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Regional Economic Expansion | Expansion Économique Régionale

CAPE BRETON COUNTY DEVELOPMENT
CANADA/NOVA SCOTIA

CANADA-NOVA SCOTIA

INTERIM SUBSIDIARY AGREEMENT

CAPE BRETON COUNTY DEVELOPMENT

THIS AGREEMENT made this 7th day of January, 1977.

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 NOVA SCOTIA (hereinafter referred to as "the Province"), represented by the Minister of Development,

OF THE SECOND PART.

WHEREAS Canada and the Province signed a General Development Agreement dated September 12, 1974 (hereinafter referred to as "the GDA"), to achieve the objectives set forth in section 3 thereof;

AND WHEREAS a strategy is provided for in Schedule "A" to the GDA which includes the development of new or expanded employment opportunities throughout Nova Scotia by the identification of appropriate development opportunities;

AND WHEREAS in pursuit of these objectives Canada and the Province have agreed to seek a coordinated application of relevant federal and provincial programs and activities in order to assist in the realization of identified opportunities;

AND WHEREAS Canada and the Province have agreed that public investments will be required to assist in the realization of development opportunities in the Cape Breton County area of Nova Scotia;

AND WHEREAS the Governor in Council by Order in Council P.C. 1976 5/2615 of the 21st day of October, 1976, has authorized the Minister of Regional Economic Expansion to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council No. 77-9 of the 11th day of January, 1977, has authorized the Minister of Development to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

SECTION 1 - DEFINITIONS

1. In this Agreement:

   (a) "capital project" means any specific project, as determined by the Management Committee, in which construction or activities related to construction are involved;

   (b) "eligible costs" means those costs defined in subsections 6.4 and 6.5;

   (c) "external staff" means professional and other staff who are not employees of provincial government departments but who enter into a contract with the Province by which they agree to undertake or participate in work related to the identification, analysis, development and/or implementation of economic and socioeconomic opportunities;

   (d) "external services" means services and facilities that are required from outside the federal and provincial governments in support of an activity under this Agreement and includes accommodation, equipment, office and support services, and professional services;

(e) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;

(f) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;

(g) "Management Committee" means the officials designated pursuant to subsection 5.1;

(h) "Ministers" means the Federal Minister and the Provincial Minister;

(i) "program" means the subject matter specified in subsection 4.1;

(j) "project" means a subdivision of a program as defined by the Management Committee; and

(k) "Provincial Minister" means the Minister of Development and includes anyone authorized to act on his behalf.

SECTION 2 - PURPOSE AND OBJECTIVES

2.1 The purpose of this Agreement is to enable Canada and the Province to plan and promote the accelerated economic and socioecomomic development of Industrial Cape Breton and to undertake the program and projects identified in Schedule "A" which are identified as integral components of any long-term development strategy and which may at some future time be included under a long-term subsidiary agreement.

2.2 Subject to the principles stated in the preamble and subsection 2.1, Canada and the Province agree to work towards the following objectives:

(a) To support the development of a viable coal industry at Point Aconi and to maximize employment benefits arising from it.

(b) To foster such other growth as can be achieved in the resource sectors, tourism and secondary manufacturing.

SECTION 3 - STRATEGY

3.1 The broad strategy to be followed in this Agreement is outlined in detail in Schedule "A" to this Agreement, which strategy shall be considered annually and which may be revised from time to time by the Ministers.

SECTION 4 - SUBJECT MATTER

4.1 Schedule "A" attached to and forming part of this Agreement consists of the following program that the Province shall arrange to have carried out under this Agreement:
Road Infrastructure - Cape Breton County.

4.2 The Province will undertake, either directly or through agencies of the Province, in accordance with an agreed schedule, the program items listed in Schedule "A".

4.3 Pursuant to the objectives stated in subsection 2.2, and subject to the terms and conditions of this Agreement, contributions may be made for the purpose of engaging external staff and purchasing external services.

