

HC115
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1979

FEDERAL-PROVINCIAL SUBSIDIARY AGREEMENTS

SUMMARIES

MAY 1979



Government
of Canada

Gouvernement
du Canada

Regional
Economic
Expansion

Expansion
Économique
Régionale



ADDENDUM

Subsidiary Agreements signed between
May 31 and September 30, 1979

Newfoundland

- 1) Stephenville Mill Conversion (\$15 million)
and Reactivation Subsidiary (federal share - \$13.5
Agreement million)
(provincial share -
\$1.5 million)

. Provisio of a contribution of not more than \$15 million towards the cost of conversion and reactivation of the former Labrador Linerboard Limited Mill at Stephenville by the Abitibi Paper Company Limited. (Signed June 11, 1979.)

- 2) Industrial Development (\$26.65 million)
Subsidiary Agreement (federal share - \$23.985
million)
(provincial share -
\$2.665 million)

Projects include:

- a) Country Road Industrial Park - construction and servicing of a 75-acre industrial park in the Country Road area of Corner Brook.
- b) Country Road Industrial Park Access Road - construction of a road to provide direct access to the Trans Canada Highway and the urban street system.
- c) Stephenville Industrial Access Road - construction of a road to provide efficient access from the Trans Canada Highway to the industrial area and highways west of Stephenville.
- d) Program evaluation - including public information activities. (Signed June 11, 1979.)

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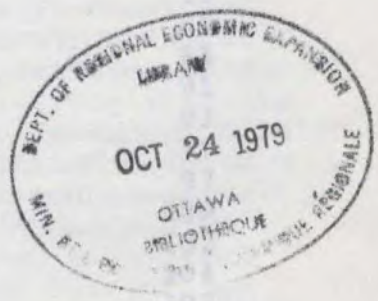
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SUMMARIES OF
FEDERAL-PROVINCIAL
GENERAL DEVELOPMENT AGREEMENTS
AND
CURRENTLY ACTIVE
SUBSIDIARY AGREEMENTS



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INTRODUCTION

This is the fourth in a series of similar publications intended to provide the substance of the federal-provincial General Development Agreements and their subsidiary agreements, signed since early 1974. A brief description of the nature and purpose of these agreements can be found below. The publication includes summaries of each General Development Agreement and each subsidiary agreement that was in effect as of May 31, 1979. A list of subsidiary agreements that expired prior to that date can be found on page 273. Summaries of the latter were included in earlier versions of this publication, dated December 1975, December 1976 and December 1977.

Since 1974, General Development Agreements (GDAs) have been signed with all provinces except Prince Edward Island, which signed a 15-year Comprehensive Development Plan in 1969. The purpose of these GDAs is to enable the federal government and the provinces to cooperate in improving the number and quality of, and access to, long-term employment opportunities. The GDAs contain brief references to the economic background of each province, record agreed development objectives for the province, and outline the strategies required to meet the objectives.

The vehicles by which the strategies and objectives of the GDAs are to be met are subsidiary agreements, which are signed with each province as a follow-up to the GDAs where initiatives are to be undertaken by both Canada and the province. Each subsidiary agreement has a financial limitation and a fixed cost-sharing arrangement with the province, with provisions for monitoring the implementation of programs and projects under the agreement. Each also includes appropriate provisions regarding the evaluation of its operation to ensure consistency with the objectives and strategies of the GDA. Wherever possible, DREE involves other federal government departments in order to take full advantage of the funding available through programs of all departments and consults with them to benefit from their expertise.

The General Development Agreements are 10-year agreements which are reviewed regularly, in consultation with the particular province and other federal government departments, to evaluate progress and to consider the implementation of new development initiatives based on an on-going analysis of each province's socio-economic circumstances.

To May 31, 1979, eleven General Development Agreements and 103 subsidiary agreements had been signed. The following summaries of the active agreements are designed as brief reference notes. Copies of the agreements may be obtained from the Public Information Services Branch of the Department of Regional Economic Expansion, Ottawa, Ontario, K1A 0M4.



NEWFOUNDLAND



NEWFOUNDLAND

GENERAL DEVELOPMENT AGREEMENT

The Canada-Newfoundland General Development Agreement (GDA) was signed on February 1, 1974.

The objectives of the GDA are to increase the number and quality of long-term employment opportunities in Newfoundland and to improve access to those opportunities, while permitting people to enjoy improved living standards.

These objectives are being pursued through federal-provincial cooperation in economic and socio-economic areas 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 supplying goods and services demanded by 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.

Within the general strategy of this agreement, the two governments are cooperating on a continuing basis to identify development opportunities and encourage their realization. In addition to other development opportunities that may be agreed upon during the term of this agreement, a number of areas for action have been identified. These include forestry, fisheries, agriculture, tourism, ocean science and technology, minerals, manufacturing and integrated initiatives.

An important requirement for an increased rate of development is a significantly greater capacity in both the public and private sectors for planning and implementation activity. This capacity will be supported through provision of assistance for major studies and supplementary provincial manpower 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 the basic infrastructure required for development. The GDA seeks to remedy this situation.

Summaries of currently active subsidiary agreements follow.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Forestry

DURATION April 26, 1974 to September 30, 1979 (retroactive to June 1, 1973) as amended January 27, 1975, April 15, 1976, June 20, 1977, March 31, 1978, July 17, 1978 and January 15, 1979

OBJECTIVES To increase employment and income opportunities in the province's forestry sector by improving resource management and forest utilization and by taking advantage of opportunities to diversify and expand forest utilizing industries.

BACKGROUND Between July 1972 and March 1973, a federal-provincial task force on which a number of federal and provincial departments were represented made an exhaustive study of the Newfoundland forest resource and forest-based industries. This study concluded that, based on the market prospects for newsprint, linerboard, lumber and wood-based panel products, it was possible to expand forestry production in Newfoundland if the provincial forest resource potential was improved. It was suggested that increased amounts of commercial timber could be harvested under more intensive management of the forestry resource. It also recommended improved harvesting techniques together with better methods of resource allocation and utilization. The opportunity is important to Newfoundland since the potential exists to generate approximately 2 400 new jobs over the next four to five years and to stabilize the current employment of 8 500 in the forest-industry sector.

Following this study, a subsidiary agreement was developed by DREE in consultation with the province and the federal departments of Fisheries and the Environment, and Agriculture. It was signed by the Minister of DREE and the Newfoundland Minister of Forestry and Agriculture.

ELEMENTS The key elements of the agreement include:

1. the acquisition of certain forest lands held by private owners in order to accelerate the growing of future commercial timber crops;

2. the establishment of forest management units to provide the forest service with the tools for forest management;
3. the upgrading of the technical capability of both the Newfoundland Forest Service and private enterprise in forest management and utilization by increasing efficiency in timber management, harvesting, hauling, and processing operations;
4. the provision of access to mature and over-mature stands, forest improvement and forest protection;
5. the establishment of an intensive forest inventory in order to compile information on the forest resources of the province;
6. modernization of the communications system and the Canso water bomber fleet to increase the ability to protect the forest from fire, insects and disease;
7. the introduction of a forest-improvement program which will initiate, within the management units, steps to increase future yields of the forest, including fertilization, commercial and pre-commercial thinning, and reforestation; and
8. the increase of the size and operational capability of the Newfoundland Forest Service in order to upgrade the service.

FINANCIAL
PROVISIONS

The following is a list of projects which have been identified under the agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Acquisition of Forest Lands	\$ 4 228 600	\$2 114 300	\$ 2 114 300
Forest Management	371 900	37 190	334 710
Harvesting, Utili- zation, Research and Development	10 263 500	1 026 350	9 237 150
Access Road Construction	17 411 500	1 741 150	15 670 350
Intensive Forest Inventories	3 191 400	319 140	2 872 260
Protection of Forest Resource	3 940 700	394 070	3 546 630
Forest Improvement	6 076 000	607 600	5 468 400
Administration of the Forest Resource	<u>9 483 000</u>	<u>948 300</u>	<u>8 534 700</u>
TOTAL	\$54 966 600	\$7 188 100	\$47 778 500

ADMINISTRATION AND MANAGEMENT A management committee composed of senior officials designated by the federal and provincial ministers is responsible for the administration of the agreement. Both DREE and Fisheries and the Environment are represented on the committee.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Gros Morne Park Area Development

DURATION May 28, 1974 to March 31, 1980 (retroactive to June 1, 1973) as amended December 22, 1975, August 20, 1976, April 22, 1977 and May 31, 1978

OBJECTIVES To create new employment and income opportunities in the area through the development of the potential of the park and to ensure that local residents are able to take advantage of these opportunities.

BACKGROUND Recognition of the outstanding scenic appeal and high recreational capability of the Gros Morne area on the west coast of Newfoundland led to the establishment, in 1973, of a 750-square-mile national park. In 1970, a tentative agreement between Canada and Newfoundland on the establishment of the park provided for the complete relocation of five of the 23 small communities within the park. The other 18 communities would be allowed to remain in four enclaves within the park, servicing the park itself and the tourists expected to visit the area.

Resistance to relocation led to the reopening of negotiations on this aspect of the agreement. In 1973, the federal Minister of Indian and Northern Affairs agreed that no resident of the park communities would be forced to move, but that Canada stood ready to share with the province the cost of providing fair and just options to the people concerned.

The people of this area have traditionally experienced high unemployment rates and low incomes. Since the already weak economic base of the area has been reduced still further by controls over the resources within the park, the major strategy for improving employment and earnings is in servicing the park itself and the tourist trade attracted to the area.

This subsidiary agreement was developed in consultation with the federal departments of Employment and Immigration, and Indian and Northern Affairs. It was signed by the Minister of DREE and the Newfoundland Minister of Forestry and Agriculture.

ELEMENTS

The major elements of this subsidiary agreement include:

- (a) planning studies and development programs focusing on ways in which the potential demand for tourist services can be met, and development of inshore sports fishing;
- (b) community infrastructure of water and sewer systems, residential land development and a solid-waste disposal system; and
- (c) road and bridge construction and upgrading between and through the enclave communities.

Also included are technical supervision and related expenses, and evaluation/impact studies.

FINANCIAL PROVISIONS

The following is a list of projects identified under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Planning Studies and Development Programs	\$ 270 000	\$ 27 000	\$ 243 000
Community Infrastructure	15 987 200	1 598 720	14 388 480
Road Construction	6 448 000	644 800	5 803 200
Technical Supervi- sion & Related Expenses	130 000	13 000	117 000
Evaluation/ Impact Studies	<u>100 000</u>	<u>10 000</u>	<u>90 000</u>
TOTAL	\$22 935 200	\$2 293 520	\$20 641 680

ADMINISTRATION AND MANAGEMENT

A management committee composed of senior officials designated by the federal and provincial ministers is responsible for the administration of the agreement. The federal membership includes representatives from DREE and Indian and Northern Affairs.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Ocean Research and Development (NORDCO)

DURATION May 23, 1975 to March 31, 1980 (retroactive to January 1, 1975) as amended March 6, 1979

OBJECTIVES To stimulate the development of marine technology within the province and to foster the establishment of marine ice-related industries. It also seeks to ensure that the Newfoundland business community becomes fully involved in marine resource development in the adjacent ice-congested waters.

BACKGROUND The continental shelf off Newfoundland is one of the world's largest, stretching nearly 1 400 miles from northern Labrador to the Grand Banks. This continental shelf has a substantial oil and gas potential. At present, there is a world shortage of expertise and experience in operating in ice-infested waters. The ability to exploit these undersea oil and gas resources could be of great benefit to Newfoundland and Canada, and as an economic development opportunity available to the province, could provide a multitude of new jobs over the next two decades. Successful exploitation of this opportunity through NORDCO could give Newfoundland a leadership role in ice-related technology and experience.

As a means of achieving these objectives, the province incorporated a limited liability company under the name of NORDCO Limited (Newfoundland Ocean Research and Development Corporation). NORDCO is the focal point of this subsidiary agreement and is the means of implementing strategies to achieve the objectives of the agreement. NORDCO endeavours to establish itself as an internationally recognized centre of expertise for the development of technology and applied research related to the exploitation of northern ocean resources and to ice-related activities. It undertakes projects in applied research and technology development related to northern ocean resource exploration and promotes the commercial utilization of such technological advances. Further strategies include encouraging participation by the private sector, providing

technological assistance to Canadian marine-oriented firms wishing to expand, and initiating projects in response to requests from other organizations.

In formulating these strategies, extensive consultations were held with the federal departments of Industry, Trade and Commerce; Fisheries and the Environment; and the Ministry of State for Science and Technology. Provincial authorities were also deeply involved.

The agreement was signed by the Minister of DREE and by the provincial ministers of Industrial Development and Intergovernmental Affairs.

ELEMENTS

This subsidiary agreement is designed to foster applied research and technological development in the marine-industry sector. Consequently it is anticipated that a wide variety of innovative projects will be undertaken by the corporation in cooperation with the private sector. Specific elements are therefore not identified in the agreement.

FINANCIAL PROVISIONS

ESTIMATED
TOTAL COST

PROVINCIAL
SHARE

FEDERAL
SHARE (DREE)

\$4 910 080

\$491 008

\$4 419 072

ADMINISTRATION AND MANAGEMENT

A management committee composed of two senior officials designated by each of the ministers shall be responsible for the administration of this agreement.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE St. John's Urban Region

DURATION July 23, 1975 to March 31, 1980 (retroactive to September 30, 1974) as amended October 27, 1978

OBJECTIVES To permit the continued development of the St. John's urban region as the major centre for administration, transportation and communications, and distribution of goods in the province.

BACKGROUND The St. John's urban region is suffering from the lack of an adequate water supply, average daily consumption having reached the available supply. This has the effect of impeding both industrial and residential development. A study funded under the Canada-Newfoundland Second Special Areas Agreement recommended the augmentation of the existing supply by the addition of a new water source at Bay Bulls Big Pond, together with the necessary treatment facilities and transmission lines.

As well, the first six miles of a major arterial road, from the Donovans Industrial Park and the Trans-Canada Highway sector of the region to the waterfront, were completed under the Second Special Areas Agreement. Three miles, primarily through an urban setting, remain to be constructed to complete the link.

Under this agreement, it is proposed that the necessary water-supply works, together with the remaining section of the Harbour Arterial Road, be constructed.

In preparing this agreement, the department benefited from the active participation of the Ministry of State for Urban Affairs, Central Mortgage and Housing Corporation, as well as provincial authorities. In addition, the following departments were consulted on a continuing basis: Transport, Fisheries and the Environment, Public Works, Employment and Immigration, Finance and Treasury Board.

The agreement was signed by the Minister of DREE and the Newfoundland Minister for Inter-governmental Affairs.

ELEMENTS

The inadequacy of the St. John's water supply has already placed restrictions on the growth of industrial and commercial development in the city, including the vital area of residential housing. The projects approved by this agreement will require the construction of an intake and treatment facility at Bay Bulls Big Pond and a large-diameter pipeline to bring the treated water into the existing St. John's - Mount Pearl distribution system. The construction of this additional network will more than double the present water supply. The official opening of the system took place on August 30, 1977.

The St. John's Harbour Arterial Road from Kilbride to the downtown area will be completed under this agreement. Besides improving access to downtown St. John's from the Donovans Industrial Park and the New Town residential development, the Harbour Arterial will help to revitalize the downtown area and offer full access to the harbour itself. Completion is scheduled for July 1979.

FINANCIAL PROVISIONS

The maximum expenditures for the major programs of the agreement are allocated as follows:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
St. John's Urban Water Supply	\$33 340 000	\$ 8 335 000	\$25 005 000
St. John's Harbour Arterial	34 540 000	8 635 000	25 905 000
Evaluation	<u>120 000</u>	<u>30 000</u>	<u>90 000</u>
TOTAL	\$68 000 000	\$17 000 000	\$51 000 000

ADMINISTRATION AND MANAGEMENT

Each of the ministers shall designate one or more senior officials to be responsible for the administration of this agreement. The federal government will be represented by DREE, Urban Affairs and Central Mortgage and Housing.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Highways - 1976-81

DURATION June 22, 1976 to March 31, 1981 (retroactive to April 1, 1976) as amended July 14, 1976, April 29, 1977, August 8, 1977, February 18, 1978 and July 14, 1978

OBJECTIVES To provide access to identified and potential resource development opportunities, and to reduce constraints on the realization of other socio-economic development opportunities by selected improvements to those elements of the transportation system set forth in schedule "A" of the agreement.

BACKGROUND On the basis of investigation undertaken jointly with officials of the provincial government, it has been concluded that continued upgrading of the transportation system is essential in the pursuit of the socio-economic development objectives and opportunities identified in the General Development Agreement. Selected improvements to the road network will support advances in agriculture, forestry, minerals development and fisheries through more efficient transportation of resources to processing and manufacturing plants, and will improve access to Canadian and export markets for a wide variety of products. The proposed roads program will reduce or end isolation, increase labour mobility, promote the viability of the resource industries and tourism, improve living standards by reducing transportation costs, and provide equitable access to social and cultural services.

The agreement was developed in consultation with the federal departments of Transport, and Fisheries and the Environment. The subsidiary agreement was signed by the Minister of DREE, the Newfoundland ministers of Transportation and Communications, and Intergovernmental Affairs.

FINANCIAL PROVISIONS The following is a list of projects that the province will arrange to carry out under the agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Burgeo Road	\$ 21 003 781	\$ 2 100 378	\$18 903 403
Bonavista North Loop Road	18 451 139	1 845 114	16 606 025
Bay d'Espoir Highway	984 445	98 445	886 000
Baie-Verte- La Scie Road	761 870	76 187	685 683
Northern Peninsula Highway	40 458 765	4 045 876	36 412 889
Program Evaluation	400 000	40 000	360 000
Harbour Breton Highway	12 100 000	1 210 000	10 890 000
Baie-Verte Area Roads	<u>7 000 000</u>	<u>3 500 000</u>	<u>3 500 000</u>
TOTAL	\$101 160 000	\$12 916 000	\$88 244 000

ADMINISTRATION
AND MANAGEMENT

The agreement is administered by a management committee of senior officials designated by the federal and provincial ministers.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Planning

DURATION June 22, 1976 to March 31, 1982 (retroactive to April 1, 1976) as amended April 19, 1979

OBJECTIVES To provide a capability for the undertaking of studies and such planning as is required to identify and analyse economic and socio-economic development opportunities in Newfoundland and to develop and implement strategies, programs and subsidiary agreements pursuant to those opportunities.

BACKGROUND Detailed analyses and studies of Newfoundland's economic and socio-economic circumstances, as well as studies of sectors and opportunities in which Newfoundland has a significant advantage, are required to achieve the objectives of the GDA and the development potential of the province. Federal financial contributions are required to assist Newfoundland in obtaining external professional resources and provincial staff in order to enable both governments to plan and implement, more effectively, joint development initiatives.

 The agreement was signed by the Minister of DREE and the Newfoundland Minister for Intergovernmental Affairs.

ELEMENTS The agreement provides for:

 (a) acquiring external staff and services; and

 (b) covering the costs of provincial staff.

FINANCIAL PROVISIONS	ESTIMATED TOTAL COST	PROVINCIAL SHARE	FEDERAL SHARE (DREE)
<u>External Staff and Services</u>			
1976-79		10%	90%
1979-81		50%	50%
	<u>\$4 800 000</u>	<u>\$1 760 000</u>	<u>\$3 040 000</u>
<u>Provincial Staff</u>			
1976-77		10%	90%
1977-78		25%	75%
1978-79		50%	50%
	<u>\$1 585 000</u>	<u>\$ 625 000</u>	<u>\$ 960 000</u>
TOTAL	\$6 385 000	\$2 385 000	\$4 000 000

ADMINISTRATION AND MANAGEMENT

The agreement is administered by a management committee composed of one senior official from each government, designated by the respective federal and provincial ministers.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Inshore Fisheries Development

DURATION June 22, 1976 to March 31, 1981 (retroactive to June 1, 1975) as amended November 5, 1976, June 21, 1977, September 6, 1977, May 9, 1978, July 13, 1978, December 21, 1978 and March 20, 1979

OBJECTIVES To increase per capita income of inshore fishermen in Newfoundland, and to increase employment and productivity in the processing sector of the fishing industry.

BACKGROUND The inshore fishery has been a traditional economic activity in rural Newfoundland. The strategy for the catching sector of the inshore fishery is to raise incomes by improving efficiency and diversifying products. In the processing sector the strategy is to increase the number of jobs and the duration of employment by increasing and diversifying production, raising the value-added, and improving the product quality. The initiatives in this agreement are intended to relieve certain difficulties in the industry, and specifically to support the productive herring fishery in the St. Barbe North area.

The agreement will provide multi-purpose community stage facilities and a centralized cool-storage building for use directly by private fishermen. The resulting quality improvements will benefit all phases of the industry, from the catching operations through processing, to marketing.

The water-supply systems will provide larger supplies of clean, fresh water to fish plants as required under the Fish Inspection Act and will help to improve the quality of fish production. Further, abundant water supplies will permit increases in production.

Amendment 6, signed on December 21, 1978, increased the total value of the agreement to \$11 761 000. The extra funding will be used in part to continue the fish-plant water-supply program at additional locations. In addition, the marine service centre program, started under a previous subsidiary agreement, will be extended.

The amendment will provide for extensions or other improvements to several existing marine service centres and for the construction of up to three new centres, at Harbour Breton and at two other sites to be determined.

The agreement was signed by the Minister of DREE and the provincial ministers of Fisheries and Intergovernmental Affairs.

ELEMENTS

Provision is made in the agreement for the following facilities and activities:

- (a) St. Barbe North Facilities Improvement Program:
 - (i) upgrading of six community stages;
 - (ii) construction of two new stages;
 - (iii) construction of a central cool-storage facility.
- (b) Water Supply Systems for Fish Plants;
- (c) Inshore Fisheries Marine Service Centres; and
- (d) Program Evaluation and Development Planning Studies.

FINANCIAL PROVISIONS

The following is a list of projects that the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
1. ST. BARBE NORTH FACILITIES IMPROVEMENT			
1.1 Community Stage Upgrading	\$ 514 091	\$ 51 409	\$ 462 682
1.2 Community Stage Construction	825 000	82 500	742 500
1.3 Cool-Storage Building Construction	1 200 000	120 000	1 080 000
2. WATER SUPPLIES FOR FISH PLANTS			
2.1 Port aux Basques	613 928	61 393	552 535
2.2 St. Brides	360 000	36 000	324 000
2.3 New Water Supplies at Various Locations	2 127 981	212 798	1 915 183

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
3. PROGRAM EVALUA- TION AND DEVELOP- MENT PLANNING STUDIES	200 000	20 000	180 000
4. INSHORE FISHERIES MARINE SERVICE CENTRES			
4.1 Harbour Breton	490 000	49 000	441 000
4.2 Port Saunders	420 000	42 000	378 000
4.3 Durrell	205 000	20 500	184 500
4.4 Southern Harbour	135 000	13 500	121 500
4.5 Englee	200 000	20 000	180 000
4.6 Improvements, Ext- ensions, Various Locations	3 370 000	337 000	3 033 000
4.7 New Facilities at Northern and Western Locations	<u>1 100 000</u>	<u>110 000</u>	<u>990 000</u>
TOTAL	\$11 761 000	\$1 176 100	\$10 584 900

ADMINISTRATION AND MANAGEMENT The agreement is administered by a management committee of senior officials of each government designated by the federal and provincial ministers. The federal government is represented by DREE, and Fisheries and the Environment.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Labrador Interim

DURATION December 3, 1976 to March 31, 1981 as amended February 22, 1978, May 12, 1978 and October 19, 1978

OBJECTIVES

To assist the municipality of Happy Valley-Goose Bay to maintain its socio-economic viability following the substantial reduction of U.S. military operations at Goose Bay airport.

To initiate, in selected communities, infrastructure improvements and services required for the diversification of the local economy and to assist Labradorians to participate in emerging developmental opportunities.

To reinforce the long-term orderly development of Labrador for the benefit of its inhabitants and the province.

BACKGROUND

The substantial reduction of United States Air Force operations at Goose Bay airport precipitated the development of a subsidiary agreement as a means of assisting the community of Happy Valley-Goose Bay to maintain its socio-economic base, and as a means of helping the community to develop new industrial endeavours at the airport, its primary place of employment. At the request of the province, the scope of the proposed agreement was widened to include a project in the town of Wabush. Subsequently the Labrador interim subsidiary agreement was developed as a mechanism for the immediate and long-term development of Labrador.

During 1977, it was agreed that efforts should be made to improve the lifestyle of residents of coastal communities. In cooperation with Health and Welfare Canada, projects are being undertaken to improve health and sanitation. Arrangements are also being made to determine the long-term needs of Labrador with input from federal and provincial departments and the residents.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
1. Wabush Industrial Park	\$ 5 800 000	\$ 580 000	\$ 5 220 000
2. North West River Bridge	4 300 000	430 000	3 870 000
3. Happy Valley-Goose Bay Economic Development Corporation	385 000	38 500	346 500
4. Student Dormitory at Happy Valley Vocational School	1 852 000	185 200	1 666 800
5. Auxiliary Sewage Collector System and Outfall Facility	500 000	50 000	450 000
6. Street Improvement in the Town of Happy Valley	500 000	50 000	450 000
7. Town of Happy Valley Neighbourhood Improvement Program	750 000	300 000	450 000
8. Program Evaluation	200 000	20 000	180 000
9. Capital Projects			
9.1 Community Infrastructure	3 500 000	350 000	3 150 000
9.2 Medical Facilities	1 200 000	120 000	1 080 000
Contingency (30%)	1 410 000	141 000	1 269 000
10. Investigative	1 500 000	150 000	1 350 000
11. Public Information	100 000	10 000	90 000
12. Project Management	<u>100 000</u>	<u>10 000</u>	<u>90 000</u>
TOTAL	\$22 097 000	\$2 434 700	\$19 662 300

NOTE: The federal share represents 90% of the direct costs connected with all projects except 7. The federal share of project 7 is 90% of the estimated municipal cost of a Neighbourhood Improvement Program up to a maximum of \$450 000, subject to the provision set out in sub-section 4(6) of the agreement.

DREE is responsible for the federal share of all projects except 9.2, which is the responsibility of Health and Welfare Canada.

ADMINISTRATION
AND MANAGEMENT

A management committee composed of officials designated by the federal and provincial ministers is responsible for the administration of the agreement and evaluation of the program.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Mineral Development

DURATION December 17, 1976 to December 31, 1981
as amended April 28, 1977

OBJECTIVES To develop Newfoundland's mineral resources by upgrading geoscientific data in selected high-potential areas, by providing a comprehensive inventory of known deposits, and by developing policies for mineral resource management that will encourage exploration and development by the private sector while providing maximum socio-economic benefit to Newfoundland.

BACKGROUND The mineral industry in Newfoundland represents some 22% of the gross provincial product, but its full potential is far from realized. The industry is largely extractive in nature with very little upgrading of the mined product being undertaken. Considerable opportunity exists for expanding both mining and processing activities with a consequent improvement in both economic and social returns to the province. About 6 500 persons, or 4% of the labour force, are employed in the mineral industry. It is reasonable to assume that a minimum of 1 000 to 1 500 jobs could be created within 10 years after program initiation.

Short- to medium-term benefits in extraction and processing opportunities and policy development have derived from the previous mineral exploration and evaluation agreement signed between Canada and Newfoundland in 1971. This agreement, which was funded jointly by DREE and Energy, Mines and Resources, expired on March 31, 1976. An extension of some of the work carried out under the agreement is included in the present proposal. However, without more basic geoscientific data, effective long-term development potential cannot be fully realized. The program therefore includes a significant component of geoscientific surveying and mapping.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Regional Mineral Potential Evaluation	\$ 8 587 000	\$ 858 700	\$ 7 728 300
Mineral Development Strategies	2 582 000	258 200	2 323 800
Mineral Resource Management	1 089 000	108 900	980 100
Program Evaluation	<u>200 000</u>	<u>20 000</u>	<u>180 000</u>
TOTAL	\$12 458 000	\$1 245 800	\$11 212 200

The federal share will be divided equally between DREE and Energy, Mines and Resources.

ADMINISTRATION AND MANAGEMENT

A management committee composed of officials designated by the federal and provincial ministers is responsible for the administration of the agreement and the evaluation of the program. The federal membership includes representation from both sponsoring departments.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Tourism Development

DURATION February 22, 1978 to March 31, 1983
(retroactive to January 1, 1978)

OBJECTIVES To promote the expansion and further development
of the tourism industry.

 To increase the net benefits from tourism to the
provincial economy, such as: extending the length
of the tourist season, increasing tourism-related
employment and increasing tourism spending.

BACKGROUND Tourism has grown significantly in Newfoundland
since the completion of the Trans-Canada Highway
in 1965. However, the increase in the number of
vacationers in general has occurred despite the
inadequacies of tourist facilities and services.
There is potential for further development in
Newfoundland in order to meet the existing demand
and to stimulate additional demand.

 In Newfoundland, the industry is relatively
undeveloped. There are, however, identified
opportunities to improve the contribution of
tourism to the provincial economy. It is
estimated that by 1981 the program will result
annually in 26 000 additional visitors, an
increase in annual tourist expenditures of \$5.45
million, and 410 more person-years of employment
in the sector. These are the incremental
benefits directly attributable to the tourism
development program.

ELEMENTS The program will concentrate on the following
areas:

 1. MARKETING

 The province will formulate a comprehensive
marketing program to complement the thrust of
the strategy which is basically concerned
with promoting increased visits by
non-resident tourists.

2. ATTRACTIONS

The planned projects include development of scenic vistas and points of historic interest which will attract tourists.

3. PACKAGED TOURISM

This organizational activity will encourage highly-specialized interest groups to undertake activity-related tours, visits, and expeditions to the province.

4. TOURIST SERVICE PROGRAM

This program is intended to improve all basic services such as food, information services, and technical services.

5. ACCOMMODATION

The development of facilities by the private sector will be encouraged through financial incentives assistance.

6. PLANNING AND EVALUATION

At present, there are a number of gaps in the information and research area of tourism and this program should correct these deficiencies.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Marketing	\$ 310 000	\$ 31 000	\$ 279 000
Attractions	3 523 800	352 380	3 171 420
Packaged Tourism Development	635 700	63 570	572 130
Tourist Services	1 358 800	135 880	1 222 920
Accommodation	6 652 300	665 230	5 987 070
Planning, Coordination, and Evaluation	<u>784 000</u>	<u>78 400</u>	<u>705 600</u>
TOTAL	\$13 264 600	\$1 326 460	\$11 938 140

ADMINISTRATION AND MANAGEMENT

Each of the ministers shall designate one or more senior officials to be responsible for the administration of this agreement. The federal government will be represented by DREE and CGOT on the management committee.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Agriculture Development

DURATION July 14, 1978 to March 31, 1983
as amended May 28, 1979

OBJECTIVES To support the growth of a viable agriculture industry in Newfoundland through increased production, improvements in management and technical capabilities of farmers, improved marketing systems, effective land development and modern agricultural support services.

BACKGROUND The agriculture industry in Newfoundland is relatively underdeveloped, with structural and institutional problems affecting land, marketing, financing, and support services. However, agricultural development programming in Newfoundland has the potential to support and encourage a developing industry, diversify the economic base, directly create employment, and improve incomes in rural areas where employment opportunities are least available.

 The rationale for this agreement is based on the establishment and/or encouragement of financially viable farming operations capable of supplying local markets with fresh, quality produce which is price competitive with imported produce and which is compatible with Newfoundland growing conditions.

 Only about 25% of Newfoundland consumer demand for agricultural commodities is satisfied by local production. Furthermore, because of the transportation and distribution problems involved in importing agricultural commodities, fresh, quality farm produce can be supplied only by local farmers.

 The objectives of the agreement will be achieved through an integrated strategy which will concentrate on farming development in designated agriculture development regions. Agriculture development plans will be prepared for the regions identifying regional and commodity priorities in light of physical capabilities and economic potential for the producer. In addition, technical, farm management consulting, and financial assistance will be made available to individual farmers based on need. Measures will

be taken to stabilize the supply of produce to local markets and studies will be conducted to determine the infrastructure requirements of the industry. Special measures will be taken to support the expansion of the commercial blueberry industry. This strategy is compatible and consistent with the National Food Strategy being formulated by Agriculture Canada.

The agreement was signed by the federal ministers of DREE and Agriculture Canada and the provincial ministers of Forestry and Agriculture and Intergovernmental Affairs.

ELEMENTS

Provision is made in the agreement for:

FARM DEVELOPMENT - counselling of farmers in management skills and in the development of farm plans and the provision of incentive grants to stimulate the implementation of agreed plans;

DEVELOPMENT OPPORTUNITIES - identification and implementation of agriculture development opportunities such as: swine development, agricultural uses of peat soils, wood-fiber feed, and on-farm feed processing;

BLUEBERRY INDUSTRY DEVELOPMENT - an initiative to promote expanded private investment and increased efficiency in the use of resources employed in a more commercially oriented blueberry industry;

MARKETING - to develop marketing systems, facilities, organizations, and services to promote more orderly and efficient storage, grading, processing, distribution, and sale of farm products;

LAND-USE PLANNING - assessment of land capabilities and assistance in the formulation of plans and strategies for land assembly and use;

LAND DEVELOPMENT - provision of off-farm services required for the development of designated high-capability farming areas and the organization and promotion of a special initiative to alleviate a critical forage problem;

AGRICULTURAL FACILITIES - provision of office, laboratory, and clinical facilities to enable better coordination of federal-provincial programs; the provision of farm management counselling, soil and crop analysis, veterinary and other services under departmental and cost-shared agreements; and

PLANNING, COORDINATION AND EVALUATION - provision of planning, economic analysis, monitoring, evaluation, and public information services for the programs.

