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General
Development
Agreement



Regional
Economic
Expansion

Expansion
Économique
Régionale

CANADA/ NEW-BRUNSWICK



APRIL 23, 1974

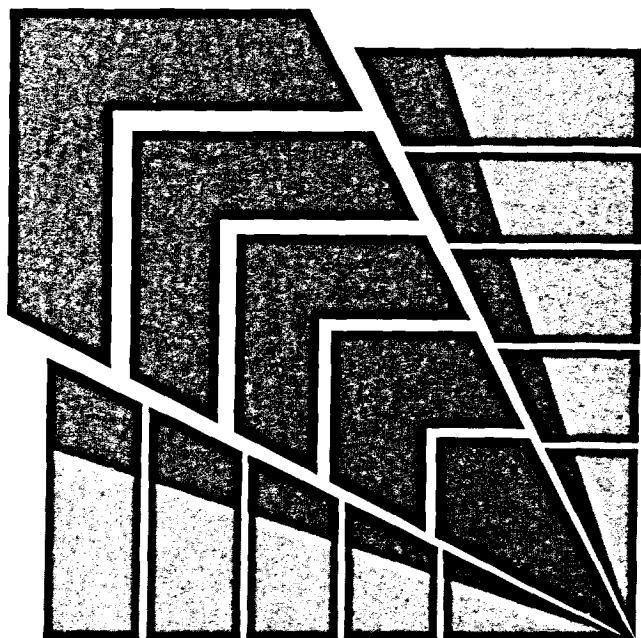
general development agreement



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APRIL 23, 1974

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**THIS AGREEMENT made this
23rd day of April, 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 NEW BRUNSWICK
(hereinafter referred to as
the "Province"), represented by
the Premier of New Brunswick**

OF THE SECOND PART.

WHEREAS the objectives of development of New Brunswick are to increase the per capita incomes of Provincial residents and to improve the quality of public services available to them;

AND WHEREAS Canada and the Province wish jointly to formulate and to cooperate in measures for economic and socioeconomic development in New Brunswick, 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 Canada and the Province agree that it is in the national interest to undertake coordinated measures by their Departments and Agencies to improve the economic and socioeconomic development of New Brunswick;

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 74-224 of March 6, 1974 has authorized the Premier of New Brunswick to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

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 New Brunswick 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 cooperation in initiatives for the economic and socioeconomic development of New Brunswick to achieve the objectives stated hereinafter in accordance with the strategy agreed to in or pursuant to this Agreement.

OBJECTIVES

3. For the purposes of this Agreement, the primary objective of economic and socioeconomic development is to reduce the gap in earned income per capita between New Brunswick and the national average. A further objective is that per capita incomes should be raised while minimizing net migration from the province. To meet these objectives, economic and socioeconomic policy should be aimed at achieving a faster rate of growth in provincial output by raising productivity, increasing the number of viable employment opportunities, and encouraging the development of a skilled and versatile labour force.

STRATEGY

4. To pursue the objectives stated in section 3, Canada and the Province shall 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 New Brunswick and New Brunswick'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 New Brunswick;
- (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 New Brunswick;
- (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.

FINANCIAL

7. The provision of financing by Canada and the Province 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 this 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 of the Governments of Canada and New Brunswick 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 reason-

able 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 will 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 of the legislative assembly of New Brunswick 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 will 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 they are procurable and in a manner that is 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 Premier of New Brunswick.

GOVERNMENT OF CANADA

Minister of Regional Economic
Expansion

Witness

GOVERNMENT OF NEW
BRUNSWICK

Premier of New Brunswick

Witness

GENERAL DEVELOPMENT AGREEMENT

Schedule 'A'

New Brunswick

A. INTRODUCTION

The purpose of this Schedule is to set out briefly the approach to economic and socioeconomic development that will be taken to attain the objectives of the Agreement. This approach will be reflected in the specific development initiatives which will be pursued through subsidiary agreements to the General Development Agreement. During the development process circumstances will change and new opportunities will be continuously identified and investigated. In recognition of this the Schedule will be subject to periodic review and amendment. The Schedule does not cover all concerns and objectives of the two governments, but is limited to the specific objectives of the General Development Agreement.

B. BACKGROUND

The Province of New Brunswick is characterized by economic underdevelopment in relation to other parts of North America. This underdevelopment of the economy is reflected in many aspects of provincial life. Levels of employment and participation in the labour force are lower than the Canadian average and many thousands of provincial residents have been obliged to leave the province to seek opportunities elsewhere. These factors, combined with relatively low productivity in many occupations, have resulted in per capita incomes significantly below the national average with a high proportion of families living in relative poverty. Further indications of underdevelopment, which both result from and cause lower incomes and employment

levels, are standards of education, health, housing and other basic services below the national average.

During the 1960's expansion of the economy, both provincially and nationally, was rapid. However, output and incomes grew faster in New Brunswick than the Canadian average. The difference between national and provincial average per capita income was reduced in relative terms, although it continued to increase in absolute dollar value. Because of structural changes in the economy, total labour productivity also grew more rapidly than the Canadian average. Thus, employment did not increase in proportion to output or to the growth of the potential labour force. During the early 1970's employment has continued to expand relatively rapidly in New Brunswick. However, the present economic structure of the province is still characterized by a high dependence on primary sectors and processing of natural resources, a small secondary manufacturing sector and heavy reliance on public sector employment. While significant economic growth has been achieved, substantial efforts are still required to improve the overall performance of the provincial economy.

