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Regional Economic Expansion Expansion Économique Régionale

CANADA/ONTARIO

EBRUARY 26, 1974

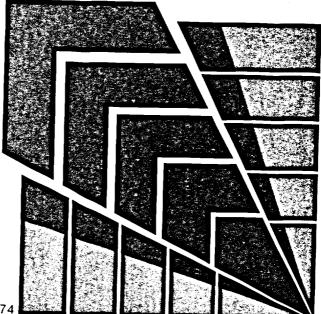
general development agreement



Expansion Économique Régionais







FEBRUARY 26, 1974

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Cat. No.: RE22-20/1974-1

THIS AGREEMENT made this twenty-sixth day of February, 1974

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 ONTARIO (hereinafter referred to as the "Province"), represented by the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs,

OF THE SECOND PART.

WHEREAS Ontario wishes to pursue regional development strategies within the framework of the provincial Design for Development program;

AND WHEREAS Canada and the Province have jointly agreed to identify and pursue development opportunities in Ontario and wish by this Agreement to provide a general framework for the coordinated planning and implementation of such measures;

AND WHEREAS Canada and the Province are agreed on the objectives, general strategy and procedures which would govern the identification and selection of such measures;

AND WHEREAS the Governor in Council by Order in Council P.C. 1973-14/3799 of December 11, 1973 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 OC 521/74 of February 20, 1974 has authorized the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs to execute this Agreement on behalf of the Province; NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

- 1. In this Agreement
 - (a) "development opportunity" means an opportunity for economic or socioeconomic development significantly advancing the objectives of this Agreement;
 - (b) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
 - (c) "fiscal year" means the period commencing on April 1st of any year and terminating on March 31st of the immediately following year;
 - (d) "initiative" means the subject matter of any subsidiary agreement, and includes any program, project or other activity designed to implement the objectives of this Agreement;
 - (e) "Ministers" means the Federal Minister and the Provincial Minister;
 - (f) "Planning Region" means any one of the two "Northern Ontario Planning Regions" or any one of the three "Southern Ontario Planning Regions" as shown on the relevant maps issued by the Province, Ministry of Treasury, Economics and Intergovernmental Affairs, and attached hereto as Schedule 'B';
 - (g) "Provincial Minister" means the Treasurer of Ontario and Minister of Economics and

Intergovernmental Affairs and includes anyone authorized to act on his behalf;

- (h) "socioeconomic development" means the combination of social and economic factors necessary to encourage development and access to its benefits;
- (i) "subsidiary agreement" means an agreement made pursuant to section 6 of this Agreement.

PURPOSE OF AGREEMENT

2. The purpose of this Agreement is to facilitate joint federal-provincial cooperation in initiatives undertaken in respect of economic and socioeconomic development in Ontario to achieve the objectives stated hereinafter in accordance with the strategy agreed to in or pursuant to this Agreement.

OBJECTIVES

- 3. The objectives of this Agreement are:
 - (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 socioeconomic terms;

- (b) to encourage socioeconomic 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).

STRATEGY

4. To pursue the objectives stated in section 3. Canada and the Province will seek to achieve a coordinated application of relevant federal and provincial policies and programs through continuing

- (a) identification of development opportunities and assistance in their realization through coordinated 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 in section 3.

5. A broad strategy for achieving such objectives is provided in Schedule 'A' attached hereto, which strategy shall be considered annually, and may be revised from time to time, by the Ministers.

SUBSIDIARY AGREEMENTS

6.1 When a development opportunity has been agreed to by the Ministers for implementation under this Agreement, Canada and the Province may enter into a subsidiary agreement as provided for by subsection 6.4 for the implementation thereof. Each subsidiary agreement shall be signed by the Ministers and may also be signed by such other federal and provincial ministers as appropriate, having regard to the initiative concerned and shall specify so far as practical all relevant details of the initiative, including the total estimated cost, and the costs, or the proportion of the costs, to be borne by Canada and the Province.

