so heavily on external events, particularly the international mineral markets. Production has been increasing steadily and was estimated to have

reached almost \$240 million in 1978. Zinc and lead are the largest contributors, followed by gold and silver. All four metals are typically associated with each other geologically in complex ore bodies; lead and zinc in particular tend to occur and be mined together. Prices are strong for lead, gold and silver and somewhat uncertain for zinc, so the future looks fairly secure though with the possibility of growing zinc inventories.

Field expenditures on oil and gas exploration north of 60 exceeded \$215 million in 1975, approximately \$35 million less than in 1974. Expenditures for exploratory and development drilling amounted to approximately \$150 million, down \$20 million from the previous year. Geophysical and geological expenditures decreased to approximately \$55 million, a drop of \$15 million from 1974. The total area under permit or lease was 344 363 055 acres, down 27 384 615 acres (7.3 per cent) from 1974. Although vast proven and potential reserves exist in the Arctic, the lack of physical access to markets makes production unlikely before 1985. The current crisis in the world energy supply could have a negative effect on exploration since funds will likely be directed toward areas which can be produced to meet short and medium-term demands.

The forestry resource consists of softwoods suitable for lumber, piles and pulp. Sustained yield estimates are 5 million board feet on the lower Mackenzie River, and 40 million board feet in the upper Mackenzie and Liard districts. Current production is highly variable and hampered by low productivity, underfinancing, and poor local market penetration.

Agriculture is almost nonexistent in the Northwest Territories. Hardy vegetable and cereal crops could possibly be grown on 2.8 million acres along the Slave, Hay, Liard, and upper Mackenzie Rivers, and an additional 3.5 million acres could support seeded forage. Development is constrained by climate, high costs, high risks, limited markets, a complete lack of infrastructure, and the unsettled native land claims.

Some hydro potential exists on the Slave River, though any hydro development there or elsewhere is constrained by unresolved native land claims and related problems such as flooding of traplines. For that reason, under present circumstances, hydro development on the Salve River can only be

done by placing a dam at or near the Alberta-Northwest Territories boundary so that flooding occurs in northern Alberta. The resulting power supply, however, could play a major role in the development of industry in the Northwest Territories.

Territorial resources include fish, fur-bearing and game animals, and significant marine mammals. Commercial fisheries exist on Great Slave Lake, at Cambridge Bay, and at a few locations in the Keewatin and Baffin regions. Local markets exist in the larger centres, but high transportation costs and the diseconomies of small scale limit development. Trapping provides supplementary cash income for many northerners, though very few make a living at it. Principal species are marten, muskrat, beaver, and lynx south of the tree line and seal and musk ox beyond. Seal is also a major protein source for Inuit north of the tree line; a 12 000 animal reindeer herd is managed and harvested commercially in the western Arctic. Subsistence hunting is a major element in the traditional economy and very important to many small communities; commercially, it is relatively insignificant. Commercial expansion is possible but restricted by a lack of meat-handling facilities, an underdeveloped market, and lack of data on herd sizes and sustainable yields.

Manufacturing in the Northwest Territories consists mainly of small scale, government-operated projects and arts and crafts production. In 1978, the Government of the Northwest Territories operated 33 commercial and industrial projects, employing about 1 200 full and part-time workers. Projects included manufacturing operations such as sewing centres, fur garment shops, and a furniture plant, as well as retail stores and a laundry and dry cleaning operation.

Impediments to expansion include a heavy dependence on southern markets and a disproportionately high overhead component in operating small manufacturing operations in remote areas. A lack of business organization and management skills may also restrict expansion by local businesses in this sector. Little effect on the economy is expected from the manufacturing sector. There is some room for minor expansion to meet local demands, but the constraints on large-scale production are too great to enable development of an export market.

The tourism industry in the Northwest Territories is underdeveloped. Growth of this industry has been hampered by poor accessibility and a lack of adequate tourist services

and facilities. With the growing pressure for balanced socioeconomic development, increasing consideration is being given to the role which the travel/tourism industry can play in achieving that end, particularly in terms of providing training and employment opportunities and diversifying local economies.

Services in smaller communities are provided largely through the Hudson's Bay Company or the cooperative movement and, in larger centres, independent firms and chain stores. The cooperative movement historically has been undercapitalized and still depends heavily on imported management. Resupply is largely through sealift and requires access to heavy and costly inventory financing.

