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General
Development
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Regional
Economic
Expansion

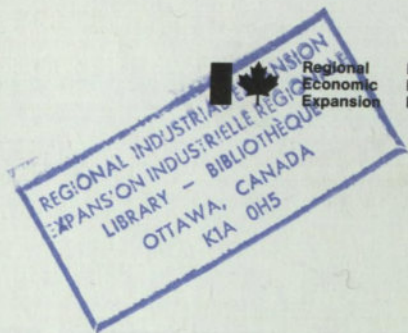
Expansion
Économique
Régionale

CANADA/ NEWFOUNDLAND



FEBRUARY 1, 1974

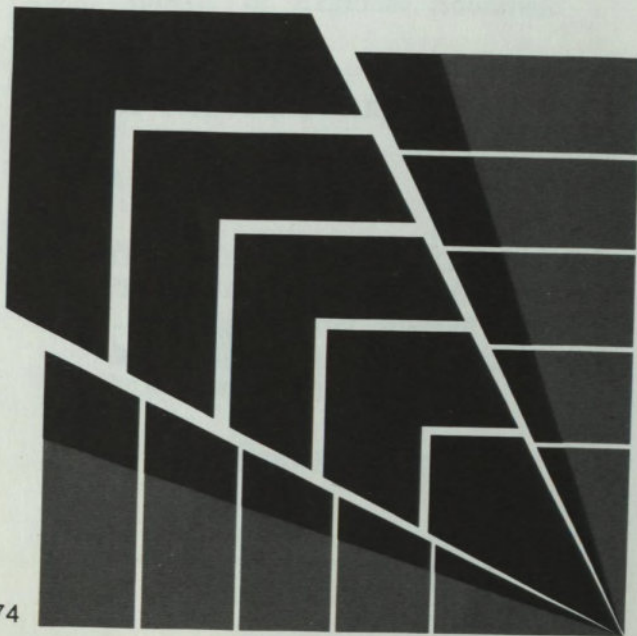
general development agreement



Regional
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CANADA/ NEWFOUNDLAND



FEBRUARY 1, 1974

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Cat. No.: RE22-20/1974-5

**THIS AGREEMENT made this
first 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 NEWFOUND-
LAND (hereinafter referred to as
the "Province"), represented by
the Premier of the Province,**

OF THE SECOND PART.

WHEREAS the Province wishes to develop its human resources to their fullest potential in a manner which will allow the people of Newfoundland to develop their personal excellence within the framework of the distinctive quality of life in Newfoundland;

AND WHEREAS Canada and the Province wish jointly to formulate and to co-operate in measures for economic and socioeconomic development in Newfoundland and wish by this Agreement to provide a general framework for the co-ordinated 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 Canada and the Province agree that it is in the national interest to undertake co-ordinated measures by their Departments and Agencies to improve the economic and socioeconomic development of Newfoundland;

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 127-74 has authorized the Premier of the Province to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement:

- (a) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
- (b) "Provincial Minister" means the Premier of the Province and includes anyone authorized to act on his behalf;
- (c) "Ministers" means the Federal Minister and the Provincial Minister;
- (d) "fiscal year" means the period commencing on April 1st of any year and terminating on March 31st of the immediately following year;
- (e) "subsidiary agreement" means an agreement made pursuant to section 6 of this Agreement;
- (f) "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;
- (g) "development opportunity" means an opportunity for economic or socioeconomic development significantly advancing the objectives of this Agreement;
- (h) "socioeconomic development" means the combination of social and economic factors necessary to encourage development and access to its benefits;

- (i) "regional" means pertaining to the region comprised of the four Provinces of Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick.

PURPOSE OF AGREEMENT

2. The purpose of this Agreement is to facilitate joint federal-provincial co-operation in initiatives for the economic and socioeconomic development of Newfoundland 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 to:
- (a) increase the number and quality of viable long-term employment opportunities and improve access to those opportunities by the people of Newfoundland; and
 - (b) increase opportunities for people to live in the area of their choice with improved real standards of living.

STRATEGY

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

- (a) identification of development opportunities and assistance in their realization through co-ordinated 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 Newfoundland and Newfoundland's relationship to the regional and 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 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 Newfoundland;
- (d) the direct effect, whether short-term, long-term 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 Newfoundland;
- (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 co-ordination 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.

FINANCIAL

7. The provision of financing by Canada and Newfoundland for the implementation of subsidiary agreements made pursuant to this Agreement is subject to the Parliament of Canada and the Province of Newfoundland 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 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 this Agreement.