6.2 In the formulation of any subsidiary agreement it is understood and agreed that each party will consider the relationship of the proposed initiatives to its relevant policies and programs, and that, within the context of the objectives and strategy of this Agreement, the Ministers shall consider its impact and costs, having regard to such analysis as they may deem to be relevant and practical in respect of the following matters and such other matters as may be agreed upon by the Ministers:

- (a) the extent to which it would directly create or maintain employment;
- (b) the extent to which it would support or encourage other activity which will create or maintain employment;
- (c) the extent to which it would broaden the range of economic opportunities in the planning region affected;
- (d) the direct effect, whether short-term, longterm or continuing, it would have upon provincial or federal expenditures;

- (e) the extent to which it would contribute to the stabilization of, or increase in, income levels in the planning region affected;
- (f) the impact it would have on the distribution of population and the quality of life;
- (g) its effect on the environment; and
- (h) in the case of an industrial or commercial activity, the extent to which continuing subsidization may be required.

6.3 Except as specified in the above mentioned Order in Council P.C. 1973-14/3799, all subsidiary agreements shall require the approval of the Governor in Council.

6.4 A subsidiary agreement may be entered into where initiatives are to be taken by both Canada and the Province and may provide for policies to be pursued and initiatives to be undertaken by Canada or the Province individually or jointly, and may provide for, among other things:

- (a) the coordination of existing federal and provincial programs in support of an agreed development opportunity;
- (b) the provision of specific support including financial assistance required for the implementation of development opportunities where support adequate to permit their realization would not be available under other government programs; and
- (c) the establishment of continuing programs, of a kind not otherwise available, for the support of development opportunities through reduction or elimination of identified impediments to development.

7. The provision of financing by Canada and Ontario for the implementation of subsidiary agreements made pursuant to this Agreement is subject to the Parliament of Canada and the Province having provided funds for such financing for the fiscal year in which such financing is required.

8.1 Financial arrangements as between Canada and the Province for each subsidiary agreement shall be established on the basis of the nature of the initiatives included therein, the federal and provincial responsibilities and interest in respect of such initiatives, and such other considerations as may be agreed.

8.2 The total annual level of funding to be provided by Canada and the Province for the operation of this Agreement and its allocation among subsidiary agreements shall be based on an agreed estimate of requirements for the fiscal year concerned to achieve the objectives of the subsidiary agreements and of such additional funds as may be required for planning and analysis of possible future initiatives.

8.3 Where the costs of any initiative are to be shared between Canada and the Province, a subsidiary agreement shall specify the cost-sharing arrangements and the procedure for submission and reimbursement of claims between the parties, and may provide for advance payments and reimbursement by way of progress claims.

8.4 Subject to the approval of the Ministers, commitments made and costs incurred by either party prior to the date of this Agreement may be included in a subsidiary agreement, if such commitments or costs were made or incurred after June 1, 1973 and if the

subsidiary agreement is signed before the elapse of six months from the date of the Agreement.

COORDINATION

9.1 The Ministers shall meet annually, and shall consult together at such other times as may be mutually agreed, to review the general operation of this Agreement; to consider development opportunities that might be pursued; to review existing or proposed subsidiary agreements; and to determine the required level of funding.

9.2 Each of the Ministers shall designate from time to time the official or officials who will be jointly responsible for the general coordination of the action to be taken under this Agreement.

10. The Ministers shall invite each interested department or ministry of the governments of Canada and Ontario to send a representative to a meeting at least once each year at which the officials appointed under subsection 9.2 shall present information reviewing the strategy being pursued under this Agreement and initiatives being taken or to be taken under subsidiary agreements.

11.1 Canada and the Province take note of the existing federal and provincial programs concerning economic and socioeconomic development for which the Department of Regional Economic Expansion and the Province are individually or jointly responsible, and agree to coordinate those programs as closely as possible with the implementation of the subsidiary agreements made under this Agreement.

11.2 Subject to subsection 11.1, commitments made under programs now in effect shall not be affected

by this Agreement except to the extent that the subject matter of such programs may be affected by the provisions of a subsidiary agreement, unless such programs be altered or terminated by mutual agreement of both parties.