Given the isolation of the Northwest Territories, it is not surprising that the transportation industry is disproportionately important in its economy. In 1974, the industry paid well over \$12 million in wages and salaries alone. Northern Transportation Company Limited, the major barge operator in the Mackenzie River/Western Arctic area, provides employment for roughly 900 people for part of each year, although only 90 are permanent residents of the Northwest Territories. Union demands may preclude northern hiring in the future.

The organization of the transportation and communications sector displays many of the characteristics of northern development today: direct participation by public sector enterprises; specialized expertise developed by small and medium-sized private northern operators; limited participation at managerial and ownership levels by native businessmen; and direct dependence on major economic activity, public and private, for the bulk of sales.

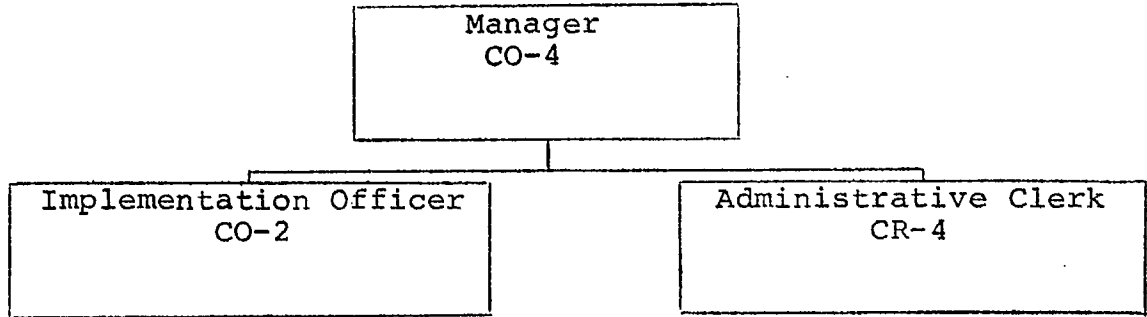
Financial, professional, commercial and personal services are located in larger regional centres. The lack of immediate access to commercial banks, accountants, lawyers and other business support services in the smaller centres limit management capability in these communities.

Small expansion to serve limited local needs is all that is likely to occur in the medium term. Significant expansion will depend directly on developments in the primary sectors.

H.2 NORTHWEST TERRITORIES

H.2a) ADMINISTRATION

(i) Organization:



The NWT office performs all of the functions of a provincial office except for financial and administrative services which are provided by the Western Regional office. Specifically, the following duties are performed in Yellowknife:

1. Management of Special ARDA Program for the NWT;
2. Analysis and evaluation of RDIA applications and monitoring of performance;
3. Development of mechanisms, in consultation with the territorial government and other federal departments, to provide social and economic benefits to the NWT including the development of subsidiary agreements under the GDA;
4. Implementation of subsidiary agreements.



(ii) Person-Year Data

1979-80 Person-Year Ceiling	3
Projected Usage to Mar. 31/80	3
Strength as at Mar. 31/79	3

(iii) Finance:

	<u>Special ARDA</u>	<u>RDIA</u>
Expenditures by Program		
1977-78	\$ 334 000	-
1978-79	<u>750 000</u>	<u>\$80 000</u>
Total expenditures to March 31, 1979	<u>\$1 084 000</u>	<u>\$80 000</u>
Outstanding commitments	<u>\$ 976 000</u>	<u>\$77 000</u>

H.2b) SUBSIDIARY AGREEMENT

(i) Finance:

Canada-Northwest Territories  
Interim Subsidiary Agreement  
On Community Economic Development

Total cost	-	\$3 833 000
Federal share	-	\$2 460 000
DREE share	-	\$2 000 000

Canada-Northwest Territories Interim  
Subsidiary Agreement on Community  
Economic Development

Start-up Date	-	April 4, 1979
Termination date	-	March 31, 1981

(ii) Program Content:

1. The Tourism Program involves the preparation of an integrated tourism strategy, examining all facets of the travel and tourism industry for a 5-10 year horizon. This program provides funding for additional promotional activities and funding to implement initial recommendations under this plan.