C. OBJECTIVES

The primary objective of this Agreement is to reduce the gap in earned income per capita between New Brunswick and the national average. A further objective is that per capita incomes should be raised while minimizing net migration from the province. To meet these objectives economic and socioeconomic policy should be aimed at achieving a faster rate of growth in provincial output by raising productivity, increasing the number of viable employment opportunities and encouraging the development of a skilled and versatile labour force. More specifically, these objec-

tives will be pursued through economic and socioeconomic policies designed to:

- (a) increase the output and productivity of the primary industries;
- (b) increase value-added in New Brunswick by processing local natural resources;
- (c) further diversify the economy into activities not based on natural resources;
- (d) encourage the development of viable diversified communities.

D. STRATEGY

The general development strategy and the sectorial and spatial considerations for the pursuit of development opportunities are outlined in the following paragraphs.

Central to the development process is the identification, pursuit and realization of development opportunities through the coordinated application of relevant federal and provincial programs. The capacity of the province to plan and implement development programs will therefore be supplemented to permit quick and effective response to development opportunities, while both levels of government will coordinate their policies to serve the objectives established in this Schedule.

Since successful development may be contingent upon the availability of certain public services, provision will also be made for the joint funding of infrastructure required to support development opportunities as well as to facilitate broader community and area development.

The principal strategy in the primary industries will be to enhance the value of the resource base, to encourage the optimum exploitation and development of natural resources and to improve these industries' competitive position in domestic and world markets. Improved techniques for the management and harvesting of natural resources and for the production and marketing of primary products will be explored and encouraged to increase the return from the resource base.

The strategy will focus on raising incomes through greater productivity and maintaining employment by increased output of primary products. In some cases, rationalization of activities will continue to reduce employment in primary industries. An element of the development strategy would therefore be directed towards providing new job opportunities for the labour force which may become redundant in some activities and assisting those affected to take advantage of new opportunities.

A major part of the strategy will be to encourage the processing in New Brunswick of natural resources now exported in raw form and the production of higher-value products where resources are now only partially processed in the province.

The changing economics of food production have increased the importance of agriculture and its potential for attracting a higher level of investment. Many of the province's potentially good agricultural resources are presently underutilized. The development strategy is aimed at a greater utilization of those resources and the provision of employment opportunities by concentrating efforts on increasing the volume of total production, expanding the range of processing activities and improving the marketing of commodities for which New Brunswick can develop a competitive advantage in the domestic and export markets.

The forestry and forest products sector is extremely important to the long-term economic growth of the province. In many parts of the province this industry is the mainstay of the economy. There is considerable potential for further processing of the forest resources within the province. Wood processing activities are mainly in pulp manufacture and sawmilling. Increased utilization of the potential wood supply will be encouraged through the further processing of wood products into higher value-added items. This will require full public control of management and utilization on publicly owned lands. At the same time the rationalization of harvesting operations should be encouraged to maintain the competitive position of processing companies in world markets and to permit woods workers and woodlot owners to receive a better return for their efforts. While potential timber yields from the province's forest lands are high, greatly intensified forest management on public and private lands will be encouraged to realize such potential and significantly expand processing capacity.

The mining industry expanded rapidly during the 1960's and there is further potential for growth in base metals, non-metallic minerals and fuels. The development strategy will be directed towards promoting private investment in both exploration and mine development; encouraging further processing of indigenous minerals; and contributing to national self-sufficiency in fuel supply.

The long-term world demand for fish products indicates that export markets will remain strong for the foreseeable future. A greater utilization of the resource is envisaged through exploitation of underutilized species; more diversification in catching and processing; product development and value added; and increased efforts in aquaculture. Increased capability in the primary sector would allow New Brunswick to share in

offshore resources and to provide processing plants with an adequate supply of raw materials resulting in increased employment and income in both primary and processing operations.

In recent years manufacturing not directly based on natural resources has increased its share of employment in New Brunswick, with some diversification into product lines new to the province. The further diversification of the manufacturing base into items of higher value requiring modern technology and skilled labour will continue to be of high priority in the development strategy. Manufacturing and processing industries taking advantage of the province's strategic Maritime location or utilizing processed local natural resources will also be emphasized. Small local operations have been important in the development of the manufacturing sector and encouragement will be given to innovative small manufacturers. The two governments will seek to achieve coordinated and effective support for additional manufacturing employment.

With the rapid growth of income and urbanization in eastern North America, increasing numbers of people are finding New Brunswick an attractive location for a wide range of recreational and leisure activities. The expenditure associated with this increasing tourist activity provides provincial residents with a valuable source of income and employment. In addition, the growth and development of facilities to serve visitors provides improved recreational facilities which are accessible to permanent residents. Potential exists to increase the net benefits derived from tourist spending in the province. The development strategy will focus on the most effective means by which residents of New Brunswick can benefit from the increasing flow of travellers and visitors to the province.

In total the service sector of the economy is the largest. Many service industries are potentially important to the development of the province and the development strategy will aim to encourage their expansion. Examples of such activities are transportation and distribution services, both for the Atlantic Region and for international trade; the possible establishment of large-scale administration centres; and certain professional services which are not entirely dependent on local markets.

The general development strategy will encourage and assist the realization of potential for development throughout the province. The sectorial trends described above will have implications for the development of the various regions of the province. The distribution of the province's natural resources is such that most areas are in a position to capitalize on the development opportunities in one or more of the resource-based industries. The secondary manufacturing and service industries, on the other hand, will tend to grow and prosper more quickly in urban centres where important requirements such as skilled labour, specialized services and good transportation and communication facilities are readily available. Efforts will be made as part of the development strategy to improve the attractiveness of urban centres for such types of industry.

Throughout the life of the Agreement new development opportunities will be brought forward for investigation. As these potential opportunities are refined and developed, they will become the subject of subsidiary agreements to the General Development Agreement. This will ensure a continuing reassessment of the development approach and evaluation of its progress towards the fundamental objectives described in this Schedule.