EVALUATION

12. Each subsidiary agreement shall include appropriate provisions regarding evaluation, and Canada and the Province shall provide each other with such information as either party may reasonably require in order to evaluate the operation of any subsidiary agreement.

RECORDS AND AUDIT

13. Each of the parties hereto shall keep detailed and accurate accounts and records of its expenditures in respect of all initiatives taken under the Agreement the cost of which is to be shared between them, and shall make such accounts and records available at all reasonable times for inspection 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 promptly adjusted between the parties.

DURATION

14. This Agreement shall expire on the 31st day of March, 1984, unless earlier terminated by mutual agreement; provided, however, that either party may terminate this Agreement at the end of any fiscal year, by giving to the other party two clear fiscal years' notice in writing of such termination, it being agreed that such notice shall not be given sooner than three years from the date hereof. Subsidiary agreements implementing initiatives that cannot be completed by the date of expiration or termination of this Agreement shall continue in force and effect until completion of the relevant initiative or expiration of the applicable subsidiary agreements, whichever is the later.

GENERAL

15. No member of the House of Commons or the Legislative Assembly of Ontario shall be admitted to any share or part of any contract, agreement, or commission made pursuant to any subsidiary agreement, or to any benefit to arise therefrom.

16. Any dispute between the parties hereto on any question of law or fact arising out of this Agreement or any subsidiary agreement, shall be submitted to and determined by the Federal Court of Canada pursuant to the Federal Court Act of Canada.

17. Where one party hereto is responsible for the implementation of a shared-cost initiative 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 initiative, except as such claims or demands relate to the act or negligence of any officer, employee or agent of the other party.

18. All construction work in respect of initiatives shall be subject to and carried out in accordance with relevant labour legislation and such other conditions as may be agreed to between Canada and the Province.

19. All contracts for the performance of initiatives shall be awarded without discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation; it being agreed, however, that the foregoing shall not prevent the implementation of special measures designed to benefit native people or disadvantaged groups in the planning region concerned.

20. Canadian material, and consulting and other professional services shall be used in respect of all initiatives to the extent to which it is procurable and consistent with proper economy and the expeditious performance of the initiatives.

21. The parties hereto agree to cooperate on the joint release of any announcements concerning the undertaking of subsidiary agreements, and to include in each subsidiary agreement provisions for a publicity program that provides due credit and recognition to the federal and provincial governments.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and on behalf of the Province by the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs.

GOVERNMENT OF CANADA

Minister of Regional Economic Expansion

Witness

GOVERNMENT OF ONTARIO

Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs

Witness

GENERAL DEVELOPMENT AGREEMENT

Schedule 'A'

ONTARIO

A. INTRODUCTION

The purpose of this Schedule is to elaborate on section 4 of the Agreement which indicates, in a general way, the manner in which the objectives stated in section 3 are to be pursued. Reference to the Schedule is made in section 5 where it is noted that the primary function of this attachment to the Agreement is to outline, in broad terms, the strategy being contemplated for the achievement of the Agreement's objectives. This strategy is subject to annual review by the Ministers and, reflecting the intent that it is not in any sense exclusionary, will be revised from time to time as necessary.

Three main components make up the Schedule:

- 1) a summary of the economic circumstances giving rise to the Agreement,
- 2) a reiteration of the Agreement's objectives,
- 3) a statement on each of the activity areas viewed at the time of signing of the Agreement as being clearly relevant to the achievement of its aims, and serving as suitable subjects for subsidiary agreements as provided for in section 6.

The list of activity areas in the Schedule is not in any way meant to be exclusive or limiting; other development opportunities appropriate for joint action by the two levels of government will undoubtedly be identified and agreed upon over the course of the Agreement. Also, mention of an activity area in the Schedule does not represent a commitment by either government to initiate action during the fiscal year, 1974-75. The Schedule as a whole does not purport to state or embrace all of the concerns and goals of the two governments; rather, it is confined to those matters pertinent to the realization of the Agreement's objectives.