\$ 600 000
2. The Renewable Resource Use Planning and Development Program involves support to provide a framework for the planning and development of a variety of community scale renewable resource based activities contributing to an improved balance in the economy of the territories and increasing the range of employment and income opportunities for territorial residents utilizing local and community resources. Particular consideration will be given to the development of community level entrepreneurial capacity.

2 253 000
3. The Work Rotation Program involves the rotation of workers between home and job site coupled with existing training programs to enable northern residents to participate in wage employment without permanently removing them from their communities and country food resources.

100 000
4. The Community-Based Planning Program has been developed to assist residents of the Northwest Territories in assuming an active role in the planning and implementation of development projects. This requires that communities have an understanding of and interest in prevailing socioeconomic conditions and the possibilities for future development. This program will focus on satisfying these basic requirements in order that communities will be able to have greater responsibility for initiating local development, participate fully in the formulation of economic development strategy and be involved as full partners in the implementation of that strategy at the local level.

600 000

5. The Economic Development Strategy and Planning Program is to provide for a comprehensive assessment of the economy of the Northwest Territories, examining various opportunities in light of constraints and prospects for future development. This may establish the basis for subsequent subsidiary agreements. \$ 200 000
6. The Administration and Assessment Program will provide for the administration of this Agreement, a review and assessment of program impact and co-ordination of federal and territorial departments in the context of this Agreement. 80 000
- \$3 833 000

(iii) Plans/Progress:

- Implementation of the above Subsidiary Agreement will commence in May 1979.
- No other subsidiary agreements are under consideration at this time.

H.2c) INCENTIVES

The Northwest Territories was designated for assistance under the Regional Development Incentives Act on June 16, 1979.

	<u>Fiscal Year</u>	<u>Total</u>
No. of applications	8	9
Accepted offers	5	6
Estimated cost-incentive	\$200 000	\$232 000
-capital cost	722 000	818 000
Expected jobs	30	33

Special issues -

There are no controversial matters in connection with any of the Northwest Territories RDIA cases.

H.2d) OTHER DREE PROGRAMS

The Canada-Northwest Territories Special ARDA Agreement was signed on June 16, 1977.

Number of applications	141
Number of accepted offers	73
Amount of commitment	- \$2 172 000
People assisted	- 2 100
Direct jobs	- 68

H.2e) ISSUES

Native Land Claims

The unresolved native land claims issue and apparent lack of progress in negotiating settlements are imposing a serious impediment to economic expansion, particularly in the area of nonrenewable resource development. The high potential for conflicting land use requirements when settlements are concluded results in a reluctance by government to dispose of or otherwise commit land for development purposes. The controversy surrounding this situation and resulting uncertainty creates an atmosphere hostile to investment.

Land Use

Considerable controversy surrounds land use since the factors which comprise the traditional native economy can be disrupted by large-scale development. Opposition by some native groups to development is very strong throughout the Northwest Territories and will probably continue as long as land claims remain unresolved.

The land use questions implicit in unresolved native land claims are a brake on most kinds of development. There is also the vital problem of social development. The traditional economy carries with it certain cultural values which do not mesh well with an industrial economy. The traditional settlements tend to be more cohesive social units than are found in modern urban environments, and their members tend to be less mobile than their southern counterparts.

### Infrastructure

The lack of regional infrastructure, particularly in the areas of transportation, communications and energy supply throughout the vast majority of the Northwest Territories, seriously affects the economics of development outside the established areas. Although the Northwest Territories has an abundance of mineral resources, including oil and gas, the cost of exploration, extraction and shipment to markets is prohibitive other than in exceptional cases. The pipelines, roads and railroads necessary to exploit the resources of the Northwest Territories will involve investments of billions of dollars.

### Tourism

The tourist industry is widely promoted by Northwest Territories residents as a major developmental opportunity; however, this must be viewed in the light of two major impediments: the high cost of transportation as a result of long distances without road connections; and, the poor competitive position of the Northwest Territories in comparison to other remote areas such as Yukon and Alaska, which offer many more of the conventional tourist attractions.

### Agriculture

A small group is lobbying for the release of large tracts of land for agricultural use. While there are large areas of Class 3 and 4 land in the southern Mackenzie area, the constraints imposed by climate, high production costs, high transportation costs, limited local markets and lack of infrastructure would appear to negate any attempt at commercial agriculture in the Northwest Territories. As well, large-scale disposition of land for agricultural use could cause conflict with an eventual land claims settlement.