<u>FINANCIAL PROVISIONS</u>	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Farm Development	\$ 5 431 900	\$ 543 190	\$ 4 888 710
Development Opportunities	827 600	82 760	744 840
Blueberry Industry Development	2 772 400	277 240	2 495 160
Marketing	1 262 400	126 240	1 136 160
Land-Use Planning	2 050 300	205 030	1 845 270
Land Development	1 280 900	128 090	1 152 810
Agricultural Facilities	2 000 000	200 000	1 800 000
Planning, Coordination and Evaluation	<u>715 800</u>	<u>71 580</u>	<u>644 220</u>
TOTAL	\$16 341 300	\$1 634 130	\$14 707 170

Agriculture Canada will contribute the \$1.8 million federal share of the Agricultural Facilities program.

ADMINISTRATION AND MANAGEMENT

A management committee composed of officials appointed by the ministers is responsible for the administration of this subsidiary agreement. The federal government is represented by DREE and Agriculture Canada.

NEWFOUNDLAND

SUBSIDIARY AGREEMENT

TITLE Rural Development

DURATION July 14, 1978 to March 31, 1983
(retroactive to April 1, 1978)

OBJECTIVE The objective of this agreement is to strengthen and revitalize the rural sector of the province.

BACKGROUND A large percentage of the Newfoundland population lives in the rural areas of the province; consequently the rural environment is an important consideration in economic development. The rural area of the province is generally composed of small, sparsely populated communities which possess resources and opportunities for development that are distinct in nature and scope from those in the larger, more urban areas.

In recent years, the approach taken toward development of these rural areas has been to promote the establishment of small resource-based enterprises or businesses employing small numbers of people.

The process has been spearheaded by a network of regional development associations that have been established in many parts of the province. Funded by the federal and provincial governments, the number of these associations has mushroomed from one in 1963 to 35 in 1978. They are providing the leadership and planning capabilities necessary to create a stronger rural sector. In this respect, the organizations are filling a void that exists in many areas where strong municipal governments and other regional bodies designed to promote economic and social development have not evolved.

The development associations are helping people take advantage of the rural resources to provide job opportunities requiring traditional skills. This improves the quality of the rural lifestyle in home surroundings as a viable alternative to migration to urban industrial centres.

Considerable progress in rural development was achieved through ARDA III which was jointly funded by DREE and the province. That program also included funding for the various regional development associations.

ELEMENTS

The major elements of this subsidiary agreement are:

1. COMMUNITY DEVELOPMENT - the provision of administrative grants and matching incentive grants to regional development associations; annual grants to the Newfoundland and Labrador Rural Development Council; leadership and development training for rural people; development project funding; regional planning activities;
2. RURAL INCENTIVES - the provision of incentive grants and research and development grants to small businesses; improvements in the management capabilities of rural entrepreneurs;
3. CRAFTS INDUSTRY DEVELOPMENT - the provision of an information and marketing program for crafts, and the acquisition of external crafts marketing and design services in order to expand the handicrafts industry; and
4. PROGRAM EVALUATION AND INFORMATION - the provision of program evaluation and public information services for the programs in this agreement.

FINANCIAL PROVISIONS

The following is a list of projects identified under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Community Development	\$ 9 350 000	\$ 935 000	\$ 8 415 000
Rural Incentives	4 140 000	414 000	3 726 000
Crafts-Industry Development	960 000	96 000	864 000
Program Evaluation and Information	<u>130 000</u>	<u>13 000</u>	<u>117 000</u>
TOTAL	\$14 580 000	\$1 458 000	\$13 122 000

ADMINISTRATION AND MANAGEMENT

A management committee composed of senior officials designated by the federal and provincial ministers is responsible for the administration of the agreement.

NOVA SCOTIA



NOVA SCOTIA

GENERAL DEVELOPMENT AGREEMENT

The General Development Agreement (GDA) with Nova Scotia was signed September 12, 1974 by the Minister of Regional Economic Expansion and the Premier of Nova Scotia.

The objectives of this agreement are to encourage the expansion of viable, long-term employment opportunities; to promote optimum quality of life within Nova Scotia and increased earned incomes for its people; and to assist in the development of a dynamic and creative provincial economy which will encourage the growth and stability of economic activity in the province.

In seeking to achieve these general objectives, the governments will jointly pursue strategies involving more specific sectoral and geographic approaches, including:

- (a) the development of new or expanded employment opportunities throughout the province by the identification and implementation of appropriate development opportunities;
- (b) the design and implementation of urban and rural development measures required to promote and support economic and socio-economic development opportunities in Nova Scotia;
- (c) the development of the resource industries of fishing, agriculture, forestry and mining through measures to improve their efficiency, productivity and optimum resource utilization, including intensified research and the further processing of their primary products;
- (d) the development of the Halifax-Dartmouth metropolitan area, with special emphasis on high-technology industries, communication, distribution and transportation-related industries, and a wide range of business and personal services, consistent with its evolution as a major business and service centre;
- (e) the continued development of the primary and secondary processing of imported and domestic raw and semi-finished materials in the Strait of Canso area;
- (f) the development of the economic and social opportunities of the tourism/recreation and related sectors;
- (g) the provision of interim assistance required to eliminate impediments threatening the retention and

maintenance of otherwise viable employment opportunities and industries;

- (h) the development of spin-off opportunities related to supply, service, exploration, extraction and distribution of off-shore oil and gas;
- (i) the development of ocean science technology and ocean-related industries, including shipbuilding and ship repair; and
- (j) the development of energy resources and energy distribution systems to assist in providing adequate energy supplies to Nova Scotia consumers and industries.

Summaries of currently active subsidiary agreements follow.

NOVA SCOTIA

SUBSIDIARY AGREEMENT

TITLE Mineral Development

DURATION February 17, 1975 to March 31, 1980 as amended April 14, 1977, June 28, 1977, August 4, 1977, February 3, 1978, February 9, 1978, May 19, 1978 and March 29, 1979

OBJECTIVES To increase employment and investment in the province's mining sector by providing for accelerated mineral reconnaissance, geological programs and an assessment of mineral resources.

BACKGROUND The mineral industry in Nova Scotia has been centred in the coal industry, an industry which has not, in the past, been able to contribute significantly towards closing the regional disparity gap.

It has been recognized that new mineral deposits have to be found to broaden the industry base and to create more economic impact. Programs have been carried out in mineral exploration, but a less than dynamic industry exists. Previously, policy review work suggested that substantial development opportunities existed in lead and zinc, barite and fluorite, and gypsum and salt. Recent mineral discoveries have indicated a relatively high exploration potential.

It is now an opportune time to accelerate and broaden the scope of these programs; to reduce or eliminate identifiable constraints to mineral exploration and development; and to undertake the processing of minerals which are presently mined and exported in raw or bulk form; all with the intention of increasing employment and investment opportunities through the development of mineral-based industries in the province.

This agreement was developed in close cooperation with the federal Department of Energy, Mines and Resources and the Province of Nova Scotia. It was signed by the Minister of DREE and the provincial Minister of Development.

ELEMENTS The six major elements of the agreement include:

(a) Resource Development Planning

The purpose of resource development planning is to identify development opportunities and devise programs to optimize government efforts in promoting exploration and exploitation of the mineral resource.

(b) Mineral Resource Inventory

To provide a base for formulating policies and programs regarding mineral exploration and development, there is required a complete and comprehensive data and information system on the nature, extent and location of known mineral occurrences. An inventory of known resources is the first step in developing priorities of action.

(c) Mineral Evaluation Survey

An examination, mapping and evaluation of known mineral occurrences, including offshore drilling in the Sydney Basin coal field, and the search for new deposits of industrial minerals will provide a direct means of encouraging mineral development and the utilization of provincial resources.

(d) Geological-Geochemical Survey

One of the most useful functions in stimulating continuing exploration by private industry is the provision of basic geological data and concepts. The program will give priority to selected areas with the objective of carrying out a comprehensive and coordinated approach utilizing a broad range of geological, geochemical and geophysical techniques.

(e) Laboratory Services

The Department of Mines operates a laboratory to perform analytical services, ceramic testing and small-scale mineral dressing tests. However, some of its major analytical equipment is now obsolete and of insufficient capacity to meet increasing demands of the department and industry. This agreement will attempt to improve the situation.

(f) Program Management and Administration

This will provide for key professional positions with a supervisory role.

FINANCIAL
PROVISIONS

The following is a list of projects the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Resource Development Planning	\$ 63 000	\$ 12 600	\$ 50 400
Mineral Resource Inventory	238 130	47 626	190 504
Mineral Evaluation Survey	15 453 455	3 090 691	12 362 764
Geological-Geochemical Survey	3 214 830	642 966	2 571 864
Laboratory Services	227 647	45 529	182 118
Program Management and Administration	<u>640 938</u>	<u>128 188</u>	<u>512 750</u>
TOTAL	\$19 838 000	\$3 967 600	\$15 870 400

ADMINISTRATION
AND MANAGEMENT

Supervision will be carried out by a management committee composed of one representative from DREE, one from Energy, Mines and Resources, and two from the province, as designated by the respective federal and provincial ministers.

NOVA SCOTIA

SUBSIDIARY AGREEMENT

TITLE Metropolitan Halifax-Dartmouth Area Development

DURATION March 31, 1975 to March 31, 1980 as amended September 11, 1975, April 28, 1976, June 28, 1976, March 17, 1977, April 21, 1977, March 16, 1978, August 1, 1978, September 21, 1978 and February 14, 1979

OBJECTIVES To enable Halifax-Dartmouth to function more effectively in its role as the principal regional centre in the Atlantic provinces by ensuring desirable development of the downtown areas of the two cities, continued development of the harbour resource and increased industrial development, particularly in high-technology industries.

BACKGROUND The Halifax-Dartmouth metro area is the most prosperous part of the Atlantic, with per capita and family incomes about 10% above the national average. More importantly, it is now coming to play a central role within the total Atlantic economy. The Halifax-Dartmouth metropolitan area has gradually changed from a slow-growth area to a major growth centre, with increasing links to the major metropolitan areas in the rest of Canada and the eastern seaboard of the United States. It is essential that the rate of development and growth in the metro area be sustained, not only to ensure continued prosperity for the residents of Halifax-Dartmouth but also to ensure the generation of the maximum possible benefits for the remaining parts of Nova Scotia and the Atlantic Region.

Five broad benefits are anticipated to arise from the implementation of this subsidiary agreement:

- (a) It will provide employment for future additions to the work force, particularly additions through in-migration from other parts of the Atlantic provinces.
- (b) The subsidiary agreement will help to ensure that expansion goes forward in an orderly manner, with the generation of the minimum amount of "disbenefits" generally associated with high growth.

- (c) The subsidiary agreement will assist in ensuring that the current upward momentum in the Halifax-Dartmouth economy is sustained.
- (d) Related to the previous "benefits", the implementation of this subsidiary agreement will lead to a better integrated Atlantic economy through an improved and expanded transportation and distribution system to take advantage of the unique "gateway" location of Halifax in relation to world markets.
- (e) The subsidiary agreement will assist in the restructuring of the Halifax-Dartmouth economy towards more highly skilled manufacturing and service activities which will increase opportunities for new employment and increased incomes.

This agreement illustrates the federal policy of interdepartmental cooperation on development matters. On the federal side, the departments of Public Works, Transport, Fisheries and Environment, Urban Affairs, Employment and Immigration and the National Harbours Board have worked closely with DREE on the agreement and will be closely involved in its implementation.

This subsidiary agreement was signed by the federal ministers of DREE, Public Works and Urban Affairs, and by the Nova Scotia Minister of Development.

ELEMENTS

The Halifax-Dartmouth agreement calls for programs in three broad development categories: metro development in the Halifax-Dartmouth area, port-related development, and industrial development.

The waterfront development master plan will include space for a hotel and convention complex, office facilities for federal and provincial governments, commercial and retail space, ferry terminals and housing. The development is expected to generate millions of dollars in income annually, and some 2 000 to 4 000 jobs within the office space provided.

Funds are provided to complete the construction of a regional water supply. Demands on the existing water supply are close to capacity, and continued development of the metropolitan area requires that this new water supply be established.

Work to be done includes the construction of approximately 16 miles of transmission main to carry water from the treatment plant at Pockwock Lake to the City of Halifax and into Bedford. The line will connect with the North End feeder through a control chamber near Main Avenue at Dunbrack Street in Halifax, with the Geizer Hill and Cowie Hill reservoirs, and with the Bedford Reservoir.

To ease traffic problems in the Halifax area caused by increased development of the waterfront, a computerized traffic management centre will be introduced. Improvements to Portland Street and the construction of Dunbrack Street will also be carried out to accommodate increasing traffic.

The port-related section of the agreement notes the fact that facilities at the highly successful Halifax container terminal would operate at capacity in 1975. Feasibility and design studies will, therefore, be carried out for possible construction of additional facilities.

The third program in this subsidiary agreement is concerned with industrial development of which the most promising areas are high-technology and ocean-oriented industries.

Studies will be carried out into the feasibility of ship-repair facilities for the area, the costs and benefits of industrial park expansions and a gateway study.

Approximately 200 acres adjoining the Burnside Industrial Park will be serviced with water, sewers and roads to meet future demands for industrial land, and a Bedford by-pass will be constructed to ease traffic in the northeast part of the metropolitan area.

FINANCIAL PROVISIONS

The following are the projects the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Halifax-Dartmouth Waterfront Development	\$ 90 742 500	\$23 322 500	\$67 420 000
The Gateway: The Port	1 500 000	300 000	1 200 000
Industrial Development	<u>17 463 800</u>	<u>6 086 800</u>	<u>11 377 000</u>
TOTAL	\$109 706 300	\$29 709 300	\$79 997 000

ADMINISTRATION
AND MANAGEMENT

Administration of the agreement will be in the hands of a joint management committee comprising members from DREE and the provincial Department of Development. An intergovernmental waterfront committee composed of members from DREE, Public Works, Urban Affairs, relevant provincial departments and municipal representatives is responsible for managing the Halifax-Dartmouth waterfront development project.

NOVA SCOTIA

SUBSIDIARY AGREEMENT

TITLE Strait of Canso Area Development

DURATION March 31, 1975 to March 31, 1980 as amended August 15, 1975, June 18, 1976, December 21, 1976, July 22, 1977, February 1, 1978, March 21, 1978, June 14, 1978, February 8, 1979 and May 10, 1979.

OBJECTIVES To stimulate the development of a major industrial concentration at the Strait of Canso and thus ensure that important assets, such as an excellent deepwater harbour, are used to promote maximum income and employment opportunities for the people of Nova Scotia.

BACKGROUND The Strait of Canso has one of the finest deep-water harbours in the western hemisphere. Development of the causeway in 1955 created a fully sheltered and ice-free harbour out of the Strait. It has water depths of up to 120 feet within a few hundred yards of the shore. Canso is slightly over 200 miles from Halifax and is fully accessible by road, rail and water.

The harbour in itself gives the Strait area a tremendous advantage over most ports on the North American Atlantic coast. Since the advent of super tankers and large bulk carriers, industrial concerns are indicating a strong preference for locating production and service facilities, dependent on large-volume raw-material shipments, at strategic points with deepwater harbours. The Strait has the further advantage of being convenient to important Atlantic shipping routes and of being relatively close to urban centres which offer support services and from which a labour force can be drawn.

The opportunity, therefore, lies in capitalizing on these assets by attracting a number of major industries to the Strait.

This agreement was developed in consultation with other federal government departments, such as Industry, Trade and Commerce, and Employment and Immigration, and with provincial authorities. It was signed by the Minister of DREE and the Nova Scotia Minister of Development.

ELEMENTS

(a) The Strait of Canso Industrial Development Authority

This authority will be responsible for the development of a plan for the deepwater port, the promotion and development of industrial activity, conducting negotiations with public and private interests to this end, and provision of administrative organization.

(b) Integrated Regional Planning

Overall planning will be developed with emphasis on 1) a comprehensive regional and municipal planning program to provide for an orderly and integrated community and physical development of the Strait of Canso, and 2) optimum utilization and environmental management of the harbour area.

(c) Community and Industrial Infrastructure

Under this program, feasibility analyses, and design and construction of selected infrastructure projects will be undertaken, including:

Melford Brook Reservoir
Expansion of Landry Lake Reservoir
Port Hawkesbury School/Community Centre
Mulgrave By-Pass Highway
Trunk 104 - East of Port Hawkesbury to Cannes.

FINANCIAL PROVISIONS

The following is a summary of projects that the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Strait of Canso Industrial Development Authority	\$ 1 208 000	\$ 242 000	\$ 966 000
Integrated Regional Planning	1 105 500	221 100	884 400
Community and Indus- trial Infrastructure	23 564 400	6 229 800	17 334 200
Evaluation	<u>100 000</u>	<u>20 000</u>	<u>80 000</u>
TOTAL	\$25 977 900	\$6 712 900	\$19 264 600

ADMINISTRATION AND MANAGEMENT Supervision will be carried out by a management committee consisting of equal numbers of representatives of each government, designated by the respective federal and provincial ministers.

NOVA SCOTIA

SUBSIDIARY AGREEMENT

TITLE Agriculture Development

DURATION June 22, 1976 to March 31, 1981 as amended July 22, 1976, February 9, 1977, March 31, 1978 and June 2, 1978

OBJECTIVES To improve the viability and stability of the agriculture industry and enhance its ability to sustain growth; maintain existing and create new employment opportunities in the agriculture industry; and expand the output and productivity of underexploited components of the agriculture industry which enjoy an economic advantage in provincial or export markets.

BACKGROUND Traditionally, the agriculture base in Nova Scotia has consisted of a large number of small farm units widely distributed throughout the rural areas of the province. Farming has often been combined with fishing and/or forestry, providing only a marginal living for the rural population.

 Since World War II, technological and economic forces have dramatically changed the role of agriculture. This change is reflected in a decline in census farms from 23 500 in 1951, to the present level of approximately 6 000. As this trend continues, a sound base of good farmers on good land is being established. The further development and success of those farmers depend upon their ability to adapt to a continually changing technological and commercial environment.

 According to the 1971 census, the total amount of land in farms was 1 383 000 acres, with 386 000 of those acres improved. This can be broken down into 260 000 acres in grass (153 000 acres in hay and 107 000 acres in pasture) and 126 000 acres in high-energy, protein and horticultural crops.

 Fifty-seven per cent of the census farms have cash sales of less than \$2 500 and have an average improved acreage of only 32 acres. At the other end of the scale, only 20% of the farms have sales in excess of \$10 000. These have an average of 150 improved acres.

Land tends to be subdivided into long, narrow lots. This makes it difficult to assemble blocks of agricultural land to develop a viable land base. Along with the shape of the properties, the land ownership pattern further complicates land assembly.

In terms of production, the existing agriculture industry can best be described by sectors, each with its unique characteristics.

Dairy Products - Although the number of cows kept on Nova Scotia farms has decreased over recent years, increased milk production per cow has kept total production nearly constant. About 350 million pounds of milk are produced annually in the province.

Meat Products - Nova Scotia's beef supply of 45 000 head is produced on pasture or feedlots. The potential exists for increased production since the Nova Scotia market consumes three times more than existing producers can supply.

The production of hogs has been steadily increasing from a low of 47 000 head in 1957 to 131 000 in 1971, but the province is still producing less than half its total requirements. A highlight of the pork industry is its record in leading all provinces in the quality of pork produced.

The production of poultry meats is one of the most efficient segments of the agricultural industry. Producer marketing boards actively monitor production to ensure that market demands will be satisfied.

Eggs - Provincial egg producers have historically supplied both local and export demands.

Fruits - About three million bushels of apples, two million quarts of strawberries, 10 million pounds of blueberries and smaller amounts of pears, plums, raspberries and cranberries form the basis for the fruit industry in the province. Fruit production is especially significant because of its concentration in a few areas.

Vegetables - Vegetables are produced on more than 9 500 acres in the province. The most important vegetable crop is potatoes, with 3 500 acres producing, mainly for the processing market. In addition to potatoes and fresh vegetables, beans and peas for processing are grown on about 3 500 acres.

Other Agricultural Products - The greenhouse industry sells about \$4.5 million worth of flowers, bedding plants, and vegetables annually from the two million square feet of area covered by glass and plastic in the province.

Tobacco production - Tobacco valued at \$1.2 million annually is produced on 1 250 acres.

Other agricultural products of importance in the province include fur pelts, with farm sales of \$1.9 million; sheep, with farm sales of \$620 000; and other miscellaneous products valued at about \$2.8 million; as well as "income and kind" produced and consumed on the farm valued at \$6.2 million.

In addition to these commodities produced for sale, many products produced are used for livestock feed. These include grain, hay, corn grain and silage.

The value of these products is reflected in the sale of the livestock to which they are fed. The fact that these inputs are produced locally rather than imported adds substantially to the importance of the total economics of the agricultural industry in the province.

The concept of the subsistence farm is disappearing and is being replaced by the farm business. Individual farmer initiative, supported by federal and provincial government programs, has made a substantial contribution to the development of a nucleus of farmers who are using sound business management techniques to operate their enterprises. In the past two decades, agriculture spending has increased from \$27 million to \$90 million.

While changing technology has resulted in a certain amount of specialization, mixed farming continues to be the agricultural enterprise most suited to the Nova Scotia situation.

In economic terms, farm cash receipts of \$104 million in 1974 resulted in the purchase of \$89 million worth of goods and services (for example machinery sales and service, petroleum products distribution, construction, feed milling, insurance, banking), supplied mainly by rural businessmen. Nearly all the financial capital used in agriculture is generated in Nova Scotia and any return remains in the province.

The primary production activity directly supports secondary manufacturing including meat and poultry processing, dairy products, and fruit and vegetable processing industries. The dependence of secondary industry on agriculture can be exemplified by the fact that of 139 manufacturing and processing firms in the Annapolis Valley and Kings County, 68 are wholly dependent on local farm production for their raw materials.

Apart from purely economic considerations, the agriculture industry plays an important role in maintaining the quality of the rural countryside of Nova Scotia. Tourists and residents alike have come to value the aesthetic aspects of the rural scene and a prosperous agriculture industry is a prime force in maintaining this attractiveness.

ELEMENTS

The first element of the strategy involves expansion of the agricultural land base.

There are a number of constraints that must be overcome: low ratio of improved to unimproved land; ownership of a large percentage of unexploited land by non-farmers such as pensioners, non-residents and estates; small scattered holdings; and substantial amounts of Class II and III land which has never been exploited.

Removal of these constraints involves gaining access to unemployed land, consolidation of land into viable-sized units, development of new land, and increasing the productivity of the presently exploited land through cultural improvements, field enlargement and consolidation.

The second element of the strategy concerns development of the type of farming operation best suited to meet the goals of increasing meat production and, at the same time, decreasing the dependence on imported feed.

The most suitable is the mixed farm with a land base capable of growing the feed requirements of the animal units being produced. There are many combinations that can be used, for example:

- (i) hogs - high-energy and protein crops - beef
- (ii) poultry - forage - beef
- (iii) orchard - forage - beef

- (iv) dairy - high-energy and protein crops - hogs

This type of farming also utilizes the animal by-products in the production of the crops.

The third element of the strategy involves the producer. To increase production at the rate projected will require full-time farmers who have an adequate land base. There are three groups to draw on:

- (a) successful farmers who have resource potential for expansion;
- (b) farmers prepared to expand production but who do not have an adequate resource base to enable them to expand to the point where it would not be necessary to supplement income with off-farm work; and
- (c) young people with the capability to operate a farm but lacking the equity to get started.

The fourth element of the strategy involves training and technology utilization. Farming is a business and is continually confronted with technological and economic changes. The farmer must be knowledgeable about management methods, keep abreast of technological changes and understand marketing. Young people entering the farming business must have a sound knowledge of management and a good background in the type of farming to be undertaken.

To fulfill these requirements a variety of tools must be utilized. These would include short courses, a combination of formal and on-farm training, and the use of an innovative demonstration program to encourage the development and adoption of suitable technology on the farm.

FINANCIAL PROVISIONS

The following is a list of programs the province will carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Land Development	\$31 400 000	\$14 280 000	\$17 120 000
High-Energy and Protein Feed	7 192 000	2 032 000	5 160 000
Livestock Development	6 200 000	1 240 000	4 960 000
Horticulture	2 425 000	485 000	1 940 000
Special Development	<u>1 000 000</u>	<u>200 000</u>	<u>800 000</u>
TOTAL	\$48 217 000	\$18 237 000	\$29 980 000

ADMINISTRATION
AND MANAGEMENT

The appropriate federal and provincial 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. The federal representation includes DREE and Agriculture.

NOVA SCOTIA

SUBSIDIARY AGREEMENT

TITLE Industrial Development

DURATION June 22, 1976 to March 31, 1981 as amended September 28, 1976, February 10, 1977, May 2, 1978, May 17, 1978, June 9, 1978, September 14, 1978, November 1, 1978 and November 20, 1978

OBJECTIVES To support the development of new employment opportunities in Nova Scotia in the secondary and tertiary sectors of the economy; to encourage the development, expansion and efficiency of indigenous enterprises in Nova Scotia; and to increase the variety of employment opportunities available, with particular emphasis on higher skill and higher wage employment, particularly in certain intermediate-size communities.

BACKGROUND During the 1960s, manufacturing output in Nova Scotia showed fairly substantial gains but manufacturing employment grew at a very low rate. Only Quebec and Saskatchewan reported smaller employment gains during this period. From about 1970 on, however, an important reversal occurred with employment gains outstripping the national average. This is particularly significant when the service sector gains from manufacturing employment are taken into account.

The Nova Scotia and Maritime markets are now judged to be of sufficient size and concentration to support the manufacture of product lines that were previously produced in and imported from central Canada. This "import substitution" activity and the growth in export-oriented firms have provided the province with its strongest gains in secondary manufacturing activity since the Second World War.

An analysis of industry trends shows that a wide range of activities has contributed to the recent upturn. Among those showing the most impressive increases are the production of: pulp and paper, rubber products, ships and boats, railroad rolling stock, motor vehicles, petroleum products, carpets, mats and rugs, other furniture, fabricated and structural metal, electronic communications equipment, truck body and trailer manufactures, miscellaneous machinery and equipment, electrical wire, and industrial chemicals.

The gains realized by these industries more than offset the losses experienced by some of the more traditional activities, including fish processing and sawmilling.

Thus, for the first time in many years, secondary manufacturing has played a leadership role in the upward trend of the Nova Scotian economy.

Most of these manufacturing gains have been concentrated in the central counties of the province, and in particular in Halifax-Dartmouth, Truro and Amherst. This has combined with the urban bias of most of the high-growth service activities to make the central corridor of Nova Scotia one of the more rapidly expanding areas of Canada over the past five years.

The medium-size urban centres along this corridor have thus displayed a strong capability for generating secondary manufacturing activity over the past few years. These trends are expected to continue. Therefore, it is anticipated that secondary manufacturing will continue to play a leadership role in the future expansion of the intermediate-size centres.

Efforts are required, however, to accommodate and accelerate this growth in secondary manufacturing and to ensure that it provides the maximum possible benefits to the residents of these centres and to Nova Scotia generally.

The agreement was developed in close cooperation with the Nova Scotia Department of Development. It was signed by the Minister of DREE and the provincial Minister of Development.

ELEMENTS

There are five major elements to the strategy involved in this subsidiary agreement:

(a) Opportunity Identification, Analysis and Promotion

The purpose of this element is to identify the industries which would be suitable for Nova Scotia, undertaking analysis of their viability and providing for special promotional efforts. Studies of special infrastructure requirements and the development of an industrial information system in the provincial Department of Development will also be covered.

(b) Support for Local Enterprise

The purpose of this element is to provide assistance in the areas of management in general and marketing in particular, to help Nova Scotian business become firmly established and stay abreast of new markets and new techniques and thus maintain a strong competitive position. Skills and tools developed during this process will help smaller firms to lessen their dependence on government assistance in the long run. The cost of this second element is to be borne by the province.

(c) Industrial Location

The purpose of this element of the strategy is to reinforce existing growth patterns, particularly in the central corridor of the province, and to ensure the availability of serviced industrial land in industrial parks in the higher growth areas of Amherst and Debert, and at Kentville, Stellarton and Windsor, which are peripheral to the high-growth region. Also included are special activities related to industrial parks and provision for the establishment of shell factories.

(d) Provision of Industrial Infrastructure

The purpose of this element is to facilitate industrial expansion through provision of serviced industrial land and other basic infrastructure for specialized industries which may be better accommodated outside established industrial parks.

(e) Manpower Development

The purpose of this element of the strategy is to provide for the upgrading of skills in existing employment and to provide comprehensive manpower assistance to major new industries where required.

FINANCIAL
PROVISIONS

The following is a list of programs the province will carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Opportunity, Identifi- cation, Analysis and Promotion	\$ 2 850 000	\$ 570 000	\$ 2 280 000
Industrial Parks and Related Infrastructure	11 879 000	2 375 800	9 503 200
Industrial Infrastructure	1 400 000	280 000	1 120 000
Public Information and Evaluation	<u>160 000</u>	<u>32 000</u>	<u>128 000</u>
TOTAL	\$16 289 000	\$3 257 800	\$13 031 200

ADMINISTRATION
AND MANAGEMENT

Supervision will be carried out by a management committee composed of one or more senior officials to be appointed in equal numbers by the respective federal and provincial ministers.

NOVA SCOTIA
SUBSIDIARY AGREEMENT

TITLE Planning

DURATION June 22, 1976 to March 31, 1980

OBJECTIVES To enable Canada and the province to provide a capability for undertaking studies and conducting such planning as is required to identify and analyze economic and socio-economic opportunities in Nova Scotia and to develop strategies, programs and subsidiary agreements pursuant to those opportunities.

BACKGROUND In 1973 an interim planning agreement between Canada and Nova Scotia was approved by Treasury Board. Under this agreement, several studies were undertaken to investigate development opportunities in Nova Scotia.

 The planning subsidiary agreement signed in May of 1976 continues and broadens the type of thrust begun under the interim planning agreement. In particular, it defines three areas for planning and development initiatives: Physical and Resource Planning, Research and Studies to Investigate Development Opportunities, and General Development Planning.

 Under the planning subsidiary agreement, DREE and the province are working closely together towards developing an overall development strategy for the province and undertaking the necessary planning and studies to implement the strategy. For example, background studies to develop a tourism subsidiary agreement for Nova Scotia and studies relating to SYSCO were funded under this agreement.

ELEMENTS The three major elements of this subsidiary agreement are:

 (a) Physical and Resource Planning

 This program deals with the assembly and analysis of baseline data and information regarding the location of development projects. The program will provide information regarding broad, sub-regional

development patterns, and assessments of the socio-economic and environmental impact on development at different locations. This is particularly important for projects which require unique physical facilities. (For example, oil platform construction requires protected, deepwater, steep-gradient harbours.) The program will complement and utilize information from the resource survey programs in other subsidiary agreements and on-going activities of the Maritime Resource Management Center. Activities in this program include studies dealing with land use, the assimilation of baseline data and information, and, possibly, environmental impact studies.

(b) Research and Studies to Investigate Development Opportunities

This program will fund studies to investigate specific development opportunities. The objective of the program is to provide the necessary background information and strategy for turning broadly defined development opportunities into job- and income-creating activities. Strategically, it deals primarily with attracting private sector investment to Nova Scotia. In certain instances, studies under this program will be jointly financed with private industry. It includes technical feasibility and pre-engineering studies required to put into place supportive infrastructure and social infrastructure, where applicable, for certain specific opportunities.

(c) General Development Planning

The objective of this program is to increase the efficiency of the provincial government in undertaking development within Nova Scotia. Areas to be investigated under this program include basic economic and social research and analysis.

With regard to basic economic research and analysis, an updating of the Nova Scotia input/output tables and their extension and modification for benefit/cost analysis will be undertaken.

FINANCIAL
PROVISIONS

The following is a list of programs the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Physical and Resource Planning	\$1 500 000	\$ 750 000	\$ 750 000
Research and Studies to Investigate Development Opportunities	3 000 000	1 500 000	1 500 000
General Development Planning	<u>500 000</u>	<u>250 000</u>	<u>250 000</u>
TOTAL	\$5 000 000	\$2 500 000	\$2 500 000

ADMINISTRATION
AND MANAGEMENT

This agreement is managed by a committee composed of two representatives from DREE and two representatives from the province, as designated by the respective federal and provincial ministers. A coordinating committee composed of one federal representative and one from the province is responsible for the day-to-day operations of the agreement, including supervision of project teams for each of the projects included in the agreement.

NOVA SCOTIA

SUBSIDIARY AGREEMENT

TITLE Forestry

DURATION June 28, 1977 to March 31, 1982 (retroactive to April 1, 1977) as amended July 14, 1977 and July 24, 1978

OBJECTIVES To maintain the existing aggregate employment based mainly on the softwood species and to increase employment opportunities and incomes in timber harvesting and processing, based mainly on the hardwood species.

BACKGROUND Land ownership patterns in Nova Scotia, highlighted by small parcels owned by many private owners, sharply contrast with Canadian patterns, where 91% of all productive forest is Crown land. This Nova Scotia characteristic presents special problems for consideration in developing integrated resource management programs. Recent inventory information on the province's 92 million cunits of marketable growing stock indicates that 22% of the stock is on provincial Crown land and 78% is on private land. Average capability of forest land for timber production, based on good forest management and other assumptions, could eventually allow harvesting and processing of two to three times more timber.

In 1967, small ownerships produced 59% of the total harvest; in 1975, they produced only 39%. The declines in pulpwood production were more pronounced: from 64% to 38%. Although the output from large ownerships and Crown land has made up for this decline, large private owners cannot long sustain their present production level. In addition, many small ownerships are now producing a fraction of the yield of the forest products that they could produce.

Other trends and problems, beyond physical accessibility and related fragmented ownership patterns, indicate softwood species overcutting by 10% to 20% while hardwood cuts may be at only one third of their potential. Insect infestation in decadent, over-mature/mature timber has reached serious proportions in Cape Breton Island and other areas.

To achieve the objectives, programs have been identified to maintain employment in existing softwood-using industries and to permit expansion of employment in harvesting and manufacturing based mainly on hardwoods. Future supply of suitable timber is ensured through more effective management of private and public lands.