4.4 The Province or its agencies shall take over, or arrange to be taken over on completion, each capital project undertaken under this Agreement and shall accept full responsibility for its operation, maintenance and repair.

4.5 Subject to Subsection 4.7, it is mutually understood and agreed that the Province shall engage the external staff and purchase external services referred to in subsection 4.3, and that such staff or services may be engaged or purchased by such provincial department or agency as may be appropriate having regard to the subject matter of the work being undertaken.

4.6 This Agreement shall terminate on March 31, 1978, except that activities approved and commitments made in writing prior to this date shall continue in force until completion. However, Canada shall not pay any claim received after March 31, 1979.

4.7 All activities to be undertaken under this Agreement are to be consistent with the objectives and intent stated herein and, before being implemented, shall require joint approval by Canada and the province through the Management Committee. If such joint approval is not obtainable, the activity or activities in question may nevertheless be approved by the Ministers.

4.8 Each activity to be undertaken under this Agreement shall be described in an appropriate document in sufficient detail to allow proper consideration and approval by the Management Committee.

4.9 Canada and the Province agree that the environmental requirements of both governments will be adhered to in all projects undertaken under this Agreement.

SECTION 5 - ADMINISTRATION AND MANAGEMENT

5.1 Each of the Ministers shall designate one or more senior officials in equal numbers to be responsible for the administration of this Agreement. These officials shall constitute the Management Committee whose function it shall be to oversee the planning and implementation of the program specified in subsection 4.1 and to fulfill responsibilities identified for the Management Committee elsewhere in this Agreement. In the event of any disagreement in the Management Committee, the relevant matter shall be referred to the Ministers whose decision shall be final.

5.2 The Management Committee shall submit for the approval of the Ministers annually, and not later than September 1 of each year, an assessment of the progress made in implementing the Agreement, the effectiveness to date in achieving the objectives intended and the continuing relevance of the objectives themselves, together with the projected budget required for the subsequent fiscal year.

5.3 Canada and the Province agree to provide the Management Committee with all information necessary for the performance of its functions.

5.4 The signatures thereto of at least two members of the Management Committee shall be sufficient verification for the purpose of this Agreement of any recommendation or decision made, or approval given by the Management Committee, provided that at least one of the members represents the Province and another represents the Federal Mininster.

5.5 The Management Committee may establish subcommittees to advise and assist it in its work, which subcommittees may include persons who are not members of the Management Committee. Subcommittees will prepare, as requested, submissions and recommendations to the Management Committee on all matters relating to the planning and implementation of the projects in Schedule "A". Progress reports on physical and financial details of projects will be presented to the Management Committee with recommendations for any necessary action consistent with the development strategy adopted.

SECTION 6 - FINANCIAL PROVISIONS

6.1 For costs incurred for jointly approved projects during the term of this Agreement, Canada shall contribute seventy percent (70%) and the Province thirty percent (30%).

6.2 The provision of financing by Canada and the Province for the implementation of this Agreement is subject to the Parliament of Canada and the Legislative Assembly of the Province of Nova Scotia having provided funds for such financing for the fiscal year in which such financing is required.

6.3 Notwithstanding anything in this Agreement, the total amount payable by Canada under this Agreement shall not exceed $3,010,000 over the term of this Agreement.

6.4 Subject to subsection 6.6, the eligible costs of captial projects to be financed or shared under this Agreement in respect of the capital projects or portions thereof listed in Schedule "A" are all direct costs, including those relating to public information, but excluding administrative, survey, engineering and architectural costs, that in the opinion of the Management Committee have been reasonably and properly incurred by the Province for the implementation of the captial projects; plus ten percent (10%) of these costs as an allowance towards the exclusions specified, except where other provisions are provided for or specified in Schedule "A".

6.5 Subject to subsection 6.6, the eligible costs of non-capital projects to be financed or shared under this Agreement in respect of projects or portions thereof listed in Schedule "A" are all costs reasonably and properly incurred by the Province under all contracts entered into in accordance with this Agreement by the Province with any person or corporation for the acquisition of equipment or the performance of work or services for the execution of the project but excluding any cost in respect of the services of any regular employee of the Province.

