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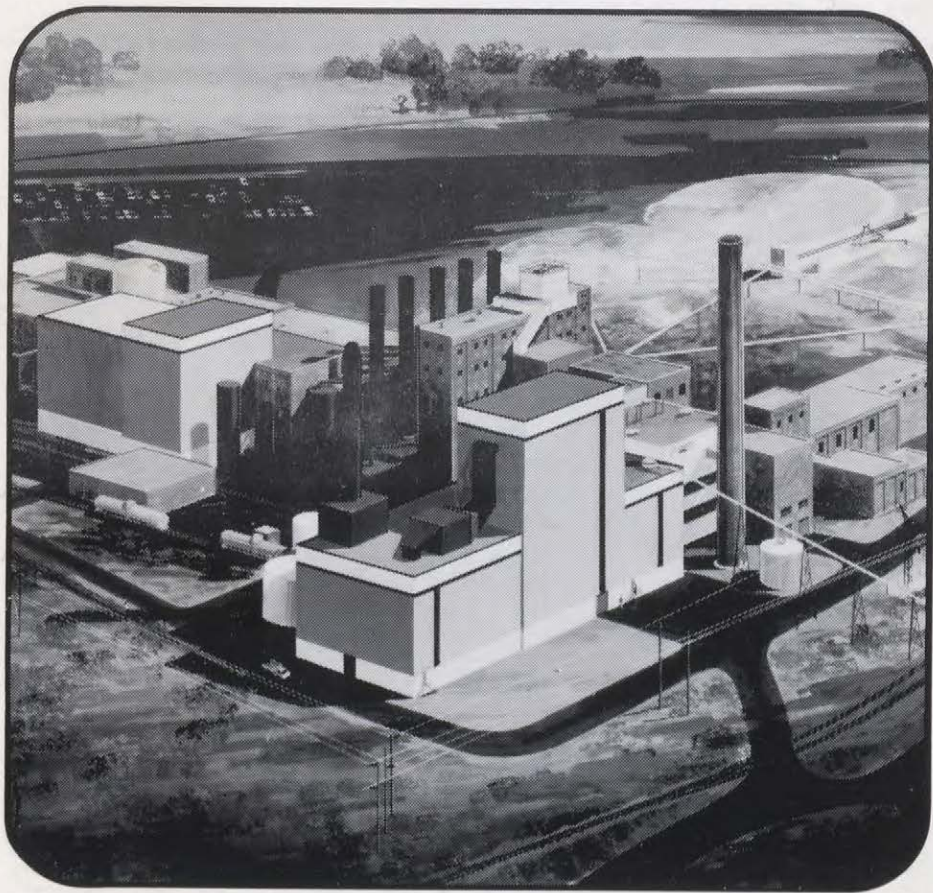
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CANADA/NEW BRUNSWICK PULP AND PAPER



