

11. Mr. H. F. Noonan, Clinton, Ontario.
12. Mr. Dave Kilberg, Listowel, Ontario.
13. Mr. William Irwin, Palmerston, Ontario.
14. Mr. C. Schmaltz, Walkerton, Ontario.
15. Mr. Leo DelVillano, Vice-President of the Northeastern Ontario Regional Development Council, North Bay, Ontario.
16. Mr. John Cram, Cobalt, Ontario.
17. Mr. A. C. Kilgour, North Bay, Ontario.

In view therefore of the present status of, and having completed its inquiry pursuant to the said Order of Reference, your Committee reports:

(a) That the Minister of Industry outlined to the Committee the objectives of the Area Development Agency's incentive programme. The Minister told the Committee that the fact that the Department of Industry was established during a period when chronic unemployment was of concern to the Government largely determined the character of the Area Development programme as it exists today.

The Government introduced this programme to encourage industrial development to take place in those areas where conditions of unemployment were chronic and severe. There was no intention in this legislation to embark upon a programme of industrial development on a national basis. The concern of the programme has been with those areas of chronic unemployment and slow employment growth. The Area Development legislation does not provide for a comprehensive programme of regional development as such. Rather the approach has been to designate, for purposes of this programme, those areas wherever they exist in the country, that are shown by the official statistics to have problems of unemployment and associated conditions that are severe and long-standing.

It is a fact of economic life that localities within a province, and even provinces as between themselves, are often competitors for the opportunities for industrial growth that are available to Canada as a whole. Thus the Federal Government ought to avoid any element of involvement in this competition and must proceed with caution and study in any programme that has regional implications.

The legislation of 1963 provided for a review of the areas that were designated in order to determine the continued eligibility for benefits. At the same time, the Department reviewed the programme and made certain changes, both in the criteria in designation, and in the form of assistance available to industry locating in designated areas.

In some designated areas the response of industrial expansion was very marked and employment gains quickly alleviated the conditions of unemployment which had led to designation in the first instance. As a result of this, the review of the programme led to the removal of three NES areas from the list of designated areas.

A further dimension of the Area Development programme consists of its relation to the regional development plans of the Province. The Minister endorsed the principle that programmes of each level of government should be harmonized and particularly in the area of regional development. This should be subject to the responsibility of each level to take action when it is required to do so. The Minister expressed the intention of maintaining the fullest degree of consultation with those Provinces that see this programme as being related to their own programmes for regional development. To this end the changes that were introduced with regard to the new criteria were done so