YUKON

ECONOMIC CIRCUMSTANCES

The Yukon Territory is basically a remote, sparsely populated northern region. The area comprises 536 327 square kilometers and occupies the northwest corner of Canada, bounded by Alaska in the west, the Beaufort Sea on the north, the Northwest Territories on the east, and British Columbia on the south. Of the 25 000 Yukon inhabitants, nearly 16 000 are located in Whitehorse with the rest scattered in 12 smaller communities across Yukon.

The main economic activities in Yukon centre around the extraction of resources and tourism with government, by virtue of its relative size, playing a major role in the economy. With a good system of roads linking most of the centres of population with Alaska and southern Canada, the required infrastructure is in place to service the tourism industry and the local travel needs of the residents. Hydroelectric power currently produced in Yukon is all utilized to service local needs, and there is a potential for further expansion in the production and use of power. The level of local needs and the timing of production are difficult to ascertain and depend on commitments to pipeline and mining developments.

Yukon is now approaching a critical stage in its development with the likelihood of several major projects, led by the proposed Alaska Highway Pipeline. Substantial preparation is required to maximize economic benefits to residents while also minimizing the inevitable social disruptions.

The Yukon Territory's population increased by slightly more than 41 percent in the 1971/78 period, considerably more than Canada as a whole. During this period, the net migration into the Territory averaged approximately 1 000 persons per year. In December 1978, the population of the Territory was estimated at 25 000, an increase of 7 percent from June 1976.

The Yukon population has had considerable fluctuations over the years ranging from a high of over 30 000 during the Gold Rush to a low of 4 100 in 1921. During the late 1950s and early 1960s, the Territorial

economy began to expand under the stimulus of government assistance for mineral exploration and development, and this period saw an increase in population from 9 000 in 1951 to 14 600 in 1961. There was a decline in population between 1961 and 1966, however, following the withdrawal of military personnel and other federal employees.

The major growth centre in Yukon continues to be Whitehorse with a population of 16 600, followed by Faro (1 790), Watson Lake (1 420) and Dawson City (1 140). The balance of the population (4 000) is scattered in several small communities ranging in size from 197 (Old Crow) to 600 (Elsa).

Over the medium term, the Territory will likely maintain the current level of net in-migration. To the extent that unemployment rates remain high in other parts of the country, out-migration may appear unattractive, while continued mineral development and expansion of the tourist industry will tend to encourage continued in-migration. The construction of the proposed Alaska Highway Gas Pipeline will also result in the hiring of many non-Yukon residents for the required skilled work force; however, few of these will take up residence in Yukon.

The number of people of labour force age in Yukon increased from 6 424 in 1951, to 9343 in 1961, to 12 020 in 1971, and to an estimated 14 800 in 1976.

The premise that employment opportunities are taken up by migrant workers rather than native workers is reinforced by the marked increases and decreases in the male population as opposed to the female population during periods of high and low economic activity. Between 1956 and 1961, when there was high economic activity in the mineral field, the male population increased by more than 18 percent and the female population by more than 22 percent. Conversely, when economic activity declined between 1961 and 1966, the male population decreased by 4.5 percent while the female population continued to increase by 3.2 percent. Although there were 1 325 Indians and Metis of labour force age in 1971, only 530 were employed, another indication that the native resident has not been as successful in enjoying the economic growth of Yukon as the migrant worker.

Estimates for total full-time employment in Yukon indicate strong growth during 1977, followed by almost no increase in 1978. Over the past two years, there has been a net increase of 881 new jobs in Yukon. This growth, from

7 536 in January 1977, to 8 427 in December 1978, represents an increase of almost 11.8 percent. However, all of this increase, approximately 11.1 percent, came in 1977. In 1978, employment rose by only 58 positions or only .8 percent. The slowdown in employment growth in 1978 is mainly due to the closure of the Clinton Creek asbestos mine during the year.

In terms of natural resources, the greatest potential rests with the minerals located in Yukon. Much of the Territory lies in the Cordillero region extending northward from British Columbia, giving it much the same geological cross section. The mineral belts running west to east contain: copper and nickel; copper-molybdenum; lead-zinc; and tungsten with gold, silver, asbestos, barite, iron and uranium. Exploration for Yukon's mineral resources has been increasing over the years, and several excellent ore bodies with development potential have been isolated and could come into production in the early 1980s.