6.6 The costs to be shared by Canada do not include any costs relating to the acquisition of lands or interests in lands, or costs arising from conditions of acquisition.

6.7 This Agreement, and Schedule "A" thereof, may be amended in writing as agreed from time to time by the Ministers. Each program or project item added to Schedule "A" shall form part of this Agreement and shall be governed by the terms thereof as fully and effectively as if it had originally been included in this Agreement. It is expressly understood and agreed, however, that any amendment to subsections 6.1 and 6.3 shall require the approval of the Governor in Council.

6.8 The Management Committee may make adjustments in and between the projects of the program specified in Schedule "A" of this Agreement during any fiscal year; provided, however, that such adjustments do not increase the total amount of the program.

6.9 If, at any stage of the program, it appears to the Province that the costs thereof will exceed the estimated costs specified for the program in Schedule "A", the Province shall promptly so inform the Management Committee and state the reasons for such increase.

6.10 Upon being so informed, the Management Committee shall consider the circumstances which have contributed to the increase in the estimated costs and shall prepare and present a report and recommendations to the Ministers in respect of the action proposed to be taken.

SECTION 7 - CONTRACT PROCEDURES

7.1 All contracts for approved activities shall be awarded in accordance with procedures to be approved by the Management Committee, and, unless in its opinion it is impractical to do so, shall be let pursuant to tenders invited by public advertisement and awarded to the qualified and responsible tenderer submitting the lowest evaluated bid.

7.2 All contracts under this Agreement shall be supervised in accordance with procedures to be approved by the Management Committee, and reports produced by consultants or resulting from such contracts shall become the property of both parties.

7.3 In the awarding of contracts pursuant to the recommendation of the Management Committee, the Province shall retain the services of Canadian firms or individuals where practical and consistent with economy and efficiency.

7.4 All announcements of contract awards shall be made jointly by Canada and the Province.

SECTION 8 - PAYMENT PROCEDURES

8.1 Subject to subsection 8.2, payments by Canada shall be promptly made to the Province on the basis of progress claims setting out the costs actually incurred and paid for the project, submitted in a form satisfactory to the Federal Minister.

8.2 In order to assist with the interim financing of activities, Canada may, if the province so requests, make interim payments to the Province of up to one hundred percent (100%) of Canada's share of claims submitted, based on estimates of costs actually incurred as certified by a senior officer of the Province.

8.3 The Province shall account for each interim payment by submitting to Canada within 120 days after such payment by Canada, a detailed statement of the actual expenditures incurred and paid, verified in a manner satisfactory to the Federal Minister. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually paid by the Province shall be promptly adjusted between Canada and the Province

SECTION 9 - RECORDS AND AUDIT

9.1 The Province shall maintain proper and accurate accounts and records relating to the cost of the program, and Canada may audit the amounts of all progress claims and payments and the provincial accounts and records relating thereto.

SECTION 10 - MONITORING

10.1 All substantive amendments to contracts shall require the prior approval of the Management Committee.

10.2 Any member of the Management Committee or his representative shall be permitted to inspect any project at all reasonable times for the purpose of verifying progress claims and obtaining any other information concerning the project which may be required by the Federal Minister or the Provincial Minister.

SECTION 11 - PUBLIC INFORMATION

11.1 Canada and the Province agree to cooperate in the development and implementation of a program of public information respecting implementation of projects under this Agreement, and further agree to supply, erect and maintain on the direction of the Management Committee:

(a) during the course of construction of capital projects, a project sign or signs consistent with Federal-Provincial Identity graphics guidelines, and in both official languages, specifying that the relevant project is a Canada-Nova Scotia Regional Development Project financed by contributions from the Department of Regional Economic Expansion of the Government of Canada (and any other Federal agency, where relevant), and the Government of the Province of Nova Scotia, or such other wording to the like effect as may be agreed upon by the Ministers; and

(b) where relevant upon completion of each project, a permanent sign or plaque to the effect set forth in (a).