AUGUST 27, 1980

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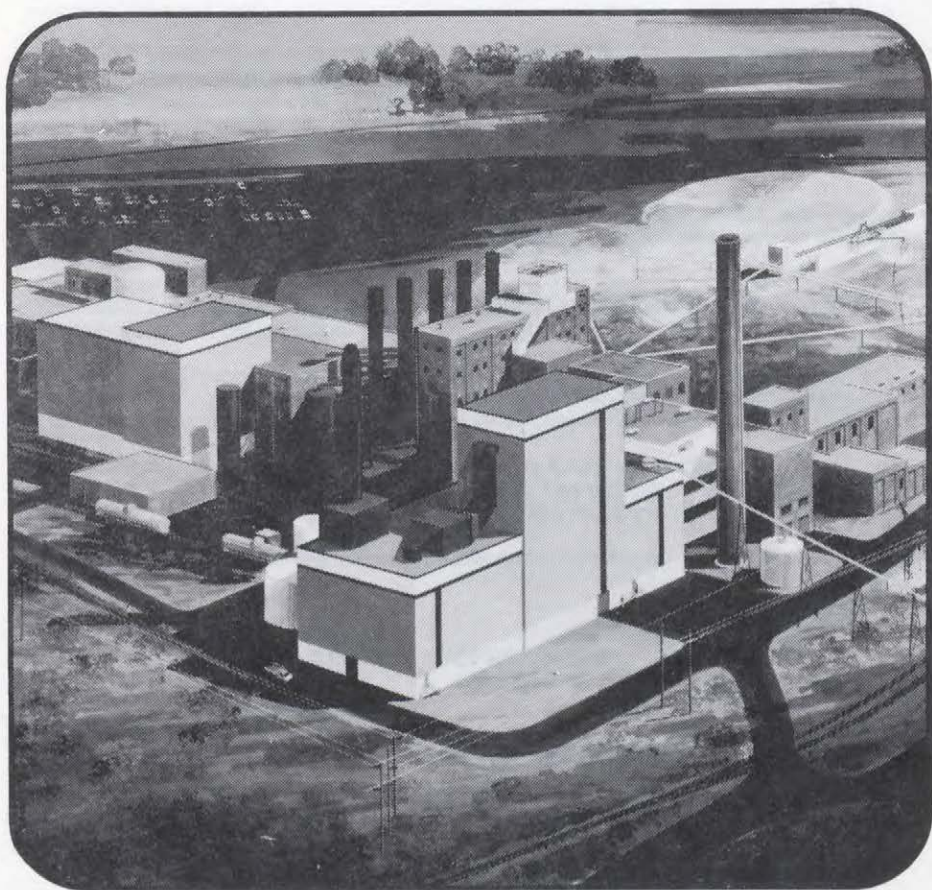
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CANADA/NEW BRUNSWICK PULP AND PAPER



AUGUST 27, 1980

**CANADA - NEW BRUNSWICK
SUBSIDIARY AGREEMENT
PULP AND PAPER**

THIS AGREEMENT made this _____ day of _____, 1980

BETWEEN: THE GOVERNMENT OF CANADA (hereinafter referred to as Canada), represented by the Minister of Regional Economic Expansion

OF THE FIRST PART,

AND: THE GOVERNMENT OF THE PROVINCE OF NEW BRUNSWICK (hereinafter referred to as "the Province"), represented by the Premier of New Brunswick.

OF THE SECOND PART.

WHEREAS Canada and the Province signed a General Development Agreement dated April 23, 1974, (hereinafter referred to as "the GDA") to achieve the objectives stated in section 3 thereof; and

WHEREAS in pursuit of these objectives, Canada and the Province have agreed to seek to achieve a coordinated application of relevant federal and provincial policies and programs through the process of identifying developing opportunities and assisting in their realization through the coordinated and concentrated application of relevant federal and provincial programs, including the provision of specialized measures required for such realization; and

WHEREAS Canada and the Province have agreed that a development opportunity exists in the pulp and paper industry of New Brunswick from which economic benefits may be obtained; and

WHEREAS Canada and the Province have agreed that public contributions will be required to assist in the pursuit of this development opportunity; and

WHEREAS the Governor in Council by Order-in-Council P.C. _____ of the day of _____, 1980, has authorized the Minister of Regional Economic Expansion to execute this Agreement on behalf of Canada; and

WHEREAS the Lieutenant Governor in Council by Order in Council No. _____ of the day of _____, 1980, has authorized the Premier of New Brunswick to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

SECTION 1: DEFINITIONS

1. In this Agreement:
 - (a) "applicant" means an applicant for an incentive under Agreement;
 - (b) "approved capital costs" means the capital costs, as determined by the Management Committee, on which an incentive may be based;
 - (c) "contribution" means the payment of an incentive under this Agreement;
 - (d) "Federal Minister" means the Minister of Regional Economic Expansion of Canada or anyone authorized to act on his behalf;

- (e) "incentive" means a financial contribution to private sector projects identified under this Agreement;
- (f) "Management Committee" means the committee referred to in Section 2.8 (b);
- (g) "Ministers" means the Federal Minister and the Provincial Minister;
- (h) "program" means a series of specific and related activities, as referred to in Schedule "A";
- (i) "project" means the specific activity forming a self-contained unit within one or more programs, as defined in an applicant's submission, or in the letter provided for in section 2.8 (e) (ii), as may be determined by the Management Committee or the Ministers;
- (j) "Provincial Minister" means the Premier of New Brunswick and includes anyone authorized to act on his behalf.