Although employment, production and sales indices indicate a strong mining sector, it must be noted that no new mines have commenced operation since Cyprus Anvil brought their open pit lead-zinc mine into production in 1970. Unless world prices remain high or new ore bodies are found, Whitehorse Copper will have to close its operations in 1980/81. This closure combined with the Clinton Creek closure of 1978 highlights the vulnerability of northern mining and the impact could be seriously detrimental to the economy of Yukon.

Another important development potential is hydroelectric power. Several locations have been identified as potential sites for new power plants and the Northern Canada Power Commission has recently been appropriated \$3 million to undertake feasibility and environmental studies for a site on the Yukon River. It is believed this site could provide 500 megawatts in addition to the 30 megawatts currently produced.

The forest resources in Yukon have not yet been adequately inventoried to provide a firm basis for determining potential of the industry. The southeast portion of the Territory around Watson Lake has the environment most suitable for tree growth and has the greatest concentration of merchantable timber. The rest of the Territory contains a variety of species of limited potential. In general terms, it is expected that sawmill operations would have to be limited in size to supply local markets only, with the exception of the Watson Lake area where some export potential exists.



Annual forestry production has risen to 4 158 million cubic feet in 1977. This is a small percentage of what past studies have indicated potential production levels could be. To date, timber cutting permits have been fairly limited in terms of the total cut, a policy of the forestry service which is likely to continue. Without a guarantee of a large annual cut, local producers cannot guarantee export deliveries nor operate efficiently enough to compete profitably in export markets.

The tourism industry does not just take advantage of the Gold Rush history and the Yukon's position as a link to Alaska, but also its reputation as a virtually untouched natural wilderness with a great variety of geological formations and scenery. This reputation is enhanced by some of the most impressive big outfitting areas in North America. Yukon is improving its image as an area with many accessible and interesting tourism attractions and a growing number of businesses which can provide adequate tourism-related services. The tourism industry relies basically on three market areas: the United States, Canada and offshore areas. By far, the largest percentage of visitors are Americans who are on their way to or from Alaska. People from other areas of Canada make up the second most active group to travel to Yukon. For the most part, these people are coming to visit in Yukon and to enjoy its natural wilderness. Although not nearly as large a number, offshore visitors to Yukon are a significant group and tend to spend more in Yukon on their various pursuits.

The tourism industry could still enjoy further improvements; however, due to the seasonality of the industry, capacity is limited in the summer months and in excess the rest of the year. Current marketing strategy is to lengthen the tourism season in the spring and fall and to highlight the attractiveness of the Territory as a convention centre in off-season months. Territorial representatives are active in marketing shows in many centres across North America and in Europe and the Far East. The lower value of the Canadian dollar should assist this marketing effort and help to continue the trend of increased tourism traffic and expenditures in Yukon.

In terms of transportation there are three basic elements to this industry in Yukon: rail, highway, and air services. These three have played very important roles in the past and present development and servicing of the economy of Yukon.

The Territory has had the advantage of a fairly comprehensive system of airports and roads which were built through the period of World War II and subsequently improved to service the mining industry. Consequently, the Territory is serviced fairly well by Class I, II and III air carriers as well as by the trucking industry. Distance and volume factors, however, make the movement of people and goods by these means fairly expensive. On the other hand, they, along with the White Pass and Yukon Railroad, have enabled Yukon to develop much of its tourism potential.

The White Pass and Yukon Railroad is in danger of being closed down by its parent company on the basis of poor operating performance and the need for large capital expenditures for line improvements. It is difficult to assess the long-term impact that such a decision would have on the economy of Yukon, especially with the Carcross-Skagway Highway nearing completion. In the short term, it is evident that residents in the Territory will be paying higher rates for goods being shipped via the railroad.