11.2 Any public announcement of the measures covered and of the products generated by this Agreement, as well as any official opening ceremony for any project under this Agreement, where such ceremony is indicated and appropriate, shall be arranged jointly by the Ministers.

SECTION 12 - GENERAL

12.1 No member of the House of Commons of Canada or the Legislative Assembly of the Province of Nova Scotia shall be admitted to any part or share of payments made pursuant to this Agreement or to any benefits to arise therefrom, nor shall such member undertake or participate in any study or analysis pursuant to a contract as a result of which Canada may be required to pay any amounts pursuant to this Agreement.

12.2 With regard to the applicability of labour standards, the parties agree as follows:

(i) rates of pay shall be those prevailing in the area of employment for each classification of work, subject to the minimum wage specified in provincial legislation;

(ii) in building construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 48 per week;

(iii) in road and heavy construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 50 per week; and

(iv) labour conditions shall be specified in all tendering documents and shall be posted conspicuously in the work place;

it being expressly understood and agreed that to the extent to which there are higher provincial standards applicable to particular occupations or regions, these higher provincial standards shall apply.

12.3 The terms and conditions of the GDA shall apply to this Agreement.

SECTION 13 - EVALUATION

13.1 During this Agreement, Canada and the Province shall jointly effect an assessment of the program listed in Schedule "A" with regard to the stated objectives. Annual progress reports shall be submitted by the Management Committee to the Ministers on or before the annual meeting of the Ministers as prescribed under subsection 9.1 and section 10 of the GDA. In addition, Canada and the Province shall also jointly effect an evaluation of this Agreement with respect to the general economic and socioeconomic development of Nova Scotia.

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 Minister of Development.

In the Presence of:	GOVERNMENT OF CANADA
Witness	Minister of Regional Economic Expansion
	GOVERNMENT OF THE PROVINCE OF NOVA SCOTIA
Witness	Minister of Development

CANADA-NOVA SCOTIA

INTERIM SUBSIDIARY AGREEMENT

CAPE BRETON COUNTY DEVELOPMENT

SCHEDULE "A"

A. BACKGROUND

Industrial Cape Breton has experienced serious economic difficulty for many decades. While there are many rural areas or small centres across Canada which have declined, the problems of this urban area are unparalleled. In the minds of many, the most difficult regional development challenge in the country at this time is Industrial Cape Breton.

The factor which most distinguishes this area from other areas with severe economic difficulties is the fact that since the turn of the century it has been predominatly urban and industrial. It is not a rural area (less than 5% of the county population is rural) and it is not a small single industry community. This has an important impact on the way we perceive the economic circumstance and problems of an area. Many of the statistical indicators used to measure the economic well-being of an area are based upon an urban -industrial view of society, and often as a result do not provide an accurate picture of rural areas or even small communities. Concepts such as underemployment, non-monetary income, and non-market activity are only crudely measured, and yet they are important to the life-styles and economic conditions of rural areas.

In an essentially urban area such as Industrial Cape Breton, however, these statistical measures are entirely relevant. The unemployed person in Sydney faces much the same prospect as the unemployed person in Windsor, Winnipeg or Toronto. Unemployment insurance and welfare are the only alternatives to employment. In Sydney, one cannot simply go back fishing, or plant a large garden to supplement income, do some part-time logging, or work out barter arrangements.

In Industrial Cape Breton then, one finds a long-standing urban area which has stagnated economically for over two decades. This has brought about some unique social problems, it has resulted in a public sector starved for funds and basic urban services which are deficient through lack of investment and, in general, some of the worst urban blight in Canada.