ELEMENTS

There are five major programs in this agreement:

(a) Forest Management

The immediate goal of this program is to increase productivity on all classes of forest-land holdings, improve physical access, and reduce diseconomies attributable to fragmentation and scale. To achieve these goals, separate projects for forest management on private lands and Crown lands, group management and access to spruce-budworm-infested forests have been developed.

(b) Forest-Industry Development

(i) This element is designed to fully explore potential markets, identify possible manufactured products and locate areas for hardwood-based industry development.

(ii) This element will encourage future profitability of the sawmilling segment by encouraging larger and more efficient plants and equipment, by increasing the recovery of usable material and by improving safety and working standards.

(c) Support Services

Successful implementation of the forest management and forest industry development programs requires a number of support services. These consist of refinements to the resource data base, organization of forest management crews, and the establishment of consulting foresters.

(d) Education, Public Information and Evaluation

Lack of knowledge and understanding of forest management, harvesting and timber utilization is a contributing factor to the generally low productivity of private forest lands, and harvesting and processing waste. Activities

are required to overcome these barriers and to ensure that proper and adequate information is communicated to land owners and industry. A manual of good forest practice will be published under the planning agreement to assist this communication process. On-going evaluation is also necessary in this total process.

(e) Wood Salvage/Storage and Ancillary Forest Management

The immediate goal of this program is to salvage and place in storage budworm-infested wood on Cape Breton Island in an effort to realize maximum economic benefit from the threatened resource and to help alleviate short-term wood shortages. Concurrently, reforestation and other intensive management activities will be undertaken, aimed at rebuilding the damaged forests.

FINANCIAL PROVISIONS The following is a list of programs the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Forest Management	\$23 436 000	\$ 4 687 000	\$18 749 000
Forest Industry Development	900 000	300 000	600 000
Support Services	599 000	244 000	355 000
Education, Public Information and Evaluation	635 000	127 000	508 000
Wood Salvage/Storage and Ancillary Forest Management	<u>34 967 500</u>	<u>19 037 500</u>	<u>15 930 000</u>
TOTAL	\$60 537 500	\$24 395 500	\$36 142 000

ADMINISTRATION AND MANAGEMENT This agreement is managed by a committee composed of two representatives from the federal government and two from the province, as designated by the respective ministers. A coordinating committee composed of two federal representatives and two from the province is responsible for the day-to-day operations of the agreement, including supervision of project teams for each of the projects included in the agreement.

NOVA SCOTIA

SUBSIDIARY AGREEMENT

TITLE Tourism Development

DURATION June 28, 1977 to March 31, 1982 (retroactive to April 1, 1977) as amended June 29, 1978, October 31, 1978 and May 16, 1979

OBJECTIVES The objective of this agreement is to create employment opportunities and increase incomes by further developing the tourism industry in Nova Scotia.

BACKGROUND The task of encouraging and creating new employment opportunities in the less developed areas of Canada is substantial. One sector which does have potential employment opportunities for non-urban areas, however, is the travel industry.

 The Royal Commission on Canada's Economic Prospects made the following observations about the relationship of the travel industry to economic development: "The tourist business is of special importance as a possible avenue of economic development for so-called problem areas. Many parts of Canada that are the least promising agriculturally, industrially, or in terms of, say, mineral resource possibilities, are the most promising for recreational development."

 Several changing socio-economic factors imply that the travel industry will continue to be a growth industry. Increasing population, increasing disposable income, rapid urbanization, increased leisure time as a result of the reduction of the work day, work week, and work life; more advanced education; and increased ownership of complementary goods such as automobiles all imply that the demand for travel will continue to increase. Although the proportion of the total population taking vacation trips has increased, there is still a large untapped market. In 1975 only 63% of all Canadian adults took a vacation trip, while in the Atlantic provinces only 57% of all adults took a vacation trip.¹

¹ Canadian Government Office of Tourism, "Vacation Trends by Canadians".

The travel industry is made up of two basic elements: "extra muros" travel which is a product of the travel of people from outside the region (Nova Scotia) and "intra muros" travel which results from travel within the region by residents of the region. Extra muros travel results in an injection of money into the economy of a region, while intra muros travel has an import substitution effect. The travel industry, particularly as an export industry, can contribute significantly to raising the level of output, income and employment in Nova Scotia.

The total direct value of expenditures on travel in Nova Scotia in 1975 was approximately \$300 million. Of this amount, approximately \$48 million was spent on accommodation; \$85 million on food and beverages; \$108 million on transportation; \$9 million on entertainment and recreation; and \$49 million on other goods and services. Total travel expenditures in Nova Scotia in 1975 directly created \$27.6 million in provincial tax revenue; \$5.6 million in municipal tax revenue; and \$26.5 million in federal tax revenue. These expenditures created approximately 12 000 direct full-time job equivalents and approximately 13 000 indirect and induced full-time job equivalents in Nova Scotia. Travel-industry-related employment accounted for approximately 9% of total employment in Nova Scotia in 1975.

Value-added in the travel industry (wages and salaries, supplementary labour income and return on investment, interest and rent) in 1975 was \$100 million. Compared to the goods-producing industries, the travel industry ranks behind the manufacturing and construction industries but it is ahead of the resource industries of agriculture, fishing, forestry and mining.

Recognizing the importance of the travel industry to Nova Scotia, the provincial Department of Tourism adopted a policy and strategy in 1975 for developing the tourism industry of Nova Scotia. This agreement is intended to facilitate implementation of certain elements of this policy, largely those related to generating income and employment opportunities. Other elements of the provincial policy and strategy will be undertaken by the Department of Tourism on its own or in cooperation with other provincial departments.

(a) Increase the Length of the Tourist Season

Traditionally, the tourist season in Nova Scotia has been viewed by visitors and residents alike as embracing only the months of July and August. Past efforts to promote a longer season have met with only modest success. Psychologically, people are conditioned to think of summer as ending on Labour Day when in fact the Maritimes enjoy relatively warm weather well into the autumn. To increase the length of the tourist season requires, among other things, the keeping of seasonal accommodation and tourist attractions open for a longer period; the provision of new attractions, events and entertainment at suitable locations; provision of indoor activities to meet off-season weather conditions; and the coordination of advertising, marketing and other efforts designed to create bus tour, group business and individual packages for the extended season.

(b) Extend the Stay of Travellers Who Come to Nova Scotia

Tourists often do not stay in Nova Scotia as long as could be wished, even though the average length of stay has increased slightly since 1971. The development of regional destination areas and improvements in the travelway system should have the effect not only of dispersing visitors more evenly throughout the province but also of persuading them to stay longer. The provision of better quality accommodation and food services and of increased activities throughout an extended season should also help extend the stay of travellers and disperse them more evenly.

(c) Increase the Amount of Money Spent per Traveller per Day

The percentage of the tourist dollar spent on purchases and entertainment in Nova Scotia is less than one would expect on the basis of experience elsewhere. Whatever the cause, one result is that the multiplier effect of tourism is lower than it could be. Research of visitor preferences suggests that next to sight-seeing, shopping is the most popular activity, and that low spending is the result primarily of lack of spending opportunities.

Clearly there is a need to improve the number and distribution of entertainment and recreational facilities and of suitable retail outlets for handcrafts and other items of interest to visitors.

(d) Distribute Travel Expenditures Geographically According to Opportunities for Profitable Investment and the Need of Areas for Income and Employment Opportunities

Geographical distribution of tourists throughout the province has tended to be very uneven, with some areas experiencing an overflow in peak season and others receiving too few to be of real economic benefit. Some areas have not developed their attractions sufficiently to generate investment in accommodation and facilities and, therefore, benefit very little from visitors passing through. The rural areas, unfortunately, have suffered the most in this respect.

A more even diffusion of visitors throughout the province will facilitate more equitable distribution of the economic benefits associated with the travel industry. Specifically, this agreement will attempt to stimulate increased tourist expenditures at designated areas within rural Nova Scotia.

(e) Increase the Total Number of Visitors

Obviously, an increase in the total number of visitors to Nova Scotia is an important element of a tourism strategy. This is, however, but one element which must be carefully planned. An increase in the number of visitors during peak periods or in areas which have already reached the saturation point can create problems. The aim, therefore, is to increase the number of visitors in those areas which can accommodate more tourists, and at the time of the year when occupancy rates are low. Consequently, this part of the strategy is closely related to the geographical distribution of tourists and to increasing the length of the tourist season.

FINANCIAL
PROVISIONS

Two programs have been included in this agreement. The first program encompasses various province-wide projects aimed at promoting the tourist industry within Nova Scotia, improving the efficiency of the industry, expanding the industry where possible and desirable, and extending the tourist season. The second program relates directly to the development of designated destination areas through projects designed to construct or expand major attractions, provide suitable attractions for day trips, and coordinate planning, promotion and implementation efforts within the destination areas.

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Tourism Development - General	\$ 5 220 000	\$1 044 000	\$ 4 176 000
Tourism Development - Destination Areas	<u>8 530 000</u>	<u>1 706 000</u>	<u>6 824 000</u>
TOTAL	\$13 750 000	\$2 750 000	\$11 000 000

ADMINISTRATION
AND MANAGEMENT

The appropriate federal and provincial ministers shall designate an equal number of senior officials to be responsible for the administration of this agreement. These officials shall constitute the management committee.

NOVA SCOTIA

SUBSIDIARY AGREEMENT

TITLE Energy Conservation

DURATION July 4, 1978 to March 31, 1983

OBJECTIVES To minimize employment and income losses resulting from increases in energy prices; to create employment and income opportunities in a new provincial industry; to develop, with broad public involvement, plans and programs for the Nova Scotia energy system and its components. To enhance employment opportunities in Nova Scotia through a series of measures which will keep energy outlays to employers and consumers significantly lower than they would otherwise have been; and to be a stimulus to the development of a new provincial industry, namely the production, installation and servicing of energy-conserving and renewable-energy technologies.

BACKGROUND The 1974 OPEC oil embargo shocked the Nova Scotian economy, as it did the rest of the industrial world. It is generally agreed that high energy prices are here to stay, and that the necessary policy framework is one of managing the adjustment process to the new equilibrium.

Oil, all of it from foreign sources, accounts for 79% of Nova Scotia's total energy supply, the remainder being hydro and coal. No other province has as high an oil dependency. The price paid for oil since the 1974 OPEC embargo has quadrupled, and more increases are foreseen as the Oil Import Compensation Program winds down. Though shared by other Canadians, these prices work to the comparative disadvantage of Nova Scotian industries and consumers because:

- (a) the already weak economic base in Nova Scotia has less ability to adjust to changing circumstances;
- (b) delivered Nova Scotian finished goods tend to have a higher energy content than those of other provinces due to the great distances to Canadian and international markets -- distances which are overcome only by burning foreign oil;

- (c) the lower income base of Nova Scotians means that a greater fraction of disposable income is expended upon energy commodities (10.6% in Nova Scotia versus 7.3% nationally in 1976), thus lowering even more the aggregate demand available for the sustenance of employment opportunities in the province; and
- (d) 68% of the electricity produced was, in 1975, dependent upon oil, meaning that industrial electricity users are particularly exposed to changes in world oil prices; in addition, Nova Scotia possesses little potential in the way of low-cost hydro generation which could offset the high cost of a new capacity of any type.

Some control over energy costs may be achieved with conversion from oil to coal, uranium, or even wood. Vigorous efforts to curb energy waste and to substitute more efficient machines and processes may be even more useful. These opportunities should be evaluated and pursued where economically justified. Experimentation with renewable-energy resources and other non-conventional energy-supply technologies may give Nova Scotia a head start on the coming era of declining oil supplies, both through the installation of relatively inflation-proof equipment and through the building of an industrial base to supply local and out-of-province markets.

The agreement was developed in close cooperation with the Nova Scotia departments of Mines and of Development, and the federal Department of Energy, Mines and Resources. It was signed by the ministers of DREE, and Energy, Mines and Resources and the provincial ministers of Mines and of Development.

ELEMENTS

The main elements of the strategy encompassed in this agreement are:

- (a) Improving the efficiency of energy use in all sectors of the economy by:
 - i) encouraging the substitution of more efficient machinery, equipment or processes for less efficient kinds;
 - ii) encouraging co-generation and new soft technology; and
 - iii) developing an industry mix which reflects the energy situation, where appropriate.

- (b) Minimizing the long-run social cost of providing energy, after accounting for security of supply, by:
 - i) using peak-load pricing and other financial policies by the Nova Scotia Power Corporation and other energy-providing institutions so that customers are informed of the true cost of energy supply;
 - ii) cooperative supply planning with neighbouring provinces through the Maritime Energy Corporation and other appropriate government agencies;
 - iii) engaging in practical experiments and demonstrations of energy-conserving and renewable-energy technologies; and
 - iv) providing support to a research, development, testing and technical information facility.
- (c) Developing, with broad public involvement, plans and programs for the Nova Scotia energy system and its components.

PROGRAMS

This subsidiary agreement consists of two programs: one to develop an energy system plan, and one to ensure that the province's energy resources are properly utilized.

- (1) The Energy System Planning Program will evaluate and recommend the combination of energy sources and alternatives which will best meet Nova Scotia's short- and long-term needs. The province, by understanding the relationships in its energy needs in the short- and long-term, will be able to respond to, and to input into national policy. The problem will be considered in both specific and universal terms, and public participation will be solicited in the development of a provincial energy plan.
- (2) The Energy Opportunities Program is intended to moderate the rate at which the cost of energy to the industrial and domestic consumer is increasing. This program is also intended to encourage the development, evaluation and demonstration of alternate energy devices, and to capitalize on employment opportunities which are anticipated to result from the adoption and widespread uses of these alternate energy devices. This program breaks out into seven projects:

Load Management
Industrial Retrofitting
Co-generation and New Soft Technology
Pilot Projects
Energy Test Centre
Public Information
Evaluation

- (a) A Load Management project will assess the costs and benefits to producers and users of electricity of reformed rate structures which more closely approximate the cost of providing power at different times. Both price-based and direct means of peak reduction will be developed, tried on an experimental basis, and introduced system-wide where warranted. The project will be carried out by the Nova Scotia Power Corporation. The project is designed to allow other Canadian utilities to learn from the Corporation's experience.
- (b) The Industrial Retrofitting Project will provide financial incentives to Nova Scotian companies who make changes in production methods and/or plant designs, which will lead to a significant reduction in energy consumption. Companies qualifying for funding under this project will be required to avail themselves of the services which are provided through the ENER\$AVE program.
- (c) The Co-generation and New Soft Technology project will examine sites at which it may be feasible to produce and use both heat and electricity from a single plant for commercial purposes. In some locations (e.g., Point Tupper), it is felt that such co-generation could be achieved by using wood and/or coal in place of imported oil. This project will provide funds to determine the socio-economic benefits of a site-specific co-generation scheme. Also, applications of new soft technology in energy will be examined.
- (d) A number of Pilot Projects will be undertaken or funded to explore the feasibility of harnessing renewable alternative sources of energy. Such resources include the sun, wood, district heat,

hydro and others. When practical, demonstration projects will be mounted to acquaint the public with these alternatives.

- (e) An Energy Test Centre (ENERTIC) will be established to test, develop and demonstrate new energy-saving devices and equipment. Its findings will be available to government, industry and the general public. ENERTIC will cooperate with the National Research Council, the Department of Energy, Mines and Resources, the Nova Scotia Research Foundation, and all similar agencies, universities and colleges throughout Atlantic Canada.
- (f) The Public Information project will enlist public participation in discussions about energy-related topics, and will provide information on developments and innovations related to energy use.
- (g) The Evaluation project will entail a formal objective evaluation of the agreement at the end of the second year, and a second evaluation at the end of the fifth year, when the agreement has run its course.

FINANCIAL PROVISIONS

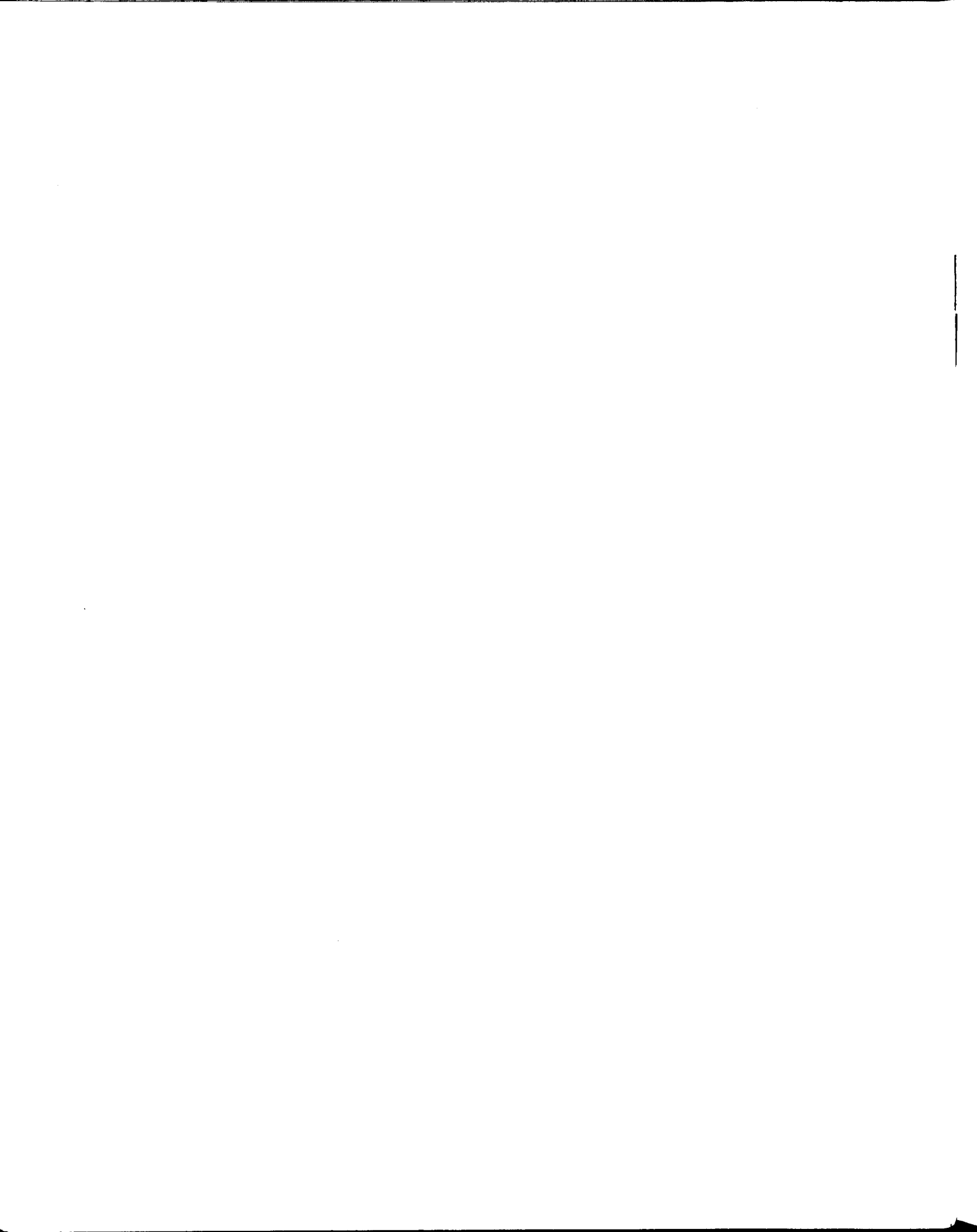
The following is a list of programs/projects the province will carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
PROGRAM I			
<u>Energy System Planning</u>	\$ 3 000 000	\$1 500 000	\$ 1 500 000
PROGRAM II			
<u>Energy Opportunities</u>			
Load Management	3 000 000	600 000	2 400 000
Industrial Retrofitting	10 875 000	2 175 000	8 700 000
Co-generation and New Soft Technology	600 000	120 000	480 000
Pilot Projects	5 300 000	1 060 000	4 240 000
Testing Service	1 500 000	300 000	1 200 000
Public Information	500 000	100 000	400 000
Evaluation	<u>100 000</u>	<u>20 000</u>	<u>80 000</u>
TOTAL	\$24 875 000	\$5 875 000	\$19 000 000

ADMINISTRATION AND MANAGEMENT Supervision will be carried out by a management committee composed of three senior officials appointed by each of the federal and provincial ministers.



NEW BRUNSWICK



NEW BRUNSWICK

GENERAL DEVELOPMENT AGREEMENT

The General Development Agreement (GDA) with New Brunswick was signed April 23, 1974, by the Minister of Regional Economic Expansion and the Premier of New Brunswick.

The primary objective of this agreement is to reduce the gap in earned income per capita between that province and Canada as a whole. A further objective is that per capita incomes should be raised while minimizing net migration from the province. To meet these objectives, the development strategy is 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.

Specific strategies to be employed to meet the objectives include:

- (a) the identification, pursuit and realization of development opportunities through the coordinated application of relevant federal and provincial programs;
- (b) the joint funding of infrastructure required to support development opportunities as well as to facilitate broader community and area development;
- (c) for resource-based industries, to raise incomes through greater productivity and maintenance of employment by increased output of primary products. A major element of this 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. Resources of concern are: agriculture, forestry, minerals and fish;
- (d) 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; and
- (e) tourist activity provides provincial residents with a valuable source of income and employment. 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.

Summaries of currently active subsidiary agreements follow.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Forestry

DURATION Schedules "A" and "B": February 17, 1975 to March 31, 1980 (retroactive to October 15, 1974) as amended February 27, 1976, March 31, 1977, March 9, 1979 and March 29, 1979; Schedules "C" and "D": July 21, 1978 to March 31, 1982 (retroactive to July 1, 1978) as amended March 31, 1979.

OBJECTIVES To mount a comprehensive, province-wide forestry development program that would increase production of high-quality timber and expand the wood-processing industry, thus improving employment and earning opportunities for local people.

BACKGROUND The programs and projects to be carried out under this forestry agreement are based on the results of the New Brunswick Forest Resources Study, the product of a separate federal-provincial agreement made in March 1972. To realize the full potential for timber production and significantly expand processing capacity, it will be necessary to improve the management of public and private forest lands. Priority has been placed upon the development of an increased wood supply of improved quality which can be produced and sold on the domestic and world markets at competitive prices. To achieve this objective, effective resource allocation, more complete utilization and an improved wood delivery system will be necessary.

The agreement provides for major development efforts to be undertaken on a pilot basis in the Bathurst region to test, under operational conditions, new policies for wood allocation and new techniques in forest management and harvesting.

Over one half of the funds provided under the agreement are devoted to intensified forest management. This includes the development of better forest-management information; the expansion of forest-nursery capabilities; increased tree planting and stand improvement; the development of an integrated network of forest roads; the testing of forest protection concepts; and the development of other uses of the forest resource, including recreation. In addition, measures are to be taken to encourage increased productivity and output from private woodlots.

Other programs are focused on increasing resource utilization through the adoption of more efficient harvesting techniques, improved transportation facilities and industrial development. Within the pilot area, a serviced industrial site for a wood-industries complex is being established.

To support these initiatives, the agreement provides for the development of programs to upgrade the woods labour force, the supply of professional and technical services and the design of an institutional facility to accommodate forest resource-oriented education, research and administrative activities.

In July of 1978, a major amendment to this agreement was agreed to by both governments. Schedules "C" and "D" were added to the already established Schedules "A" and "B". Under these new schedules, further initiatives are being undertaken with the objective of creating jobs with a favourable and lasting effect on the economy in areas of high unemployment within the province. The approach to these initiatives is to be consistent with that established for existing job-creation programs of the Canada Employment and Immigration Commission and is to be undertaken through a new four-year program.

ELEMENTS

There are six program elements under this agreement. Under Schedules "A" and "B", these are:

- (a) Forest Management - which covers such subjects as woodlands inventory, silviculture, Crown-land consolidation, resource protection, multiple-use development, arterial-road system, and private-woodlot management.
- (b) Resource Utilization - which deals with forest harvesting, industrial development, and transportation.
- (c) Manpower Development - which includes studies of problems of recruiting, supply, demand, working conditions, benefits and training as well as education and research.
- (d) Administration - to cover costs of staff expenses and related equipment, the planning and design of new facilities and other associated costs.

(e) Pilot Project - to provide assistance for establishing and maintaining a management team, to implement the pilot project and establish the Forestry Industrial Park near Bathurst.

Schedules "C" and "D" contain one program:

(a) Resource Development and Accelerated Employment - which covers stand improvement, development of private woodlots, site preparation and plantation tending, Crown-land management support and forest multiple-use development.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Forest Management	\$48 287 350	\$ 9 657 470	\$38 629 880
Resource Utilization	4 560 900	912 180	3 648 720
Manpower Development	2 663 400	532 680	2 130 720
Administration	1 627 250	325 450	1 301 800
Pilot Project	4 489 600	897 920	3 591 680
Resource Development and Accelerated Employment	<u>12 600 000</u>	<u>3 000 000</u>	<u>9 600 000</u>
TOTAL	\$74 228 500	\$15 325 700	\$58 902 800

ADMINISTRATION AND MANAGEMENT Supervision will be carried out by a management committee consisting of equal numbers of representatives of each government, designated by the respective federal and provincial ministers.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Industrial Development

DURATION February 17, 1975 to March 31, 1980
as amended February 11, 1977 and March 22, 1979

OBJECTIVES To expand, diversify and strengthen manufacturing and processing activities in the province. Specifically, it will seek to diversify manufacturing into higher-value products requiring modern technology and skilled labour, and to encourage the establishment of industries based on the province's natural resources or its strategic Maritime location.

BACKGROUND Major portions of the funds provided under the agreement are devoted to opportunity identification and promotion, and provision of industrial infrastructure. This includes provision of facilities, equipment and services required to carry out experimental manufacturing enterprises for industrial locations or expansions; acquisition and servicing of industrial sites in areas where there is a significant demand for industrial land; and the provision of finished factory space and related facilities supplying central administrative and technical services simultaneously to several manufacturers wishing to produce new products. Other initiatives are directed toward the formulation, monitoring and evaluation of industrial development policies and programs, and the planning of technical and impact studies related to specific industrial development opportunities and projects.

This agreement was developed in consultation with the federal departments of Finance, and Industry, Trade and Commerce, and with various provincial departments. It was signed by the Minister of DREE, the Premier of New Brunswick, and the New Brunswick Minister of Economic Growth.

ELEMENTS There are four program elements under this agreement:

(a) Planning of Industrial Development - Funds will be provided for a small staff and other

services for a planning and programming unit to be established in the New Brunswick Department of Economic Growth. Planning studies will also be supported.

- (b) Regional Industrial Development - Funds will be provided for the establishment of regional industrial development commissions in a number of regions, as well as for additional provincial staff required to assist the commissions.
- (c) Assistance to Manufacturing Industry - This will involve investment in buildings, equipment and initial operating expenditures to carry out experimental manufacturing and marketing on a scale intermediate between pilot and full production. Sales of products and patents might generate some revenue, which would be shared between the governments in the same proportions as the funding.

Also included in this element is the provision of factory space when necessary to assist manufacturing enterprises to become established.

A program of aid to small industries provides forgivable loans for new construction or expansion in certain counties.

- (d) Provision of Industrial Infrastructure - Funds will be provided for: the acquisition and servicing of industrial sites; creation of an industrial mall in which space will be rented; and the funding of other industrial infrastructure if necessary, at as yet unidentified sites, to promote investment by private industry.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Planning of Industrial Development	\$ 3 543 000	\$ 708 600	\$ 2 834 400
Regional Industrial Development	5 117 250	1 023 450	4 093 800
Assistance to Manufacturing Industry	5 167 500	1 033 500	4 134 000
Provision of Industrial Infrastructure	<u>16 400 000</u>	<u>3 280 000</u>	<u>13 120 000</u>
TOTAL	\$30 227 750	\$6 045 550	\$24 182 200

ADMINISTRATION AND MANAGEMENT Supervision will be carried out by a management committee consisting of equal numbers of representatives of each government, designated by the respective federal and provincial ministers.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Kent Region Pilot Project

DURATION February 17, 1975 to March 31, 1980
as amended February 11, 1977

OBJECTIVES To undertake a pilot project which would assist residents of the Kent Region (Kent County and Hardwick and Rogersville parishes in Northumberland County) in developing and implementing projects in fisheries, forestry, agriculture, resource-based manufacturing, tourism and recreation, in order to improve income and employment opportunities in the region and to gain experience which could be usefully applied in other areas of Canada.

BACKGROUND Although the Kent Region is presently characterized by high unemployment and low income, it has potential for substantial economic expansion. A variety of organizations, including New Brunswick NewStart, regional development groups and federal and provincial agencies, have studied development possibilities in the Kent Region. Among development opportunities identified to date are: increasing production and processing of agricultural products; increasing returns from regional forests through improving their management and increasing local value-added; developing Christmas tree stands; expanding tourist facilities based on the scenic and historic resources of the area and the growth of Kouchibouguac National Park; increasing returns from the fisheries and increasing the locational advantages to attract manufacturing activity to parts of the region.

One of the most promising aspects of the Kent situation is the interest and initiative of the local people, who may be encouraged to capitalize on area potential. To facilitate this, measures must be taken to encourage interested individuals or groups to explore opportunities and, where possible, to assist them in obtaining necessary information, technical guidance and capital to pursue opportunities.

This agreement was signed by the Minister of DREE and the Premier of New Brunswick.

ELEMENTS

The main program elements of this agreement are:

- (a) Resource Development and Technical Support Program - This will involve providing financial assistance to projects as they become ready, providing technical and marketing guidance, and studying selected sectors, such as agriculture, forestry, fishery, and tourism. A small industry development program is also included.
- (b) Infrastructure Program - This involves funding municipal services and other facilities in communities where a lack of such facilities is demonstrated to be hindering economic expansion.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Resource Development and Technical support	\$4 985 250	\$ 997 050	\$3 988 200
Infrastructure	1 782 500	356 500	1 426 000
Program Administration	<u>983 250</u>	<u>196 650</u>	<u>786 600</u>
TOTAL	\$7 751 000	\$1 550 200	\$6 200 800

ADMINISTRATION AND MANAGEMENT Supervision will be carried out by a management committee consisting of an equal number of representatives of each government, designated by the respective federal and provincial ministers.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Saint John and Moncton Arterial Highways

DURATION February 17, 1975 to March 31, 1981 as amended December 16, 1975, December 13, 1977, March 22, 1978, November 28, 1978 and March 22, 1979

OBJECTIVES To complete the work begun under earlier Special Areas agreements on arterial roads required to improve the transportation of goods and people within Saint John and Moncton, and thus contribute to the further development of these major growth communities.

BACKGROUND This subsidiary agreement upholds a joint commitment by both governments to continue construction of the following major urban arterial roads: Wheeler Boulevard in Moncton, the Shediac Highway, and the Saint John Throughway.

Construction was initiated under the Canada-New Brunswick Special Areas Agreement through which DREE contributed \$5.5 million toward the cost of constructing Wheeler Boulevard, a further \$2.0 million in loans for land acquisition, and \$21.3 million toward construction costs and a further \$6.7 million in loans for land acquisition for the Saint John Throughway. The entire throughway was opened in December 1976.

These urban arterial highways will make a significant contribution towards economic and socio-economic development in these larger metropolitan areas of the province.

This agreement was signed by the Minister of DREE, the Premier of New Brunswick and the New Brunswick Minister of Highways.

ELEMENTS (a) Saint John Throughway

To complete the design and construction of certain portions of a limited-access throughway in the city of Saint John from the eastern end of the Harbour Bridge to MacKay Highway. Although not fully complete, this section of the throughway was opened to traffic on December 22, 1978.

(b) Wheeler Boulevard

To complete the design and construction of portions of a limited-access four-lane regional arterial highway as a ring route around the Moncton urban area, and certain related connecting roads to the Trans-Canada Highway and south shore communities.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Saint John Throughway	\$26 700 000	\$ 8 010 000	\$18 690 000
Wheeler Boulevard and Shediac Highway	<u>24 500 000</u>	<u>7 350 000</u>	<u>17 150 000</u>
TOTAL	\$51 200 000	\$15 360 000	\$35 840 000

ADMINISTRATION AND MANAGEMENT Supervision will be carried out by a management committee consisting of an equal number of representatives of each government, designated by the respective federal and provincial ministers.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE	Planning
DURATION	December 16, 1975 to March 31, 1980 (retroactive to April 1, 1975)
OBJECTIVES	The objective of this agreement is to provide funds to acquire external staff and services to undertake studies and to carry out the planning activities required to identify and analyse economic and socio-economic development needs and opportunities in New Brunswick and to develop and implement strategies, programs and subsidiary agreements pursuant to those needs and opportunities.
BACKGROUND	<p>In recognition of the need to reinforce and supplement the provincial government's planning capability in order to better identify and analyse socio-economic development opportunities in New Brunswick, development of a planning subsidiary agreement under the GDA was undertaken.</p> <p>While other subsidiary agreements provide assistance for the planning of activities in various sectors and for specific developments, this agreement will supplement the resources available to Canada and the province to meet planning and coordination requirements which are beyond the scope of other subsidiary agreements.</p>
ELEMENTS	<p>It will provide funds to acquire external professional services in order to carry out the following tasks:</p> <ul style="list-style-type: none">(a) general development planning to determine best allocation of resources under the GDA;(b) research and studies to investigate potential opportunities prior to their consideration as subjects for subsidiary agreements;(c) planning of physical development to demonstrate development and economic change in an orderly manner; and(d) coordination of the activities under each subsidiary agreement to permit reaction to

changing circumstances and adjustment of program priorities where necessary.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
	\$4 875 000	\$2 437 500	\$2 437 500

ADMINISTRATION AND MANAGEMENT The overall management of this agreement will be the responsibility of a committee consisting of an equal number of representatives of each government, designated by the respective federal and provincial ministers.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Tourism Development

DURATION December 16, 1975 to March 31, 1980 (retroactive to November 3, 1975) as amended October 28, 1977 and March 22, 1978

OBJECTIVES To encourage development of the New Brunswick tourism sector and improve productivity in the industry by increasing tourism spending in New Brunswick through:

 (a) increasing the number of visitors;

 (b) lengthening the average tourist visit; and

 (c) expanding tourist activities in the shoulder and winter seasons.