SECTION 2: OBJECTIVES, PURPOSE AND SUBJECT MATTER

- 2.1 (a) Pursuant to section 3 of the GDA, the general objective of this Agreement is to improve the viability and efficiency of the pulp and paper industry in New Brunswick.
- (b) Pursuant to the objective stated in subsection 2.1 (a), and subject to the terms and conditions of this Agreement, contributions may be made for the purposes of:
 - (i) accelerating and maximizing private sector investment in modernization of the pulp and paper industry; and
 - (ii) encouraging and promoting policies within the private sector which are supportive of good forest management, pollution abatement and energy conservation and self sufficiency.
- (c) Schedule "A" attached to and forming part of this Agreement contains the programs and projects identified for implementation.
- 2.2 Incentives provided by Canada and the Province under this Agreement shall be directed to the following activities and related capital costs directly associated with the manufacturing and processing of primary pulp and paper products:
 - (a) pollution abatement;
 - (b) Modernization of production processes;
 - (c) increases in value-added of production; and
 - (d) efficient utilization of energy resources.
- 2.3 It is understood that no contributions shall be made under this Agreement for:
 - (a) direct expansion in the net production capacity of pulp or newsprint;
 - (b) forest access, harvesting, or management;
 - (c) transportation system improvements;
 - (d) manufacture and processing of lumber or other solid wood products;

- (e) converting of paper or paperboard into intermediate or final goods;
- (f) normal preventive replacement, repair or maintenance that does not improve mill productivity significantly;
- (g) the modernization of assets for which an incentive has previously been authorized under this Agreement.

2.4 Projects submitted for assistance under this Agreement shall be subject to the following eligibility criteria.

- (a) Expenditures for which commitments have been made by the applicant prior to the date on which this Agreement comes into force, or the date upon which an application for an incentive is received by the Ministers, whichever is the later, shall not be eligible for assistance.
- (b) The applicant's proposed project must result in an operation which is likely to be commercially viable over the long-term without the need for additional government assistance.
- (c) The applicant's proposed project must be in accord with current statutory objectives for pollution control and resource management.

2.5 No incentive shall exceed twenty percent (20%) of the approved capital costs of an applicant's proposed project.

FINANCIAL PROVISIONS

- 2.6 (a) The total amount payable by Canada and the Province under this Agreement shall be up to an amount of \$42,250,000 and shall be shared on the basis of eighty percent (80%) by Canada and twenty percent (20%) by the Province. Notwithstanding any other provision of this Agreement, Canada's contributions shall not exceed \$33.80 million and the Province's contribution shall not exceed \$8.45 million.
- (b) Contributions by Canada and the Province are subject to the Parliament of Canada and the Legislative Assembly of New Brunswick having authorized funds for the fiscal year in which a contribution is required.

TERMINATION

- 2.7 This Agreement shall terminate on March 31, 1984, provided that all rights due to either the Province or Canada, which are not fully satisfied, shall survive the termination of this Agreement, and acceptance of an offer of incentive made pursuant to section 2.8 (e) (ii) must be received on or before that date. Canada shall pay no claim that is not received on or before March 31, 1986.

ADMINISTRATION AND MANAGEMENT

- 2.8 (a) The Agreement shall be supervised by the Canada-New Brunswick Development Committee which has been established by the Ministers pursuant to Section 9.2 of the General Development Agreement.
- (b) The Ministers shall appoint a Management Committee consisting of an equal number of representatives of each party.

