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## AGREEMENT

# CANADA QUÉBEC

Canada-Québec  
Subsidiary Agreement  
on Mineral  
Development of REGIONAL  
1985-1990



Canada 

Québec 

Canada-Québec  
Subsidiary Agreement  
on Mineral  
Development  
1985-1990

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# **CANADA-QUEBEC SUBSIDIARY AGREEMENT ON MINERAL DEVELOPMENT**

THIS AGREEMENT made this 5 th day of July 1985.

**BETWEEN:**

**THE GOVERNMENT OF CANADA** as  
represented by the Minister of Energy, Mines  
and Resources

**OF THE FIRST PART**

**AND:**

**THE GOVERNMENT OF QUEBEC** as  
represented by the Minister responsible for  
Canadian Intergovernmental Affairs and the  
Minister of Energy and Resources.

**OF THE SECOND PART.**

**WHEREAS** the Government of Canada and the Government of Québec have entered into an Economic and Regional Development Agreement, dated the 14th day of December 1984, to achieve the following objectives:

- (a) to intensify the economic and regional development of Québec and to create an environment in which Québec and its regions can achieve their economic potential through, in particular, the enhancement of their own comparative advantages, the development and strengthening of productive enterprises, and by the growth of employment;
- (b) to consolidate and improve opportunities for employment and incomes so that the population of Québec can contribute to the economic and regional development of



Québec, and to benefit from it, given that human resource development is an integral element of economic and regional development; and

- (c) to facilitate consultation on and coordination of the economic and regional development policies, programs and activities of both governments, in order to benefit as much as possible from development opportunities and to reduce constraints to such development.

WHEREAS the mineral sector is a vital sector for many regions of Québec and government action is needed to ensure that it is developed,

WHEREAS the Government of Canada and the Government of Québec agree that it is in the public interest to adopt and implement, through their respective departments and agencies, coordinated measures to improve the economic and regional development of Québec,

WHEREAS the Governor-in-Council, by Order-in-Council No. P.C. 1985-2036 dated June 21, 1985, has authorized the Minister of Energy, Mines and Resources to execute this Agreement on behalf of the Government of Canada,

AND WHEREAS the Government of Québec, pursuant to Decree No. 1043-85 dated June 5, 1985, has, upon the recommendation of the Minister of Energy and Resources and the Minister responsible for Canadian Intergovernmental Affairs, approved the terms of this agreement.

NOW THEREFORE the parties hereto mutually agree as follows:

## **1. Definitions**

1.1 In this Agreement:

- (a) "activity" means a subcategory of a program corresponding to the different phases of the technical

or administrative procedure or the regrouping of projects that are relatively important, homogeneous and distinct entities;

- (b) "completion date" means the last date for completing the work determined by the management committee and described in Schedule B namely, March 31, 1991;
- (c) "federal minister" means the Minister of Regional Industrial Expansion or any person authorized to act on his behalf;
- (d) "federal minister responsible for the Agreement" means the Minister of Energy, Mines and Resources or the Minister of State (Mines) or any person authorized to act on her behalf;
- (e) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (f) "management committee" means the Committee created pursuant to section 4.1 of this Agreement and section 6.3 of the Canada-Québec Economic and Regional Development Agreement;
- (g) "ministers responsible" means the Ministers responsible for this Agreement for the Government of Canada and for the Government of Québec;
- (h) "project" means the smallest subcategory of activities of programs listed in Schedule B;
- (i) "program" means a group of related activities designed to achieve one or more of the specified objectives;

- (j) "Quebec minister" means the Minister responsible for Canadian Intergovernmental Affairs or any Minister authorized to act on his behalf;
- (k) "Quebec minister responsible for the Agreement" means the Minister of Energy and Resources or any person authorized to act on his behalf;
- (l) "schedule A" means the schedule attached hereto which defines the problems and the objectives;
- (m) "schedule B" means the schedule attached hereto which includes the description of the programs and the activities;
- (n) "schedule C" means the schedule attached hereto which indicates the breakdown of funds among the various programs;
- (o) "subsidiary agreement" means the Agreement signed under section 6.2 of the Canada-Québec Economic and Regional Development Agreement;
- (p) "termination date" means the last date for authorizing the work described in Schedule B namely, March 31, 1990, or any other date mutually agreed upon in writing by the ministers responsible and the Quebec minister;
- (q) "term of this Agreement" means the period from April 1, 1985 to March 31, 1990;

## **2. Purpose**

The purpose of this Agreement is to promote the cooperation and coordination of efforts between the Government of Canada and the Government of Québec for the implementation of measures to stimulate mineral development and to increase the economic benefits of

the mining industry in Québec in the context of the programs described in schedule B of this Agreement.