BACKGROUND Tourism activities currently make an important contribution to employment and incomes in New Brunswick. In 1973, about 48% of all travel expenditures in the province were attributable to non-resident tourists, while a further 15% of travel expenditures were attributable to resident tourists. Hence, approximately 63% of the total 1973 travel expenditures of \$125 million can be attributed to tourists, making tourism activities a significant contributor to the 14 900 person-years of employment and \$49 million of household income generated by the province's travel industry during that year.

 Based on expected continued growth in the demand for the type of attractions that New Brunswick can offer tourists, there is considerable potential for the expansion of the province's tourism sector. By undertaking measures to promote and develop existing and potential attractions, and by the introduction of measures aimed at encouraging increased private-sector participation in tourism-related ventures, it is expected that the extent to which the growing tourism demand is captured in the province can be significantly increased.

 To expand the tourism industry in New Brunswick, one of the principal requirements is to induce visitors to stay longer. By virtue of its location, New Brunswick is characterized as a "pass-through" province in that it attracts a

large number of tourists who traverse the province en route to destinations in other Atlantic areas. Consequently, these visitors spend a relatively small amount of time in New Brunswick and have a disproportionately low average spending rate.

The basis of the approach to the development of the tourism industry in New Brunswick is an interim strategy jointly prepared by the federal and provincial governments which is designed to counteract key problems, such as the traverse phenomenon, over the next three to five years through the use of a "destination area" approach to development. The strategy outlines the kinds of development efforts which will be required to enable destination areas to realize their potential in regard to attractions, services and facilities necessary to draw significant numbers of visitors for overnight and extended stays.

ELEMENTS

There are two program elements under this agreement:

- (a) Essential Resource Services - which are designed to supplement the resource available for the planning, development and coordination of the New Brunswick tourism industry and to provide resources in the areas of planning, financial assistance and land acquisition to complement the infrastructure program; and
- (b) Infrastructure - which is designed to increase the level of expenditure by tourists and visitors to the province through the provision of necessary tourism infrastructure such as visitor-orientation centres, beach redevelopment, construction of a major handcraft centre, development of summer and winter parks, development of historical attractions and development of a provincial hospitality school.

FINANCIAL PROVISIONS	ESTIMATED TOTAL COST	PROVINCIAL SHARE	FEDERAL SHARE (DREE)
Essential Resource Services	\$ 5 937 920	\$1 187 584	\$ 4 750 336
Infrastructure	8 705 600	1 741 120	6 964 480
Reserve	<u>99 480</u>	<u>19 896</u>	<u>79 584</u>
TOTAL	\$14 743 000	\$2 948 600	\$11 794 400

ADMINISTRATION
AND MANAGEMENT

Supervision will be carried out by a management committee consisting of equal numbers of representatives of each government, designated by the respective federal and provincial ministers.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Minerals and Fuels Development

DURATION June 24, 1976 to March 31, 1981

OBJECTIVES To undertake measures directed towards the attainment of maximum economic and socio-economic net benefits from the mineral resources of New Brunswick while ensuring the maintenance of a high level of environmental quality. This objective will be achieved by:

- (a) the promotion of private investment in both exploration and mine development;
- (b) the encouragement of further processing of indigenous minerals; and
- (c) measures aimed at contributing to national self-sufficiency in fuel supply.

ELEMENTS

Financing and Operation

Canada is contributing 80% of the total eligible costs up to an amount of \$9 050 500 in federal funding which includes a 15% contingency allowance. To assist with the interim financing of programs and projects, Canada may, if the province so requests, make interim payments to the province of 100% of Canada's share of claims submitted based on estimates of costs actually incurred. There are two programs being implemented under this agreement:

(a) Opportunity Identification

The opportunity identification program provides for: an examination of the development potential of New Brunswick's energy resources; exploration and evaluation of known mineral occurrences which, on the basis of existing resource and market information, have potential for development; exploration in areas where potential land-use changes would otherwise preclude mineral developments; and basic geological mapping on a scale sufficient to improve the effectiveness and efficiency of exploration decisions.

(b) Opportunity Development

The opportunity development program provides for resolution of technological problems constraining increased use of the province's mineral and fuel resources; promotion of identified opportunities for increasing mineral and fuel production, value-added, productivity and participation by New Brunswick residents in all phases of their mineral industry; and the construction of transportation routes necessary for mineral and fuel resource development.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Opportunity Identification	\$ 6 310 625	\$1 262 125	\$5 048 500
Opportunity Development	<u>5 002 500</u>	<u>1 000 500</u>	<u>4 002 000</u>
TOTAL	\$11 313 125	\$2 262 625	\$9 050 500

ADMINISTRATION AND MANAGEMENT Supervision will be carried out by a management committee consisting of an equal number of representatives of each government designated by the respective federal and provincial ministers.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Highways - 1977-80

DURATION April 1, 1977 to March 31, 1980 (signed February 11, 1977) as amended February 10, 1978, November 29, 1978 and March 30, 1979

OBJECTIVES To facilitate broader community and area development through the provision of financial assistance for highway construction and to simultaneously encourage development in the resource-based industry, secondary manufacturing and service industries through greater efficiency in goods transport and improved accessibility.

BACKGROUND The scale and nature of the agreement have been determined primarily on the basis of the following elements:

- (a) GDA objectives and strategy;
- (b) national highway policy; and
- (c) comprehensive economic cost-benefit and development analyses.

ELEMENTS There are nine program elements under this agreement:

- (a) construction of the Eel River-to-Charlo section of Route 11 to complete the Campbellton-Dalhousie by-pass;
- (b) completion of the Belledune extension of the Bathurst by-pass;
- (c) reconstruction of Route 11 between Chatham and St. Margarets;
- (d) continuation of Route 11 relocation north of Shediac by completing the section between Buctouche and Rexton;
- (e) further upgrading of Route 11 around the Gloucester Peninsula;
- (f) upgrading of Routes 360 and 135 between Allardville and Losier Settlement to provide a good central access route for the Peninsula;

- (g) provision for completion of work initiated and substantially completed by previous highway agreements;
- (h) upgrading appropriate sections of Routes 8 and 17 to improve general northeast access; and
- (i) provisions to allow continued in-depth planning of the highway system.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
(a)	\$ 8 700 000	\$ 2 175 000	\$ 6 525 000
(b)	8 300 000	2 075 000	6 225 000
(c)	5 200 000	1 300 000	3 900 000
(d)	13 800 000	3 450 000	10 350 000
(e)	8 300 000	2 075 000	6 225 000
(f)	2 500 000	625 000	1 875 000
(g)	600 000	150 000	450 000
(h)	8 000 000	2 000 000	6 000 000
(i)	<u>600 000</u>	<u>150 000</u>	<u>450 000</u>
TOTAL	\$56 000 000	\$14 000 000	\$42 000 000

ADMINISTRATION AND MANAGEMENT Supervision will be carried out by a management committee consisting of an equal number of representatives of each government, designated by the respective federal and provincial ministers. Transport and Public Works will participate on the committee.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Northeast New Brunswick

DURATION June 23, 1977 to March 31, 1982 as amended
January 30, 1978 and February 11, 1978

OBJECTIVES To improve the long-term well-being and standard of living of residents of northeast New Brunswick (defined as Restigouche and Gloucester counties and the Parish of Alwick in Northumberland County) through the increased application of programs which improve the utilization of human and physical resources and accelerate development. The programs will be aimed at the creation of employment, earned income and economic activity.

BACKGROUND Past federal-provincial development efforts in the northeast of New Brunswick found their focus in the FRED agreement (1966-76). The principal objectives of this agreement, as revised in September 1972, were the creation of the greatest possible number of productive jobs and the improvement of the employability of area residents. Despite the efforts on the part of federal and provincial governments to accelerate the development of the region, the region's economy is still lagging behind that of the rest of the province.

The proportion of the population of labour-force age actually employed has declined in recent years and currently is less than four-fifths the provincial average. Low levels of labour-force utilization are the primary reason for earned income per capita being only two-thirds the provincial average. Also, relative to the rest of the province, the region faces strict constraints including a relatively isolated location, an industrial structure heavily weighted toward the primary industries and low-level resource processing, relatively few economic linkages within the region, and a low-density rural population which lacks a strong urban centre.

Nevertheless, significant opportunities to accelerate the development of northeast New Brunswick do exist. Development opportunities include activities which concentrate on the identification and realization of development in

all sectors, including the primary industries, secondary manufacturing, the service sector, and the resource-processing industries.

ELEMENTS

There are six programs in this agreement:

- (a) Industrial Development Program which consists of: providing industrial support services, supporting community business development projects, encouraging industrial development initiatives, promoting industrial and commercial service development, and a program of support for small business;
- (b) Urban-Industrial Infrastructure Program which includes the provision of: industrial and municipal infrastructure including land acquisition, transportation-system development, regional and community planning;
- (c) Resource Development Program to facilitate the search and promotion of resource industry development opportunities, to assure the development of resource centers and to undertake resource management;
- (d) Human Resources Development Program to establish the Northeast Institute of Technology, to initiate special employment activities and to provide educational services;
- (e) Special Housing Program with home-improvement assistance and Participation-Habitat; and
- (f) Management and Implementation Program which coordinates the implementation, provides the planning, analysis and review of programs, and assures public information and consultation.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Industrial Development	\$24 000 000	\$ 6 000 000	\$18 000 000
Urban-Industrial Infrastructure	23 100 000	5 800 000	17 300 000
Resource Development	26 500 000	6 675 000	19 825 000
Human Resources Development	12 000 000	6 375 000	5 625 000
Special Housing	1 900 000	475 000	1 425 000
Management and Implementation	<u>8 000 000</u>	<u>3 000 000</u>	<u>5 000 000</u>
TOTAL	\$95 500 000	\$28 325 000	\$67 175 000

ADMINISTRATION AND MANAGEMENT

Supervision will be carried out by a management committee consisting of an equal number of representatives of each government, designated by the respective federal and provincial ministers. A regional implementation committee composed of one federal representative and one provincial representative will be responsible for current activities which include the supervision of each project of the agreement.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

TITLE Development of Agricultural Resources

DURATION April 1, 1978 to March 31, 1983
(signed March 22, 1978)

OBJECTIVE To maximize the contribution of agriculture and related sectors to provincial output, earned income and employment.

BACKGROUND To meet these objectives, measures will be undertaken for:

- (a) increasing the volume and efficiency of production;
- (b) expanding the range of processing activities; and
- (c) improving the marketing of commodities for which New Brunswick can develop a competitive advantage on domestic and export markets.

These measures will be achieved through programs aimed at the development of human resources, improved farm technology, land improvement and the provision of both on-farm and off-farm infrastructure. This will be done in the context of separate strategies set up specifically for the following commodities:

- (1) potatoes;
- (2) fruit and vegetables; and
- (3) livestock and livestock feed.

The terms of this subsidiary agreement were developed by a development committee comprised of representatives from DREE, Agriculture Canada, New Brunswick Department of Agriculture and the New Brunswick Provincial Cabinet Secretariat. The committee based the terms on the evaluation of the experience gained from the first Canada-New Brunswick agricultural subsidiary agreement and New Brunswick's two-year Agricultural Resources Study. The agreement was signed by the federal ministers of DREE and Agriculture, the Premier of New Brunswick and the New Brunswick Minister of Agriculture and Rural Development.

ELEMENTS

There are six program elements designed to carry out the various commodity strategies:

1. Human Resource Development

- (a) to provide for the development, presentation, and distribution of commodity production information; and to provide farm-management and production seminars to improve the skills of primary producers; and
- (b) to improve the performance of producer organizations and public-sector services to producers.

2. Marketing and Industry

To assist in providing the resources to identify, develop and promote commodity markets and to obtain, analyze and distribute the commodity market intelligence necessary to establish activity priorities to meet the goals of the commodity strategies.

3. Agricultural Facilities

To ensure that selected, basic off-farm capital investments which are required to meet production and marketing goals of the commodity strategies, are supplied by the private and public sectors. Assistance provided will be supplemental to all existing government programs.

4. Agricultural Resource Development

To provide assistance and financial incentives to primary producers to plan and undertake on-farm investments designed to increase gross and net farm production, earned income and employment.

5. Transfer of Technology

To develop and carry out, in cooperation with the private sector, pilot projects to test and demonstrate new crops and technologies for the production and marketing of agricultural projects in conformance with the commodity strategies, in order to increase production efficiency, improve returns, and encourage value-added activities.

6. Implementation, Evaluation and Public Information

- (a) to ensure that the minimum professional services are available to effectively implement the agreement;
- (b) to develop and carry out an agreed program of data collection and analysis for the effective management and evaluation of the agreement; and
- (c) to ensure that there is a public awareness of the program.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Human Resource Development	\$ 4 000 000	\$ 800 000	\$ 3 200 000
Marketing and Industry Development	4 130 000	826 000	3 304 000
Agricultural Facilities	6 440 000	1 288 000	5 152 000
Agricultural Resource Development	14 600 000	2 920 000	11 680 000
Technology Transfer	2 250 000	450 000	1 800 000
Implementation	<u>3 202 500</u>	<u>640 500</u>	<u>2 562 000</u>
TOTAL	\$34 622 500	\$6 924 500	\$27 698 000

ADMINISTRATION AND MANAGEMENT A management committee, composed of two federal and two provincial representatives, will provide overall management of the agreement. DREE and Agriculture Canada will provide the federal representatives.

NEW BRUNSWICK

SUBSIDIARY AGREEMENT

- TITLE Developing Regions
- DURATION May 17, 1979 to March 31, 1983
- OBJECTIVES To accelerate economic and socio-economic development, with special emphasis being given to urban centres with growth potential, through the application of federal-provincial programs which will improve the utilization of the respective regions' resources. The programs of this agreement will be aimed at the maintenance and creation of employment, income and economic activity.
- BACKGROUND The failure of certain regions of the province to attain their potential for economic growth has emerged as a major obstacle to efforts at overcoming regional disparities. Recognition of this fact has led to the development of the Northeast New Brunswick and Kent Region agreements. An analysis of relative economic performances of the province's regions, exclusive of the Northeast and Kent, reveals that the four regions constituting the area covered by the Developing Regions agreement have lagged behind the rest of the province.
- The performance of these regions remains below the provincial average and in particular below that of the urbanized areas of the province. Development opportunities have not been realized because of a lack of confidence on the part of private investors and lenders, inadequate municipal services, and a local tax base which is too small to generate revenues necessary to provide the services required for industrial expansion. The various projects included in the agreement will complement measures under already existing sectoral agreements.
- The four regions covered by this agreement are:
- (a) Northwest - comprised of Madawaska and Victoria counties. The predominant sectors of the region are forestry and agriculture with an expanding potential in tourism.

- (b) Miramichi - comprised of Northumberland County, exclusive of the parishes of Alwick, Rogersville and Hardwick. The most significant areas of activity and potential here are, as is noted in the Miramichi Task Force Report, in the primary and secondary forestry and in the transportation sectors.
- (c) Grand Lake Region - comprised of Sunbury and Queens counties. Here, the Minto-Chipman area in particular has had a traditional association with coal mining. The area's recent history has seen a slow-down in the level of activity with the consequent adverse effects on area residents. However, faced with accelerating energy costs, New Brunswick coal now appears to offer increased potential as a domestic source of energy. This represents a possibility which will be pursued in the agreement.
- (d) Charlotte - comprised of Charlotte County. Agreement projects will reflect the economic pre-eminence of the fishery and tourism sectors.

ELEMENTS

The main program elements of this agreement are:

- (a) Resource and Industrial Development - This program, through project-specific initiatives, will strive to assist existing industries to realize identified opportunities and to remove constraints inhibiting the continued viability of existing operations. Projects funded under this program will correspond to specific development opportunities based on circumstances particular to a designated region which, due to program or funding limitations, may not be initiated under existing Canada-New Brunswick subsidiary agreements.
- (b) Municipal Development - In many of the communities covered by his agreement, there is an identified need for municipal services, in particular water and sewage facilities. This program is directed to the removal of development constraints imposed by a lack of municipal infrastructure in specified communities.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Resource and Industrial Development	\$13 920 000	\$ 2 784 000	\$11 136 000
Municipal Development	<u>12 354 000</u>	<u>3 088 500</u>	<u>9 265 500</u>
TOTAL	\$26 274 000	\$ 5 872 500	\$20 401 500

ADMINISTRATION AND MANAGEMENT

Supervision will be carried out by a management committee consisting of equal numbers of representatives of each government, designated by the respective federal and provincial ministers.

QUEBEC



QUEBEC

GENERAL DEVELOPMENT AGREEMENT

The Canada-Quebec General Development Agreement (GDA) was signed on March 15, 1974, by the Minister of Regional Economic Expansion on behalf of Canada and by the Minister responsible for the Quebec Planning and Development Bureau on behalf of the province.

The general objectives of the program for the economic development of Quebec may be summarized as follows:

- (a) to improve opportunities for productive employment and to consolidate employment in the traditional sectors;
- (b) to improve the standard of living;
- (c) to reinforce industrial and urban structure and promote the optimum development of the various regions;
- (d) to promote increased participation of Quebecers in their own development; and
- (e) to promote balanced development in Quebec in relation to the various regions of Canada.

To pursue these objectives, a broad development strategy for Quebec with the following sectoral and regional priorities was agreed on:

- (a) Primary Sector - The programs proposed in this sector comprise three elements: to increase incomes through high productivity; to aim for a development of the natural resources of Quebec which maximizes their impact on the manufacturing sector; and to add additional steps to the production processes.
- (b) Manufacturing Sector - The analysis of the industrial structure of Quebec leads to the formulation of development programs centred on two fundamental facets. We must first consolidate the traditional industrial sectors of non-durable goods and resource processing. The other facet of the industrial strategy is oriented towards the accelerated transformation of the industrial structure of Quebec. The interdependent structures between industries must be changed with new links added to the chain of activities of high-growth, high-productivity industries.

- (c) Tertiary Sector - Although the tertiary sector is generally the result rather than the generator of development, we can still identify certain activities which play a promoting role in development. First we have the case of tourism, the impact of which can be felt over the entire territory. As for other activities of the tertiary sector which promote development, transportation, finance and research have been singled out for concerted action.

- (d) Regional Balance - Efforts will be made to distribute growth among the various regions of Quebec in order to achieve a better urban balance and reduce interregional disparities.

The agreement provides a general orientation for the socio-economic development of Quebec. It also permits Canada and Quebec to better coordinate their respective initiatives in the development of the province.

Summaries of currently active subsidiary agreements follow.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Key Highway Networks

DURATION September 13, 1974 to March 31, 1982 as amended March 31, 1976, June 22, 1977 and March 30, 1978

OBJECTIVES In the realization of industrial, regional and urban development programs implying rapid means of communication between the various urban centres, to establish a comprehensive highway infrastructure to consolidate the key role of these centres. A further objective of the projects to be undertaken under this agreement is to promote increased movement of industrial products between the various regions of Quebec.

More specifically, Varennes, Contrecoeur, Tracy and Sorel together represent one of the heaviest concentrations of the metallurgical and iron-and-steel industries in Quebec. Thus, development of the Tracy-Boucherville industrial corridor will be accelerated and communication links with the vast Montreal market will be greatly improved.

The amendment signed on March 31, 1976 regarding the construction of Autoroutes 10, 51 and 55 will promote commercial, industrial and tourist activity by improving the highway links in the Sherbrooke region with the industrial towns of the Saint-François Valley and the Bois-Francis region, as well as with Trois-Rivières - Bécancour.

Work will also have to be completed on another departmental project in the Sherbrooke region: development of a vast regional industrial park adjacent to the proposed autoroute.

Another project consists of reconstruction work on Highway 138 linking Port-Cartier and Sept-Îles, which form the urban centre with the highest rate of economic and demographic growth in Quebec. In addition, this project will mark the continuation of our activities in this region, including the establishment of SIDBEC and Rayonnier-Québec at Port-Cartier and the numerous projects undertaken under the Special Areas agreement.

The objective of the second amendment, signed on June 22, 1977 and covering five additional highway projects, is to provide the Mauricie, the North Shore, Eastern Quebec, the Saguenay and the Northwest with highway networks that will promote the industrial development of these regions.

It is in this perspective that the following projects are being undertaken: construction of the second half of the divided highway and cloverleaves for Autoroute 40 between Berthier and Pointe-du-Lac, construction of the second half of the divided highway and cloverleaves for the Route Transquébécoise A-55 between Trois-Rivières and Shawinigan, and reconstruction of Highway 132 in the Lower St. Lawrence - Gaspé region and Highway 199 on the Magdalen Islands. Finally, two additional projects consist of reconstruction of Highway 117 from Saint-Jovite to Louvicourt through La Vérendrye Park and construction of Autoroute 70 for a distance of 32.2 miles between Saint-Bruno and La Baie.

Finally, a third amendment, signed March 30, 1978, is aimed at finishing the highway network serving Mirabel International Airport by completing Highway A-13 and continuing the construction of Highway A-50 between Dorval and Mirabel.

BACKGROUND

The territory along the south shore of the St. Lawrence between Boucherville and Tracy already boasts healthy industrial activity, based mainly on the metallurgical and iron-and-steel industries. The area already has access to excellent harbour facilities, including a vast shipyard and supplies of electricity. Moreover, it is gaining considerable ground in several other sectors such as the petrochemical industry, electricity, research and the heavy-metal industry.

There are two essential considerations in the reconstruction of Highway 138: universal accessibility to the principal services concentrated in Sept-Iles, and safety, in view of the increase in heavy traffic resulting from new industrial activities.

The existing highway network is inadequate, and risks hampering further development unless corrective measures are taken. The road improvements to be made should alleviate the situation, keep the growth rate at its present level and maximize the industrial upswing in the regions with high potential for economic development.

On the North Shore, the only links between the two major centres of Montreal and Trois-Rivières are Highway 138 and the partially completed Autoroute 40. Highway 138, which passes through all the villages bordering the river, is narrow, winding and congested by local traffic along its entire length. Even in 1972 its average daily volume of traffic was 6 300 to 8 800 vehicles. Already much of the traffic is shifting toward the corridor of Autoroute 40, which is reason for building it as soon as possible. Lastly, a large number of vehicles use Autoroute 20 on the south shore of the St. Lawrence rather than take a chance on Highway 138, thereby contributing to the congestion on the bridges of the south shore of Montreal and Autoroute 20 itself. The objectives of this project are to link the regional capitals by means of an efficient, safe and rapid highway; to promote development of existing industrial centres and promote the establishment of new industry; to facilitate through traffic and reduce pressure on the roads running parallel to the river (Autoroute 20 and Highway 138); and to extend the present level of service of the Laviolette Bridge and of the bridges leading to the south shore of Montreal. DREE has already recognized the industrial vocation of Trois-Rivières and its important role as a regional capital by contributing, under the Canada-Quebec Special Areas Agreement, to the establishment of major industrial and highway infrastructure. DREE has also participated financially in the construction of the Trois-Rivières/Pointe-du-Lac section.

The only existing rapid highway link between Trois-Rivières and Shawinigan is the first lane of Autoroute 55, which has been in operation for several years. By 1975, an average of almost 5 500 vehicles per day were using this road, and an increase of 23% was registered during the first eight months of 1976. If the second half of the divided highway and cloverleaves are built, within six or seven years this autoroute will bear an average annual daily traffic of almost 10 000 vehicles on the section between Trois-Rivières and Shawinigan, and almost 14 000 on the section between Shawinigan and Grand-Mère, which is already under construction. The objectives of this project are to increase capacity and safety by constructing another lane, making the road a divided highway and constructing cloverleaves, to promote the industrial development of Trois-Rivières and Shawinigan by linking the various poles of the urban agglomeration by means of a modern highway forming an integral part of the Route Transquébécoise, to promote improved

accessibility to the various urban centres spread out in a line and to facilitate through traffic and accessibility to tourist areas (for example, Mauricie National Park).

Highway transport forms the backbone of the regional economy of the Lower St. Lawrence - Gaspé area, in terms of both tourism and primary industry. The principal highway network consists of a major peripheral road (Highway 132), a number of crossroads at the eastern and western ends and a regional road cutting across the middle of the peninsula. The fact that this link is peripheral and is the only one on a large part of the peninsula means that this road is extremely vulnerable to poor weather conditions and that a continual watch must be kept on its condition. Highway 132 (around the Gaspé) is 533 miles long. Since 1968, 268 miles have been improved, 114 of which were financed under the FRED agreement at a cost of \$54.6 million. The section of Highway 132 between Cacouna and Sainte-Flavie is 74 miles long, 24 of which have been reconstructed. The upgrading program for this road calls for the reconstruction of 37.3 miles at a cost of \$10 million. Highway 199, in the Magdalen Islands, is 60 miles long. Twenty miles have already been improved and the planned upgrading of the last 23 miles is estimated at \$8 million. The objectives of this project are to reduce the costs of access to markets; to stimulate tourism and ensure a higher level of service; to promote communication between the various centres spread out in a line along the peninsula; and to promote exchanges with the other regions of the province. In addition to achieving the aims stated above, the upgrading of Highway 132 will constitute an important adjunct to the investments already made under the FRED agreement, as it will bring in a return on sums invested in the development of the Rimouski, Mont-Joli, Rivière-du-Loup and Matane municipal industrial parks, the development of the Rivière-au-Renard, Paspébiac and Grande-Rivière fishing industrial parks and the harbour infrastructure of the Matane rail ferry.

The present Highway 117 (old Highways 11 and 58) is the principal highway link in this vast territory. This highway is inadequate to carry the some 8 000 vehicles that were seen on an average summer day in 1976 north of Saint-Jovite. This volume, 13% of which consists of heavy vehicles, has increased by 5% in each of the last three years. The traffic flow of 25 000 vehicles

established for an average summer weekend in 1976 (total for 48 hours) illustrates the leisure use to which this road is now being put. A study of existing operating conditions on this road shows that, because of numerous substandard curves and steep grades, passing visibility is extremely low and the average basic speed is far below the legal limit. Drainage, foundations and paving are in poor condition, and the width of the roadway and the shoulders as well as the grades leading to the ditches fail to meet modern standards. In a number of cases there are obstacles less than 30 feet from the roadway. Since the Laurentian Autoroute 15 has been extended to Sainte-Agathe, and Highway 117 between Sainte-Agathe and Saint-Jovite has recently been reconstructed into a four-lane divided highway, and since the regular development budget of the Quebec Department of Transport would not allow improvement of the highway infrastructure under consideration here to be contemplated for a number of years, there would soon be a severe congestion of the existing highway which is already in poor condition, and this would result in a slowdown in the development of this high-potential region. The objectives of this project are to promote tourist development in the region by advancing the reconstruction of its main highway over a number of years, to facilitate access to the exploitation of the region's natural resources (forest, mineral and so on), to consolidate the region's links with the Montreal area and to consolidate the principal highway network and further extend it toward the northwest where the urban centres of Val-d'Or and Rouyn-Noranda constitute an important industrial development area. In addition to achieving the major aims stated above, the reconstruction of Highway 117 will also make it possible to establish a complete highway link serving the James Bay hydro-electric complex, since there is now a modern road linking Matagami to LG 2. In addition, DREE has actively participated in tourist, agricultural, forestry, mining and industrial development in Abitibi through a number of agreements concluded with Quebec. The financial participation of DREE in the reconstruction of Highway 117 forms part of an integrated effort for economic development in this region.

South of the Saguenay River, there are three roads serving the area between Alma and La Baie:

Highway 169 between Alma and Saint-Bruno, Highway 170 between Saint-Bruno and La Baie and Highway 372 between Jonquière and La Baie by way of Chicoutimi. These roads pass through urban or semi-urban areas, an example being Highway 170 in La Baie, Jonquière and Arvida. Traffic volume is relatively large: the average daily traffic on these roads is 4 500 vehicles near La Baie and Alma and over 12 000 between Chicoutimi and Jonquière.

If current trends persist, projections indicate that traffic volumes will increase appreciably by 1986 (because of major industrial developments and the growth of urban centres). The present highway network would not then be adequate to meet these needs. The Quebec Department of Transport has put forward two possible solutions to this problem: improving the existing highway network or building an autoroute between Alma and La Baie. Following an analysis, building an autoroute was recommended because, although improving the existing network might provide a short-term answer, the department points out that, in the medium- and long-term, building an autoroute would better meet needs in terms of capacity and safety and would, moreover, promote development of the region. The objectives of this project are, therefore, to improve traffic in terms of capacity and safety and to contribute to both the economic and urban development of the region. In addition to achieving the aims stated above, the construction of Autoroute 70 will constitute a necessary complement to other departmental projects in the Saguenay - Lac Saint-Jean region, including the development of a regional park adjacent to the proposed autoroute. This industrial park is being developed under the subsidiary agreement on industrial infrastructure.

Finally, the work planned in the framework of the third amendment will make it possible to establish a direct link between Dorval, the west of the Island of Montreal and Laval, and Mirabel International Airport. The completion of route A-13 will encourage the industrial and commercial development of this region and especially of the Mirabel airport park (PICA) created by a Canada-Quebec agreement in 1976.

These projects have been developed in consultation with a number of federal departments, in particular Finance and Transport, as well as with

various provincial departments. They have been ratified by DREE and the Minister responsible for the Quebec Planning and Development Bureau.

ELEMENTS

The first project involves the construction of a divided highway with two lanes in each direction from Boulevard Grande Rivière in Tracy to Montée Sainte-Julie (29 miles), and construction of two additional lanes from Montée Sainte-Julie to the Trans-Canada Highway (3 miles). This project covers a distance of 32 miles of new highway and the work includes roadway structures, drainage system, signs, lighting and displacement of public utilities.

The two projects covered by the first amendment are the construction of Autoroute 10 for a distance of 12 miles between Omerville and Sherbrooke and of Autoroutes 51 and 55 for a distance of 22 miles between Sherbrooke and Drummondville, and the reconstruction of Highway 138 (15) for a distance of 37 miles between Port-Cartier and Sept-Iles, including entry into Sept-Iles as far as the Poste River west of the town.

Under the second amendment to the agreement, the following five projects are being undertaken: construction of the second half of the divided highway of Autoroute 40 for 22.4 miles, four cloverleaves, eleven bridges and viaducts and a highway rest stop, thereby completing Autoroute 40 from Montreal to Trois-Rivières; construction of the second half of the divided highway between Trois-Rivières and Shawinigan (19.2 miles), seven cloverleaves, two grade-separation bridges and one viaduct above the railway line at Shawinigan; reconstruction of Highway 132 between Cacouna and Sainte-Flavie and around the Gaspé, and reconstruction of Highway 199 in the Magdalen Islands; reconstruction of Highway 117 between Saint-Jovite and Louvicourt, consisting of a four-lane highway from south of Saint-Jovite to north of Labelle (24 miles) and a two-lane highway to Louvicourt (206 miles); and, finally, construction of a divided highway with two lanes in each direction between Alma and La Baie (32.2 miles), including construction of six cloverleaves and two river crossings.

Finally, the third amendment involves the construction of 21.5 kilometres of highway and 19 interchanges.

FINANCIAL PROVISIONS

The following is a list of projects that will be undertaken under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Autoroute 30 from Boucherville to Tracy	\$ 49 000 000	\$ 19 600 000	\$ 29 400 000
Route 138 between Sept- Iles and Port-Cartier	24 175 000	9 670 000	14 505 000
Autoroute 10, 51 and 55 Sherbrooke/Drummondville	59 500 000	23 800 000	35 700 000
Autoroute 40 between Berthier and Pointe- du-Lac	32 000 000	12 800 000	19 200 000
Autoroute 55 between Trois-Rivières and Shawinigan	22 600 000	9 000 000	13 600 000
Highways 132 and 199 - Gaspé and Magdalen Islands	148 000 000	123 000 000	25 000 000
Reconstruction of Highway 117 from Saint-Jovite to Louvicourt	36 000 000	14 400 000	21 600 000
Autoroute 70 between Alma and La Baie	26 000 000	10 400 000	15 600 000
Rapid Highway Link Montreal - Mirabel (A-13 and A-50)	<u>50 000 000</u>	<u>20 000 000</u>	<u>30 000 000</u>
TOTAL	\$447 275 000	\$242 670 000	\$204 605 000
Reserve	<u>1 500 000</u>	<u>600 000</u>	<u>900 000</u>
GRAND TOTAL	\$448 775 000	\$243 270 000	\$205 505 000

ADMINISTRATION
AND MANAGEMENT

Supervision will be ensured by a development committee established under the General Development Agreement. A management committee, comprising an equal number of representatives of Canada and of Quebec appointed by their respective federal and provincial ministers, will be set up to supervise the implementation of the agreement and to handle routine administration. Quebec will be represented on this committee by one representative from the Quebec Planning and Development Bureau and one representative from the Department of Transport. The federal government will be represented by one representative from DREE and one representative from Transport Canada.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Forest development

DURATION March 26, 1975 to March 31, 1984, as amended December 9, 1976, June 22, 1977 and May 15, 1979.

OBJECTIVES To promote the development of Quebec's timber resources through the construction or improvement of forest access roads; to maximize output per acre of woodland through intensive forest management; to rationalize timber allotment and to ensure improved utilization of available timber; and to improve the competitive position of all parts of the forestry sector.

BACKGROUND The forest, one of the few renewable natural resources, is a major element of Quebec's economy. However, a shortage of timber is expected by the 1990s, and a study by the Quebec Department of Lands and Forests on the state of the pulp and paper industry indicates that half of the comparative disadvantage at which the province finds itself in its competition with the southern United States is accounted for by the higher cost of timber in Quebec. In 1977, the difference in the cost of producing a ton of newsprint was estimated at \$25.00.