CO-ORDINATION

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 co-ordination of the action to be taken under this Agreement.

10. The Ministers shall invite each interested department of Canada and the Province to send a representative to a meeting at least once each year at which

the officials appointed under sub-section 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 co-ordinate those programs as closely as possible with the implementation of the subsidiary agreements made under this Agreement.

11.2 Subject to subsection 1, commitments made under programs now in effect will 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 to this Agreement.

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 3 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 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.

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 co-operate 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 Premier

GOVERNMENT OF CANADA

Witness

**Minister of Regional Economic
Expansion**

**GOVERNMENT OF
NEWFOUNDLAND**

Witness

Premier

GENERAL DEVELOPMENT AGREEMENT

Schedule "A"

NEWFOUNDLAND

A. INTRODUCTION

This Schedule is intended to set out the specific objectives of the Agreement, to outline the current strategy to achieve these objectives, and to describe some of the joint undertakings of key initiatives and their relationship to the overall development of Newfoundland. Other initiatives for joint action will be identified during the course of the Agreement.

This Schedule will be subject to annual review by the Ministers.

B. BACKGROUND

The Newfoundland economy is expanding rapidly in terms of income and employment. However, the level of economic performance remains well below the Canadian average, in that unemployment has continued at a high rate (nearly twice that for Canada) and average earned incomes remain only slightly greater than half of the Canadian average. Although recent increases have helped, the historically low incomes have resulted in a situation where living standards, as measured by various economic and social indicators, are below the levels suggested by current measures of economic activity. Indeed, potential developments have not been realized in many areas of the Province and in many sectors because the basic levels of public services and social capital facilities have been too low to meet the normal expectations of entrepreneurs.

While output has been expanding in the goods producing sectors there is still a high degree of dependence on natural resource industries, which is in turn reflected in marked seasonal unemployment and low participation rates, particularly for females. Development in the goods producing sectors has been characterized by very large projects with heavy capital requirements. The resulting purchases from and sales to other sectors of the economy have not been high, with the exception of the heavy demands made on certain parts of the construction industry.

In recent years significant changes have occurred in the pattern and growth of the labour force in the Province. Not only have participation rates increased, but the net migration out of the Province, which characterized recent decades, appears to have slowed down. Indeed, the past two years have seen practically no out-migration. These changes in participation rates and migration, coupled with the age distribution of the population reflecting earlier high birth rates, have given rise to a rapid and at times unpredictable increase in the labour force. Thus, despite unprecedented increases in employment over the same period, unemployment remains high. Continued significant employment gains are required, and, insofar as possible, it is important not to exacerbate the already considerable seasonality of employment. Existing economic activities can, in some cases, provide a base for additional long-term employment, and, in other cases, with strengthening, maintain existing employment levels and remain viable.

Newfoundland has certain locational characteristics which provide unique advantages for the Province. Recent developments point to exciting opportunities related to the North Atlantic fisheries, ocean science and technology, shipbuilding and trans-oceanic shipping. These opportunities, as well as those arising out of

potential offshore oil developments, could contribute substantially to economic growth in the Province, but they will require major and intensive efforts if Newfoundland is to reap the full benefits.

C. OBJECTIVES

The broad objectives of this Agreement are to increase the number and quality of viable long-term employment opportunities and improve access to those opportunities by the people of Newfoundland and to increase opportunities for people to live in the area of their choice with improved real standards of living. These objectives will be pursued through economic and socioeconomic development action to:

- (a) improve utilization of natural resources;
- (b) develop potentials arising out of the geographic location of Newfoundland in the North Atlantic;
- (c) maximize the retained values of activities in the Province by increasing the capability of business in the Province to participate on a viable basis in provincial, national and international markets;
- (d) ensure that the Newfoundland labour force has the capability to benefit from and contribute fully to the initiatives to be undertaken; and
- (e) increase the capability of both public and private sectors in the Province to identify and realize opportunities.

D. STRATEGY

Within the general strategy stated in Article 4 of this Agreement, the two governments will co-operate on

a continuing basis to assess development opportunities and encourage their realization. In addition to other development opportunities that may be agreed upon during the operation of this Agreement, a number of areas for initial action have been identified. These are set out below.

An important requirement for an increased rate of development is a significantly greater capacity in both the public and private sector for planning and implementation activity. This capacity will be supported through provision of assistance for major studies and supplementary provincial staff resources for planning and implementation.