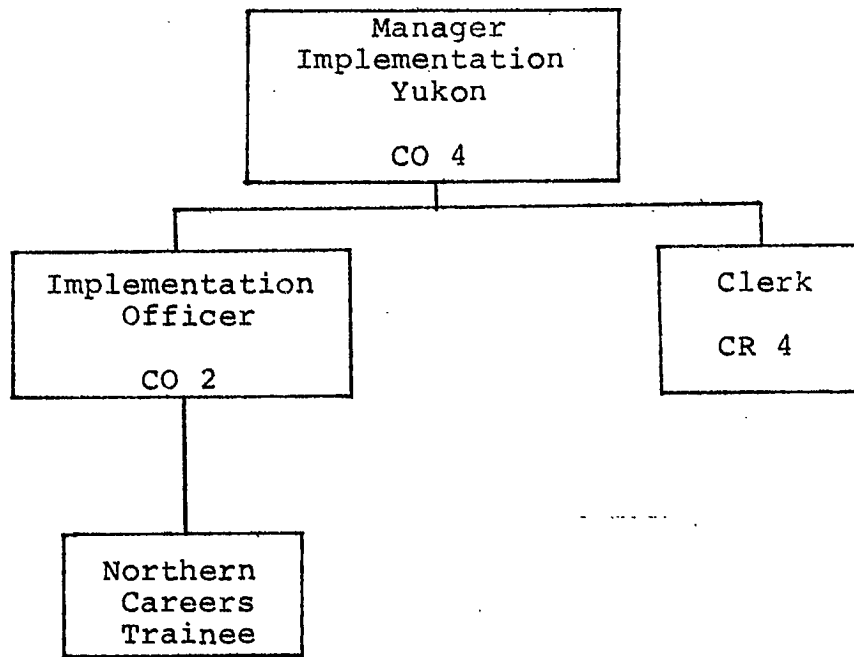
Trucking has been expanding as a viable mode of transportation in Yukon, and to some extent, it is eroding the role of the White Pass and Yukon Railroad as the sole transporter of mineral products to tidewater and the backhaul of consumer products. As highway improvements continue to take place, trucking will play a more important role in the shipment of goods to and from Yukon.

In summary, most of the development opportunities currently under consideration for Yukon are still speculative. There are linkages, both spatial and sectoral, in all of these initiatives. Transportation and power infrastructure are two requirements which are common in most cases. Highway upgrading will continue whether other development takes place or not, but new roads or rail construction will be required if new mines come into production. Mining development will extend development into the eastern section of Yukon, and service centres on current access routes would benefit most. Tourism development, the Shawkak Project and the Alaska Highway Gas Pipeline would have their greatest impact on centres along the Alaska and Klondike Highways. Smelter development would benefit Whitehorse and the Faro-Ross River area.

H.3 YUKON

H.3a) Administration

(i) Organization:



Organizational Functions

- Responsible for the development and implementation of all departmental programs in the territory.
- Provides a point of co-ordination and liaison with other federal government departments, territorial government departments and members of the public to achieve program objectives.

Person-Year Data

1979-80 Person-Year Ceiling	3
Projected Usage to Mar. 31/80	3
Strength as at Mar. 31/79	3

(iii) Finance:

1978-79 Expenditures

Special ARDA	\$165 000
RDIA	-
GDA	-

Outstanding Commitments,  
March 31, 1979

Special ARDA	\$347 000
RDIA	-
GDA	-

H.3b) Subsidiary Agreement on Renewable Resource Development

<u>Total Cost</u>	<u>Federal Share</u>	<u>DREE Share</u>
\$6 660 000	\$4 520 000	\$3 120 000

- Signed April 4, 1979;
- Termination date is March 31, 1982;
- Agreement provides opportunity for greater co-operation and co-ordination of federal and territorial efforts in the planning and development of renewable resources. Through the management of this Agreement the YTG will have a greater voice in the implementation of renewable resource activities.
- The two levels of government have agreed to co-operate in a joint program of funding of projects aimed at the expansion of the renewable resource information base and the development of increased tourist and recreation facilities in Yukon.

- The total cost of the program over the life of the Agreement is \$6.6 million, of which Canada shall contribute \$4.52 million with the Territory, \$2.08 million.
- Agreement provides for projects to be undertaken in four inter-related programs:
  1. Renewable Resource Information and Analysis Program;
  2. Tourism and Recreation Facilities Program;
  3. Manpower Development Program;
  4. Monitoring and Evaluation Program.
- The first meeting of the Management Committee established under this Agreement will be held in early May.