This difference is generally the result of low-resource yield and a slower rate of growth in Quebec forests due to harsh climatic conditions and the almost complete absence of any forest management. These factors mean that a larger area must be logged off to produce an equivalent quantity of timber. Consequently, considerably longer access roads are needed; this entails greater transportation costs and longer distances from the labour supply. In addition to being far away from the mills, sources of wood are often widely separated, thereby increasing the cost of delivered timber. Distribution of timber and sawmill by-products (chips, sawdust and shavings) presents the major problem in the allocation of resources among the various users or processors.

Finally, the cost of delivering timber which the industry buys either from private forests or as sawmill waste is much higher than that of our competitors, mainly because of the distances it must travel.

In certain regions of the province, the shortage of timber is holding back industrial development or is preventing the establishment of new businesses. In other regions, businesses are surviving only by importing large quantities of timber from the United States.

Consequently, Quebec must adopt a policy to develop the provincial forests, particularly commercial and private ones. An intense program of applied research in the techniques of reforestation will hasten attainment of the objectives.

This subsidiary agreement was prepared in consultation with a number of federal departments, including the departments of Fisheries and the Environment (Forestry) and Industry, Trade and Commerce, as well as various provincial departments. The agreement was signed by the Minister of DREE and the Minister responsible for the Quebec Planning and Development Bureau.

ELEMENTS

Part I Forest access roads

Construction of access roads to the Crown forest of the Saguenay/Lac-Saint-Jean area, in eastern Quebec, in the Quebec City area, in the Trois-Rivières region, in the Abitibi/Témiscamingue area and on the North Shore. Construction of logging roads in concessions subject to renewal in eastern Quebec, in the Saguenay/Lac-Saint-Jean area, in the Quebec City, Trois-Rivières, Montreal and Outaouais regions, in northwestern Quebec and on the North Shore.

Part II - Sylviculture and reforestation

The aspect of the agreement concerning sylviculture covers forestry work, public forests and aid to private forest production.

The reforestation aspect covers seed production and the various activities connected with the development of tree nurseries.

Part III - Studies

The agreement allocates funds for studies of the development of efficient timber allocation.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Part I -			
<u>Access roads</u>			
Crown forests	\$120 060 000	\$ 48 024 000	\$ 72 036 000
Reserve	13 140 000	5 256 000	7 884 000
Concessions subject to renewal	32 174 000	12 869 000	19 305 000
Reserve	4 826 000	1 931 000	2 895 000
Part II -			
<u>Sylviculture and reforestation</u>			
Reserve	137 635 000	55 054 000	82 581 000
	11 498 000	4 599 000	6 899 000
Part III -			
<u>Studies</u>	<u>3 000 000</u>	<u>1 200 000</u>	<u>1 800 000</u>
GRAND TOTAL	\$322 333 000	\$128 933 000	\$193 400 000

ADMINISTRATION Supervision will be effected by a development committee set up under the terms of the General Development Agreement. A management committee consisting of an equal number of federal and provincial representatives, appointed by the federal and Quebec ministers, has been set up to supervise the agreement's implementation and to look after its routine management. The federal Department of Fisheries and the Environment (Forestry) is represented on this committee.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Industrial Infrastructure

DURATION March 26, 1975 to March 31, 1983 as amended
December 9, 1976 and January 24, 1978

OBJECTIVES To promote more balanced industrial development throughout Quebec by providing community facilities and services required to encourage and facilitate the establishment of new enterprises in various regions of the province.

BACKGROUND The development of the manufacturing sector in Quebec is dependent on the reinforcement of a network of infrastructure to encourage industry in various urban centres which will not necessarily be in a position to finance the growth or establishment of new industrial parks. To avoid too wide a diffusion of the thrust towards development in Quebec, and taking careful note of current trends in the province, the effort will be concentrated on a limited number of urban service centres. Those urban centres in Quebec which are already recognizable as growth poles must have large industrial parks so that, by their natural power of attraction, they will be able to draw enterprises which will reach beyond the purely local market. In this way, the role of these centres will be strengthened so that they can reach a level of development at which they can independently consolidate and accelerate economic development.

The installation of infrastructure necessary for the fish-processing industry in the Lower St. Lawrence, the Gaspé, Magdalen Islands and North Shore areas, will be facilitated, in that it enables the development of the fishery industrial parks to be completed.

Finally, when an important industrial project wishes to establish in any region of Quebec, and if that project cannot move into one of the existing industrial parks, financial assistance may be provided to supply it with municipal services. The proposed action should ensure that a certain number of centres reach a level of development sufficient to bring about an inde-

pendent growth pattern. These initiatives will thereby contribute to improved opportunities for productive employment through the reinforcement of the industrial and urban structure of Quebec, and promote the optimum development of the various regions.

This agreement was developed in consultation with several federal departments, more particularly with the departments of Fisheries and the Environment, and Finance, as well as with various provincial departments. It was signed by the Minister of DREE and the Minister responsible for the Quebec Planning and Development Bureau.

ELEMENTS

Financial assistance under this program will facilitate the provision of infrastructure required by industry throughout Quebec. The program has three elements:

- (a) creation or expansion of industrial parks in a specific number of urban centres of the province; (Haut-Saguenay, Saint-Romuald, Valleyfield, Rimouski, Rivière-du-Loup, Rouyn, Sherbrooke, Alma, Drummondville, Sept-Iles, Noranda, Trois-Rivières, Victoriaville, Val-d'Or, Matane, Saint-Georges-de-Beauce, Saint-Hyacinthe, Joliette, Montmagny, Outaouais, Delson, Saint-Augustin, Saint-Jérôme, Baie-Comeau/Hauterive, Sorel, Bernières, Saint-Jean, Granby, Shawinigan/ Grand-Mère, Longueuil, Varennes, Montreal);
- (b) establishment and development of several well-equipped fishery industrial parks in the Gaspé and Magdalen Islands areas and fishery infrastructure in the North Shore area (Paspébiac, Cap-aux-Meules, Rivière-au-Renard, Grande-Rivière, Côte-Nord, Gascons, Millerand); and
- (c) the provision of essential infrastructure projects in municipalities which are financially incapable of meeting the industrial requirements of specific industries (Sacré-Coeur, Saint-Honoré, Les Méchins, La Tuque, Chute-aux-Outardes, La Baie, Magog, Amos).

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Industrial Parks Reserve	\$ 72 077 000 4 453 000	\$28 831 000 1 781 000	\$43 246 000 2 672 000
Fishery Parks Reserve	20 028 000 2 372 000	8 011 000 949 000	12 017 000 1 423 000
Punctual Interventions Reserve	4 742 000 <u>33 998 000</u>	1 897 000 <u>13 599 000</u>	2 845 000 <u>20 399 000</u>
TOTAL	\$137 670 000	\$55 068 000	\$82 602 000

ADMINISTRATION AND MANAGEMENT

A development committee established under the authority of the General Development Agreement will provide supervision. A management committee, consisting of an equal number of representatives of Canada and Quebec appointed by the federal and provincial ministers, will be established to supervise the implementation of this agreement and provide routine management.

Fisheries and the Environment has been invited to participate in the supervision of the development of fishery industrial parks.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Agricultural Development

DURATION March 29, 1976 to March 31, 1982 as amended
June 22, 1977

OBJECTIVES The objective of this agreement is to implement an integrated land reclamation program on the Montreal Plain and to pursue the land-use adjustment program in Eastern Quebec, Saguenay - Lac-Saint-Jean - Chibougamau and Abitibi - Témiscamingue, and to gradually apply it as needed to the other regions of Quebec outside the Montreal Plain.

BACKGROUND From 1963 to 1975, net farm incomes increased by only 16% (constant dollars) in Quebec, compared with 34% in Ontario and 29% for the whole of Canada. At the same time, the population has constantly increased, necessitating an increase in food production. The amount of farmland, both cleared and under cultivation, has dropped dramatically in the past 10 years, and this has resulted in a considerable falling-off of agricultural production in Quebec.

Over the past 20 years, the province has thus become increasingly less self-sufficient, principally in meat, beef and potatoes, so that it must depend on imports to meet a large part of its food requirements.

More than a third of Quebec's 6 million acres of farmland is on the Montreal Plain, an area of consistently high-quality soils lying within Quebec's most favourable climate zone. The Montreal Plain represents the main area of consumption in Quebec, a fact which should normally favour industrialization of the farming sector.

However, the fairly uniform level of the land and high water table constitute major constraints: the excess water remaining in the soil in spring and during heavy rains interferes with sowing and harvesting and results in poor harvests.

The integrated land reclamation program on the Montreal Plain will allow a significant improve-

ment in productivity and the diversification of products, thereby favouring the establishment of food-processing plants.

For some years now, the nature of farming has been changing both on the Montreal Plain and in other regions of Quebec. From a labour-intensive operation, it has become a capital-intensive one, because decreasing profit margins and labour shortages have led to farm consolidation and greater mechanization. In regions of lower capability than the Montreal Plain, however, farmers take longer to adjust to these new conditions, so that there is a certain amount of catching up to be done.

Land-use adjustments have become necessary to consolidate good farmland and to remove low-capability cleared land from agriculture.

The land-use adjustment program consists of a series of closely interrelated measures designed both to remove low-capacity land from agriculture and to consolidate and improve good agricultural land.

ELEMENTS

This subsidiary agreement will finance a land reclamation program and a land-use adjustment program covering the following interventions:

- (a) municipal watercourse engineering aimed at controlling the drainage of excess water while conserving water for irrigation;
- (b) optimum development of organic soils based on soil analysis and a master development plan;
- (c) reclamation of the alluvial lands around Lac Saint-Pierre, subject to annual flooding, with a view to reclaiming and protecting an area of about 30 000 acres;
- (d) underground drainage aimed at providing, together with surface drainage, the protection required to introduce or extend intensive crops under the climatic conditions peculiar to the Montreal Plain; and
- (e) land-use adjustment in the various regions of Quebec outside the Montreal Plain.

FINANCIAL
PROVISIONS

The following is a list of projects that will
be undertaken under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>Land-Use Adjustment</u>			
01* - Eastern Quebec	\$ 3 950 000	\$ 1 580 000	\$ 2 370 000
09 - Northwest Quebec	3 950 000	1 580 000	2 370 000
12 - Saguenay - Lac-Saint-Jean	3 950 000	1 580 000	2 370 000
02 - Quebec City	853 000	341 000	512 000
03 - Beauce	1 100 000	440 000	660 000
08 - Outaouais	1 045 000	418 000	627 000
05 - Eastern Townships	1 012 000	405 000	607 000
11 - Trois-Rivières	437 000	175 000	262 000
10 - L'Assomption	407 000	163 000	244 000
04 - Nicolet	<u>466 000</u>	<u>186 000</u>	<u>280 000</u>
SUB-TOTAL	\$ 17 170 000	\$ 6 868 000	\$10 302 000

*Quebec Department of Agriculture's agricultural regions

Land Reclamation

Municipal Watercourses			
- Montreal Plain	\$ 21 721 000	\$ 8 688 000	\$13 033 000
Underground Drainage			
- Montreal Plain	49 130 000	19 652 000	29 478 000
Superficial Drainage			
- Mirabel	495 000	198 000	297 000
Municipal Watercourses			
- Eastern Quebec	3 750 000	1 500 000	2 250 000
Underground Drainage			
- Eastern Quebec	1 000 000	400 000	600 000
Municipal Watercourses			
- Northwest Quebec	1 250 000	500 000	750 000
Municipal Watercourses			
- Saguenay - Lac- Saint-Jean	3 750 000	1 500 000	2 250 000
Underground Drainage			
- Saguenay - Lac- Saint-Jean	<u>5 000 000</u>	<u>2 000 000</u>	<u>3 000 000</u>
SUB-TOTAL	\$ 86 096 000	\$34 438 000	\$51 658 000
GRAND TOTAL	\$103 266 000	\$41 306 000	\$61 960 000

ADMINISTRATION
AND MANAGEMENT

Supervision will be ensured by a development committee established under the General Development Agreement. A management committee, comprising an equal number of representatives of Canada and of Quebec appointed by the federal and provincial ministers, will be set up to supervise the implementation of the agreement and to handle routine administration. The Canada Department of Agriculture will participate in the routine administration of the projects under this agreement through its representative on the management committee.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Mineral Development

DURATION March 29, 1976 to March 31, 1980 as amended
March 25, 1977 and March 15, 1978

OBJECTIVES The purpose of this agreement is to assist Quebec in carrying out activities to encourage mineral development in Quebec. The intention is to favour the exploitation and use of Quebec's natural resources for the benefit of the population by financing an integrated program to promote mineral and petroleum exploitation, access to resources, mineral research and the rational exploitation of resources.

BACKGROUND Despite the considerable potential of Quebec's sub-soil, the distribution of exploitable mineral resources is very uneven from one region to another.

The level of production has affected the economic development of the various regions. In the North Shore region, for example, the doubling of iron production between 1960 and 1973 made rapid growth possible. In contrast, Quebec's Northwest, where the mining economy relies mainly on primary constituents and precious metals, has had rather slower growth. Declining production and the closing of mines have had a strongly adverse effect on this region. To a lesser degree, the economy of the Gaspé also is based in large part on the mining industry. Lastly, the Eastern Townships suffer from a lack of diversification in the mining industry. In terms of real growth, the value of production has increased at an annual rate of only 4.4% during the last 13 years.

The search for and utilization of mineral deposits are affected by a number of factors ranging from purely scientific considerations to economic constraints which affect the growth of the mining sector in Quebec to varying degrees.

Private industry invests between \$10 and \$15 million annually in mineral exploration in Quebec.

Investments in the order of \$25 to \$30 million, or 6% of metallic mineral production, are needed in order to ensure an annual rate of increase of approximately 7.5% to 8% in Quebec's metallic mineral production.

The processing industry is weak in relation to mineral production and is not sufficiently diversified.

Working low-density and complex ore deposits present many problems in mining and refining. In order to ensure the growth of the mining industry in Quebec, the utilization of these known but not yet exploited resources must be encouraged by finding solutions to the technical and technological problems which prevent their development and processing. This should be done through the development of research units and research centres specializing in the field of mineral resources and metals.

Hydrocarbons account for a major part of Quebec's energy bill. All oil and gas used in Quebec is imported. It is important, therefore, that governments further encourage the oil companies in their exploration of the main sedimentary basins of Quebec.

ELEMENTS

(a) Access to Mineral Resources

This agreement will enable the construction of access roads to the most promising geological areas in order to maximize the exploration efforts of private industry.

(b) Geoscientific Studies and Oil Exploration

These projects, financed by the agreement, will permit an intensifying of existing geological knowledge through the use of up-to-date geoscientific methods such as aerial geophysics, geochemistry and drillhole geophysics.

The geoscientific program on hydrocarbons aims at the following: increasing knowledge in this field through geological, geophysical and geochemical projects; stimulating exploration for oil and gas; and locating the most favourable sites for the underground storage of petroleum products.

(c) Industrial Research and Development Projects

The research and development program will centre on the development of procedures for the mining and processing of complex ores of which it is impossible at present to produce forms concentrated enough to meet the current specifications of processing plants.

FINANCIAL
PROVISIONS

Under the terms of the agreement the province shall carry out the following:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Access to Mineral Resources			
- permanent roads	\$ 4 985 000	\$ 1 994 000	\$ 2 991 000
- mining access roads	7 476 000	2 990 000	4 486 000
Geoscientific Mineral Studies			
- geological surveys	1 135 000	454 000	681 000
- geoscientific surveys	2 085 000	834 000	1 251 000
- geochemical surveys	900 000	360 000	540 000
- other surveys	1 990 000	796 000	1 194 000
Geoscientific Petroleum Studies	1 455 000	582 000	873 000
Valorization and Development	8 360 000	3 344 000	5 016 000
Reserve Capital	<u>64 000</u>	<u>26 000</u>	<u>38 000</u>
TOTAL AVAILABLE	\$28 450 000	\$11 380 000	\$17 070 000
Repayments Made by Quebec	<u>150 000</u>		
INITIAL TOTAL	\$28 600 000		

ADMINISTRATION
AND MANAGEMENT

A development committee set up according to the General Development Agreement is entrusted with supervision. A management committee, composed of an equal number of representatives from Canada and Quebec appointed by the federal and provincial ministers, will be established to supervise the implementation of the agreement and to provide routine administration. Energy, Mines and Resources will participate in the routine administration of these projects through its representative on the management committee.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Establishment of a Bleached Kraft Pulp Mill at Saint-Félicien

DURATION April 21, 1976 to March 31, 1980 as amended March 10, 1978 and September 20, 1978

OBJECTIVES The purpose of this agreement is to enable Quebec to create an integrated forestry complex at Saint-Félicien, County of Roberval, by contributing to the financing of a bleached kraft pulp mill and the sawmills which will supply it.

BACKGROUND The pulp and paper industry is one of the oldest and most important in the economic structure of Canada and Quebec.

For Canada, the growth of the industry which processes its immense wealth of forest resources began to accelerate after the complete removal of American tariffs on newsprint in 1913.

Since that time the industry has continued to grow and diversify, spurred on by market demand, the accessibility of forest resources and technological developments in the fields of both pulp and paper. Today, in a world market that stands at 175 million tons per year, Canada is the second largest producer with an output of 15 million tons of paper and 7 million tons of pulp. The economic impact of the industry in Canada is, however, much greater than the figures indicate because of the large percentage of production which is exported.

In addition to the strategic value of pulp and paper in the balance of trade (10% of Canada's total exports), the industry plays a primary role in regional development. The mills and the forestry operations that supply them are often the only viable economic activities in vast areas of Canada's territory and in the towns and villages which they have created.

Quebec, the birthplace of Canada's pulp and paper industry, is still the country's largest producer. In 1974 Quebec produced 45% of the newsprint made in Canada, but only 12% of the pulp.

Quebec's pulp and paper industry provides employment for some 79 000 people in the factories and forests, or about 11% of total employment in the primary and secondary sectors. It cannot be denied that a competitive, modern and dynamic pulp and paper industry is essential for the economic health of Quebec as a whole and of all the remote regions in particular.

Since 1968, however, Canada has witnessed a general downturn in the industry and such a low rate of return that new investments have not generally been justified despite the predicted growth of world demand. Quebec suffers more from this situation than do the other producing regions, its share of Canadian investments having dropped from 37% in 1968-69 to 16.5% in 1970-72.

For approximately the last 15 years the Government of Quebec has been trying to coordinate all the factors which, in the otherwise disadvantaged region of Roberval - Chibougamau - Saint-Félicien, could allow the best use of the Crown forest which is one of the last great reserves of wood capable of supporting an integrated forestry complex of optimum size.

This agreement not only meets one specific objective in the forestry sector but at the same time satisfies all the general objectives of the General Development Agreement.

The establishment of Donohue St-Félicien will also provide the means for the optimum utilization of the forestry resources of this vast region. Forestry operations will be conducted according to a development plan which will make use of both the more accessible woodlands in the southern region and the northern forests on Crown land. The three sawmills will be supplied with tree-length logs which will, depending on quality, be made either into lumber or into chips which would then go, along with the refuse, to supply the pulp mill.

ELEMENTS

The specific purpose of this agreement is to enable Donohue St-Félicien Inc. to build a bleached kraft pulp mill with an annual capacity of 262 000 tons and to modernize the sawmills belonging to it. After modernization it is expected that the annual production of the sawmills will be 135 million board feet and 548 000 tons of chips.

FINANCIAL
PROVISIONS

<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
\$50 000 000	\$20 000 000	\$30 000 000

The total costs of building the complex will be \$298 million, to be covered by financing from industry, the agreement fund and provincial agencies.

ADMINISTRATION
AND MANAGEMENT

A development committee, set up according to the General Development Agreement, is entrusted with supervision. A management committee, composed of an equal number of representatives from Canada and Quebec appointed by the federal and provincial ministers, will be established to supervise the implementation of the agreement and to provide routine administration.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Airport Industrial and Commercial Park (PICA)

DURATION June 18, 1976 to March 31, 1980 as amended
November 25, 1977

OBJECTIVES The agreement is aimed at increasing industrial development through the establishment of an industrial airport complex integrating the whole range of activities of a modern airport and the various means of transportation converging on it.

The financial assistance to the Société du parc industriel et commercial aéroportuaire de Mirabel is to help set up the infrastructure necessary for developing the industrial and commercial airport park and for carrying out industrial projects.

BACKGROUND The achievement of the general objectives stated in the General Development Agreement will receive an additional impetus through this agreement, which is a logical extension of the Quebec government's efforts to create and consolidate industrial boards and rationalize and develop modern industrial parks.

This Canada-Quebec subsidiary agreement on the financing of the Société's capital assets is designed to extend the subsidiary agreement on industrial infrastructure. This agreement differs from the previous one in its two composing facets: first, the intended international character of the activities carried on by the new industries, and second, the corporate mechanism used to implement and administer the future industrial and commercial airport park.

The construction of a new international airport at Mirabel is in keeping with thorough modification of the entire infrastructure in the neighbouring region. The size and the nature of the investments involved are helping to promote the establishment and development of many commercial and industrial businesses in this part of the Montreal region.

The area north of Montreal is already equipped with host structures that could accommodate many of these businesses. If, however, the area is to derive maximum benefit from the industrial potential generated by the location of the airport and the related infrastructure, and comply with the objectives of the General Development Agreement under which efforts to develop industry in the Montreal region are to meet qualitative rather than quantitative criteria, the region must be equipped with additional infrastructure capable of attracting high-growth, high-productivity activities to Mirabel.

The airport park will encourage not only the creation of new jobs but also the establishment of high-growth industries, namely those most likely to strengthen or modify Quebec's industrial structure.

In addition, the setting up of an intermodal TDM centre, which is currently under study and includes transfer, distribution and manufacturing activities to be integrated with Mirabel Airport, could make Montreal the hub of air transport for eastern North America.

Quebec undertakes to subscribe for 60% and Canada for 40% of the Société's common shares.

The Société's board of directors will be made up of seven members who will be the directors of the Société as defined in the Companies Act.

ELEMENTS

(a) Waste Water Evacuation

As the park's supply system is nearly completed, it is important to make sure that the sewage system is ready before the park begins operations. Essentially this means building sewers that will connect with the Saint-Canut purification plant.

(b) Physical Development

This heading covers all work involved in building roads and sidewalks, as well as lighting and paving each of the blocks designed to accommodate prospective industries.

(c) Downtown Mirabel

Included under this heading are all the infrastructure work, that is, work on the water-supply and sewage-disposal systems planned for downtown Mirabel, which will have an important role as a complement to PICA itself.

(d) Administration

Forecast expenditures in this category cover two aspects: first, putting SPICAM, the company that is to look after development and management of the park, into operation; and second, concluding the work of setting up the transfer and distribution facilities that complement the park's manufacturing function.

FINANCIAL
PROVISIONS

The following is a list of projects that will be undertaken under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Waste-Water Evacuation System	\$ 3 634 000*	\$1 454 000	\$2 180 000
Physical Development	6 634 000*	2 653 000	3 981 000
Mirabel Infrastructure (Downtown)	550 000*	220 000	330 000
Administration	1 560 000	624 000	936 000
Reserve	<u>914 000</u>	<u>366 000</u>	<u>548 000</u>
TOTAL	\$13 292 000	\$5 317 000	\$7 975 000

*Including 10% of indirect costs.

ADMINISTRATION
AND MANAGEMENT

Supervision will be ensured by a development committee established under the General Development Agreement. A management committee, comprising an equal number of representatives of Canada and of Quebec nominated by federal and provincial ministers will be set up to supervise the implementation of the agreement and to handle routine administration.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Water Treatment Facilities for the Montreal Area

DURATION March 30, 1978 to March 31, 1982
as amended December 7, 1978

OBJECTIVES Quebec's Environmental Protection Service has created a program to treat the waste water of major urban areas in Quebec. Within this program, priority has been given to the Montreal area.

The aim of this agreement is to ensure that the population of the Montreal area has a supply of drinking water of high quality. It is also necessary to ensure that the present and future metropolitan population can make use of the Rivière-des-Prairies, the Rivière des Mille-Iles and Lake St-Louis for recreational purposes. The development of the river corridor and more particularly the authorization to develop Ste-Thérèse Island as an urban recreation and resort park requires that the sewage flowing into the river upstream of the island be treated. This last point completes the objectives of this agreement.

Note however that, as well as participating in the work programme of the Montreal Urban Region, other infrastructure projects of waste-water treatment in the Montreal region could be approved by the ministers and be part of Phase II of the agreement.

BACKGROUND In view of the importance of the Montreal area, its large population, and its geographical location upstream of other major sources of pollution, it is mandatory that the water-treatment program for this area be implemented promptly.

There are a number of reasons which militate in favour of the immediate commencement of the project. First, the Montreal area is the largest source of water pollution in Quebec. Second, studies of the St. Lawrence River show that effluents from the Montreal area have a major impact on the quality of the river's water because of the large quantities of nutrients and toxic metals contained therein. Third, the industrial depollution programs would be

seriously endangered if Montreal's water-purification program suffered any major delay.

Works valued at \$300 million have already been authorized under the initial phase of the Montreal area water-treatment program. To start and step up the implementation of subsequent phases, both governments have agreed to participate in the financing of the programs under which the various elements will be completed.

ELEMENTS To be determined.

FINANCIAL PROVISIONS This is the list of the projects that will be carried out by the province under the terms of the agreement:

PHASE I	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
One, or a combination of the following:	\$110 000 000	\$44 000 000	\$ 66 000 000
- Completion of North main sewer			
- Pumping station			
- Pre-treatment plant			
- Drainage Channel No. 1			
PHASE II			
Other infrastructure to treat waste water of the Montreal area	<u>90 000 000</u>	<u>36 000 000</u>	<u>54 000 000</u>
TOTAL	\$200 000 000	\$80 000 000	\$120 000 000

ADMINISTRATION AND MANAGEMENT A development committee set up according to the General Development Agreement is entrusted with supervision. A management committee, composed of an equal number of representatives from Canada and Quebec appointed by the federal and provincial ministers, will be established to supervise the implementation of the agreement and to provide routine administration. Representatives of the Quebec Planning and Development Bureau will participate on Quebec's behalf. Representatives of DREE will participate on behalf of the federal government.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Tourism Development

DURATION April 6, 1978 to March 31, 1983

OBJECTIVES Since tourism is a multi-faceted industry involving a variety of complementary activities, this subsidiary agreement was designed to take this diversity into account.

Since the tourist industry occupies an important position in the Quebec economy, measures should be introduced to increase the number of visitors to the province and to consolidate the resulting economic benefits.

Furthermore, since Quebec's cultural and historical heritage is a major tourist attraction, its potential should be further developed through appropriate action. The French character of Quebec is unique in America and holds an especially strong attraction for foreign visitors.

Quebec's geography and the diversity of its regions give the province a wide variety of attractions that should be turned to advantage in stepping up tourism development. Tourist facilities suited to Quebec conditions should be set up, especially in connection with winter sports activities.

Finally, since all of Quebec's regions offer a range of tourist attractions that can attract a diversified clientele, the agreement will make it possible to set up infrastructure appropriate to each region's tourism potential.

BACKGROUND Among the activities in the tertiary sector that can make a major contribution to economic development and foster a more balanced regional growth, the tourist industry occupies a prominent position in Quebec, especially in terms of creating jobs. Tourism now ranks second in importance only to the pulp and paper industry. In 1977, the tourist industry directly or indirectly employed over 200 000 people in Quebec, 85% of them in hotels and restaurants and 15% in entertainment and recreation.

Because of its diversified nature, tourism development has an impact on several sectors of the economy, particularly construction, transportation, retail trade, manufacturing and services. Since tourism activities largely involve the purchase of goods and services, they stimulate a flow of capital and have an effect on the spatial distribution of income. In any region with good tourism potential, the tourist industry contributes to the region's prosperity and helps reduce unemployment, since it requires a great deal of manpower.

The economic importance of local tourism in terms of entertainment and recreational activities is becoming increasingly apparent. While it is still desirable to attract more tourists from outside the province, there is now a growing need to improve the quality and increase the number of tourist attractions and areas visited by Quebecers themselves. With more and more disposable income being spent by Quebecers holidaying in their own province, local tourism is having economic benefits as great as those generated by tourists from outside Quebec.

In Quebec, as in the rest of Canada, a profound change is taking place in the underlying conditions of tourism development, which in the long run may reduce the relative importance of this industry. Recent studies have shown that the balance of trade between Canada and the United States as regards tourist exchanges has been deteriorating steadily. Statistics Canada estimated that in 1977 Canadians would spend \$1.7 billion more outside the country than foreign tourists would spend in Canada. In the first seven months of 1977, there were 27.7 million visitors to Canada; this figure represents a decrease of 2.2% compared to the previous year. During the same period, there was a 7.6% increase in the number of Canadians travelling outside the country.

In view of this situation, it is important that appropriate measures be introduced through this agreement to consolidate the economic benefits stemming from this industry and to further develop the tourism potential of the whole province. The projects to be undertaken will form part of a diversified plan of action adapted to the potential of each region and to various target groups.

ELEMENTS

Under the terms of the agreement, these objectives will be achieved through three main sets of activities in which three Government of Quebec agencies will participate. Each set will be implemented under a different provincial department or organization: promotion of tourism, recreational parks and special projects (Department of Tourism, Fish and Game); restoration, modernization of museums and tourist stopovers (Department of Cultural Affairs); and finally, the establishment and improvement of open-air centres and holiday camps (High Commission for Youth, Recreation and Sport).

FINANCIAL PROVISIONS

The following is a list of projects the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST*</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>SET I</u>			
<u>Promotion</u>			
Tourist information centres	\$ 2 953 000	\$ 1 181 000	\$ 1 772 000
Cap-aux-Meules	35 000	14 000	21 000
Petite-Rivière-Saint-François	12 000	5 000	7 000
<u>Tourism Parks</u>			
Iles-de-la-Madeline	525 000	210 000	315 000
Gaspé	5 000 000	2 000 000	3 000 000
Bic	3 500 000	1 400 000	2 100 000
Pointe Taillon	1 000 000	400 000	600 000
Mont Valin	2 000 000	800 000	1 200 000
Shawinigan	2 000 000	800 000	1 200 000
Montauban	1 100 000	440 000	660 000
Frontenac	4 400 000	1 760 000	2 640 000
Iles-de-Boucherville	4 100 000	1 640 000	2 460 000
Lachine Rapids	600 000	240 000	360 000
Land Acquisition	1 600 000	640 000	960 000
Dollard-des-Ormeaux	150 000	60 000	90 000
Ville-Marie	465 000	186 000	279 000
Tadoussac	1 800 000	720 000	1 080 000
Val-Morin/Val-David	1 000 000	400 000	600 000

	<u>ESTIMATED TOTAL COST*</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>Punctual projects</u>			
Percé Area	500 000	200 000	300 000
Small-scale fishing ports	1 000 000	400 000	600 000
Nature study trails, Saint-Félicien	400 000	160 000	240 000
Missisquoi Bay	4 000 000	1 600 000	2 400 000
Trois-Rivières Grand Prix	<u>220 000</u>	<u>88 000</u>	<u>132 000</u>
SUB-TOTAL	\$36 760 000	\$14 704 000	\$22 056 000
<u>SET II</u>			
<u>Restoration</u>			
Batterie Royale Gauvreau-Beaudry House	\$ 3 850 000	\$ 1 540 000	\$ 2 310 000
Champlain House	1 100 000	440 000	660 000
Ile-Perrot	1 100 000	440 000	660 000
Ile-des-Moulins	800 000	320 000	480 000
Petit Pré Mill	2 750 000	1 100 000	1 650 000
Lamontagne House	330 000	132 000	198 000
Desgagné Mill	220 000	88 000	132 000
<u>Modernization of Museums</u>			
Quebec Seminary	2 530 000	1 012 000	1 518 000
Sherbrooke Seminary	880 000	352 000	528 000
Islet Maritime Museum	330 000	132 000	198 000
Pointe-Bleue Amerind Museum	385 000	154 000	231 000
Ursuline Museum	135 000	54 000	81 000
<u>Tourist Stopovers</u>			
Tourist Stopovers	<u>220 000</u>	<u>88 000</u>	<u>132 000</u>
SUB-TOTAL	\$14 850 000	\$ 5 940 000	\$ 8 910 000

	<u>ESTIMATED TOTAL COST*</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>SET III</u>			
<u>New open-air Centres</u>	\$ 4 817 300	\$ 1 927 000	\$ 2 890 300
<u>Improvement of open-air Centres</u>	4 131 600	1 652 700	2 478 900
<u>Holiday Camps</u>	<u>4 886 100</u>	<u>1 954 400</u>	<u>2 931 700</u>
SUB-TOTAL	\$13 835 000	\$ 5 534 100	\$ 8 301 000
Reserve (15%)	<u>9 655 000</u>	<u>3 862 000</u>	<u>5 793 000</u>
TOTAL	\$76 000 000	\$30 400 000	\$45 600 000

* Including 10% for indirect costs

ADMINISTRATION AND MANAGEMENT Supervision will be ensured by a development committee established under the General Development Agreement. A management committee, comprising an equal number of representatives of Canada and of Quebec nominated by federal and provincial ministers will be set up to supervise the implementation of the agreement and to handle routine administration. Provincial participation to these committees as well as three other sub-committees will include, among others, the Departments of Tourism, Fish and Game; Cultural Affairs; the High Commission for Youth Recreation and Sport and the Quebec Planning and Development Bureau. Federally, Industry, Trade and Commerce and DREE will be represented.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Public Infrastructure

DURATION May 16, 1978 to March 31, 1980

OBJECTIVES Canada and Quebec have agreed to provide financial assistance to municipalities to enable them to pay for the public infrastructure essential to the execution of major industrial projects, if they are unable to assume the full burden of such expenditures. This program is also, to some extent, a prerequisite to reinforcing and promoting the development of the various regions. The implementation of this agreement will counteract the restrictions which in some municipalities are hampering the growth of the manufacturing sector.