- (c) The Ministers shall respectively appoint one federal official and one provincial official to act as co-chairmen of the Management Committee.
- (d) Canada and the Province agree to provide the Management Committee with all information necessary for the performance of its functions.
- (e) The Management Committee shall be responsible for the routine management of this Agreement and, in particular, for the following:
 - (i) assessing projects, and recommending to the Ministers appropriate actions including the amount, terms, and conditions of any offers of incentives;
 - (ii) notifying the applicant of the decision of the Ministers in respect to an incentive through a letter signed by representatives of Canada and the Province, it being understood that any commitments referred to in the letter are conditional upon the applicant's acceptance of all the terms and conditions contained in the offer of incentive;
 - (iii) establishing such sub-committees as may be required;
 - (iv) retaining consulting and other professional services as may be required;
 - (v) submitting each year, on or before the annual GDA meeting, for approval of the Ministers, a report on the progress of this Agreement;
 - (vi) recommending to the Ministers amendments to this Agreement; and
 - (vii) performing other functions as may be assigned by the Ministers.
- (f) Where the Management Committee cannot reach a decision, the matter shall be referred to the Ministers, whose decision is final.
- (g) The Management Committee shall prepare guidelines for eligibility, assessment, funding and implementation procedures for approval by the Ministers.
- (h) The Advisory Board on Pulp and Paper Industry as designated by the federal government will review applications for incentives and provide advice and recommendations to the Federal Minister.

CONTRACTS

- 2.9 (a) In all projects assisted under this Agreement, Canadian material, machinery and equipment, consulting and other professional services shall be used to the extent to which these items are procurable and consistent with economy and efficiency, as agreed upon by the Management Committee.
- (b) All contracts for consulting and other professional services retained on behalf of the Management Committee, shall be supervised in accordance with procedures approved by the Management Committee. All reports produced under such contracts shall become the property of both parties to this Agreement.
- 2.10 (a) Each applicant shall utilize the assets for which an incentive has been given for a period of 24 months after the completion of the project as determined by the Management Committee. However, in the event that the assets are sold, destroyed or otherwise disposed of, during this 24 month period, the applicant may be required to repay all or part of the incentive.

- (b) All announcements of incentives provided under this Agreement shall be made jointly by Canada and the Province.
- (c) Should the applicant make any major change in the implementation of the project as described in the offer of incentive provided for in section 2.8 (e) (ii) without prior approval of the Ministers, Canada and the Province reserve the right to modify their financial commitment to the project.
- (d) Any member of the Management Committee or his representative shall be permitted to inspect any project and the records relating thereto at all reasonable times for the purpose of verifying progress claims and obtaining any other information concerning the project which may be required by the Ministers.
- (e) Canada and the Province shall ensure that proper and accurate records relating to each project are maintained, and shall be responsible for auditing and certifying the costs of each project.
- (f) The Province shall forward to the Management Committee all reports relating to progress of work done under Schedule "A" of this Agreement, in such detail and at such times as may be required by the Management Committee.
- (g) The Province shall forward to the Management Committee all reports relating to studies and assessments undertaken under Schedule "A" of this Agreement as soon as they are received.

SECTION 3: PAYMENT PROCEDURES

- 3.1 Payments by Canada shall be made promptly to the applicant or to the Province on the basis of audited progress claims setting out the eligible costs incurred in a form and verified in a manner satisfactory to the Federal Minister.
- 3.2 (a) Where payments are made by Canada to the Province, Canada may assist with the interim financing of programs and projects, if the Province so requests, by making interim payments to the Province of one hundred percent (100%) of Canada's share of claims submitted, based on estimates of costs actually incurred, and certified by a senior officer of the Province.
- (b) The Province shall account for each interim payment by submitting to Canada, within the quarter following such payment by Canada, a detailed statement of the actual costs incurred and paid, and verified in a manner satisfactory to the Federal Minister. Any discrepancy between the amount paid by Canada by way of interim payments and the amounts actually paid by the Province shall be promptly adjusted between Canada and the Province.