#### H.3c) INCENTIVES

Yukon was designated for assistance under the Regional Development Incentives Act on June 5, 1978.

Number of Applications	5
Accepted Offers	-
Estimated Cost	-
Commitments	-
Expected Jobs	-
Individuals Assisted	-

#### H.3d) SPECIAL ARDA

This program was also started in June, 1978 with the signing of the Special ARDA Agreement between DREE and the Yukon Territorial Government. To April 30, 1979, the activity is as follows:

Number of applications	-	58
Accepted offers	-	14
Commitments	-	\$517 000
Expected Jobs	-	39

### H.3e) ISSUES

#### Land Claims

The land claims question in Yukon is a high profile issue, especially with the relatively high percentage of native population (30 percent) and the virtual freeze on land imposed by Indian and Northern Affairs until land claims are cleared up.

The natives of Yukon, represented by the Yukon Native Brotherhood and the Yukon Association of Non-Status Indians, have united for land claims negotiations to form the Council of Yukon Indians. The federal government has been represented by several negotiators, the latest who was appointed recently. The current constraint to starting meaningful negotiations is the disagreement over the involvement and role of the territorial government in the negotiation.

The inability of the two sides to begin meaningful negotiations and the prolonging of the land freeze has begun to encourage a visible body of non-Indians to object to special treatment for Indians. In addition, the Indians themselves are becoming more vocally opposed to any new development projects being proposed.

#### Alaska Highway Pipeline

The proposed Alaska Highway Pipeline has sparked a great deal of economic interest across North America but in Yukon it has probably caused as much concern as interest. Many Yukoners feel that they will be taking all the risks, socially, environmentally and to some extent financially while outsiders will reap the benefits. In this respect, the delays in starting pipeline construction will give all parties concerned more time to properly equip themselves to take advantage of the opportunities associated with construction and to defend against the negative effects. This could result in a more optimistic view of the potential economic benefits which are now seen as almost entirely secondary, resulting through minor service activities as well as the job creation from pipeline management in several centres, once the line is in operation. Another distinct advantage would be the availability of natural gas for local use. In general, Yukoners look on the pipeline as a positive factor in the socioeconomic development of the territory but feel, as individuals, few of them will benefit from it and will therefore require other areas of economic potential for their own economic development.

### Transportation

Transportation is a continuing problem in terms of economic development in Yukon. The Alaska Highway system and the 100 mile White Pass and Yukon Railway from Whitehorse to Skagway, Alaska are the two main transportation routes to and from the territory.

High costs of transportation by both modes are disadvantages for both the shipment of resources from the Territory and the import of finished goods to the Territory. Of the total road system in Yukon, only a few miles are paved. While several projects are underway to reconstruct territorial roads, it will take many years to bring them up to southern standards.

The future of the railway is in question as its management has indicated that it could close down its operations unless some government financial assistance is provided. Until then the policy is to raise rates to attempt to make the operation profitable at high cost to residents.

Future development of the mining industry will require expenditures for transportation infrastructure. The entire system will have to be expanded to more remote areas. This will also require further rationalization of model choice.

### Power Development

The Northern Canada Power Commission has recently received a \$3.0 million appropriation to undertake feasibility and environmental studies in relation to potential power developments on the Yukon River. The current level of power production in Yukon is 80 megawatts. Much of the discussion regarding power development relates to the question of which comes first, power or development. NCPC looks on the pipeline as one potential user but would require some very strong indication of future mining or other developments before actual construction of future capacity took place.

Mining

Low prices and high cost factors have kept mining development down over the past few years. In addition, recent closures and the depletion of ore bodies now being mined are causing concern in the Territory. There are many known deposits of development quality given appropriate economics. However, the lack of power and transportation infrastructure leave potential high grade ore bodies at a cost disadvantage. There does not appear to be any new mine developments imminent but exploration going on at a fairly high rate (\$15-20 million in expenditures over the last few years).

Tourism

Being the second largest income producer in the Territory, the tourism industry is generally considered a high priority as a development initiative. The territorial government completed a Tourism Strategy late in 1978 and would like to pursue the development of a subsidiary agreement based on the approach which it outlined. The tourism industry is recognized as an important element of the territorial economy and will be considered in any future discussions.

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Minister's reference  
material : departmental  
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