The activities outlined in the agreement will take place largely in the resource regions, and will result in an appreciable reduction in the unemployment endemic to these regions. The agreement will make it possible to establish new manufacturing concerns and will give rise to the creation of about 2 000 direct jobs.

This agreement is designed to neutralize the effects of the unfavourable economic situation in regions faced with high unemployment, and to provide the facilities that will encourage new manufacturing concerns to locate in these regions.

BACKGROUND In October 1977, faced with the steadily climbing rate of unemployment, the Government of Quebec unveiled a program designed to stimulate the economy and create employment. The Premier emphasized that unemployment was taking on disturbing proportions and that the two levels of government should make a concerted effort to curb the rise of unemployment. Labour market conditions are particularly discouraging in Quebec, where the rate of unemployment currently stands at 11.4%. Furthermore, Quebec, which accounts for a little over one quarter of the Canadian labour force, now also accounts for 35% of the national unemployment figure, compared to 32.3% one year ago. To keep this under-employment from increasing any further, the Government of Quebec proposed a recovery program and asked the federal government to assist by covering a portion of the

cost of implementing these measures. This subsidiary agreement fits into this general context, and calls for providing the public infrastructures needed in carrying out certain development projects.

ELEMENTS See below.

FINANCIAL PROVISIONS The following is a list of projects the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
<u>ALMA</u>			
Improvement of municipal services	\$ 648 000	\$ 208 000	\$ 440 000
Water-main	195 000	66 000	129 000
Municipal garage	1 500 000	487 000	1 013 000
<u>LA BAIE</u>			
Industrial zone (street)	176 000	54 000	122 000
Water intake	2 062 000	647 000	1 415 000
<u>SAINT-FELICIEN</u>			
Notre Dame Street	1 222 000	440 000	782 000
Hamel Boulevard	866 000	300 000	566 000
New districts	834 000	287 000	547 000
Development of streets	1 009 000	350 000	659 000
<u>SAINT-JOSEPH- DE-BEAUCE</u>			
Industrial zone	700 000	240 000	460 000
<u>SAINTE-MARIE- DE-BEAUCE</u>			
Industrial zone	654 000	224 000	430 000
<u>GAGNON</u>			
Pumping station	435 000	156 000	279 000
Municipal services	177 000	63 000	114 000
<u>HAUTERIVE</u>			
Trailer park	4 000 000	1 438 000	2 562 000
Roofed stadium	330 000	100 000	230 000
Water intake	1 000 000	312 000	688 000

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
<u>HAVRE-SAINT-PIERRE</u>			
Industrial zone	880 000	266 000	614 000
Trailer park	500 000	157 000	343 000
<u>PORT-CARTIER</u>			
Industrial zone	715 000	230 000	485 000
Trailer park	319 000	108 000	211 000
Urban renewal	340 000	80 000	260 000
Portage-des-Mousses Boulevard	1 273 000	429 000	844 000
Filtration plant	2 270 000	712 000	1 558 000
<u>SACRE-COEUR</u>			
Trailer park	275 000	94 000	181 000
<u>SEPT-ILES</u>			
Urban park	1 000 000	303 000	697 000
Filtration plant	2 500 000	838 000	1 662 000
<u>SCHEFFERVILLE</u>			
Trailer park	825 000	265 000	560 000
<u>CACOUNA</u>			
Services for port facilities	1 238 000	398 000	840 000
<u>PARENT</u>			
Aqueduct, sewage system	950 000	299 000	651 000
<u>ABITIBI-TEMISCAMINGUE</u>	1 200 000	399 000	801 000
<u>SAINTE-AGATHE- DES-MONTS</u>			
Water treatment plant (expansion)	930 000	292 000	638 000
<u>GRANDE-RIVIERE</u>			
Municipal services	<u>1 000 000</u>	<u>303 000</u>	<u>697 000</u>
SUB-TOTAL	\$32 023 000	\$10 545 000	\$21 478 000
Reserve	<u>2 853 000</u>	<u>1 070 000</u>	<u>1 783 000</u>
GRAND TOTAL	\$34 876 000	\$11 615 000	\$23 261 000

The Canada Employment and Immigration Commission can pay up to \$5 837 000 of the federal share. DREE is responsible for the remainder.

ADMINISTRATION
AND MANAGEMENT

A development committee, formed under the terms of the General Development Agreement, will supervise the agreement. A management committee composed of two representatives from Canada and two representatives from the province, as designated by the respective federal and provincial ministers, will be set up to supervise the implementation of the agreement and to assume responsibility for the day-to-day operations. Quebec will be represented on this committee by officials of the Quebec Planning and Development Bureau. The federal government will be represented by officials of DREE and the Canada Employment and Immigration Commission.

QUEBEC

SUBSIDIARY AGREEMENT

TITLE Modernization of the Pulp and Paper Industry

DURATION May 15, 1979 to March 31, 1984

OBJECTIVES To restore the competitive position of Quebec's pulp and paper industry on the international market by encouraging costs, by rationalizing processing activities and by diversifying production; to install equipment for protecting the environment and conserving energy.

BACKGROUND In-depth studies on the forest-products industry undertaken over the past two years by the two levels of government in close co-operation with the industry and its workers, have made it possible to identify a number of the problems facing the industry in Quebec and some of the restrictions on its development and growth.

The fundamental problem facing the Quebec pulp and paper industry is the decline of its competitive capacity on domestic and world markets. Four main indicators leave no doubt that the industry is in a state of regression:

- (a) the Canadian pulp and paper industry's return on investments from 1965 to 1978: 8.3% as compared to 11.1% for the same industry in the United States and 11.2% for the entire Canadian manufacturing sector;
- (b) its share of the American markets. From 1950 to 1976, the share gradually but constantly decreased from 40 per cent to 30 per cent;
- (c) the continuously increasing difference between the cost of manufacturing and shipping one ton of newsprint in Quebec and the cost in the United States. The difference rose from \$16 in 1968 to \$20 in 1970, and from \$45 in 1976 to \$52 in 1977;
- (d) temporary shutdowns and the closing of mills resulting from fluctuations in demand with consequent loss of revenue for workers, the companies and governments.

This situation, characterized by the devaluation of the Canadian dollar and an exceptional increase in demand for newsprint, makes a number of basic problems: prohibitive wood-supply costs, low productivity of mills and high cost of transporting finished products.

The high price of wood is the most important element in the cost structure and accounts for nearly half of the difference between Quebec and its competitors. The subsidiary agreement on forestry development, signed in 1975 and since amended, sets aside more than \$322 million for this component.

The low productivity of the mills resulted in high manufacturing costs. This can be explained in part by the fact that the mills are old, the arrangement of their production lines is unsatisfactory and the yields of pulping processes and paper machines are low.

Taking into account all the various sources and destinations of shipments, the average transportation cost for Quebec mills is much higher than for American mills. Most of this difference is due to the fact that Quebec is farther away from the markets where rapid expansion is taking place.

Lastly, market problems, combined with unfavourable supply, production and shipment costs, are the main causes of poor profitability. This situation has limited the industry's ability to finance on its own the modernizations necessary for improving its competitive position. These same reasons have made it expensive, if not impracticable, to turn to the financial market to make up the shortage of capital, since the return on investments is below the average generally observed in industry.

Over the past five years, the industry has invested \$360 million annually in Quebec, only \$140 million of which have been spent on modernization of mills and anti-pollution measures. It is estimated that the modernization of existing mills and the installation of environmental protection equipment will require a capital investment of \$1.3 billion over the next five years.

This subsidiary agreement was developed in consultation with a number of federal departments including Industry, Trade and Commerce; Energy, Mines and Resources; and Environment, as well as

with various provincial departments. It was signed by the Minister of DREE and the Minister responsible for the Quebec Planning and Development Bureau.

ELEMENTS

Financial assistance will take the form of direct grants. They can amount to up to 25 per cent of eligible investments and will be based on a five-year plan providing for investment in the companies in the categories set forth in section 5 of the agreement and covering the modernization of machinery and the installation of equipment for environmental protection and energy conservation.

FINANCIAL PROVISIONS

The amount of money allocated for grants is as follows:

<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
\$150 000 000	\$60 000 000	\$90 000 000

ADMINISTRATION AND MANAGEMENT

Supervision will be ensured by a development committee established under the General Development Agreement. A management committee, comprising an equal number of representatives of Canada and of Quebec appointed by the respective federal and provincial ministers, will be set up to supervise the implementation of the agreement and to handle routine administration. The federal departments of the Environment (Environmental Protection Service) and Industry, Trade and Commerce have been invited to participate in the supervision of the projects.



ONTARIO



ONTARIO

GENERAL DEVELOPMENT AGREEMENT

The Canada-Ontario General Development Agreement (GDA) was signed on February 26, 1974 by the Minister of Regional Economic Expansion on behalf of Canada, and by the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs on behalf of the province.

The general objectives of this agreement may be summarized as follows:

- (a) to improve opportunities for productive employment and access to those opportunities, and to sustain existing employment opportunities in those areas and sectors of Ontario which, relative to other areas and sectors of the province, are in need of special measures in order to realize their development potential;
- (b) to encourage socio-economic development in those areas of the province requiring special initiatives to permit the residents to contribute to and participate in the benefits of economic development; and
- (c) to reinforce policies and priorities of the province for regional development within Ontario insofar as they pertain to the areas and sectors of the province identified in objective (a).

Programs carried out in pursuit of the objectives will basically be in northern and part of eastern Ontario and these will be closely coordinated with the province's regional planning priorities and objectives and within the Ontario Design for Development Program. A list of action plans, which could lead to subsidiary agreements, was worked out by the two governments, including:

(a) Cornwall Area of Eastern Ontario

Cornwall has attracted a considerable number of the workers leaving the agricultural sector, while being hit hard by major industrial closures. Consequently, unemployment has been much above the provincial average. A Cornwall subsidiary agreement was signed, which facilitated joint government action in the Cornwall area. The two governments contributed \$16 255 000 toward programs.

(b) Northwestern Ontario

Northwestern Ontario is the first part of the province for which a set of policy recommendations has been published and officially accepted. Consideration was given to initiatives consistent with federal and provincial development objectives and priorities and designed to facilitate both urban and rural development.

(c) Ontario Northlands

There is a substantial group of socially and economically disadvantaged people isolated from the mainstream of provincial social and economic life by barriers such as geography, low levels of educational attainment, and poverty. A significant portion of this population is Indian or Metis. Although the Indians are located primarily in northern Ontario, there are Indian Bands throughout the province. Many of these members can be considered to be isolated and disadvantaged. Special efforts will be made to encourage and assist residents of isolated communities to participate in and benefit from the realization of development opportunities.

This list of possible initiatives is not meant to be confining in any way; indeed, the expectation is that the number of initiatives will be augmented continuously over the life of the GDA, on the basis of an on-going analysis of the opportunities for socio-economic development.

Summaries of currently active subsidiary agreements follow.

ONTARIO

SUBSIDIARY AGREEMENT

TITLE Northeastern Ontario

DURATION March 25, 1976 to March 31, 1982 as amended
July 28, 1976, March 21, 1978, October 5, 1978
and October 10, 1978

OBJECTIVES To provide for the joint participation of Canada and the province in projects directed towards reinforcing the policies and priorities of the province for regional development in northeastern Ontario; and to provide the means through which financial assistance can be given for approved projects aimed at alleviating constraints to the economic and social development of key population centres.

BACKGROUND Northeastern Ontario has experienced an annual population growth rate about half that for Ontario as a whole.

The economy of northeastern Ontario developed on the strength of its natural resources. Mining, forestry, tourism and related manufacturing constitute the mainstay of the economy, and together employ more than one third of its labour force. The regional resource sectors are dependent primarily on external demand and are thus subject to the vagaries of world markets. The processing of primary products into manufactured goods is not well established and secondary and tertiary industry is poorly developed.

Many communities depend upon a single industry for their economic base, leaving them vulnerable to adverse changes in that industry.

SUDBURY AREA The regional municipality of Sudbury, with a population of 165 000, is the largest urban centre in northern Ontario. Its strategic location at the crossroads of east-west and north-south transportation routes, its many government offices, and health and educational institutions, have transformed this municipality into the main trading centre of northeastern Ontario. As such, Sudbury services a population of more than 500 000.

Historically, the size of the labour force in this region has been directly related to the growth of the local mining industry and to its related service industries. The dominance of these industries, with their high wage scales, has acted as a constraint on the number of income and employment opportunities available.

The lack of serviced industrial land and the high costs of infrastructure have been continuing problems during the past decade and have now become major constraints on future development.

PARRY SOUND AREA

The town of Parry Sound has a population of nearly 6 000. It is the major community in the area of Parry Sound, an area of some 1 400 square miles with a total of 30 000 people. The economic growth of this area has not kept pace with that of northeastern Ontario as a whole.

Historically, Parry Sound was an important transshipment point, but today the harbour is used only to ship iron ore pellets from the Sudbury area to the U.S.A. Tourism has been expanding slowly over the years providing a partial replacement of income lost as a result of economic change. Manufacturing activity has also been slow to develop.

Since the designation of the District of Parry Sound under the Regional Development Incentives Act in April 1974, there has been a marked increase in the attention of manufacturers to the area. However, the necessary serviced industrial land has not been available in the district.

TIMMINS AREA

Traditionally the Timmins area has been heavily dependent on mining and, to a much lesser extent, on forestry. Although gold mining remains an integral part of the local economy, base-metal mining is steadily increasing its portion of the labour force. The Texasgulf copper-zinc mine, brought into production in 1966 as a number of gold mines were terminating operations, has enabled employment and population levels to stabilize.

The city of Timmins, the principal urban centre in the District of Cochrane, was formed in 1973 by the amalgamation of a number of smaller communities. Subsequently the city was faced with the fact that many of the water and sewer mains were undersized and that the two sewage plants located within the city boundaries were overloaded. While it has been striving to

upgrade its sewer and water systems, Timmins is currently facing an immediate need to accelerate its capital works program.

Texasgulf Inc. has announced plans to proceed with a \$400-million expansion project including a new smelter and refinery. This is expected to increase the permanent work force by 1 500, and result in a population increase for Timmins of 4 500. In order to provide essential services and housing, several large-scale infrastructure projects are urgently required.

NORTH BAY AREA The city of North Bay is a major urban centre in northeastern Ontario. Its economic base is diversified and has a good potential for growth; however, a shortage of serviced industrial land sites is inhibiting development.

In 1973, the city acquired a 137-acre site in its southern quadrant, zoned for industrial use. The city now wishes to develop an industrial park on this site and has applied to DREE and the province for development assistance under the GDA.

At this time, the city does not have the funds to undertake this project. Consequently, DREE and the province, through the GDA, are supporting development of the proposed municipal industrial park site.

ELEMENTS

(a) Sudbury Area

Construction of water, sewage, storm drainage ditches and road facilities in the Highway 17 West (Walden) industrial park.

(b) Parry Sound Area

(i) Construction of the water and sewage facilities required for the Woods Road Industrial Park in Carling Township.

(ii) Assessment of the industrial planning, development, marketing and park management efforts in the Parry Sound area.

(c) Timmins Area

(i) Construction of additional sewer and water facilities in the Timmins-Mountjoy area and the Tisdale-Whitney area.

The province will arrange through Central Mortgage and Housing Corporation for grants under the National Housing Act to assist in funding eligible sewage and water projects.

(ii) Assessment of industrial park requirements and sites, and industrial planning, development, marketing and park management efforts in Timmins.

(iii) Assessment of the need for a by-pass road system to improve vehicle flow in the central business district, and to carry traffic to the Texasgulf mines and to the new industrial park.

(d) North Bay Area

The construction of water, sewage, storm drainage ditches and road facilities required to provide the park site access to municipal services. Also, the construction of a water tower in the park area as well as a sewage pumping station on Highway 11B and an accompanying force sewer line.

FINANCIAL PROVISIONS

The following is a list of projects to be carried out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>Sudbury Area</u>			
Highway 17 West (Walden) Industrial Park			
(a) Water Distribution System	\$1 298 000	\$ 649 000	\$ 649 000
(b) Sanitary Sewers	850 000	425 000	425 000
(c) Access Road Construction	<u>897 000</u>	<u>448 500</u>	<u>448 500</u>
SUB-TOTAL	\$3 045 000	\$1 522 500	\$1 522 500

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>Parry Sound Area</u>			
(1) Carling Township Industrial Park			
(a) Water Source System	\$ 620 270	\$310 135	\$310 135
(b) Water Distri- bution System	488 180	244 090	244 090
(c) Sanitary Sewers	836 550	418 275	418 275*
(2) Assessment of the Planning	<u>13 000</u>	<u>6 500</u>	<u>6 500</u>
SUB-TOTAL	\$1 958 000	\$979 000	\$979 000*
<u>Timmins Area</u>			
(1) Infrastructure			
(a) Water Mains	\$2 210 000	\$1 105 000	\$1 105 000*
(b) Sanitary Sewers	7 536 000	3 768 000	3 768 000
(2) Studies	<u>145 000</u>	<u>72 500</u>	<u>72 500</u>
SUB-TOTAL	\$9 891 000	\$4 945 500	\$4 945 500*
<u>North Bay Area</u>			
(a) Road Services	\$ 4 345 000	\$2 172 500	\$2 172 500
(b) Sewer Services	3 280 000	1 640 000	1 640 000
(c) Water Services	2 246 000	1 123 000	1 123 000
(d) Storm Drainage	<u>449 000</u>	<u>224 500</u>	<u>224 500</u>
SUB-TOTAL	\$10 320 000	\$5 160 000	\$5 160 000
	<u> </u>	<u> </u>	<u> </u>
Total without C.A.	\$25 214 000	\$12 607 000	\$12 607 000*
Contingency Allowance	<u>3 782 100</u>	<u>1 891 050</u>	<u>1 891 050*</u>
TOTAL	\$28 996 100	\$14 498 050	\$14 498 050*

* Includes possible CMHC assistance.

ADMINISTRATION
AND MANAGEMENT

The overall management of this agreement will be the responsibility of the management committee consisting of an equal number of representatives of each government, designated by the respective federal and provincial ministers.

ONTARIO

SUBSIDIARY AGREEMENT

TITLE Single-Industry Resource Communities

DURATION October 18, 1976 to March 31, 1981 as amended
July 19, 1977, October 25, 1978 and
January 9, 1979

OBJECTIVES To diversify and stabilize the economies of
single-industry resource communities in northern
Ontario and to initiate programs aimed at easing
the social and economic problems characteristic
of single-industry communities. Specifically, it
will seek to broaden the economic base of commu-
nities vulnerable to fluctuations in the resource
sectors; to create alternative employment oppor-
tunities; to improve the living environment to
attract and retain skilled labour; to strengthen
the urban structure; and to encourage and sustain
longer-term resource developments.

BACKGROUND PHASE I Kimberly-Clark Impact Area

The initial phase of this Canada-Ontario joint
strategy will implement measures to support the
growth opportunities of Nakina, Longlac and
Geraldton; will implement measures to increase
the number and range of jobs and income
opportunities; and will provide for selective
improvements of the communities' infrastructure.
Evaluations show that the tax base of the
communities is insufficient to cope with major
development of the woodlands operations of the
Kimberly-Clark company. The tripling of the
Kimberly-Clark Terrace Bay mill capacity from 400
to 1 200 tons per day will mean an increase of
400 to 600 jobs in their woodlands operations.

The impact area envelops a region of some 28 000
square miles in northwestern Ontario. In this
area, the Kimberly-Clark company obtained cutting
rights from the province for an additional 4 860
square miles, bringing their total timber limits
to 12 186 square miles.

BACKGROUND PHASE II White River

As part of a long-term expansion program, the
Abitibi Paper company announced plans in early
1974 to construct a new sawmill with a capacity
of 70 million board feet per year at White River.

This location was selected on the basis of proximity to Abitibi Paper limits north of Pukaskwa National Park and south of Chapleau as well as on the basis of direct road/rail connections to the existing Abitibi groundwood and newsprint mill in Sault Ste. Marie. The company has accepted RDIA assistance of \$1.2 million on approved capital costs of \$11.3 million.

The key problem associated with this development opportunity arises from the community's inability to absorb and accommodate the rapid population growth anticipated in the next two years. In particular, at least 180 new dwellings will likely be needed by 1978 (including single-family dwellings, semi-detached units and rental accommodations).

BACKGROUND
PHASE III

Hornepayne Town Centre

The municipality of Hornepayne is located on the main line of the CNR in a remote area of northern Ontario. CNR operates a major divisional point at Hornepayne. At present, the CNR is undertaking an expansion of these facilities in anticipation of increased train traffic through Hornepayne.

Hallmark Hotels Limited, a private realty company, has been engaged by CNR and the Ontario government to plan, construct and administer a 170 000-square-foot town centre complex to be located on a 9-acre site adjacent to Hornepayne's business section. The centre will include a mix of urban services aimed at ameliorating local living conditions.

BACKGROUND
PHASE IV

Long Lake No. 77

A further element in the development of this subsidiary agreement would involve federal and provincial support for infrastructure improvements in the town of Longlac and the adjoining Native settlement on the Long Lake No. 77 Indian Reserve.

With the recent announcement by Weldwood of Canada to proceed with an RDIA-assisted expansion in the Longlac area which will create 34 jobs, and the completion of servicing plans for the Long Lake No. 77 Reserve, Canada and Ontario have agreed to proceed with additional infrastructure projects to provide water services for a parcel of industrial land in the town of Longlac and water and sewage services for the Long Lake No. 77 community. Canada accepts responsibility for those projects carried out for the exclusive benefit of Status Indians living on the Reserve. This responsibility will be shared equally by DREE and Indian and Northern Affairs.

ELEMENTS
PHASE I

1. Community Infrastructure

- (a) The community infrastructure program will assist Nakina with the completion of wells (excluding drilling), pumps and housing; construction of a reservoir, pumping and chlorination equipment of approximately 350 000-gallon capacity; the construction of 1 200 linear feet of 12-inch watermain; construction of a 375 000-gpd sewage-treatment facility and 4 600 linear feet of gravity trunk-line sewers.
- (b) At Longlac, the construction of a 1.5-mgd water-treatment plant with an elevated storage tank of 500 000-gallon capacity, 4 600 feet of 12-inch watermain, and a 375 000-gpd sewage-treatment plant.
- (c) At Geraldton, improvements to the water system including a 1.5-mgd water-treatment plant and 4 500 linear feet of 12-inch trunk watermain from the existing storage tank to a new 500 000-gallon storage tank.

2. Transportation Development

- (a) At Geraldton airport, the grading and paving of a 5 000-foot runway; runway lighting and installation; access roads; construction of a passenger, operating and maintenance building; MNR fire base, inclusive of operating buildings, tank farm and water base for MNR.
- (b) Airport access including reconstruction of granular base of existing roadway (4.7 miles) with asphalt pavement.

ELEMENTS
PHASE II

White River

1. Water Services

Construction of basic water-system improvements to accommodate anticipated growth, including construction of two new residential subdivisions and an apartment block providing approximately 320 housing units.

2. Sanitary-Sewer Services

Construction of basic sanitary sewage-system improvements to accommodate anticipated new growth.

3. Storm Drainage

Construction of basic storm drainage facilities for the proposed Nordev municipal subdivision.

ELEMENTS PHASE III

Hornepayne Town Centre

The clearing, grading and sinking of foundation pilings for the town centre site are pre-requisites for the construction of the 170 000-square-foot building in which the complex of urban services is to be accommodated.

ELEMENTS PHASE IV

Long Lake No. 77 Community Infrastructure

1. Water-Supply Extension

Construction of a water-supply main from the present terminus of the municipal water system in the town of Longlac.

2. Water-Supply Connection

Construction of a water-supply main from the settled portion of the Native community of Long Lake No. 77 Indian Reserve to the Reserve boundary, including a crossing over the Making Ground River.

3. Water-Distribution System

Construction of water-supply-main loop through the settled portion of Long Lake No. 77 Indian Reserve, to provide water service connections and fire hydrants.

4. Sanitary-Sewage Extension

Construction of a sanitary sewage force-main from Long Lake No. 77 Indian Reserve to the present limit of the municipal collection system in the town of Longlac, including the required pumping station.

5. Sewage-Collection System

Construction of a gravity sanitary-sewage-collection system throughout the settled portion of the Native community of Long Lake No. 77 Indian Reserve, including service connections for 25 existing dwellings.

FINANCIAL PROVISIONS	ESTIMATED TOTAL COST	PROVINCIAL SHARE	FEDERAL SHARE
<u>PHASE I</u>			
1. <u>Community Infrastructure</u>			
(a) Nakina Water-System Improvements	\$ 900 000	\$ 450 000	\$ 450 000
(b) Nakina Sewage-System Improvements	1 579 000	789 500	\$ 789 500
(c) Longlac Water-System Improvements	2 750 000	1 375 000	1 375 000
(d) Longlac Sewage-System Improvements	1 500 000	750 000	750 000
(e) Geraldton Water-System Improvements	<u>2 770 000</u>	<u>1 385 000</u>	<u>1 385 000</u>
	\$9 499 000	\$4 249 500	\$4 249 500
2. <u>Transportation Development</u>			
(a) Geraldton Airport 5 000-foot runway, lighting, airport roads, terminal bulding	\$2 662 000	\$1 331 000	\$1 331 000
(b) Airport Access Improvements - 4.7 miles of roadway to the airport	<u>1 179 000</u>	<u>589 500</u>	<u>589 500</u>
	\$3 841 000	\$1 920 500	\$1 920 500
TOTAL PHASE I	\$13 340 000	\$6 670 000	\$6 670 000

NOTE: Other federal government departments expected to participate in the federal share of funding are:

(a) CMHC, towards water and sewer infrastructure works, to a maximum of approximately \$400 000; and

(b) Transport Canada, towards airport construction, up to \$150 000.

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
<u>PHASE II</u>			
1. <u>Community Infra- structure</u>			
(a) Water Services	\$ 167 000	\$ 183 500	\$ 183 500
(b) Sewer Services	1 015 000	507 500	507 500
(c) Storm Drainage	<u>878 000</u>	<u>439 000</u>	<u>439 000</u>
TOTAL PHASE II	\$2 060 000	\$1 030 000	\$1 030 000

PHASE III

1. <u>Town Centre Complex</u>			
(a) Site Clearing and Preparation	\$ 389 000	\$194 500	\$194 500
(b) Public Area Components	<u>741 000</u>	<u>370 500</u>	<u>370 500</u>
TOTAL PHASE III	\$1 130 000	\$565 000	\$565 000

PHASE IV

Community Infra-
structure

(a) Water-Supply Extension	\$153 600	\$76 800	\$ 76 800
(b) Water-Supply Connection	77 600		77 600*
(c) Internal Water Distribution	112 900		112 900*
(d) Sewage Extension	233 000		233 000*
(e) Internal Sewage Collection	<u>108 900</u>		<u>108 900*</u>
TOTAL PHASE IV	\$686 000	\$76 800	\$609 200

* 50% of the federal contribution, plus 15% contingency, which involves Indian community projects is to be funded by DIAND.

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Total without C.A.	\$17 216 000	\$8 341 800	\$ 8 874 200
Contingency Allowance	<u>2 582 400</u>	<u>1 251 270</u>	<u>1 331 130</u>
GRAND TOTAL	\$19 798 400	\$9 593 070	\$10 205 330

ADMINISTRATION
AND MANAGEMENT

A management committee will have the responsibility of monitoring and managing the agreement. The committee will consist of an equal number of members from each government, designated by the respective federal and provincial ministers.

ONTARIO

SUBSIDIARY AGREEMENT

TITLE Community and Rural Resource Development

DURATION December 7, 1977 to March 31, 1983 as amended
June 19, 1978, October 25, 1978 and
December 8, 1978.

OBJECTIVES To strengthen the community structure of rural areas by encouraging residents to contribute to and participate in developing the social and economic potential of the area; improving the opportunities for productive long-term employment through the assessment and pursuit of economic opportunities related to development of natural resources; and strengthening and diversifying the economic base of the rural areas by encouraging the development of alternative secondary industry.

BACKGROUND This program of financial assistance for Ontario is to enable the province to arrange for the undertaking of projects which are essential to the development of a strong rural resource community in northern and eastern Ontario.

UPPER OTTAWA VALLEY Renfrew County, in the Eastern Ontario Planning Region, requires special measures to stimulate economic growth and diversification. The area is characterized by slow growth, high unemployment, low income levels and a high rate of out-migration.

Renfrew County's development problems are closely related to its industrial structure. Employment in the resource and manufacturing sectors has declined steadily during the 20 years between 1951 and 1971, and although service-sector employment rose between 1961 and 1971, there are indications that it has reached its peak. The current growth of employment in the service sector is a reflection of the continuing growth in the tourist and recreation industries. These industries, however, tend to be low paying and seasonal, and there are indications that the area may already be too dependent on such employment. Because of these limitations, resource and manufacturing industries must be relied upon to bring about employment growth and income improvement.

NEW FORESTS IN
EASTERN ONTARIO

The forestry sector in eastern Ontario is operating at a level below its potential due to an inadequate level of support for forest management following significant shifts in the agricultural use of land. Some of the existing forests in the region are of generally poor quality as a result of exploitation over the past 200 years. The area is characterized by good climatic conditions and there is a rural population able to supply the required labour for forest industry development. It is located close to potential market areas in the Quebec-Windsor axis and in the eastern United States. The low-quality-hardwood forest-renewal project and the successful development of new hybrid poplar products involving a new source of marketable pulpwood, a potential new source of animal fodder, and feed stock for the production of alcohols for energy could offer almost immediate benefits to eastern Ontario. In addition, substantial acreages of non-productive land now held by small landowners could be put to productive use.

KIRKLAND LAKE
AREA

For the purpose of this agreement, the Kirkland Lake area includes the town of Kirkland Lake and the communities of Matachewan, Swastika, Larder Lake and Virginiatown. As such, the area occupies the northeast corner of the District of Timiskaming and is an integral part of the Northeastern Ontario Planning Region.

Over the past few decades the northeastern region has experienced social and economic growth below the expectations of the provincial government. In the Kirkland Lake area the local economy is stagnant and unemployment is at a high level.

The Ontario Ministry of Natural Resources has established that the underlying geology of the area has a good potential for minerals, and that the discovery of a major ore body could revitalize the local economy and restore area growth.

ELEMENTS

UPPER OTTAWA
VALLEY

(1) Resource Development

(a) Forest Resource Assessment

(i) Forest Resource Inventory

Development of up-to-date quantitative information on the forest resource including the magnitude of the raw material potential.

(ii) Reconnaissance Inventory

Development of reliable qualitative information on the volume of raw material available for allocation to industries.

(iii) Forest and Mill Utilization Surveys

Analysis of the efficiency and existing level of timber consumption in Renfrew County.

(b) Mineral Resource Assessment

(i) Precambrian Geological Surveys

To provide data on rock types, structures and geological history in unmapped parts of the region.

(ii) Mineral Deposit Assessment

Field examination and compilation of all available data on the known mineral deposits of the region.

(iii) Analytical Work, Publication and Cartography

The results of the assessment work will be analysed and made available to the public through printed maps and reports.

(2) Industrial Development

(a) Testing nutrient-removal facilities to determine the extent and cost of expanding the capacity of the present sewage plant in Pembroke; and

(b) detailed design and engineering work, up to but not including tendering, on the city's water-filtration plant.

(3) Regional Economic Development

The proposed strategy is to provide assistance to establish a unified local organization which would be responsible for identification of development opportunities and constraints and problems, and the promotion of the county in general and of specific development opportunities.

NEW FORESTS IN (1) Hybrid Poplar Development
EASTERN ONTARIO

(a) Technological Development

The aim of this program is to develop and expand technology for hybrid poplar culture using industrial-style plantations to maximize biomass production per unit area for energy, fibre and food.

(b) Hybrid Poplar Nursery

The success of the hybrid poplar program depends heavily on a continuous supply of good-quality cuttings in large quantities being available early each spring.

(2) Hardwood Forest Renewal

This project will involve the harvesting of the poor-quality material, and at the same time make the productive sites available for growing better quality stems for the future. The harvesting and sale of the forest products will be carried out under the direction of the Ministry of Natural Resources.

(3) Forestry and Agricultural Resource Inventory

A resource inventory of the present land use, agricultural, forest and woodlot cover and other uses will be conducted. The study area includes the United Counties of Stormont, Dundas and Glengarry; the United Counties of Prescott and Russell; the Grenville portion of the United Counties of Leeds and Grenville; and the Regional Municipality of Ottawa-Carleton.

(4) Hybrid Poplar Research

This project is to facilitate research that will allow a more complete utilization of the potential of the hybrid poplar program, and contribute significantly to its operational success.

KIRKLAND LAKE
AREA

Program of Geoscientific Surveys

(a) Precambrian Stratigraphic Mapping

(b) Airborne Geophysical Survey

(c) Basal Till Sampling

- (d) Quaternary Geological Surveys
- (e) Gold Deposit Surveys
- (f) Uranium Deposits Study
- (g) Data Series Maps
- (h) Overburden - Lineament Study
- (i) Technical Evaluation Services
- (j) Public Information Services

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>UPPER OTTAWA VALLEY</u>			
(1) Resource Development			
(a) Forest Resource Assessment	\$ 145 000	\$ 72 500	\$ 72 500
(b) Mineral Resource Assessment	491 000	245 500	245 500
(2) Industrial Land Development Studies	315 000	157 500	157 500
(3) Regional Economic Development Assistance	<u>200 000</u>	<u>100 000</u>	<u>100 000</u>
SUB-TOTAL	\$1 151 000	\$575 500	\$575 500
<u>NEW FORESTS IN EASTERN ONTARIO</u>			
(1) Hybrid Poplar			
(a) Technical Development	\$2 010 000	\$1 005 000	\$1 005 000
(b) Nursery	870 000	435 000	435 000
(2) Hardwood Forest Renewal	1 350 000	675 000	675 000
(3) Forest and Agriculture Resource Inventory	240 000	120 000	120 000
(4) Hybrid Poplar Research	<u>310 000</u>	<u>155 000</u>	<u>155 000</u>
SUB-TOTAL	\$4 780 000	\$2 390 000	\$2 390 000

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>KIRKLAND LAKE AREA</u>			
Geoscientific Surveys	\$2 292 000	\$1 146 000	\$1 146 000
SUB-TOTAL	\$2 292 000	\$1 146 000	\$1 146 000
Total Without C.A.	\$8 223 000	\$4 111 500	\$4 111 500
Contingency Allowance	<u>1 233 450</u>	<u>616 725</u>	<u>616 725</u>
GRAND TOTAL	\$9 456 450	\$4 728 225	\$4 728 225

ADMINISTRATION
AND MANAGEMENT

The overall management of this agreement will be the responsibility of the management committee, consisting of an equal number of representatives of each government, designated by the respective federal and provincial ministers.