### **3. Objectives**

The objectives of this Agreement are:

- 3.1 to increase knowledge about the Québec subsoil in order to identify areas likely to contain minerals of economic interest and to stimulate mining exploration by industry to locate mineral deposits that could be mined profitably;
- 3.2 to optimize the effectiveness of R & D into the uses of chrysotile asbestos by giving the Asbestos Institute the mandate of defining the major asbestos R & D thrusts and for administering the annual budget of two million dollars, starting in fiscal year 1986-87, allocated for such research and development, both for technology research (new applications) and defensive research (health);
- 3.3 to foster the establishment of new mineral production and processing facilities in Québec that are highly productive and competitive internationally by means of government financial assistance for the construction of the infrastructure required to ensure the realization of these facilities;
- 3.4 to open up the Québec iron ore industry by completing the highway between Baie-Comeau and Fermont, which would make it possible to link the Fermont/Labrador City region to the Québec highway system;
- 3.5 to inform the public on the nature, objectives and realizations of this Agreement.

#### **4. Administration and management**

- 4.1 A management committee shall be established to administer and manage this Agreement. It shall consist of an equal number of representatives of the Government of Canada, appointed by the federal minister responsible for the Agreement and of the Government of Québec, appointed by the Quebec minister.
- 4.2 The co-chairpersons of the management committee shall be designated by the federal minister responsible for the Agreement and by the Quebec minister.
- 4.3 The federal minister and the Quebec minister may each appoint one ex-officio member to the management committee.
- 4.4 The management committee shall meet at least two times per year at the times and places established by the co-chairpersons. A quorum for all meetings of the management committee shall be two members, of whom one shall be the federal co-chairperson or a designate and one shall be the provincial co-chairperson or a designate.
- 4.5 The Government of Canada and the Government of Québec agree to provide the management committee, through their respective representatives, all information and records required to carry out its duties.
- 4.6 The responsibilities of the management committee are the following:
  - (a) to ensure that the intent as well as the terms and conditions of this Agreement are complied with;
  - (b) to evaluate annually all programs and activities to be carried out under the implementation requirement of this Agreement no later than February 1 of each year;

- (c) to submit annually for the approval of the ministers responsible for the Agreement, estimates of proposed expenditures for each fiscal year no later than February 1 of each year following. For the 1985-1986 fiscal year, the estimates of the expenditures shall be prepared and suggested promptly following the signing of this Agreement;
- (d) to submit annually to the ministers responsible for the Agreement for their approval, a progress report on the implementation of this Agreement and ways to improve it, no later than October 1 of each year;
- (e) to maintain the registers and relevant financial reports and to establish each year, on a quarterly basis, an estimate of actual and anticipated cash flows, by year and by program;
- (f) to make required changes to programs and budgets during the fiscal year based on progress reports submitted;
- (g) to establish technical and advisory committees required for the management and realization of this Agreement;
- (h) to establish standards and procedures relative to its meetings and required for an effective administration of this Agreement;
- (i) to take steps at the very first meeting to establish a permanent secretariat. This secretariat shall be managed by a representative of the Quebec minister; however, a representative of each minister responsible shall participate in the preparation of meeting agenda and minutes. The duties and functions of the secretariat shall be defined and reviewed by the management committee;

- (j) to recommend to the ministers responsible and the Quebec minister any changes to be made in this Agreement pursuant to section 9;
  - (k) to prepare, no later than March 31, 1986, a schedule for evaluation and to assure its implementation pursuant to section 10;
  - (l) to inform the public of the accomplishments of the Agreement, pursuant to section 12;
  - (m) to prepare an annual report; and
  - (n) to carry out any other duties which may be assigned by the ministers responsible for the Agreement.
- 4.7 Notwithstanding section 9, the management committee may reallocate funds between and within the activities provided that total funds for a program do not exceed the amounts specified in schedule "C".
- 4.8 When there is not a unanimous decision by members attending a management committee meeting, the issue shall be referred to the ministers responsible for the Agreement for resolution and shall be kept in abeyance until it is resolved.
- 4.9 Each activity shall be described in a suitable document which shall, *inter alia*, include the activity name and description, purpose and objectives, an outline of each activity and how it is to be carried out, scheduled completion dates, funds required and share to be borne by each of the parties involved, an evaluation of potential revenue that may be generated and such other information as may be required by the management committee.
- 4.10 The management committee may promptly acquire from each government the relevant technical and

budgetary information relating to the activities and programs of this Agreement.