Physical Description of the Area

Industrial Cape Breton is a rather loose term used to describe the urban parts of Cape Breton County. It usually refers only to the City of Sydney and the six incorporated towns in Cape Breton County; namely, Glace Bay, Dominion, New Waterford, Sydney Mines, North Sydney and Louisbourg. However, since the bulk of the county population lives in the incorporated communities, and because an important potential industrial site at Gabarouse Bay is in the rural part of the county, the term Industrial Cape Breton is considered synonymous with Cape Breton County for purposes of this Agreement.

As can be seen from Map #1, all of the towns except Louisbourg are within a 15 mile radius of Sydney. This urban aggregation has a population of roughly 127,000, divided into three distinct but strongly interconnected groupings. These are the Central Area -- containing the City of Sydney and its suburban areas; the Eastside -- containing Glace Bay, Dominion, New Waterford and their environs; and the Northside -- containing North Sydney, Sydney Mines and their environs. The rural area, including Louisbourg, makes up the residual.

INDUSTRIAL CAPE BRETON

POPULATION CHANGE BY DISTRICTS, 1956-1971

	NORTH SIDE	CENTRAL AREA	EAST SIDE	RURAL AREA	TOTAL
1956	24,700	45,300	49,800	5,700	125,500
1961	25,540	49,830	49,750	6,380	131,500
1966	25,900	49,700	47,500	6,500	129,600
1971	26,300	49,900	46,000	6,900	129,100

Since 1961 the population of the Central Area has remained substantially stable; the Eastside lost 3,750; the Northside had a modest growth of 760; and the Rural Area had a slight growth of about 500. Prior to 1961 the Eastside had already stopped growing. The other sub-areas, and especially the Central Area, continued to grow.

The intra-regional shifts in population will be of major concern in regional planning. These shifts within the region, similar to movements between regions, reflect both positive as well as negative forces. In the Eastside, the drop is explained by declining job opportunities. On the other hand the population stability in the Central Area is probably due to the consolidation of the region's service sector.

The Economy

Many factors have contributed to the economy of this area in recent times. Port activity related to Newfoundland and to St. Pierre and Miquelon, a significant inshore and offshore fishery, some agriculture and some forestry have all been factors. But the primary industries of farming, forestry and fishing provided less than 2% of total employment in Cape Breton County in 1971. Manufacturing is relatively unimportant to the Industrial Cape Breton economy accounting for only 17.5% of the labour force (including SYSCO). Most of the firms are small and consist primarily of service industries serving local markets. There is very little industrial diversification, and the earlier dominance of Dominion Steel and Coal Corporation has minimized the establishment of linkage industries or the provision of supporting technical services for the industry. There is no doubt, however, that the regional economy has been and still is based on two key industries -- coal and steel. These industries gave spawn to the urban centres and their difficulties and decline caused the overall economic stagnation of the past quarter century.

Steel:

The steel industry first came to Cape Breton to take advantage of supplies of coal from Nova Scotia and iron ore from Newfoundland (Bell Island). As these supplies became increasingly unimportant and uncompetitive, and as distance from major markets, poor integration with the rest of the steel industry, financial weakness, low productivity, and mismanagement all took their toll, the steel operation became less and less viable. In 1952, employment in steel was 5,800. It declined to 3,500 by 1961 and by 1967 was down to roughly 3,000.

In 1967, the operator, Dominion Coal and Steel Ltd. (DOSCO) abandoned the plant, and the provincial government assumed ownership, changing the name to Sydney Steel Corporation (SYSCO). Since then the government has steadily lost money (in real terms). The existing plant is not capable of producing steel at competitive prices and the same factors which caused problems for DOSCO make it difficult for the government to invest enough in the plant to achieve the volume production required to make the plant competitive. At the moment the prospects for the existing plant are not good since even if the government is willing to continue to absorb losses the plant cannot physically hold out for many more years without substantial new investment. The best hope for the steel industry appear to be for a new plant along the lines discussed below.

Coal:

The coal industry has been historically the second, and in many ways the most important, economic pillar of the area. Coal employment peaked during World War I at 14,000 jobs. Since that time employment declined to between 10-12,000 in the 1930's and 1940's; to 8,000 by 1961; 6,000 in 1967; and to 3,750 at present.