B. SUMMARY OF CIRCUMSTANCES

Although Ontario ranks among the most prosperous of the 10 provinces from the standpoint of aggregate indicators of economic wealth, such measures fail to reflect the significant disparities in economic terms among the province's five Planning Regions. In fact, the rate of development in Northern Ontario and a significant portion of Eastern Ontario has not kept pace with that in the province as a whole or in Canada generally. Unemployment rates and per capita income levels in these areas compare unfavourably with the corresponding provincial and national averages.

The nature of the problem giving rise to the regional disparities in Ontario varies between the northern and eastern parts of the province. Social and economic development in Northern Ontario is impaired by the long distances separating the communities in the region from each other and from national and international markets and sources of supply. Also, the range of economic activities in the north is comparatively narrow, consisting mainly of the exploitation and export of mineral and forest products. The relative lack of processing facilities and service operations acts as a serious constraint on the number of income and employment opportunities. World market vagaries and the depletion of non-renewable resources affect adversely the stability of the many communities heavily dependent on one or,

at most, a handful of economic pursuits. Residents of Indian origin in the many unorganized municipalities are typically characterized by low levels of income. Also, these communities suffer from a serious lack of public services. The overall consequences of the foregoing traits are reflected in such indicators as a rate of population growth which is approximately one-quarter the provincial figure, a below-average rate of labour force participation, particularly on the part of females, and a relatively high rate of unemployment.

In Eastern Ontario, the underlying cause of the region's comparatively unfavourable unemployment and per capita income records is a decline in the labour requirements of the traditionally important agriculture and forest industries together with a relative lack of growth in manufacturing job opportunities. While new industrial enterprises have been attracted to the area, they have served largely to counterbalance the disappearance or decline of older manufacturing establishments in the wood-using and textile fields. Ottawa, the largest city in Eastern Ontario, has mitigated the region's unimpressive economic performance as a result of the cyclical stability and long-term growth which has characterized government employment. However, the city's economic influence has been relatively localized and has been insufficient to dominate the regional totals. Tourism in Eastern Ontario has not yet developed to the point where it is generating substantial income and employment opportunities outside the major centres. Within some parts of the region, there is an overdependence on a narrow range of economic activities. This lack of a diversified economic structure has frequently meant instability and unemployment.

In order to affect in a positive way the economic situation in Northern and Eastern Ontario, special measures will be required. Quite apart from equity considera-

tions, special measures are warranted because of the development potential in each of these areas. In the north, resource exploitation can be expected to continue as a raison d'être for many communities, suggesting that further resource processing may be an important means of providing additional employment and income opportunities. Tourism will also continue to be an important component of the economy and a generator of employment and income. Scope may exist for some import substitution enterprises and for a range of large-scale office activities. Particular attention will need to be given to the social and cultural needs of the native population and the residents generally of the more isolated settlements. In Eastern Ontario, manufacturing, government and tourism appear to offer the best growth prospects. The region is aided in this regard by its strategic location astride the Windsor-Ouebec City development axis.

C. OBJECTIVES

The objectives of this Agreement are:

- 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 socioeconomic terms;
- b) to encourage socioeconomic 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).

D. AREAS OF ACTIVITY

In light of the circumstances stated above, and to bring about the realization of the Agreement's objectives, a variety of approaches and mechanisms will be employed jointly by Canada and Ontario, including continuous contact and liaison between the two levels of government and the coordinated application of relevant federal and provincial policies and programs. In the case of all subsidiary agreements, the Canada Department of Regional Economic Expansion and the Ontario Ministry of Treasury, Economics and Intergovernmental Affairs will undertake to coordinate on-going programs under the respective federal and provincial jurisdictions where relevance to the clauses of an agreement is demonstrated. An analysis and review of Ontario's economic and social circumstances will be conducted on a continuing basis at both the provincial and the sub-provincial levels. A continuous and flexible process will be introduced for the identification and pursuit of development opportunities, taking into account not only provincial needs but also national considerations. Development opportunities will be realized through the taking of public sector initiatives and the stimulation of private enterprise, with the emphasis being placed on the latter.