- 4.11 The management committee shall pursue its activities until the completion date.

## **5. Implementation procedure**

- 5.1 This Agreement comes into force on April 1, 1985, and ends at the termination date. No project can be approved after the termination date of the Agreement. Costs incurred in the twelve months following the termination date shall be considered as eligible costs for the purposes of the Agreement.
- 5.2 The Government of Québec shall be responsible during the term of this Agreement for the implementation of all work approved by the management committee.
- 5.3 The Government of Québec shall become the owner of all works completed under this Agreement and become responsible for operating and maintaining such works, except for infrastructures which will be the responsibility of beneficiaries assuring the maintenance of the said infrastructures.
- 5.4 The Government of Québec shall become the owner of all realty and personality acquired in the course of carrying out the works.
- 5.5 The Government of Québec and the Government of Canada shall become the owner of all copyrights and patents resulting from the implementation of this Agreement in proportion equivalent to their respective financial contributions under the Agreement.
- 5.6 The Government of Québec will acquire all land and land claims required to complete the works set forth in schedule B.



5.7 Notwithstanding the foregoing, subsection 5.2 to 5.6 do not apply to program II of schedule B.

## **6. Bids and contracts**

6.1 All contracts shall be awarded on the basis of prevailing Québec procedures.

6.2 All standard documents of plans and specifications and standard clauses in contracts to be awarded for each activity in accordance with prevailing procedures shall be approved by the management committee. This approval will occur at the beginning of each fiscal period or as required. All contracts to be let under this Agreement shall be made available to the management committee at the request of either party prior to the commencement of work and a progress report provided.

6.3 Any amendment which goes beyond the scope established by the management committee to contracts awarded under section 6.2, must be approved by the management committee.

6.4 All tender documents pertaining to the jointly funded programs under this Agreement shall include the following statement: "This development project is financed by the Federal Department of Energy, Mines and Resources and the Québec Department of Energy and Resources" or any similar statement approved by the Management Committee.

6.5 Any contract awarded pursuant to this Agreement shall include a clause stipulating that all reports, documents, plans, maps and other material prepared in connection with the contract shall become the property of the Government of Québec.

## **7. Financial provisions**

- 7.1 Subject to voting of the necessary funds by the Parliament of Canada, the Government of Canada shall pay fifty per cent (50%) of the cost involved in this Agreement, up to a maximum of fifty million dollars (\$50,000,000).
- 7.2 Subject to voting of the necessary funds by the Assemblée nationale du Québec, the Government of Québec shall pay fifty per cent (50%) of the cost involved in this agreement, up to a maximum of fifty million dollars (\$50,000,000).
- 7.3 Eligible costs incurred by the Government of Québec in providing goods or services for the purposes of this Agreement means:
- (a) with respect to Program IV, the direct costs which, in the opinion of the management committee, are reasonably and properly incurred for the realization of the activities. These direct costs exclude administration, research, survey, engineering, architecture, and construction supervision costs;
  - (b) as compensation for the costs excluded under paragraph (a), an amount equal to ten per cent (10%) of the direct costs incurred;
  - (c) for all other programs, all direct costs which, in the opinion of the management committee, are reasonably and properly incurred for the realization by the Government of Québec. The costs excluded in paragraph (a) are not considered eligible for this type of activity;
  - (d) with specific reference with the works made with respect to Program I, the following are considered to be eligible costs:

- salaries paid to casual workers assigned to a project; and
- salaries paid to all permanent employees assigned exclusively to a project having a duration of more than one month.