In 1967, DOSCO pulled out of the coal industry in Cape Breton and the federal government assumed responsibility for the mines. The Cape Breton mines had other problems which exacerbated an already difficult situation. The mines became increasingly uncompetitive because of the problems inherent in mining coal 3 to 4 miles out under the sea, as well as problems with the quality of the coal. Management of the mining operations was less than adequate and the operations were characterized by labour unrest.

The original intention of the federal Cape Breton Development Corporation (DEVCO) was to gradually phase out the coal industry and provide alternative employment by promoting and developing other economic activity. This objective has since been changed to one of stabilizing the coal industry. In fact, as is noted below, there appears to be every chance that because of market and technological changes it will be possible to create an economically viable industry by the end of this decade.

Labour Force:

As a result of the narrow and declining economic base of the area, the rest of the economy has also been relatively sluggish. Thus the unemployment rates have been very high over the years and are, at the present time, critical. According to the Labour Force Survey the average rate for Cape Breton County for 1975, was 13.6% -- a total of 5,810 people unemployed out of a total labour force of 42,723. However, this figure vastly underestimates the real magnitude of the unemployment problem. It is based on a labour force participation rate of only 46.8%, an extremely low rate for an urban area. Calculating the unemployment rate which would prevail if Cape Breton had the participation rate of Nova Scotia or Canada, we would have unemployment statistics of 22.2 to 31.3%.

CAPE BRETON COUNTY LABOUR, 1956-1973

	COAL	STEEL	OTHER EMPL.	TOTAL	UNEMPL.	LABOUR FORCE
1956	6,322	4,732	N/A	N/A	N/A	N/A
1961	5,847	3,431	26,473	35,751	2,291	38,042
1966	4,858	3,606	N/A	N/A	N/A	N/A
1971	3,818	3,130	29,772	36,720	5,205	41,925
1973	3,531	4,095	N/A	N/A	N/A	N/A

Population:

Between 1930 and 1960 the area grew at rates ranging from 1,000 to 1,400 persons per year, reaching its peak population of 131,500 in 1961. Since then the population declined; by about 1,900 between 1961-66, and 500 between 1966-71.

Examination of the following figures indicates that net outmigration, though fluctuating, has been high.

Period	Outmigration	Percent of Population
1951-56	9,000	7.5
1956-61	6,8000	5.4
1961-66	11,000	8.4
1966-71	6,500	5.0

The beginning of the area's population decline, in addition to being marked by a rise in outmigration, was also accompanied by declining birth rates reflected in the smaller average family size.

AVERAGE NUMBER OF CHILDREN PER FAMILY

	1961	1966	1971
Dominion	2.6	2.5	2.4
Glace Bay	2.2	2.1	2.0
Louisbourg	2.2	2.2	1.9
New Waterford	2.5	2.5	2.3
North Sydney	2.2	2.3	2.1
Sydney	2.2	2.1	2.0
Sydney Mines	2.4	2.5	2.3
Municipality of Cape Breton	2.5	2.6	2.3
County of Cape Breton	2.3	2.3	2.1

Future population will depend as much on regional economic prospects as on the state of the provincial and national economy. Prospects elsewhere affect outmigration to a considerable extent. It appears that in Cape Breton there has been a delayed effect on outmigration as a result of industrial decline. This reflects the fact that during the national recession there was a lack of opportunities for Cape Breton's unemployed in other parts of the country. This lag pattern follows earlier trends; the major decline in coal and steel employment was in the 1956-61 period, while the highest outmigration was experienced in the following five-year period.

If the labour force maintains the present structure and its present level, it can be expected that the population will decline at a slower rate. A recent projection, by the provincial Department of Development, forecasts a county population of 125,300 for 1981. This would seem to be a reasonable estimate under present conditions and present knowledge about industrial prospects.

