

The basic problem arising from this situation arises from the designation of areas on the basis of NES areas rather than an economic or geographic area.

It also illustrated to the Committee that in certain instances, the designation of any area could conceivably have or appear to have an adverse effect on the adjoining area. Another problem raised by this delegation from Western Ontario, which the Committee felt might be universally applicable relates to the desire of each municipality to attract as much industry as possible in order to reduce the municipal tax burden on home owners.

The Committee acknowledges that this is a whole new area for discussion and one that is not within its terms of reference. However, the Committee felt that this concern about industrial growth, in order to alleviate the municipal tax burden was a major factor in the competitive activities of various areas of the country in attempting to attract industry.

Further representations were made to the Committee by representatives of the North Eastern Ontario Regional Development Council. While much of the comment of this delegation was similar to that heard previously by the Committee, they did illustrate that there were some differences in their concern with the Area Development Agency's incentive programme. These differences are largely attributable to the geographic position of Northern Ontario and to its reliance on primary industries. Their basic desire was to have a programme which would help stimulate the growth of secondary industries in Northern Ontario. They pointed out that in the past when at least one part of Northern Ontario was designated under this programme, it was not as successful in attracting industry as the programme had been in other areas of Canada.

Their representations may be summarized by saying they felt that all of North Eastern Ontario should be designated as an area for regional development. While they recognized that the accomplishment of this end involved more than its being designated by the Area Development Agency, they felt that this would be one important aspect of any programme of regional development. They too, felt the criteria should be broadened to accomplish this. They pointed out that unemployment generally was not as great a problem as is the problem of outward migration, and slow economic growth. It appeared to the Committee that what they were really saying was that there should be a policy aimed at attracting secondary industry to regions such as Northern Ontario which have traditionally been areas of resource development.

(c) The Committee recognizes the inherent difficulties involved in designating a programme that will successfully resolve all the problems that were raised. It further recognizes that the Area Development Agency's programme is but one instrument to cope with the problem of unemployment and slow economic growth. Some of these problems arise from the possible differences in the objectives of economic regions and national objectives. A further difficulty may arise from disparities within the same economic region. The Committee was encouraged to note that the Department is examining the possibility of finding a basic unit for designation other than the NES area. It was the view of the Committee that NES areas do not necessarily approximate natural geographic or economic units.

The Committee is also aware of the fact that a further difficulty arises as a result of the great difference that exists between areas of the country where the