## **8. Payment procedures**

- 8.1 Notwithstanding subsection 8.4, the Government of Canada shall pay to the Government of Québec, promptly and in the proportions specified in subsections 7.1 and 7.2 of this Agreement, all eligible expenses incurred in respect of work carried out under a program upon receipt of a claim from the Government of Québec, duly submitted according to the management committee's requirements. Unless the Quebec minister responsible for the Agreement has obtained prior agreement in writing from the federal minister responsible for the Agreement, the Government of Canada shall not discharge any expense for work authorized after the termination date or carried out after the completion date.
- 8.2 The Government of Canada may nevertheless make interim payments, at the request of the Government of Québec and at the recommendation of the management committee as work progresses, as part of its share of expenses incurred by the work. Such expenses shall be estimated and certified by an authorized representative of the Government of Québec.
- 8.3 No interim payment for a given activity shall be paid unless such payments for the previous fiscal period for this project have been settled by a claim for expenses incurred and paid duly submitted and audited by authorized representative, and unless any outstanding balance has been paid or accounted for to the satisfaction of the federal minister responsible for the Agreement.

- 8.4 The Government of Québec shall maintain accounts for these interim payments and submit a detailed statement of expenses, in the format required by the management committee, to Canada within the one hundred and twenty (120) days following the interim payment. Any discrepancy between the amounts paid as interim payments by Canada and the amounts payable shall be rectified forthwith.
- 8.5 All payments to the Government of Québec from the Government of Canada pursuant to subsections 8.1, 8.2, 8.3 and 8.4 are paid into the Québec consolidated revenue fund.
- 8.6 The Government of Québec shall ensure that its agencies maintain detailed accounts for each activity and shall agree to provide upon request to the Government of Canada any accounting information required for auditing claims in respect of each of the activities undertaken under this Agreement.
- 8.7 In conformity with the objective mentioned in section 3.2, payments made relative to projects which are jointly financed or complementary shall be made by each government in a matter consistent with the time limits and methods determined by the management committee.

## **9. Amendments**

This Agreement, including the schedules, may be amended if the ministers responsible for the Agreement and the provincial minister agree in writing. It is expressly understood and agreed, however, that any amendment to sections 2, 3 and 7.1 shall require the approval of the Governor-in-Council and that any amendment to sections 2, 3 and 7.2 requires the approval of the Government of Québec.

## **10. Evaluation**

Pursuant to section 6.5 of the Canada-Québec Economic and Regional Development Agreement, information judged necessary by either party to the Agreement to complete an evaluation of the socio-economic impact of the Agreement in terms of its stated objectives shall be provided on request to the other party pursuant to the evaluation criteria defined in the evaluation framework, which shall be prepared by the management committee and appended to the Agreement within the year following the signing of the Agreement.

## **11. On-site inspections**

The management committee shall establish guide-lines making it possible for each committee member or designates to inspect work sites provided for under the Agreement.

## **12. Public information**

- 12.1 The Government of Canada and the Government of Québec agree to prepare and implement a joint public information program related to the conduct of activities included under the Agreement.
- 12.2 Pursuant to subsection 7.3 of the Canada-Québec Economic and Regional Development Agreement, all official ceremonies and public announcements concerning the measures identified and products generated under this Agreement shall be organized jointly and both parties shall participate equally.
- 12.3 In connection with advertisement panels or boards required by the Management Committee:
  - (a) the Government of Canada and the Government of Québec have the right to provide, install and keep on work sites for the duration of each project, one

or more advertisement panels mentioning that the project is the joint realization of both levels of government; and

- (b) the government of Canada and the Government of Québec have the right to provide and install, upon completion of the project, where it is possible, a permanent plaque or board bearing a suitable inscription.

12.4 Pursuant to subsection 7.2 of the Canada-Québec Economic and Regional Development Agreement, the Government of Canada and the Government of Québec shall ensure that public documents and publicity for projects under the Agreement, including press releases, calls for tenders, contracts and any financial records judged relevant by the management committee, are a true reflection of the financial contribution of each party.

12.5 Publications resulting from this Agreement shall include a statement indicating that the activity has been jointly realized by the two levels of government pursuant to section 6.4.

### **13. Harmonization — Coordination agreements**

The Government of Canada and the Government of Québec agree to draft an harmonization — coordination agreement pertaining to their mineral research programs and an agreement on information exchange on Québec's principal mineral products.

### **14. General**

14.1 The party responsible for carrying out a project under this Agreement 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 the project, except to the extent to which such claims or demands relate to

the act or negligence of any officer, employee or agent of the other party.

14.2 No member of the House of Commons of Canada or the National Assembly of Québec shall be admitted to any share or part of this Agreement or to any benefit arising therefrom.