Past outmigration prompted by high unemployment has had a number of unfortuate side effects. The result has been a relatively high proportion of young people in the labour force, and this younger group on average tends to lack the skills and experience necessary to qualify for such jobs as become available. In addition, demographic trends based on continued outmigration suggest a high age dependency radio for the area, with disproportionate numbers of children and the aged by 1985. This further weakens the tax base of the community, placing heavy burdens on young families and retired people on fixed incomes, and generally undermines the dynamism of an economy.

North Sydney/Sydney Mines

Many of the statements made about Industrial Cape Breton generally apply equally in North Sydney, Sydney Mines and their environs, which together form the area known as the Northside. In short, these communities are and have been stagnant in terms of economic growth. However, as will be discussed below, some of the basic elements for a more healthy stability are beginning to emerge.

North Sydney began its expansion and established its early importance as a coal shipping port. The coal was mined at a number of nearby sites, giving rise to pit-head communities, the largest of which is Sydney Mines. Since the turn of the century the port has also developed as a general cargo shipping point and has acted as a terminal for shipments to Newfoundland and St. Pierre and Miquelon. Canadian National Railways employs close to 1,100 in the Newfoundland service (500-600 in winter) and the North Sydney Warehouse Limited, shippers to St. Pierre and Miquelon, handle one-third of the value of Canadian goods shipped to the French islands and provide employment for up to 80 people. This transportation industry appears to be soundly based and provides a solid base of reasonably high waged employment for the community.

The community has also experienced considerable growth in fishery based employment. H.B. Nickerson and Sons Limited, which was founded in 1935 in North Sydney, has grown dramatically to become one of the larger seafood producers in North America. The company has a fleet of over 50 vessels in the four Atlantic Provinces and employs roughly 500 fishermen and 1,500 shore workers. In North Sydney the Nickerson plant employs over 150, in addition to direct fishing employment. National Sea Products Ltd. also has a plant in North Sydney employing roughly 200.

The Atlantic fishery has not been a particularly healthy industry over the past few years. This, along with the fact that the Nickerson plant is in need of modernization or rebuilding, has caused some doubt about the future of fishing based employment in North Sydney.

The major employment in Sydney Mines was, up until recently, the Princess Colliery. As late as last year this mine employed up to 540. It has now been closed and only 170 people are presently occupied in salvage operations and in the building of a new museum as a tourist attraction. The Prince Mine at nearby Point Aconi is replacing the Princess Mine from the point of view of employment (370) and production (800,000 tons per year).

Aside from service activities there are few other important sources of employment in the area. Manufacturing, including fisheries employment, provides only 16% of the total employment -- a small share indeed for an urban area. Farming, fishing and forestry account for less than 1% of total employment.

Population:

North Sydney, Sydney Mines and environs have not grown significantly in population since 1951. Together, North Sydney and Sydney Mines acounted in 1971 for roughly 14% of the population of Industrial Cape Breton. As is noted above, the Northside as a whole accounted for 26,300 people or 20% of the total population of the region.

Population for
North Sydney and Sydney Mines

1956, 1961, 1966, 1971

	North Sydney	Sydney Mines
1956	8,100	8,700
1961	8,657	9,122
1966	8,800	9,200
1971	8,605	8,995

As in the rest of Cape Breton, outmigration has helped to dampen unemployment levels, but in the process has sapped some of the vitality of the communities.

B. STRATEGY

The development strategy in respect of North Sydney and Sydney Mines is quite simple: support economic opportunities, signs of strength in the economy, and community development potentials wherever they might be found. Much of this support, particularly in respect of manufacturing or resource industries, is already being provided by DEVCO, through existing DREE programs or by the programs of the provincial government. There are some projects, however, for which no provision has been made through these mechanisms and it is these that this Agreement has been developed to cover.

C. DEVELOPMENT OPPORTUNITIES AND REQUIRED SUPPORT

In the midst of a generally bleak economic picture there does appear to be some specific opportunities, possibly the first key building blocks of a sound economic structure. The possibility of a new steel mill in the area is obviously critical, but the prospects for the coal industry are also more promising than they have been for decades.