It is intended that programs and projects launched jointly by Canada and Ontario will be consistent with the provincial and sub-provincial objectives of the Ontario Design for Development Program. The resulting subsidiary agreements may be either topical/sectorial in nature or relevant to a particular geographic area such as the northeast.

The two governments will take steps to ensure that the planning capacity available to them is sufficiently adequate that identified development opportunities can be pursued effectively and without undue delay. Also, they will provide for the joint financing of infrastructure facilities essential to the realization of development opportunities.

Additional topics which have been jointly identified and agreed to by Canada and Ontario as priority areas of attention and suitable candidates for a subsidiary agreement appear below. As indicated earlier, the list is not meant to be confining in any way; indeed, the expectation is that it will be augmented continuously over the life of the GDA. Each of the items mentioned is viewed as a major development opportunity.

a) Cornwall Area of Eastern Ontario

Being the major centre in that part of Ontario east and south of Ottawa, Cornwall has attracted a considerable number of the workers leaving the agricultural sector and the very small communities in the area. On the other hand, the city has been hit hard by major industrial closures during the past 15 years. Consequently, unemployment has been much above the provincial average despite relatively heavy outmigration on the part of long-time residents. In recent years, the industrial incentives programs of the Canada Department of Regional Economic Expansion and the Ontario Development Corporation have been successful in inducing a number of manufacturing firms to locate in the Cornwall area. Nonetheless, a high level of unemployment and onerous welfare costs continue to strain the city's financial resources to the point where serious sacrifices are having to be made in the provision of municipal services and amenities. A subsidiary agreement is currently under consideration which, when finalized, will contribute substantially to the amelioration of the socioeconomic situation in the part of Eastern Ontario centered on Cornwall. It is intended that this agreement will contain both aids to new industry and measures for improving the quality of life.

b) Northwestern Ontario

Northwestern Ontario is the first part of the province for which a set of policy recommendations designed to help achieve the goals of the provincial Design for Development Program has been published and officially accepted. In light of these recommendations and the circumstances noted earlier, consideration will be given to initiatives consistent with federal and provincial development objectives and priorities and designed to facilitate both urban and rural development. Emphasis will be placed on ways to enable the region's primate centre to play its intended central role in the development of the area. Possible initiatives in Northwestern Ontario include the amelioration of certain existing municipal facilities and services, the creation of one or more groupings of resource processing enterprises in an industrial park setting, and, where possible, the diversification of the economic base of existing singleindustry communities.

c) Forest-Based Industries

Many communities in Northern Ontario, and

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some communities in other parts of the province, are almost entirely dependent on woodusing industries for their existence. Strong competition from producers in other parts of the country and the Southern United States. relatively high wood costs, burdensome transport charges, an increasing requirement for the installation of pollution control devices and. not infrequently, a growing degree of plant obsolescence have combined to make special measures necessary if these industries are to remain economically viable over the longer term. Especially important in this respect is the pulp and paper industry, the "linch-pin" of the wood-using manufacturing sector. The sustained health of this industry will be of critical importance in maintaining the viability of other forms of wood-using activity such as sawmills, particle-board plants, veneer mills and flakeboard operations. Conversely, these other types of wood-processing facilities are essential to the maintenance of a viable pulp and paper industry. The establishment of a highly integrated wood-using manufacturing sector is an excellent way of ensuring the longevity of each sector component. The two governments will consider initiatives designed to help realize this goal.

d) Single-Industry Communities

Single-industry communities, by definition, are more vulnerable to economic crises than communities having a diversified economic base. Many towns in Northern and Eastern Ontario are dependent on a single major economic activity for their existence. Among the most vulnerable ones are those established in connection with the exploitation of a non-renewable resource such as a gold mine. Technological change can result in severe hardship for others, e.g. pulp and paper towns, or the settlements constructed to service radar bases. Through the exercise of foresight and careful planning, adverse change can be anticipated and compensatory steps taken. Consideration will be given to measures by which the two governments may cooperate in attempts to diversify and stabilize the economy of vulnerable communities.