14.3 This Agreement shall be administered and interpreted in accordance with prevailing Québec statutes.

14.4 This Agreement includes Schedules A, B and C.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Energy, Mines and Resources as represented by the Minister of State (Mines) and on behalf of the Government of Québec by the Minister responsible for Canadian Intergovernmental Affairs and the Minister of Energy and Resources.

IN THE PRESENCE OF:

GOVERNMENT OF  
CANADA

GOVERNMENT OF  
QUÉBEC

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MINISTER OF STATE  
(MINES)

---

MINISTER  
RESPONSIBLE FOR  
CANADIAN  
INTERGOVERNMENTAL  
AFFAIRS

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MINISTER OF ENERGY  
AND RESOURCES

## **SCHEDULE A**

### **CANADA-QUEBEC SUB-AGREEMENT ON MINERAL DEVELOPMENT**

#### **Background**

During the seventies, the value of Quebec mineral production grew steadily at a rate of 12 per cent a year, moving from a total of \$812 million in 1970 to \$2,470 million in 1980. During the next three years, there was an annual decline of 8.2 per cent, followed by a slight rise of approximately 1 per cent in 1984. At the same time, employment (excluding construction materials), which had remained consistently above 30,000 persons over the last decade, dropped to 23,000.

Part of the decline is attributable to the last recession, and it should reverse along with the general economic recovery that began in 1983; this is already happening with industrial minerals (except asbestos) and, to a degree, with construction materials. In addition, structural problems, that will persist for another few years, plagued iron ore, copper and asbestos, three sub-sectors that have traditionally been among Quebec's largest and most dynamic mining industries. Moreover, gold production, which remained strong during the recession (because of skyrocketing prices in 1979-80) is showing signs of reaching a ceiling following lower prices in recent years.

The Quebec mining industry must adjust to world trends if it is to survive in the long term. Every price or demand fluctuation on international markets, where approximately 65 per cent of Quebec mining production is sold, has an amplified effect on employment and on the economies of many Quebec single-industry localities.



Among these trends is the increasing part played by the mining industries in developing countries. Often with government funding, and mineral deposits that are larger and richer than Quebec's, they are becoming increasingly competitive. Another feature of the restructuring taking place in international markets is that world demand for mineral commodities appears to have reached a ceiling at the same time as there are fundamental changes in patterns of consumption for a number of minerals: examples include reduced weight of transport equipment and an increasing substitution of competing materials for traditional metals.

It is therefore necessary to pursue initiatives set in motion by the Government of Quebec to foster private investment in the Quebec mining industry by the construction of essential infrastructure that will encourage the development of modern facilities for extracting and processing minerals which use advanced technology to achieve the higher productivity levels required to meet international competition head-on.

For base metals, the chronic decline of Quebec's copper and zinc mines has been apparent for about a decade now: reserves of readily mined metal are declining at a faster rate than the discovery and mining of new deposits. The result is that primary and secondary processing facilities must now depend on foreign suppliers for 75 per cent of their needs to remain operational. These foreign concentrates are becoming increasingly difficult to obtain because most exporting countries prefer to process ores themselves and because of world overcapacity of processing facilities relative to availability of concentrates.

To counter this supply vulnerability, and to ensure that an acceptable level of economic activity continues in those regions where mining is often the major regional industry, increased government efforts to improve geological knowledge about these regions in order to foster mineral exploration are called for.

Quebec shipments of asbestos dropped by 45 per cent from 1979 to 1984, a decline that is sharper than the decline in world demand (26.3 per cent). There are three main reasons for this: Quebec is chiefly a supplier to countries where there was a greater than average decline in consumption (U.S., Europe); Quebec produces primarily short fibre asbestos, for which demand has fallen rapidly because of the appearance of a number of substitutes; the USSR and other asbestos producing countries devote themselves to compete eagerly against the Quebec fibre.

Since 1979, the asbestos crisis has led to a major decline of employment and investment in regions of Thetford Mines, Black Lake and Asbestos. The number of jobs in the asbestos industry dropped by more than 3,000 from 6,826 in 1979 to 3,778 in 1984. In 1979, capital investment by the asbestos mining industry totalled \$80.8 million. By 1984, this figure had declined dramatically to \$31.8 million, a decline which hit residents of the region very hard.