DEVCO has recently begun operating the new twelve million dollar Prince Mine at Point Aconi, near Sydney Mines. This replaces the obsolete and uneconomic Princess Mine in Sydney Mines. This new mine will employ a minimum of 370 people for at least the next 25-30 years. The mine was built with money raised commercially and is expected to be economically and commercially self-sustaining.

The new mine being developed is some distance away from Sydney Mines and the rail line. The cost of bringing a rail line to it would be prohibitive. The coal has to be trucked to the wash plant at Sydney Mines. From there 400,000 tons a year will go by CN rail to the power station at Trenton.

The second half of the supply is critical to the Nova Scotia Power Corporation's recent decision to build a new generating plant on the Southside of the harbour. That plant is intended for operation in 1979. Meantime, the Prince coal will be blended with Southside coal for other industrial uses and for export from DEVCO's Sydney shipping facility.

The urgency of obtaining full production, and associated employment, from the Prince Mine has been greatly increased by the adverse developments in the steel sector of the Cape Breton economy. Hopefully, this may prove to be a lull before new steel investment is undertaken. It is economic sense, just as much as it is socially beneficial, to get coal and power developments completed meantime.

The proposed roads are critical to these developments.

The existing road route from the Prince Mine to the wash plant and rail at Sydney Mines is quite inadequate for the 800,000 tons-a-year traffic that will be developed by 1977.

Much of the road is narrow and winding and not up to all-weather standards. It will unnecessarily increase costs by slowness in trucking at all times and by requiring complete cessation during the spring weight-restriction period. Moreover, there is a good deal of housing along the road; the great increase in traffic will not only be inconvenient to residents but dangerous for children.

The upgrading of the route into the wash plant-transfer station in Sydney Mines is also critical. The existing route is substandard for much of the way and dangerous for some part of the way. The road into town must be brought up to all-weather standards and a new route built to avoid a congested five-way intersection. Continued use of the present route through the town could present a hazard to normal pedestrian and vehicular traffic as well as add to the costs of transportation.

To summarize, then, provision of the new road will allow full year round operation at efficient levels and maximum year round employment and income benefits.

Project Descriptions and Costs

1. New Road Prince Mine to Trands-Canada Highway

   This road would parallel the existing, inadequate Point Aconi road for about five miles. Costs are estimated at roughly $600,000 per mile (plus engineering and administrative costs). The road would roughly conform to the specifications for a "100" series highway, with 12' lanes, 3' paved shoulders and 5' gravel shoulders. It would be designed to accommodate roughly 200 heavy trucks per day in both directions plus roughly 300 vehicle trips generated by people working at the mine.

   Total Estimated Cost: $3,300,000.

2. Trans-Canada Highway to Wash Plant - Sydney Mines

   This work would involve the reconstruction of the road into Sydney Mines to the railway crossing at Main Street, and the construction of a new road along the rail lines to the wash plant.

   Total Estimated Cost: $1,000,000.

Management

The Management Committee for this Agreement will consist of an equal number of representatives from the federal and provincial governments. An administrative committee will be established at the working level to prepare project briefs, cash flow estimates, to identify problems and generally to ensure that the Agreement is implemented effectively.

CANADA-NOVA SCOTIA SUBSIDIARY AGREEMENT

CAPE BRETON COUNTY DEVELOPMENT

(SCHEDULE "A")

(in $000's)

Program Description	Estimated Total Cost	DREE Share	Provincial Share	Sub-Project Detail Description	Estimated Total Cost	Cost Sharing
1. Road infrastructure -	4,300	3,010	1,290	1. New Point Aconi Road Five miles of new highway from Prince Mine to Trans-Canada Highway, parallel to existing Point Aconi Road.	3,300	70:30
				2. Roads Sydney Mines Reconstruction of road into Sydney Mines and new road to Wash Plant with-in Sydney Mines.	1,000	70:30