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ONTARIO

SUBSIDIARY AGREEMENT

TITLE Forest Management

DURATION December 8, 1978 to September 30, 1983

OBJECTIVES To enable Canada and the province to jointly participate in measures to improve forest management, and accelerate reforestation and private-sector employment, in an effort not only to create new employment within the province's wood-based industries, but to sustain existing productive employment which is currently in jeopardy due to the present inability to ensure long-term wood supplies.

BACKGROUND The forest industry in Ontario is comprised of the logging, wood industries and the paper and allied industries groups.

Physically, the industry consists of more than 300 logging establishments, plus more than 800 mills of various kinds and sizes. These establishments provide direct employment to 78 000 persons and have an annual wages and salaries payroll in excess of \$1 billion. Value-added by the industry is 2.6% of the total of all activity in the province and represents 6% of the total attributable to all of Ontario's goods-producing industries.

The importance of the forest industry to the north is clearly shown by the fact that 76% and 32% of the total employment in manufacturing in the northwestern and northeastern regions, respectively, is forest-oriented. In the very highly industrialized southern region, the forest industry provides 6% of the total employment in manufacturing.

From the viewpoint of current forest management practices in northern Ontario, much of the forest area is inadequately accessed. Most of the primary forest-access roads being constructed by the forest industry are solely for the purpose of timber harvesting and extraction.

The roads are not designed to facilitate the various aspects and requirements of adequate forest management, other than those which minimize the cost of mill-delivered wood. The

result has been the harvesting of timber stands located at the periphery of the existing road system, largely irrespective of the management characteristics of the forest.

With the province's allowable cut being largely allocated, it is imperative that the currently unaccessed mature and over-mature stands be harvested, allowing this volume to be recovered before it becomes decadent and lost to fire, wind, insects and disease. If such volumes are not accessed and harvested, there is a double calamity: not only is this volume lost and the acreage added to that in need of regeneration treatment, but additional accessible, immature acreage must be harvested and treated to satisfy the roundwood requirements of the industry.

Another pressing reason for improved forest access is Ontario's new silvicultural harvesting systems policy which will require much of the future harvesting to be done in a fashion that will reduce the size, and/or control and configuration of the cut areas.

The development of this Canada/Ontario Forest Management subsidiary agreement is the result of close cooperation by officials of the provincial ministries of Natural Resources, Northern Affairs, Treasury and Economics, and Inter-governmental Affairs and officials of DREE and Fisheries and the Environment.

ELEMENTS

(1) Forest Access Roads

Construction of about 1 000 miles of all-weather forest access roads in northern Ontario, in addition to the construction currently being undertaken by the private sector and the province.

(2) Silviculture Camps

To provide improved amenities in remote forest areas to attract and hold labour required for tree planting, stand improvement, cone collecting and thinning operations.

(3) Nursery Expansion

The replacement and expansion of existing capital facilities (including production, storage, grading and shipping facilities) at Ontario's forest tree nurseries to meet expanded regeneration targets.

(4) Soil Survey

Pilot soil surveys in northern Ontario, which will provide information in required detail.

(5) Assessments

(a) An applied research and development project designed to establish a field capability to identify operational problems, review relevant data, establish design and sampling procedures and to investigate and analyze specific problems.

(b) A hardwood-utilization study (preceded by a condensed pre-feasibility study) to address the problems and prospects associated with the greatly under-utilized hardwood resource.

A preliminary study will be undertaken to determine the parameters and need for the main study.

(c) A project review and public information component designed to:

(i) provide funds for a review and assessment of the cost-shared program prior to the expiration of the agreement; and for the detailed evaluation of each project after its completion; and

(ii) provide funds for the joint development and distribution of information regarding the Canada-Ontario Forest Management subsidiary agreement and the development activity supported by it.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
<u>FOREST MANAGEMENT</u>			
(1) Forest Access	\$60 000 000	\$30 000 000	\$30 000 000
(2) Silviculture	1 910 000	955 000	955 000
(3) Nursery	5 000 000	2 500 000	2 500 000
(4) Soil Survey	1 000 000	500 000	500 000
(5) Assessment	<u>3 600 000</u>	<u>1 800 000</u>	<u>1 800 000</u>
SUB-TOTAL	\$71 510 000	\$35 755 000	\$35 755 000
Contingency Allowance	<u>10 726 500</u>	<u>5 363 250</u>	<u>5 363 250</u>
GRAND TOTAL	\$82 236 500	\$41 118 250	\$41 118 250

ADMINISTRATION AND MANAGEMENT

A management committee will have the responsibility of monitoring and managing the agreement. The committee will consist of an equal number of members from each government, designated by the respective principal federal and provincial ministers.

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ONTARIO

SUBSIDIARY AGREEMENT

TITLE Pulp and Paper Industry Facilities Improvement

DURATION May 15, 1979 to March 31, 1984.

OBJECTIVES To enable Canada and Ontario to participate jointly in programs of incentives for the pulp and paper industry in Ontario, to assist in meeting the costs of conforming to pollution-abatement standards, to improve the viability and competitiveness of the pulp and paper industry in Ontario by accelerating and maximizing private sector investment in modernization, and to promote policies which are supportive of good forest management, pollution abatement and modernization.

BACKGROUND The pulp and paper industry is one of Ontario's most important industrial sectors in terms of employment, value of shipments, and export earnings. The importance of the industry is most critical in terms of its regional and community impact. It accounts for three quarters of all manufacturing activity in Northwestern Ontario, one quarter in Northeastern Ontario, and a significant element in Eastern Ontario.

Despite the pulp and paper industry's valuable contribution to Ontario's economic well-being, it has become evident over the past decade that the industry itself is experiencing increasing difficulties. It is not fully competitive with its counterparts elsewhere, and has been unable to generate investment capital to meet the industry's modernization and pollution-abatement needs.

Concerted action is needed to bring cost disadvantages back into line and to restore the industry's competitiveness. Some steps in this direction have already been taken. The Forest Management subsidiary agreement recently signed by Canada and Ontario will provide assistance for forest access and help to restrain companies' future wood costs. Similarly the province is cooperating with companies to increase the effectiveness of forest regeneration efforts and thereby better ensure a long-term supply of wood.

The profit performance of the industry over the past several years has been weaker and more erratic than that of Canadian industries generally, as well as that of United States forest-products companies. Moreover, high rates of inflation have borne heavily on this capital-intensive industry, diverting funds towards everyday working capital which otherwise would have been available for modernizing plant and equipment. Furthermore, an increasing share of that capital which has been available has had to be spent on pollution-control improvements which do not significantly improve productivity or future profitability.

Although the pulp and paper industry has enjoyed substantially increased earnings in 1978, fully 60% of the increased profits is attributable to foreign exchange gains from the devalued Canadian dollar, and most of the remainder to improved market conditions. Both of these helpful factors could easily reverse and cause profits to plunge once again. It is imperative, therefore, that the government capitalize upon the present buoyant conditions by encouraging the industry to reinvest and re-establish itself on a more competitive footing. Government can play a major role in this, by providing incentives towards new capital investment. Such incentives will serve both to alleviate the capital costs which companies must bear and to increase the return on companies' investments.

ELEMENTS

1. Pulp and Paper Mill Pollution-Abatement Program

Priority assistance for selected mills over the next five years, to install pollution-abatement equipment which will meet government standards.

2. Pulp and Paper Mill Modernization Program

Assistance for selected mills over the next five years to modernize equipment and processes where needed, and to maintain or improve the viability of the operations.

3. Consulting and Professional Services Program

Funding for consulting and professional services retained for the management committee, to assist in its assessment of applications.

4. Public Information and Evaluation Program

Public information and evaluation programs will be undertaken respecting the implementation of the programs and the projects under this agreement.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Pulp and Paper Mill Production-Abatement Program			
Pulp and Paper Mill Modernization Program			
Consulting and Professional Services Program			
Public Information and Evaluation Program			
TOTAL	\$150 000 000	\$100 000 000	\$50 000 000

ADMINISTRATION AND MANAGEMENT A management committee will have the responsibility of monitoring and managing the agreement. The committee will consist of an equal number of members from each government, designated by the respective principal federal and provincial ministers.

MANITOBA



MANITOBA

GENERAL DEVELOPMENT AGREEMENT

The General Development Agreement (GDA) with Manitoba was signed June 5, 1974 by the Minister of Regional Economic Expansion and the Minister of Mines, Resources and Environmental Management (Chairman of the Cabinet Sub-Committee on Economic and Resource Development of Manitoba).

The objectives of this agreement are:

- (a) to increase incomes and employment opportunities throughout Manitoba, thereby increasing opportunities for people to live in the area of their choice with improved standards of living; and
- (b) to encourage socio-economic development in the northern portion of Manitoba to provide the people of the area with real options and opportunities to contribute to and participate in economic development, to continue their own way of life with enhanced pride and purpose and to participate in the orderly utilization of natural resources.

Strategies to be employed to meet the objectives include:

- (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 Manitoba and Manitoba's relationship to the regional and national economy, as these may be relevant to achieving the objectives.

The main sectors identified in the GDA as warranting special attention are Manitoba northlands, socio-economic development, agro-Manitoba development and commercial and industrial development.

Summaries of currently active subsidiary agreements follow.



MANITOBA

SUBSIDIARY AGREEMENT

- TITLE Manitoba Northlands
- DURATION September 15, 1976 to March 31, 1981 (retroactive to April 1, 1976) as amended March 30, 1979
- OBJECTIVES
- (a) To enable the people of the area to contribute to and participate in the development of northern Manitoba.
 - (b) To enable those people of the area who wish to do so, to continue their own way of life with enhanced pride and purpose.
 - (c) To encourage the orderly utilization of the natural resources of northern Manitoba in harmony with resource conservation, and for the benefit of the inhabitants, the province and the region.

BACKGROUND

The two-year interim agreement allowed for a series of planning and initial development projects within the context of the 15-year western northlands initiative. Projects were undertaken to encourage increased participation of Native people in community and regional employment and to increase the individual's available employment options. Another series of projects undertook an inventory of resources available to northern communities, and community economic development planning and pilot action. A transportation and communications sector under the interim agreement provided for a major transportation study, approximately 100 miles of northern road construction, and upgrading of community airstrips.

This longer term northlands agreement is designed to continue the emphasis on remote communities and their development. A sector/program mix similar to that of the interim agreement has been employed.

The strategy for this agreement involved detailed discussions with the Province of Manitoba, the Department of Indian and Northern Affairs, Employment and Immigration, Transport Canada and other federal departments. The resulting

agreement provides for a coordination and implementation system that accommodates the complex nature of the socio-economic development programs.

This agreement was signed by the federal ministers of Transport, Employment and Immigration, Indian and Northern Affairs, and DREE, and by the provincial Minister of Northern Affairs.

ELEMENTS

The three sectors of the agreement relate to:

- (a) resource and community economic development, designed to provide the resources necessary for the assessment, planning, development and support of resource-based and other opportunities for a community economic development approach; to emphasize local participation; and to provide long-term employment and increased well-being in communities, based on basic human needs and productive activity arising from the resources of the region;
- (b) human development and community services, designed to help families and communities to provide a social and physical environment conducive to the improvement of the quality of life and the participation of people in community affairs and in development opportunities; and
- (c) transportation and communications, designed to move toward providing reliable and reasonable access to all northern remote communities for the transportation of people, goods and services, and further to ensure the provision of communications infrastructure to increase the participation of people in community, provincial and national affairs.

FINANCIAL
PROVISIONS

The following is an outline of the costs related to the sectors of this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Resource and Community Economic Development	\$ 5 000 000	\$ 2 000 000	\$ 3 000 000
Human Development and Community Services	93 082 000	24 473 000	68 609 000
Transportation and Communications	52 334 000	20 934 000	31 400 000
Coordination and Pilot Action Research	<u>5 000 000</u>	<u>2 000 000</u>	<u>3 000 000</u>
TOTAL	\$155 416 000	\$49 407 000	\$106 009 000

Other federal departments contributing to the agreement are Employment and Immigration (\$5.516 million), Transport Canada (\$7.5 million), and Indian and Northern Affairs (\$14.993 million).

ADMINISTRATION
AND MANAGEMENT

The agreement is carried out under the general direction and supervision of joint managers: the Deputy Minister, Manitoba Department of Northern Affairs, and the Director General of the Manitoba DREE office, or their delegates. In addition, the joint managers may establish coordination committees as required for the effective and efficient coordination of the programs.

MANITOBA

SUBSIDIARY AGREEMENT

TITLE Industrial Development

DURATION April 21, 1978 to March 31, 1983
(retroactive to April 1, 1978)

OBJECTIVES To encourage industrial activities which are closely tied to other economic activities through backward, forward and final-demand linkages; to develop industries in which Manitoba has advantages compared to other areas; and to support high-wage industries and industries which provide stable long-term employment.

BACKGROUND The manufacturing capital-stock position of the province has deteriorated steadily over the last decade. In 1966, capital investment in manufacturing accounted for 2.4% of the Canadian total, while total capital investment in Manitoba represented 11% of the Canadian total. These shares declined steadily over the years. The 1977 intentions reached a very low level: 1.3% of all manufacturing and 4.6% of total investment.

A heavy dependence on primary-resource production and processing, with its sensitivity to fluctuations in international demand, creates instability of employment and income. During the 1975-77 period, employment in manufacturing was severely curtailed. The durable-goods sector, particularly metal fabricating, transportation equipment, and agricultural implements, has been the hardest hit. While to a large extent this reduction might be cyclical in nature, the lack of dynamism in other manufacturing sectors suggests that coordinated federal and provincial policies are essential to prevent overall manufacturing employment from remaining static or declining in the foreseeable future.

There are opportunities to improve the performance of a number of industrial sectors. Some of the manufacturing industries that are very important in Manitoba because of their size, linkages and long-term growth potential include primary metals, food and beverage, health-care products, light machinery, transportation equipment and aerospace electronic products.

Productivity of many sectors is restrained by an inadequate rate of introduction of technology. A few sectors face an uncertain future due to the changes in the international economic environment.

ELEMENTS

I Industrial Process

- investigate and promote industrial and commercial development opportunities;
- stimulate the application of technology and industry;
- foster development of small manufacturing businesses; and
- provide an active promotion organization to undertake seminars, conferences, etc.

II Industrial Assistance

- provide incentive assistance to encourage development and expansion of small businesses not normally eligible for existing incentive programs.

III Industrial Infrastructure

- assist local governments in industrial site preparation.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Industrial Process	\$29 000 000	\$11 600 000	\$17 400 000
Industrial Assistance	5 000 000	2 000 000	3 000 000
Industrial Infrastructure	<u>10 000 000</u>	<u>4 000 000</u>	<u>6 000 000</u>
TOTAL	\$44 000 000	\$17 600 000	\$26 400 000

Industry, Trade and Commerce is to contribute \$1 000 000.

ADMINISTRATION AND MANAGEMENT

Supervision of the agreement will be carried out by a management committee consisting of four members: Director General of DREE Manitoba (federal co-chairman); a representative of Industry, Trade and Commerce; the Deputy Minister of the Manitoba Department of Industry and Commerce (provincial co-chairman); and one other representative of the province. There are also two ex-officio members who represent the Federal Business Development Bank and the Manitoba Department of Finance.

MANITOBA

SUBSIDIARY AGREEMENT

- TITLE** Value-Added Crops Production
- DURATION** April 1, 1979 to March 31, 1984
(signed December 15, 1978)
- OBJECTIVES** To expand economic production of value-added crops, improve the efficiency of the red-meat industry, and expand both commercial services and the processing of agricultural products.
- BACKGROUND** In Manitoba most of the land resource suitable for agricultural production is in farm use. This land is made up of 12.8 million acres of improved and 6 million acres of unimproved land. In 1977 the farm value of crop production was \$858 million, and of livestock production was \$345 million. Grain crops continue to occupy most of the province's arable lands. Crops grown for processing have increased substantially in recent years. As an indication of these changes, grain corn have increased from less than one-half million bushels to over five million bushels in the last five years. This increase, along with substantial increases in other special crops such as rapeseed and buckwheat, has provided a substantial impetus to economic development in the province.
- Although crops dominate agricultural output, the use of crops in raising livestock forms a major part of value-added to crops in Manitoba. The existing livestock industry is based mainly on utilization of marginal and unimproved farm lands. Increased value-added can be obtained through improved efficiency of forage production and by expanding the feeding and finishing of cattle. The intensification of crops and livestock production, together with the processing of crop and livestock products, provides the major means of obtaining increased value-added to the agricultural sector.
- ELEMENTS** The objectives of the four elements of the agreement are to:
- (a) provide for investigation of the technical implications and the potential and/or realized impact of the introduction and expansion of value-added crops;

- (b) assist in the expansion and sustained production of special crops, primarily those which are processed or have potential for being processed in Manitoba;
- (c) improve the production, handling and utilization of crops grown for livestock feed; and
- (d) implement productivity measures that will remove constraints to the production of value-added crops, with particular attention to the development of land and water management projects.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Investigation and Evaluation	\$ 800 000	\$ 320 000	\$ 480 000
Special Crop Products	3 000 000	1 200 000	1 800 000
Livestock Products	5 700 000	2 280 000	3 420 000
Related Productivity Measures	<u>9 000 000</u>	<u>3 600 000</u>	<u>5 400 000</u>
TOTAL	\$18 500 000	\$7 400 000	\$11 100 000

ADMINISTRATION AND MANAGEMENT The agreement provides for an implementation committee of four regular and two ex-officio members. The regular members are representatives of DREE (federal co-chairman), Canada Department of Agriculture, Manitoba Department of Agriculture (provincial co-chairman) and one other representative of the province. The ex-officio members represent Canada and the Manitoba Department of Finance.

MANITOBA

SUBSIDIARY AGREEMENT

TITLE Tourism Development

DURATION April 1, 1979 to March 31, 1984
(signed December 15, 1978)

OBJECTIVES To strengthen and enhance tourist destination areas as well as to improve the productivity of the industry.

BACKGROUND The tourism industry provides a substantial contribution to the Manitoba economy. The tourism industry is generally centred in Winnipeg and attraction centres within reasonable driving distance along major transportation routes. In addition, tourist attractions provide major economic activity in parts of the province where other job options are limited and economic growth is desirable. The enhancement of the attractiveness of Winnipeg assists commercial and industrial expansion as it helps firms to attract and retain key personnel. Winnipeg offers major cultural and sports activities. Activities which improve the year-round attractiveness of Winnipeg can increase commercial travel and expand the demand for commercial services. In addition, the enhancement of destination areas in rural Manitoba can increase the attractiveness of the province as a place to visit.

ELEMENTS

I Destination Areas

Priority will be given to enhancing and developing new destination areas. Programs will focus on the Winnipeg area but investigation of opportunities in other areas will also be undertaken and selective support will be provided where appropriate.

II Productivity Measures

The objective is to facilitate the establishment and strengthening of organizational and institutional structures in the tourism industry to improve communication and coordination. This is intended to assist in the implementation of measures to guarantee that operational standards are met. These may include recommendations on the design and

establishment of standards affecting accommodation and services, information systems, and training services.

There is also an incentive program available to assist in the establishment, modernization and/or expansion of accommodation facilities outside of Winnipeg.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Destination Areas	\$12 000 000	\$4 800 000	\$ 7 200 000
Productivity Measures	<u>8 000 000</u>	<u>3 200 000</u>	<u>4 800 000</u>
TOTAL	\$20 000 000	\$8 000 000	\$12 000 000

ADMINISTRATION AND MANAGEMENT

The agreement provides for a management committee of four regular and two ex-officio members. The regular members are representatives of DREE (federal co-chairman), Industry, Trade and Commerce, Manitoba Department of Tourism and Cultural Affairs (provincial co-chairman) and one other representative of the province. The ex-officio members are from the Federal Business Development Bank and the Manitoba Department of Finance.



SASKATCHEWAN



SASKATCHEWAN

GENERAL DEVELOPMENT AGREEMENT

The General Development Agreement (GDA) with Saskatchewan was signed February 11, 1974 by the Minister of Regional Economic Expansion and the Minister of Industry and Commerce of Saskatchewan.

The objectives of this agreement are:

- (a) to increase the aggregate economic growth of the provincial economy in order to increase employment opportunities, encourage balanced growth between rural and urban centres and help ensure a continuing, vibrant, dynamic society;
- (b) to preserve and enhance the value of the province's natural resources and optimize the value-added from processing and manufacturing of these resources;
- (c) to diversify the province's economic base to reduce its dependency on primary production and thereby help stabilize the provincial economy;
- (d) to increase the number, range and type of employment opportunities within the province in order to more effectively utilize the human resources of Saskatchewan; and
- (e) to increase the opportunities for people in northern Saskatchewan to participate in the social, cultural and economic life of the province.

Strategies to be employed to meet the objectives include:

- (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 Saskatchewan and Saskatchewan's relationship to the regional and national economy, as these may be relevant to achieving the objectives.

The main sectors identified in the GDA as warranting special attention are: steel and metal-related industries, forestry, agriculture, tourism, northlands, and rural and urban development.

Summaries of currently active subsidiary agreements follow.



SASKATCHEWAN

SUBSIDIARY AGREEMENT

TITLE Iron, Steel and Other Related Metal Industries

DURATION July 4, 1974 to March 31, 1980
as amended March 30, 1979

OBJECTIVES To enhance the viability of the existing iron and steel industry and to expand and diversify iron and steel production in Saskatchewan, which in turn will provide a substantial increase in the number and range of employment opportunities in iron, steel and other related metal industries.

BACKGROUND Based on projected trends and likely economic development possibilities, Saskatchewan could continue to fall further behind the growth that could be forecast in the other three western provinces. One possibility of overcoming this lack of growth is steel. Indications are that for the next decade or so, steel demand will exceed foreseeable supply internationally, nationally, and regionally. Statistics indicate that in the 70s and 80s there will be a large market throughout the west for a variety of steel-based products. An examination of this future demand for steel, and the present production base, indicates that it is practical to increase steel capacity in the west to meet expanding market demands.

The strategy for this agreement is the result of a detailed analysis which was carried out in close cooperation with, and with the active participation of, the departments of Industry, Trade and Commerce; Energy, Mines and Resources; Employment and Immigration; Finance; Treasury Board; Fisheries and the Environment; the Privy Council Office; and various departments within the provincial government.

The subsidiary agreement was signed by the Minister of DREE, the Minister of Energy, Mines and Resources, the Minister of Industry, Trade and Commerce, and the Saskatchewan Minister of Industry and Commerce.

ELEMENTS

The five major elements of the agreement relate to:

- (a) Iron-Ore Exploration - To augment the geophysical and geological information on Saskatchewan iron-ore deposits, it is proposed to undertake exploration in east-central Saskatchewan to determine if an economic iron-ore body exists.
- (b) Related Studies and Administration Costs - This element of the program will identify and undertake studies related to primary and secondary iron and steel production facilities and related metal industries, and cover the costs of the steel implementation committee.
- (c) Direct Ore-Reduction Plant and Development and Expansion of Steel Facilities - This element is for the promotion and establishment of a direct ore-reduction plant which will produce metallized ore to be used as an addition to scrap charge for electric steel-making furnaces, and for steel-making facilities required to expand the steel industry in Saskatchewan.
- (d) Foundries and Related Metal Industries - This element relates to those projects and products which will be identified from studies for development opportunities in foundries and related metal industries.
- (e) Infrastructure - The infrastructure program is to provide assistance for the establishment of additional steel facilities and related urban infrastructure.

FINANCIAL
PROVISIONS

The following is a list of projects the province will arrange to carry out under this agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Iron-Ore Exploration	\$ 1 100 000	\$ 440 000	\$ 660 000
Related Studies and Administration Costs	1 500 000	600 000	900 000
Direct Ore-Reduction Plant and Development and Expansion of Steel Facilities	150 000 000	4 480 000	25 255 000
Foundries and Related Metal Industries	25 000 000	-	7 465 000
Infrastructure	<u>5 200 000</u>	<u>4 480 000</u>	<u>720 000</u>
TOTAL	\$182 800 000	\$10 000 000	\$35 000 000

The remaining \$137 800 000 is expected to come from the private sector. A maximum of \$25 million in loan guarantees is available from the federal government with \$50 million in loan guarantees available from the provincial government.

ADMINISTRATION
AND MANAGEMENT

The overall management and coordination of this agreement will be the responsibility of a steel development group consisting of four senior federal officials from DREE; Finance; Energy, Mines and Resources; and Industry, Trade and Commerce; four senior provincial officials; and the Assistant Deputy Minister, DREE Western Region, as an ex-officio member. Management of day-to-day activities shall be vested in a steel implementation committee consisting of one representative of DREE and one representative of the provincial Department of Industry and Commerce.

SASKATCHEWAN

SUBSIDIARY AGREEMENT

TITLE Qu'Appelle Valley

DURATION October 6, 1975 to March 31, 1984
(retroactive to April 1, 1974)

OBJECTIVES To ensure the long-term productivity of the Qu'Appelle Valley's recreation and tourism resource base; to increase the benefits from utilization of this resource base; and to improve the management of the land and water resources of the Qu'Appelle Valley to meet existing and future demand for these resources.

BACKGROUND The Qu'Appelle Valley is a major attraction for Saskatchewan residents and potentially for Trans-Canada Highway traffic. The water quality in the lakes must be improved and recreation developments planned in order to establish a major tourist industry. The lack of well established and upgraded cultural and historic sites along the routes and at major destinations deters through-traffic from staying longer in the province.

Recreational and tourist development of the valley has been piecemeal and uncoordinated. The result is: an imbalance among attractions, facilities and services; great seasonality of use, alternatively overloading and underutilizing accommodations; and deterioration of the resource.

A perennial hindrance to development in the valley, and a continuing problem in other parts of the basin, is the spring flooding which follows winters of exceptional snowfall (such as the 1973-74 winter). This flooding damages homes, cottages and facilities in Moose Jaw, Regina, Lumsden and on down the valley, and causes significant financial and other hardships to farmers in the valley.

A further problem is the quality of water in the Qu'Appelle River and lakes. The effluent from the sewage facilities for Regina and Moose Jaw discharges through tributaries into the Qu'Appelle River, which increases the nutrient content of the water.

Under the Qu'Appelle Basin Study Agreement of August 1970, the Qu'Appelle Basin Study Board, comprised of representatives of the governments of Canada, Saskatchewan and Manitoba, prepared a framework plan designed to guide the management of the water and related land resources of the basin. To reinforce the framework plan, the board made recommendations with respect to water quality, water supply, land and water use, and adjustment of the flood hazard.

With this agreement, Canada and Saskatchewan have developed an integrated package of programs to be implemented over a 10-year period to solve the urgent environmental problems, establish effective management practices, and develop the recreation and tourism potential of the Qu'Appelle Valley.

ELEMENTS

The program to be undertaken in this agreement comprises the following sectors:

- (a) Environmental Improvement and Management Sectors - to improve the quality of the environment of the Qu'Appelle Valley, particularly its water resources; and to establish effective environmental management to preserve the natural resources through programs related to: management of land and water resources; municipal waste treatment; and flood-prone land purchase.
- (b) Tourism and Recreation Development Sector - to ensure that basic services are in place; that resources (attractions) are developed and preserved; and that private sector investment occurs through programs related to planning, historic/recreational corridors, tourism facilities, commercial development financial assistance, alternate land use, and community development assistance.
- (c) Implementation Sector - to ensure the coordinated implementation of activities under this agreement, a Qu'Appelle Valley implementation agency will be established under a director of implementation.

FINANCIAL
PROVISIONS

The following is a list of the costs
associated with the sectors:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Environmental Improvement and Management	\$30 600 000*	\$10 890 000	\$11 310 000
Tourism and Recreation Development	11 500 000**	3 850 000	5 650 000
Implementation	<u>2 000 000</u>	<u>1 000 000</u>	<u>1 000 000</u>
TOTAL	\$44 100 000	\$15 740 000	\$17 960 000

* The \$8.4-million cost of one program is eligible for loan financing.

** Includes \$2 million in loan financing by SEDCO.

Federal contributions will be:

DREE	\$6 860 000
DFE	9 000 000
DINA	1 200 000
IT&C	900 000

ADMINISTRATION
AND MANAGEMENT

The agreement will be managed by a federal-provincial Qu'Appelle Valley management board made up of representatives from DREE and the federal departments of Fisheries and the Environment; Industry, Trade and Commerce; Indian and Northern Affairs; and the provincial departments of Environment; Tourism and Renewable Resources; the Executive Council; plus one other to be named by the provincial co-chairman. The Director General of DREE Saskatchewan or his delegate shall be the federal co-chairman and the Deputy Minister of the Saskatchewan Department of the Environment or his delegate shall be the provincial co-chairman. The agreement also provides for the establishment of a public advisory council which will provide advice to the management board on matters of public concern.

SASKATCHEWAN

SUBSIDIARY AGREEMENT

TITLE Interim Mineral Development

DURATION July 19, 1978 to March 31, 1980
(retroactive to April 1, 1978)

OBJECTIVES The 1978-80 program has three main objectives:

1. to evaluate, in more detail, areas of the province identified in the 1974-78 program as requiring additional work;
2. to undertake basic geoscientific activities: geological mapping and Quaternary (Pleistocene) studies in the region north of 58°N in order to extend semi-reconnaissance geoscientific coverage of the Shield; and
3. to undertake new projects which have current relevance to the mineral industry and northern development and which fulfill both national and provincial objectives.

BACKGROUND The program under this subsidiary agreement is designed to follow the four-year 1974-78 Canada/Saskatchewan Subsidiary Agreement on Mineral Exploration and Development in Northern Saskatchewan. The 1974-78 program was designed to improve the economic base of northern Saskatchewan by conducting scientific surveys that would encourage further exploration and lead to the discovery of new deposits or the development of previously known ore bodies. The main thrust of the program was directed to the part of the Precambrian Shield south of 58°N on the premise that development in this region would be more beneficial to the province than in the more remote area north of 58°N.

Preliminary assessment of the project carried out under the 1974-78 agreement indicates that the objectives were generally met. During this interim agreement (1978-80) an evaluation of the previous program will be completed. If the evaluation confirms the usefulness of such geoscientific work, and if it is agreed that further basic work is required, the parties to this interim agreement have agreed to consider

another agreement which would allow for the completion of work undertaken under the interim agreement.

ELEMENTS

- a) Mineral Resource Planning - assemble, synthesize and publish geochemical and mineral deposit data.
- b) Geoscience Surveys - geological bedrock and Pleistocene mapping of the area north of 58°N.
- c) Peat Resource Study - study the use of peat as an energy source in northern Saskatchewan and the manufacture of peat products.
- d) Metallogenic Studies and Resource Evaluation - detailed geological mapping, mineralogical and geochemical studies on selected mineral deposits and mineralized belts.
- e) Underwater Scintillometry - systematic radiometric surveying of selected lake bottoms.
- f) Report Compilation and Printing - cover the cost of producing and publishing reports from the 1974-78 and this agreement.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Mineral Resource Planning	\$ 205 500	\$ 102 750	\$ 102 750
Geoscience Surveys	1 236 000	618 000	618 000
Peat Resource Study	160 000	80 000	80 000
Metallogenic Studies and Resource Evaluation	562 000	281 000	281 000
Underwater Scintillometry	166 000	83 000	83 000
Report Compilation and Printing	<u>140 000</u>	<u>70 000</u>	<u>70 000</u>
TOTAL	\$2 469 500	\$1 234 750	\$1 234 750

The federal share is to be split between DREE and EMR. It is estimated that EMR will contribute \$400 000 and DREE \$834 750.

ADMINISTRATION
AND MANAGEMENT

The agreement provides for a four-member management committee consisting of a representative from both Energy, Mines and Resources (federal co-chairman) and DREE; and two provincial representatives, one of whom shall act as provincial co-chairman.

SASKATCHEWAN

SUBSIDIARY AGREEMENT

TITLE Northlands

DURATION August 28, 1978 to March 31, 1983
(retroactive to April 1, 1978)

OBJECTIVES Provide options and opportunities for northern residents to participate in the social and economic development of northern Saskatchewan; encourage the development of the natural resources of the area in harmony with resource conservation, for the benefit of northern residents and other residents of the province; and provide the opportunity for northern residents, who wish to do so, to continue their own way of life in an improved social and physical environment.

BACKGROUND Circumstances in northern Saskatchewan present both unique development problems and development opportunities. The region contains a substantial portion of the natural resources of the province, including minerals, forest, fresh water, and a largely untapped potential for outdoor recreation. Development of those natural resources is already taking place and there is increasing pressure to accelerate the pace of the development for the benefit of all Saskatchewan and Canadian residents. At the same time, northern Saskatchewan is the traditional living and working environment of a number of northern residents who view the resources of the region as the foundation of their economic, social and cultural lifestyle.

The majority of people in northern Saskatchewan live in relatively small communities which find their historical economic roots in the traditional occupations of fishing, hunting and trapping. Most of these communities evolved from seasonal encampments centred on fur trading posts, missions and schools. The residents are almost exclusively of native ancestry. Their traditional economic base is weak. Their involvement in the economic development of the region is limited. Their standards of living are, on the average, unacceptably lower than those enjoyed by other Saskatchewan residents.