The general drop in demand for asbestos is primarily the result of the bad reputation asbestos products acquired in terms of health and because this product has reached its maturity stage. To counter the trend, steps will have to be taken to improve the coordination of R & D work to respond to criticisms of asbestos and to learn more about competing fibres. If demand is to be stimulated, it appears essential to step up R & D into finding new uses for asbestos.

In 1983 the Quebec iron ore industry operated at only 39 per cent of its production capacity. An additional 419 jobs were lost, bringing the total number of jobs lost since 1979 to 2,100. Weak markets and low demand have forced businesses to suspend operations for various periods (from a few weeks to permanently) since 1980, including the indefinite closure of the IOC pellet plant at Sept-Îles in May 1981, the permanent stoppage of IOC mining at Schefferville in November 1982 and the closure of Sidbec-Normines operations at Gagnon in 1984. On the other hand, there was a 40 per

cent increase in production volume in 1984 and employment remained stable.

This rise in production is primarily due to the 1984 rationalization of production by the Québec-Cartier Mining Co. and by Sidbec-Normines Inc., which made it possible for the new group to decrease unit production costs and improve their international competitive position. However, iron ore extraction activities will become very concentrated around Fermont, which is cut off from the rest of Quebec. Fermont is linked to the outside world only by rail (freight only) and by air.

The completion of the highway between Fermont and Baie Comeau will make normal highway traffic of persons and goods possible between the Fermont/Labrador City area and the rest of the country's highway system. At the same time as it directly improves the quality of life in this northern region, the completion of highway 389 will facilitate exploration and the exploitation of the natural resources along its path. Estimates show that approximately 12.8 million cunits of merchantable wood would be made accessible by the highway. Nickel, cobalt, precious metals, copper and zinc deposits are also known to exist in regions close to the proposed highway, and they would no doubt be explored more thoroughly once highway 389 is complete. Finally, the wide diversity of fish and wildlife in the region could allow it to be developed into a thriving hunting and fishing area.

## **SCHEDULE B**

# **CANADA-QUEBEC SUBSIDIARY AGREEMENT ON MINERAL DEVELOPMENT**

### **Summary of Activities**

The Government of Canada and the Government of Québec, concerned about fostering development of the mineral industry in Quebec, agree to implement measures to increase knowledge of Quebec geology and to stimulate exploration in Quebec, to increase R&D on the uses of asbestos, to assist in the construction of infrastructure essential for the establishment of highly productive and competitive facilities for the extraction and processing of minerals, to co-operate in opening up the iron ore industry and to inform the public of the nature and achievements of the Agreement. Programs will receive joint financing by the two parties and their implementation will be the responsibility of Quebec, except for the "asbestos research and development" program, which will be directly financed, on an equal basis, by each government.

### **I. GEOSCIENTIFIC ACTIVITIES**

#### **Purpose**

The purpose of this program is to increase knowledge of Quebec's geology, to identify areas including native lands, favouring the occurrence of minerals of economic interest and to stimulate mineral exploration by industry in order to discover mineralized bodies which can be profitably developed.

## **Strategy**

Knowledge of subsurface geology will be improved through geoscientific activities consisting mainly of geological mapping and geophysical and geochemical surveys. These activities will be among the priorities of the Ministère de l'Énergie et des Ressources of Quebec, which will be the implementing agency.

About half of the surveys will be done under contract by private sector specialists in Quebec, leading to the creation of jobs and to the development of Quebec entrepreneurship. For the 1985-86 fiscal year, these geoscientific activities will fall into the following categories:

### **— Regional geochemical surveys**

Various types of surveys will be done as a function of the physiographic regions (e.g. of stream sediments, soils, basal tills and lake bottoms) to identify areas of anomalous geochemical activity. The sampling density will vary from one sample per square kilometer to one sample per 15 km<sup>2</sup>, depending on the type of survey and region.

### **— Airborne geophysical surveys**

Various types of airborne geophysical surveys will be done on scales of 1:20 000 or 1:50 000. Depending on requirements or on the region, electromagnetic, magnetic or gradiometric surveys will be carried out. These surveys will provide targets for the mining exploration industry and will also serve as a major tool in interpreting the geology of the province.

### **— Geological mapping at 1:50 000**

These geological surveys, in little or poorly known areas, especially in the north, will allow definition of geological series and identification of potential mining districts. Each survey will result in the production of a complete geological report and a colour map on a scale of 1:50 000.

### **— Geological research**

This activity will cover research activities in the study of deposits, metallogeny, structure and stratigraphy.