The Newfoundland economy has been unable to provide the level of investment in infrastructure reached in other parts of Canada, resulting in significant deficiencies in basic infrastructure required for development. Assistance in the form of such things as roads, serviced land for industrial or residential use, new sources of power, water supplies, sewage systems, transport and docking facilities required to support development opportunities will be an important area of joint activity.

(a) *Forestry*

The existence of significant unused or underutilized forest resources coupled with a strong market (both within the Province and without) for forest products, results in a major opportunity for increasing employment and output. At the same time, the needs of tourism, wildlife protection and recreation is an integral part of the forest development strategy. Inter-related initiatives will be taken aimed at management and protection of the forest resource, at access, harvesting and processing, and at

marketing and increased local use of forestry products.

(b) *Fisheries*

The fisheries and the related processing activity represent the largest source of employment in the provincial economy. Significant opportunities for development exist in three broad areas. Firstly, Newfoundland can take full advantage of its proximity to the resource through increased harvesting, consistent with principles of good resource management, and further processing of the catch. Secondly, greater advantage can be taken of market opportunities for fishery products. Thirdly, there are opportunities in optimizing the provision within the Province of the goods and services required by the fishery and fish processing industry, some of which will be related to other development opportunities. All of these will increase value added in the Province and have major direct and indirect employment benefits.

(c) *Agriculture*

Agricultural activities, while not making a large contribution to the overall provincial economy, can make a significant contribution to areas and circumstances where farming is viable. The strategy will be to stimulate production in Newfoundland of output which can compete in local or export markets, through the development of a rationalized and integrated agro-industrial sector.

(d) *Tourism*

There are significant opportunities available to

improve the impact of tourism on the provincial economy through improved tourist facilities and establishing a better relationship between the resource and marketing activities. Tourism development activities will be consistent with good resource management.

(e) *Ocean Science and Technology*

A major opportunity area for Newfoundland is in developing ocean science and technology. In the long run it is clear that harvesting the resources in the sea and under the sea will be a very major industry for North America. Newfoundland's geographical location gives it distinct advantages in terms of providing a base for certain kinds of major scientific and research services and in terms of developing the technology required for ocean activities in the North West Atlantic. This is an instance where research oriented activities can provide some immediate employment and could eventually lead to the development of highly specialized service and manufacturing activities. Major efforts will be undertaken jointly to develop a Newfoundland based capability for undertaking such research.

(f) *Construction and Housing*

The construction industry is now one of the major sources of income and employment in Newfoundland. At the same time, it presents limitations on the ability to accelerate growth in the Province. This is due to the higher costs of construction in Newfoundland and the related problem of insufficient capacity for certain kinds of construction activity which leads to some physical limitation on the amount of activity that can be undertaken.

Joint action is required to stabilize and expand the industry's capacity and to arrest rising construction costs through a number of initiatives including upgrading construction labour, improving the availability at reasonable cost of supplies in Newfoundland, and encouraging the production and use of local materials, where this is viable.

(g) *Minerals*

There appear to be significant development opportunities in the mineral sector. In terms of extraction, there are opportunities for additional, viable mining operations both in Labrador and on the Island. Further processing of mineral products in Newfoundland will be an important source of employment, where such processing is viable. Specific development opportunities are being identified by a Federal-Provincial mineral evaluation project.

(h) *Manufacturing*

Manufacturing activity can be an important employment generator. Opportunities will be pursued in competitive manufacturing with emphasis on processing resources to final form. As well, manufacture of goods for the local market, or for export, will be encouraged and assisted, where such production will be viable. An effort will be made to encourage the grouping of related industries at various locations in the province in order to increase the spillover benefits arising from firms located in close proximity to each other. Deep water harbour sites will be used to guide concentrated industrial activity, and manufacturing and service industries related to off-shore petroleum exploration activities will be encouraged.

(i) *Integrated Initiatives*

A number of development opportunities will be pursued as integrated initiatives centered on a geographic location rather than a specific project. Integrated initiatives will arise out of sectors noted above and others which may be identified in the course of this Agreement.

(j) *Other*

Other areas may be identified from time to time for joint action. For the moment identification and further examination will be carried out under the provision for studies mentioned at the beginning of this section.

Included in this category are such things as: Offshore oil, deep water ports, transshipment facilities, energy, and technical and other assistance for the business service sector.