SECTION 4: PUBLIC INFORMATION

- 4.1 (a) Canada and the Province agree to cooperate in the development and implementation of a joint program of public information respecting implementation of projects under this Agreement, and further agree to supply, erect and maintain on the direction of the Management Committee:
 - (i) during the course of construction of capital projects, a project sign or signs in both official languages, specifying that the relevant project is a Canada/New Brunswick regional development project, financed by contributions from the Department of Regional Economic Expansion of the Government of Canada and the Government of the Province of New Brunswick or such other wording to the like effect as may be agreed to by the Ministers; and

- (ii) where relevant upon completion of each project, a permanent sign or plaque to the effect set forth in (i)
- (b) Any public announcement of the measures covered and of the products generated by this Agreement, as well as any official opening ceremony for the projects under this Agreement, where such ceremony is indicated and appropriate, shall be arranged jointly by the Ministers.

SECTION 5: RECORDS AND AUDIT

- 5.1 Each of the parties hereto shall keep detailed and accurate accounts and records of its expenditures in respect of all programs and projects, the cost of which is to be shared between them under this Agreement, and shall make such accounts and records available at all reasonable times for inspections and audit by the other party. Any discrepancy between the amounts paid by either party and the amounts actually payable by it, as disclosed by any such audit, shall be adjusted by means of subsequent progress claims.

SECTION 6: GENERAL

- 6.1 No member of the House of Commons or of the Legislative Assembly of New Brunswick shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement, or to any benefit to arise therefrom.
- 6.2 Any dispute between the parties hereto on any question of law or fact arising out of this Agreement shall be submitted to and determined by the Federal Court of Canada pursuant to the Federal Court Act of Canada.
- 6.3 Where one party hereto is responsible for the implementation of a cost-shared program or project it shall indemnify and save harmless the other party, its officers, servants and agents, against all claims and demands of third parties in any way arising out of the implementation of such program or project, except as such claims or demands relate to the act or negligence of any officer, employee or agent of the other party.

SECTION 7: EVALUATION

- 7. Upon execution of this Agreement, Canada and the Province shall commence a joint evaluation of the program of incentives identified in Schedule "A" in accordance with section 12 of the GDA and having regard to the purpose and objectives of both this Agreement and the GDA. The Management Committee will be responsible for ensuring that the information and procedures necessary to conduct the evaluation of this Agreement are developed within the initial phase of program implementation.

SECTION 8: AMENDMENTS

- 8. This Agreement, and Schedule "A" hereto, may be amended from time to time by the Ministers in writing. It is expressly understood and agreed, however, that any amendment to section 2.6 (a) shall require the approval of the Governor in Council and the Lieutenant Governor in Council.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and the Minister of the Environment and on behalf of the Province by the Premier of New Brunswick, the Minister of Commerce and Development and the Minister of Natural Resources.

IN THE PRESENCE OF

GOVERNMENT OF CANADA

Witness

Minister of Regional
Economic Expansion

Witness

Minister of the Environment

IN THE PRESENCE OF

GOVERNMENT OF THE PROVINCE
OF
NEW BRUNSWICK

Witness

Premier of New Brunswick

Witness

Minister of
Commerce and Development

Witness

Minister of
Natural Resources

**CANADA-NEW BRUNSWICK SUBSIDIARY AGREEMENT
PULP AND PAPER
SCHEDULE "A"**

Program Description	Program Cost
1. Pulp and Paper Modernization Program	(000)
To provide incentives to the pulp and paper industry to encourage and assist with investments directly related to pollution abatement, modernization of production processes, increases in value-added in production and efficient utilization of energy resources.	\$42,200
2. Public Information and Evaluation Program	
To evaluate and assess the programs contained in the Agreement and to inform the public on the importance of the pulp and paper industry and the role of the Agreement in its development.	\$ 50
TOTAL PROGRAMS	\$42,250
DREE SHARE	\$33,800