These geoscientific activities will be implemented by Quebec and will involve the expenditure of \$34.75 million, over a period of five (5) years to be reimbursed by the Government of Canada for 50 per cent of the amount.

## **II. ASBESTOS RESEARCH AND DEVELOPMENT**

### **Purpose**

International shipments of asbestos have declined by more than 25 per cent since 1979, and it is essential to counter downward trends that resulted from asbestos' reputation as a health hazard and to stimulate demand through development of new asbestos products.

This program aims at optimizing the effectiveness of R&D activities in the use of chrysotile asbestos, by giving the Asbestos Institute responsibility for defining the areas of major emphasis in asbestos R&D, both in technological research (new applications) and in defensive research (sanitation and health) for the benefit of the asbestos industry in providing the Institute an annual budget of \$2 million exclusively for this purpose.

### **Strategy**

This program will involve reorganizing (likely, in the Asbestos Institute) R&D activities on new uses for the chrysotile fiber, activities that are currently carried out by other Quebec research centres.

The Asbestos Institute does not have the financial resources necessary to absorb the new R&D staff assigned to technological research and to finance its activities. The two governments will therefore undertake, for the duration of the Agree-

ment, to pay a total of \$8 million, at the rate of \$2 million per year starting in fiscal 1986/87, with each government contributing 50 per cent of these amounts. The R&D activities thus taken on by the Institute de l'amiante will involve, among other things:

- offering technical services to the various companies which purchase asbestos fibre;
- conducting research for the purpose of developing new asbestos-based products, developing new uses and improving existing asbestos products;
- financing medium-term and long-term exploratory work at universities and other research centres, for the purpose of developing new applications for the fibre and making use of the various properties of asbestos.

### **III. MINERAL DEVELOPMENT INFRASTRUCTURE**

#### **Purpose**

The objective of this program is to encourage establishment of new mineral production and processing facilities in Quebec which will be highly productive and competitive internationally through government intervention that will provide infrastructure essential to their development.

The mining industry in Quebec is evolving in a free market context, where the balance is largely determined by the free interaction of supply and demand. Quebec mines are thus competing with producers in foreign countries where labour costs are often lower than in Quebec and where deposits are usually of equal or higher grade and where local government usually take on the construction costs of infrastructure related to mining projects.

This program is intended to set mineral production and processing facilities on a par with their foreign competitors by providing assistance to cover the cost of infrastructure essential to make profitable any new mineral development projects in Quebec.

## **Strategy**

An applicant wanting infrastructure to be built under this program as an essential part of an industrial mining project must initially submit the project to the province. The province will instruct the Agreement Management Committee to verify that it conforms to the priorities jointly established by the Ministers responsible for the Agreement. The two parties will analyze the project, preferably as part of a joint effort to avoid duplication of resources, and the result of the analysis will be submitted to the Management Committee, which will make its recommendation to the ministers responsible for the Agreement. This recommendation may, where applicable, result in an offer to the applicant, stipulating the form of assistance and other conditions considered appropriate. Construction costs of infrastructure will be paid by the province, with reimbursement by Canada for 50 per cent of the amount.

Financial assistance offered under this program will be mainly in the form of refundable or non-refundable contributions, as has been the practice up to now under the "programme d'accélération de l'investissement privé (PAIP)" (private investment acceleration program) of the Quebec government. The calculation of this financial assistance will take into account the present value, (according to the budgetary forecasts established under the project) of any other government contribution received or to be received, such as income tax credits and energy cost rebates with the exception of rebates already granted under regular program of public utilities. In addition, the offer of financial assistance must not exceed the minimum level required to ensure implementation of the project.

For this program, the two parties will allocate funds totalling \$42 million over the duration of the Agreement, at the rate of \$8.4 million by fiscal year.

## **Selection criteria**

To receive assistance provided under the Agreement, industrial mining projects must meet the following criteria:



- a) Each project must be submitted by an eligible applicant, namely an individual or any entity including corporation, partnership, trust and organizations, except Crown corporations.
- b) Each project must relate to the construction of infrastructure, such as road, bridges, urban or residential buildings, airports, harbours, pipelines, power-lines or any infrastructure of similar nature associated with the implementation of a mineral extraction or processing project in Quebec.
- c) Infrastructure must be part of capital projects that involve a minimum investment of \$10 million and are commercially viable. In addition, there must be clear assurances that the assistance requested will have a positive influence on implementation of the project. In the case of infrastructure which are really a public good and can be used by others, it will not be necessary to demonstrate that the assistance requested will have a positive influence on implementation of the project.
- d) Government contribution to infrastructure costs must not be higher than the smallest of the following, 20% of total cost of capital project or 100% of costs of infrastructure.
- e) It must be clear that each project submitted will involve economic benefits for Canada and Quebec.
- f) The applicant must not have made any commitment, prior to an offer of financial assistance, for the purpose of implementing the project.