e) Industrial Incentives Programs

The provision of incentives to industry is expected to remain a significant element in the stimulation of industrial activity in those areas of Ontario needing special attention. Close coordination between federal and provincial incentives programs is essential and mechanisms will be developed to ensure that industrial development activities are consistent with and supportive of the objectives specified in the GDA.

f) Special Project Initiatives

Canada and Ontario may agree to provide economic incentives for relatively large and highly-focused project initiatives in addition to more routine incentives having application to generally small projects. Special project initiatives will probably relate largely to the tourism and manufacturing fields with particular emphasis being given to resource processing and similar activities. The objectives of special project initiatives will be job creation, job preservation (where appropriate) and the promotion of longer-term economic viability and stability.

g) Transportation and Communication

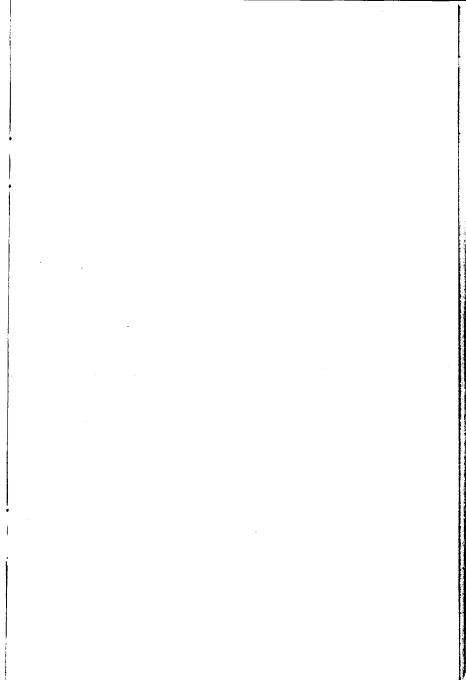
Inadequate transportation and communications facilities have been a major impediment to the development of the more remote parts of Northern Ontario and a major contributor to the evidence in many communities of relative social isolation. Canada and Ontario will cooperate in the formulation of programs to improve transportation and communication facilities essential for development purposes. Initiatives in this regard could relate to airstrip improvements and extensions, the construction or upgrading of interurban and resource access roads, and the amelioration of coastal barge and ferry services. Also, innovative and experimental projects relating to various modes of transportation, e.g. the servicing of remote areas by hovercraft, could be undertaken. Initiatives in the communications field could involve one or more of a number of services such as navigation aids, general ground to air communications, television, radio or the telephone system.

h) Rural Development

The existing Federal-Provincial Rural Development (ARDA) Agreement will continue for its duration as an enabling device akin to but separate from the GDA. Upon the termination of the ARDA Agreement, a separate rural development agreement may be signed by the Ontario Ministry of Agriculture and Food and the Canada Department of Agriculture. Alternatively, it will be possible to provide for the continuation of the substance of ARDA, either in whole or in part, under a subsidiary agreement to the GDA. Should a positive decision be made in this latter regard, it is anticipated that emphasis will be placed upon programs and projects of a broad rural development nature.

i) Ontario Northlands

Outside growth centres designated pursuant to the Ontario Design for Development Program, there is a substantial group of socially and economically disadvantaged people isolated from the mainstream of provincial social and economic life by barriers such as geography, low levels of educational attainment, and poverty. A significant portion of this population is Indian or Metis. Although the Indians are located primarily in Northern Ontario, there are Indian Bands throughout the province. Many of the members can be considered to be isolated and disadvantaged. Special efforts will be made to encourage and assist residents of isolated communities to participate in and benefit from the realization of development opportunities. Possible areas for early attention in this regard include economic assistance for small businesses, community improvement measures (consistent with regional planning goals), and manpower training and skill upgrading programs.





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