#### **IV. "DESENCLAVEMENT" OF THE QUEBEC IRON ORE INDUSTRY**

##### **Purpose**

In this program, the two governments will co-operate financially in the construction of a road link between the Fermeville/Labrador City region and the Quebec highway network

through completion of the highway between Baie-Comeau and Fermont.

The Fermont/Labrador City region is accessible only by rail and air at the moment. Completion of Highway 389 will allow:

- opening up of the mining towns of Fermont, Wabush and Labrador City;
- improvement in the standard of living of citizens in this northern region;
- stabilization of settlements to avoid the start of new population centres;
- improvement in productivity through stabilization of the work force;
- promotion of access to vast areas to stimulate mining exploration and development (showings of gold, silver, copper, zinc, lead and nickel);
- access to immense areas of forest for cutting (potential of 12.8 million cunits of marketable wood);
- access to a region having very promising tourism and wild-life potential (land and water).

### **Strategy**

At the moment, Highway 389 between Baie-Comeau and Manic V is finished and ready for motor vehicles. The segment on which construction remains to be completed, in fact, is the 362 km of highway between Manic and Fermont.

To date, the Quebec government has invested nearly \$60 million in construction of the Manic V — Fermont segment, and only two sections remain unfinished:

- 26 km between Manic V and Gagnon, to be built at a cost of \$15 million;
- 64 km between Fire Lake and Fermont, to be improved at a cost of \$15 million.

The objective of this program concerns the Manic V — Gagnon segment exclusively, since completion of the other segment is being undertaken by the Quebec Ministère des Transports.

The engineering service of the Quebec Ministère de l'Énergie et des Ressources will be the prime contractor for completion work on the Manic V — Gagnon segment. Work will be done over a period of two years to minimize fixed annual costs of about \$400 000 for each work site, and will be performed at the rate of \$6.5 million in 1985-1986 and \$8.5 million in 1986-1987. Quebec will pay for the cost of the work and will be reimbursed by Canada for 50 per cent of the amount involved.

## **V. PUBLIC INFORMATION**

### **Purpose**

To inform the public of the nature and achievements of the Agreement.

### **Strategy**

Federal and provincial information officers shall agree on an information strategy to make the public aware of the significance of Quebec's mining industry, the role played by both governments in developing and promoting this industry, and the nature, effects and achievements of the Agreement.

For this program, the two parties will allocate funds totalling \$250 000 over the duration of the Agreement. The Government of Quebec shall cover the cost of production of all information for this program and 50% of such expenses shall be reimbursed to it by the Federal Government.

**SCHEDULE C**  
**CANADA-QUEBEC SUBSIDIARY AGREEMENT**  
**ON MINERAL DEVELOPMENT**

Code	Description of programs and projects	Distribution of costs (000 \$)		
		Estimated Total cost	Canada	Quebec
Program I:	Geoscientific activities	34 750	17 375	17 375
Program II:	Asbestos, research and development	8 000	4 000	4 000
Program III:	Mineral development infrastructure	42 000	21 000	21 000
Program IV:	"Désenclavement" of the iron ore industry	15 000	7 500	7 500
Program V:	Public information	250	125	125
<b>Total</b>		<b>100 000</b>	<b>50 000</b>	<b>50 000</b>

**APPROVED BY THE CANADIAN MINISTER RESPONSIBLE FOR THE AGREEMENT AND THE QUEBEC MINISTER**

For Canada: \_\_\_\_\_ Date: \_\_\_\_\_

Robert E. J. Layton  
 Minister of State  
 (Mines)

For Québec: \_\_\_\_\_ Date: \_\_\_\_\_

Pierre-Marc Johnson  
 Ministre délégué aux  
 Affaires intergouver-  
 nementales  
 canadiennes

Jean-Guy Rodrigue  
 Ministre de l'Énergie  
 et des Ressources