Northern Saskatchewan is now at a critical stage in the development of both its economic and human resources. There is an opportunity for the northern economy to grow and diversify. There is equally an opportunity to ensure that development proceeds in a manner that provides an increasing range of economic options to northern residents and an increasing sense of accessibility to those options. An assertive and carefully coordinated development thrust is required on the part of all relevant federal, provincial and municipal agencies to ensure that northern residents have every opportunity to participate in the development of their region, and that northern communities provide a stable and supportive environment as a base for that participation.

ELEMENTS

- a) Economic and Resource Development - to increase the range of employment and income opportunities for northern residents, by influencing the pace and direction of resource development, and by broadening and diversifying the northern economic base in such a way as to ensure the increased participation of northern residents.
- b) Human Development - to improve the access of northern residents to existing and future social and economic opportunities by lowering the barriers associated with inadequate living conditions, difficult social circumstances, and a lack of sufficient education, industrial skills, working experience, information and participation in decision-making.
- c) Transportation and Communication Development - to facilitate economic, social and cultural interaction and development among northern residents and communities by providing basic transportation and communication access to northern communities and by improving the efficiency of transportation and communication on a regional level.
- d) Implementation, Program Review and Assessment, and Public Information and Consultation - to provide the resources necessary for effective coordination of the various federal and provincial initiatives, consultation with northern residents regarding the direction of development under this agreement, and a systematic review and assessment of programs undertaken under the terms of this agreement.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Economic and Resource Development	\$ 8 500 000	\$ 3 400 000	\$ 5 100 000
Human Development	71 800 000	17 920 000	53 880 000
Transportation and Communication Development	45 600 000	18 240 000	27 360 000
Implementation, Program Review, etc.	<u>1 100 000</u>	<u>440 000</u>	<u>660 000</u>
TOTAL	\$127 000 000	\$40 000 000	\$87 000 000

In the Human Development sector, DINA is contributing \$7 200 000 and CEIC \$9 000 000. Under Transportation and Communication Development, MOT is contributing \$12 500 000.

ADMINISTRATION AND MANAGEMENT Supervision of the agreement will be carried out by a management group consisting of eight members: Director General of DREE Saskatchewan or his delegate (federal co-chairman), representatives of MOT, CEIC and DINA, the Deputy Minister of the Department of Northern Saskatchewan or his delegate (provincial co-chairman), and three other representatives of the province.

SASKATCHEWAN

SUBSIDIARY AGREEMENT

- TITLE** Forest Development
- DURATION** May 17, 1979 to March 31, 1982
- OBJECTIVES** Plan for the long-term development of the forest industry; identify industrial opportunities in forestry, conduct market and feasibility analyses, and apply known technology to existing or new industrial applications; upgrade forest management and silvicultural practices to ensure a continuing supply of timber for the industry; undertake site-specific planning for the development of commercial forest areas; and improve the cost competitiveness of the industry in domestic and export markets and maximize total utilization of the forest resource by upgrading and constructing access roads and by identifying and making improvements to the harvesting and distribution system.
- BACKGROUND** The Saskatchewan timber industry uses primarily softwood species (jack pine, black and white spruce). The forest industry directly employs approximately 4 500 people in the industry's manufacturing, harvesting and woods operation.
- In the areas considered to be commercial, most of the softwood is being utilized, but very little hardwood is cut. In the identified potentially commercial areas, and in the more northern part of the province, all species are underutilized. On average, only 50.6% of the allowable softwood cut and 17.1% of the allowable hardwood cut is used. Limited access, low-quality trees in some instances, and lack of adequate inventory information are the main reasons for the current underutilization.
- ELEMENTS**
- 1) Opportunity Identification and Technological Advancement - determine industrial opportunities in forestry, particularly in the underutilized species of aspen and elm; conduct market and feasibility analyses; and transfer known technology to an existing or new industrial application.

- 2) Forest Management and Silvicultural Practices - assist Saskatchewan in upgrading its forest management and silvicultural practices to ensure that allowable cut estimates are based on adequate data to ensure a continuing supply of timber for the industry; to plan for the development of the potentially commercial forest areas; and to help make decisions on future plant locations or expansions.
- 3) Forest Harvesting Logistics and Productivity Improvement - improve the cost competitiveness of the existing industry by reducing the cost of wood supply to plants by identifying and making improvements to the harvesting and wood distribution system and by improving forest access roads.
- 4) Implementation, Evaluation and Public Information - provide for the administration of the agreement, the evaluation of the program impact, public information, and a mechanism for the Canadian Forestry Service to provide technical assistance.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Opportunity Identification and Technological Advancement	\$ 1 000 000	\$ 500 000	\$ 500 000
Forest Management and Silvicultural Practices	14 350 000	7 175 000	7 175 000
Forest Harvesting Logistics and Productivity Improvement	8 300 000	4 150 000	4 150 000
Implementation, Evaluation and Public Information	<u>350 000</u>	<u>175 000</u>	<u>175 000</u>
TOTAL	\$ 24 000 000	\$12 000 000	\$12 000 000

ADMINISTRATION
AND MANAGEMENT

The agreement provides for a management board of six members: three representing Canada and three representing the province. The federal members will include the Director General of DREE Saskatchewan or his delegate (federal co-chairman), a representative of the Department of Fisheries and the Environment, and one additional representative. The provincial members will include a representative of the Department of Tourism and Renewable Resources (provincial co-chairman) and two other provincial representatives.

SASKATCHEWAN

SUBSIDIARY AGREEMENT

- TITLE** Productivity Enhancement and Technological Transfer in Agriculture
- DURATION** May 17, 1979 to March 31, 1982
- OBJECTIVES** Broaden and diversify the agriculture base of the province by encouraging the production of special crops which have a potential for processing and thereby strengthen the linkages from primary production to processing; enable the transfer of technology from applied research to farm production; improve the efficiency of production and conversion of crops through livestock into red meats; and increase the level of value-added processing of crops and meats.
- BACKGROUND** In 1977, Saskatchewan produced approximately 65% of the total Canadian wheat supply, 30% of the total domestic production of non-wheat cereal grains, and 40% of both the Canadian rapeseed and flaxseed production. Approximately 20% of the total Canadian cattle and calves and 9% of the hogs are on Saskatchewan farms. There is some production of field and root crops such as potatoes, carrots and onions for supply to local markets. Special crops produced in the province include peas, mustard seed, millet and corn. As population and demands increase in Canada and internationally, opportunities exist to increase the processing of presently produced products which would generate more income and employment in Saskatchewan. The employment and incomes provided by the processing industries will stabilize the economy of some areas, while aiding in the growth of others and contributing to the overall aggregate economic development of the province.
- ELEMENTS**
- 1) Crop Diversification and Technology Transfer - encourage the production of new and special crops, innovative crops and cropping practices.
 - 2) Productivity Improvement - improve the productivity of crop and livestock enterprises.

ELEMENTS 3) Program Development, Public Information and Evaluation - analyze the trends in agriculture and agricultural products and assist in the planning of agriculture in Saskatchewan.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Crop Diversification and Technology Transfer	\$ 2 025 000	\$ 1 012 500	\$ 1 012 500
Productivity Improvement	12 145 000	6 072 500	6 072 500
Program Development, Public Information and Evaluation	<u>1 150 000</u>	<u>575 000</u>	<u>575 000</u>
TOTAL	\$ 15 320 000	\$ 7 660 000	\$ 7 660 000

ADMINISTRATION AND MANAGEMENT The agreement provides for a management board of four members: the Director General of DREE Saskatchewan (federal co-chairman), representatives of Agriculture Canada and the Saskatchewan Department of Agriculture (provincial co-chairman) and a second provincial representative.

SASKATCHEWAN

SUBSIDIARY AGREEMENT

- TITLE** Interim Water Development for Regional Economic Expansion and Drought Proofing
- DURATION** May 17, 1979 to March 31, 1982
(retroactive to April 1, 1979)
- OBJECTIVES** Develop a strategy to improve the effectiveness of future water-management activities, especially in drought-sensitive areas; provide analysis of the availability of and requirements for water in selected areas, and undertake the construction of such water supply and delivery schemes as may be identified as necessary; and in the Saskatchewan portion of the Souris River Basin, undertake the review and improvement of existing flood forecasting, warning and emergency-action programs, the purchase of flood-prone lands and the construction of such flood-damage-reduction and channel-improvement works as can be identified.
- BACKGROUND** Saskatchewan's economy is characterized by a heavy reliance on the resource industries, particularly grain and cattle production. The manufacturing and service sectors are tied closely to the primary sector, so cyclical fluctuations in world markets or a crop failure has a significant impact on the provincial economy. In recent years, major opportunities have been identified in energy and related mining activities. The pursuit of these opportunities, along with the growing urban population and more intensive farming operations, depend heavily on adequate and sustainable water supplies. The economic potential and performance of the primary resources and related sectors are severely restricted during periods of drought. The impact of moderate drought conditions on primary-resource sectors is estimated at losses in the order of \$375 million per year and a loss of confidence in business prospects in many sectors of the economy. Flooding can also cause serious disruptions of sub-regional economic activity in Saskatchewan, particularly in the south and central parts of the province.
- ELEMENTS**
- 1) Water Management Activities - develop a strategy to improve the effectiveness of future water management activities with particular attention to water-short and drought-sensitive areas.

- 2) Water Supply - analyze the availability of and requirement for water in specified areas; investigate and design identified works; and undertake at least one large storage project as well as a number of less costly schemes.
- 3) Flood-Damage Reduction - enable the joint implementation of the recommendations of the Souris River Basin Study relative to the mitigation of urban flood damage and the improvement of programs of flood forecasting, warning and emergency actions.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
A. Water Management Activities	\$ 2 500 000	\$ 500 000	\$ 2 000 000
B. Water Supply	10 700 000	5 300 000	5 400 000
C. Flood-Damage Reduction	<u>2 050 000</u>	<u>1 550 000</u>	<u>500 000</u>
TOTAL	\$ 15 250 000	\$ 7 350 000	\$ 7 900 000

Of the federal share, DREE is funding Sectors A and B (\$7 400 000) and the Department of Fisheries and the Environment is funding Sector C (\$500 000).

ADMINISTRATION AND MANAGEMENT

The agreement provides for implementation through a federal-provincial management group of three federal and three provincial members. The federal members include two representatives of DREE, one of whom is the Director General of PFRA (federal co-chairman), and a representative of the Department of Fisheries and the Environment. The provincial members are from the departments of the Environment (provincial co-chairman), Municipal Affairs, and Agriculture.

SASKATCHEWAN

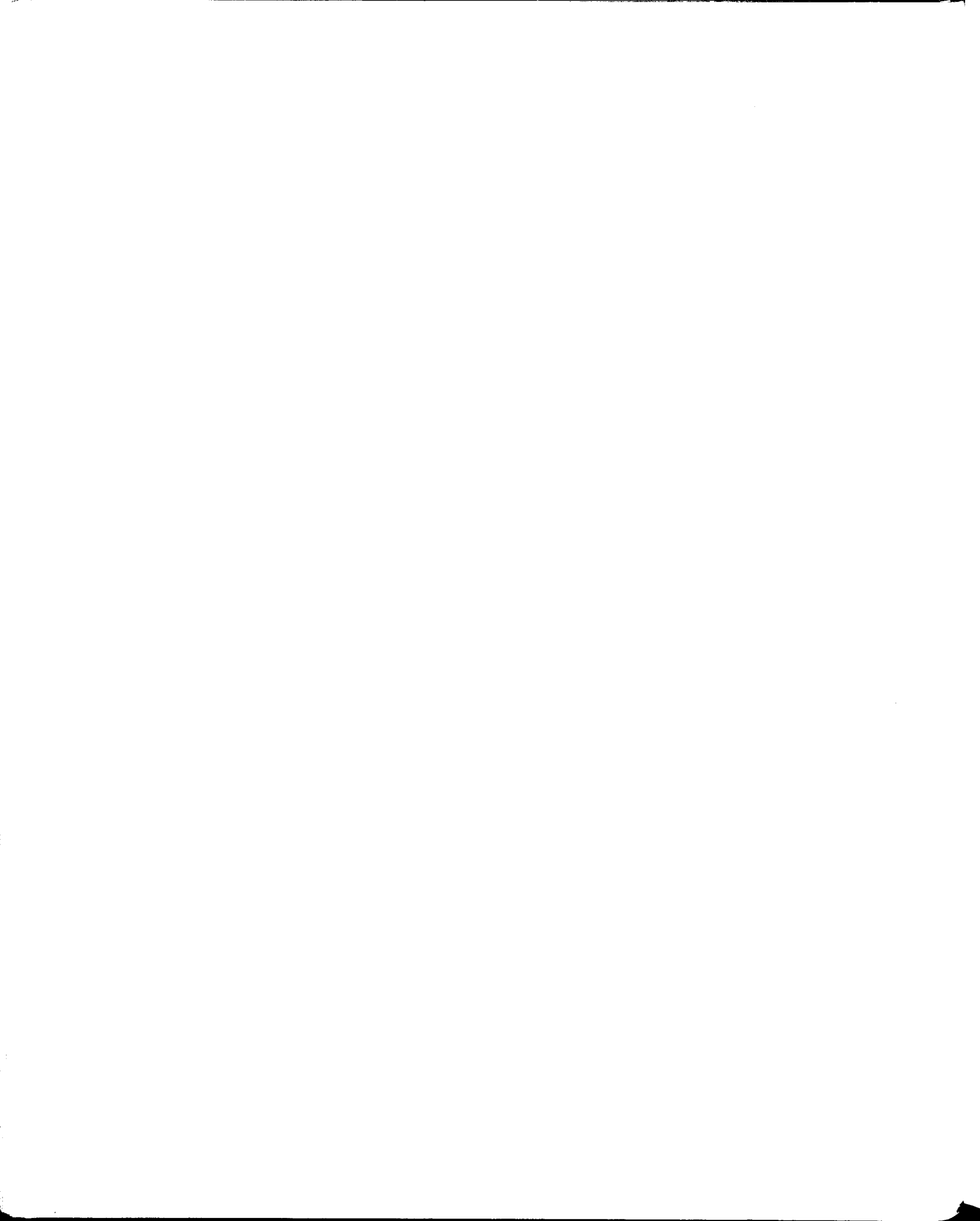
SUBSIDIARY AGREEMENT

TITLE	Planning
DURATION	May 17, 1979 to March 31, 1984 (retroactive to April 1, 1979)
OBJECTIVES	To undertake studies for the identification and analysis of economic and socio-economic development opportunities in Saskatchewan and such planning as is required to develop strategies, programs and subsidiary agreements pursuant to those opportunities.
BACKGROUND	The General Development Agreement between Canada and Saskatchewan provides a general framework for the co-ordinated planning and implementation of measures for economic and socio-economic development in Saskatchewan. The Canada-Saskatchewan planning agreement 1975-79 and the preceding Canada-Saskatchewan interim planning agreement of 1974 have played a supportive role in DREE's development programs in Saskatchewan. Both have been useful in identifying industrial projects in Saskatchewan, in undertaking preliminary analysis for new agreement formulation in support of the GDA process, and in providing analytic support for ongoing programs. It is the intention of this agreement to continue and to enhance joint planning activities under the GDA.
ELEMENTS	<ol style="list-style-type: none">1) Economic Opportunity Studies - identify and examine potential economic development opportunities in various sectors in Saskatchewan.2) Urban Social Adjustment Studies - develop a strategy that will facilitate the adjustment of people of native ancestry to living in urban centres and will enable their increased participation in urban employment opportunities.3) Community Planning and Mapping Studies - provide and inventory, analysis and topographic information essential to planning and engineering activities related to development.

- 4) Core Redevelopment Studies - plan core redevelopment of larger cities, focusing on industrial and commercial developments as these relate to the centres' economic growth potential.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
	\$ 1 500 000	\$ 750 000	\$ 750 000

ADMINISTRATION AND MANAGEMENT The agreement provides for implementation through a federal-provincial management committee made up of a senior official from DREE and a senior official from the provincial Department of Industry and Commerce.



ALBERTA



ALBERTA

GENERAL DEVELOPMENT AGREEMENT

The General Development Agreement (GDA) with Alberta was signed March 6, 1974, by the Minister of Regional Economic Expansion and the Minister of Federal and Intergovernmental Affairs of Alberta.

The objectives of this agreement are:

- (a) to improve opportunities for productive employment and access to those opportunities in areas or economic sectors of Alberta which, relative to other areas or sectors in Alberta, require special measures to realize development potential;
- (b) to promote balanced development among areas of Alberta and to encourage the equitable distribution of the benefits of such development; and
- (c) to reinforce the priorities of the province in respect to initiatives for its socio-economic development.

Strategies to be employed to meet the objectives include:

- (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 Alberta and Alberta's relationship to the regional and national economy, as these may be relevant in achieving the objectives.

The main sectors identified in the GDA as warranting special attention are: economic development, including resource-based industries where special measures are required to encourage their full utilization; encouragement of community development in the non-major urban service centres and rural communities; and socio-economic development, including the provision of capital facilities such as housing, sewage and water systems, roads and other infrastructure required to take optimum advantage of economic development opportunities.

Summaries of currently active subsidiary agreements follow.



ALBERTA

SUBSIDIARY AGREEMENT

TITLE Nutritive Processing Assistance

DURATION March 11, 1975 to March 31, 1980 (retroactive to July 1, 1974) as amended April 5, 1976

OBJECTIVES The objectives of the agreement are to:

- (a) strengthen the economic viability of the small rural community; and
- (b) further process in Alberta those nutritive products which have, or may achieve, a competitive position in national or export markets and thereby to increase the quality of life options of rural residents; to increase the net income available to rural families; and to slow the movement of population from rural communities to the major metropolitan centres.

BACKGROUND The Alberta economy, while relatively strong in terms of general economic indicators, is characterized by a tendency to concentrate development both sectorally and geographically within the province. The province desires to produce balanced economic development, both in terms of higher rural/urban balance of job opportunities, and of diversification of the primary-resource sectors.

Economic and socio-economic standards in the major urban centres are generally high. There exist, however, many small rural communities which are unable to provide the productive employment opportunities or levels of social amenities necessary to permit their residents to participate in and benefit from the development of Alberta. Many of these communities, although they possess the human and natural resource potential necessary for a viable community, are faced with the prospect of stagnation or decline unless means are devised to improve opportunities for productive employment and to provide a better social environment.

Basically, the province wishes to geographically diversify industrial growth outside the major urban centres. In addition, it wishes this geographical dispersion to incorporate a diversification of the economic base to avoid possible future adverse consequences of a heavy reliance on the oil and gas industry.

Achievement of the objectives could lead to a greater range of social and economic opportunities for a large number of rural Albertans. Social options in the form of varied career opportunities in the new processing industries and growth of the related service industry could be a direct result. Indirectly, the quantity and quality of social amenities should increase as a by-product of community growth and increased incomes. In addition to increases in personal and family incomes, potential economic benefits include increased employment and a greater provincial share of value-added generated from primary products which now leave the province.

The dispersion of processing plants may result in increased transportation, distribution, and infrastructure costs. Such costs will be incurred because new processing plants locating away from the large metropolitan centres will demand improvements in these services in order to function efficiently.

The constraints to accomplishing these objectives are both internal and external. Internal constraints are mainly those faced by locating new processing capacity in small centres. They include higher borrowing rates, credit limitations and the costs of reduced economies of scale. In addition, there are economic and institutional factors which individually may appear insignificant, but when combined can present constraints to development in rural areas. A few of the more common factors which could fall into this category are provision of utilities, insurance, fire protection and other specialized services.

The constraints previously discussed are basically economic in nature. There are other constraints which should be identified to complete the analysis. For example, many times the managers of small processing plants lack the entrepreneurial skills necessary to take

advantage of new opportunities, and they may find the financial burden of purchasing such skills prohibitive. In addition, the array of skills necessary to operate a new processing plant may be lacking in the local area.

This agreement on nutritive processing is intended to assist in accomplishing the provincial rural development objectives.

The strategy of this agreement is the result of a detailed analysis which was carried out in close cooperation with, and with the active participation of the departments of Industry, Trade and Commerce; Agriculture; Finance; and Treasury Board; and the Alberta government.

The agreement was signed by the Minister of DREE and the Alberta Minister of Federal and Intergovernmental Affairs.

ELEMENTS

The elements of this program are:

- (a) Development Assistance Program, which shall take the form of financial incentives to nutritive processing facilities;
- (b) Public Information and Technical Service Program, which will provide financial support for those information and technical consulting activities that are required to facilitate implementation of the agreement, as well as a program of public information which will inform the public of this agreement's provisions, and ensure proper recognition of the contribution of both parties to this agreement; and
- (c) Sheep Industry Development Program, which will provide sheep slaughter facilities at Innisfail.

FINANCIAL
PROVISIONS

The following are the estimated costs provided for in the agreement:

	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Development Assistance Program	\$15 798 000	\$7 899 000	\$7 899 000
Public Information and Technical Service Program	400 000	200 000	200 000
Sheep Industry Development Program	<u>802 000</u>	<u>401 000</u>	<u>401 000</u>
TOTAL	\$17 000 000	\$8 500 000	\$8 500 000

ADMINISTRATION
AND MANAGEMENT

Supervision will be carried out by a joint committee consisting of one representative of each government as designated by the federal-provincial general development committee.

ALBERTA

SUBSIDIARY AGREEMENT

TITLE Alberta North

DURATION February 8, 1978 to March 31, 1982
(retroactive to April 1, 1977)

OBJECTIVES Provide options and opportunities for the people of northern Alberta to contribute to and participate in the development of the region; initiate those social and cultural amenities, community infrastructure improvements and services required to enable the people in northern Alberta to participate in northern development; and, encourage the orderly development of northern Alberta for the benefit of the inhabitants and the region.

BACKGROUND The development approach proposed under the long-term Alberta North agreement has evolved from research and a process of experimentation and testing at the federal, provincial and local levels. The approach is built upon experience gained in social, economic and community services programming over the period since the late 1960s. It recognizes a need for more experimentation in economic development initiatives, and the need to improve upon existing planning and implementation mechanisms.

Under the interim subsidiary agreement on Alberta North, Canada and Alberta undertook a series of planning and development projects designed to clarify the nature of a long-term commitment aimed at northern socio-economic development. More specifically, the interim subsidiary agreement provided for programs, under the Life Improvement and Community Services Sector, designed to provide the social, cultural and physical environment required to assist individuals, families and communities to take advantage of development opportunities. Steps were taken to assess need and to assist remote communities to improve the services they were providing their residents.

In addition, through the efforts of a number of federal and provincial agencies, a coordinated approach to life improvement programming was developed. Under the Community Economic

Development Sector, a preliminary analysis of resources and economic opportunities was completed. Pilot action was initiated to experiment with a number of community and regional economic development projects and organizational structures. Efforts were made to develop an economic development strategy for disadvantaged sub-regions in the north. Under the Planning and Management Sector, studies were undertaken to develop a socio-economic profile of the north, with emphasis on the social and economic characteristics of the most underdeveloped sub-regions. In addition, a long-term development approach was designed.

Given the complex nature of northern development, further programming within a long-term framework is required. The initiatives and planning undertaken through the four-year interim agreement have resulted in some progress toward the objectives of the agreement. In general, the programs displayed in this schedule are intended to continue work toward similar objectives in a manner that is consistent with a development approach which places increased emphasis on community involvement within the context of regional, provincial and national policies and objectives.

ELEMENTS

- a) Human Development - designed to provide a process through which individuals and families can develop the life skills and attitudes that are prerequisites for entry into socio-economic opportunities and for making informed decisions regarding their futures.
- b) Community Services and Facilities - assist communities, individuals and families to establish a healthy and safe environment within which they can live and plan for the future.
- c) Community Services and Facilities - Indian Reserves - as above except that it pertains to Reserves only and is cost-shared by DREE and Indian and Northern Affairs.
- d) Social Adjustment and Professional Development - assist individuals and families who have decided to move from the remote communities to training and/or employment opportunities, through provision of special social adjustment counselling.

- e) Community Economic Development - assist individuals, groups and community organizations to identify socio-economic opportunities, to formulate development proposals, and to gain socio-economic experience in the local setting.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE</u>
Human Development	\$20 470 000	\$10 235 000	\$10 235 000
Community Services and Facilities	16 600 000	8 300 000	8 300 000
Community Services and Facilities - Indian Reserves	10 000 000	--	10 000 000
Social Adjustment and Professional Development	2 950 000	1 475 000	1 475 000
Community Economic Development	<u>4 980 000</u>	<u>2 490 000</u>	<u>2 490 000</u>
TOTAL	\$55 000 000	\$22 500 000	\$32 500 000

ADMINISTRATION AND MANAGEMENT Supervision of the agreement will be carried out by a joint committee consisting of two members: the Director General of DREE Alberta or his delegate and the Executive Director, Northern Development Branch, Business Development and Tourism or his delegate.



BRITISH COLUMBIA



BRITISH COLUMBIA

GENERAL DEVELOPMENT AGREEMENT

The General Development Agreement (GDA) with British Columbia was signed March 28, 1974 by the Minister of Regional Economic Expansion for Canada, and by the Minister of Economic Development for British Columbia.

The objectives of this agreement are:

- (a) to improve opportunities for productive employment and access to those opportunities in areas or economic sectors of British Columbia which, relative to other areas or sectors of the province, require special measures to realize development potential; and
- (b) to promote balanced development among areas of British Columbia and to encourage the equitable distribution of the benefits of such development.

The strategy to attain these objectives includes directed sectoral and spatial diversification, with encouragement by federal and provincial actions, of specific key industries capable of providing essential catalysts to development in selected areas or sectors of the province. Such encouragement is to be coordinated with and supported by investments in human resource development and social and economic overhead capital investments.

The main sectors identified in the GDA as warranting special attention are: application of coordinated action to significant development opportunities that will activate underutilized or uncommitted resources, initially in the northwest, the Kootenays and the northeast. Development opportunities will be pursued that increase and progressively maximize higher value-added processing and manufacturing of the resource base. This will be aided by major transportation services that will assist in increasing viability and access, including those in relation to the Pacific market areas. In addition, major opportunities exist in the development of the recreation sector of the province, especially in conjunction with economic development and environmental improvement.

Summaries of currently active subsidiary agreements follow.



BRITISH COLUMBIA

SUBSIDIARY AGREEMENT

TITLE Northeast Coal and Related Developments

DURATION May 10, 1977 to March 31, 1980 (retroactive to April 1, 1977) as amended March 30, 1978

OBJECTIVES To identify and evaluate the economics of the coal resources, the transportation options in terms of road, rail and port facilities, the requirements for environmental protection, the financial and other implications for supporting communities, the labour force and training needs and the development that could be triggered in other sectors by the proposed activity in the coal fields.

BACKGROUND The northeast has experienced above average unemployment rates, but more recently there have been marked periods of labour shortages, especially in the skilled and professional occupations. Local economic activity is seasonal and tends to be unstable. These factors combine with the relative remoteness of the area to cause a number of social and community concerns which in turn have drawn attention to the inadequacy of many social and community services and infrastructure, particularly the lack of both suitable housing and leisure-time activities.

In viewing the potential of the area, the analysis produced from the studies conducted under the interim planning agreement suggests that the sources of any sustained future expansion in the population and local economy lie with the economic development of the area's natural resources, and most particularly the coal and forest resources. Many mining companies have obtained licences to explore for coal in northeast British Columbia, and in recent years it has become clear that these underdeveloped coal fields constitute a major resource whose magnitude has been estimated to run into billions of tons of coal. Already there are indications that annual production from the three major mining companies involved could be in the order of 10 million tons of coal by the mid-1980s.

ELEMENTS

The major elements of the agreement are:

- (a) Coal Resource - expand baseline information of the area's coal resources and evaluate the mineability of the coal.
- (b) Transportation - survey and analyze road and rail access routes and possibly undertake highway construction and port development planning.
- (c) Environmental Studies - study vegetation, soils and climate and coordinate the environmental response to development proposals.
- (d) Townsite/Community Development - analyze the impact of development on existing communities and, as decisions are made, on the new townsites.
- (e) Manpower/Human Resources - study manpower requirements during the construction and operational phases, design training programs for local residents and evaluate labour force turnover and its effects.
- (f) Economic and Financial Analyses - provide marketing analyses, critical-path analysis for the development phase, and financial and economic analyses of transportation, community development and technical alternatives.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
	10 000 000	5 000 000	5 000 000

ADMINISTRATION AND MANAGEMENT

Supervision will be carried out by a management committee consisting of one representative from each of the British Columbia ministries of Economic Development, Mines and Petroleum Resources and Energy, Transport and Communications; and the federal departments of DREE, Energy, Mines and Resources, and Transport.

BRITISH COLUMBIA

SUBSIDIARY AGREEMENT

- TITLE Industrial Development
- DURATION July 8, 1977 to March 31, 1982
as amended April 11, 1979
- OBJECTIVES To encourage greater sectoral and spatial diversification of economic activity in the Province of British Columbia and thereby improve opportunities for productive employment in the target area and achieve a more balanced level of development among the different areas of the province.
- BACKGROUND The realization of the federal and provincial objectives to diversify and distribute economic activity throughout British Columbia requires a program of assistance designed to overcome the disadvantages of locating manufacturing activities away from the already highly developed centres. The thrust of such a program would be to stimulate manufacturing and to support those parts of British Columbia presently on, or close to the major transportation routes. For the most part this would include, but not be limited to, the Prince Rupert - Prince George - Kamloops corridor, and the corridor served by Highway 3.
- In support of a program of industrial incentives, a research effort is needed to identify viable manufacturing opportunities. Also included would be support for regional industrial development commissions which would play an active role in support of the diversification and dispersion goals of the two senior levels of government.
- ELEMENTS The elements of this subsidiary agreement are:
- (a) Research
- to provide the information and analysis necessary to implement the other elements of the agreement and to ensure that the developmental objectives of the federal and provincial governments are rationally attained.

(b) Community Industrial Development

- to encourage the development of well-trained and effective industrial development capabilities in each of the main economic regions of the province;
- to ensure the existence of adequate competitively priced industrial land in the key regional centres which have been identified as potential growth areas in the province; and
- to encourage and facilitate orderly development and efficient growth patterns in British Columbia by supporting industrial development in industrial parks, or in special cases in industrial malls, or advance factory space.

(c) Industrial Assistance

- to encourage and assist the modernization, expansion or establishment of small business enterprises, which because of size or function would not normally meet the criteria of existing incentive programs.

(d) Public Information

- to provide for the preparation and distribution of public information material.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Research	\$ 3 850 000	\$ 1 925 000	\$ 1 925 000
Community Industrial Development	61 000 000	30 500 000	30 500 000
Industrial Assistance	5 000 000	2 500 000	2 500 000
Public Information	<u>150 000</u>	<u>75 000</u>	<u>75 000</u>
TOTAL	\$70 000 000	\$35 000 000	\$35 000 000

ADMINISTRATION
AND MANAGEMENT

This agreement will be managed by a joint federal-provincial industrial development committee. The committee shall consist of: a representative of DREE who shall be the federal co-chairman; an official from Industry, Trade and Commerce; an ex-officio member from the Federal Business Development Bank; two representatives from the British Columbia Ministry of Economic Development, one of whom shall be the provincial co-chairman; and an ex-officio member from the British Columbia Development Corporation.

BRITISH COLUMBIA

SUBSIDIARY AGREEMENT

TITLE Agriculture and Rural Development

DURATION August 1, 1977 to July 31, 1982
(signed July 8, 1977)

OBJECTIVES The objectives of this agreement are to:

 (a) identify, research, plan and pursue new or
 unexploited projects related to agriculture
 and rural development;

 (b) expand employment in those existing aspects
 of the agriculture industry and food-
 processing industry in British Columbia which
 demonstrate production and market potentials;
 and

 (c) improve the ability of the existing
 industries to sustain growth.

BACKGROUND Agriculture and rural development have been
 identified as vital components of the economic
 development strategy in British Columbia. Rising
 energy and labour costs and changing market
 conditions necessitated major adjustments in the
 agriculture sector over the last five years.
 During this period, increasing environmental and
 land-use concern led to major changes in
 government agricultural policy in British
 Columbia. Studies, therefore, were undertaken by
 both Canada and British Columbia on specific
 agricultural sectors and a number of development
 constraints and opportunities were investigated.

 In 1976 the British Columbia Department of
 Agriculture initiated an agriculture planning
 committee which had input from other federal and
 provincial departments. On the basis of this
 committee's work, a policy paper was prepared
 outlining agricultural development policy
 proposals for the British Columbia Department of
 Agriculture. These policy initiatives were
 endorsed by the provincial Cabinet and form the
 basis of this agreement.

ELEMENTS

(a) Research, Planning, Training and Market Promotion

- to provide rural planning by geographical areas within which initiatives may be developed by government, municipalities and residents;
- to support pilot demonstrations designed to test new techniques and approaches that will improve or increase production, and to identify specific employment opportunities;
- to provide meaningful opportunities for participants in the agricultural industry through consultation and coordination with governments in planning projects; and
- to provide the mechanism required to encourage the emergence of latent entrepreneurs to develop new and/or existing opportunities in this sector.

(b) Coordinated Resource Management

- to develop and improve the grazing capacity of Crown range in order to utilize the forage production of this resource; and
- to optimize multi-use possibilities and thereby support and stabilize the beef industry in harmony with forestry, recreation and wildlife interests.

(c) Primary-Resource Development

- to increase the production capability of the underdeveloped land resource, within the framework of those primary products which show market and production potential.

(d) Support Services and Community Development

- to provide the support services needed in rural areas to develop the agricultural industry to secondary processing and value-added stages, thereby improving stability and rural employment opportunities.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>LOCAL SHARE</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Research, Planning, Training and Market Promotion	\$ 4 950 000	-	\$ 2 475 000	\$ 2 475 000
Coordinated Research Management	22 000 000	\$ 2 200 000	9 900 000	9 900 000
Primary-Resource Development	20 000 000	5 000 000	7 500 000	7 500 000
Support Services and Community Development	<u>39 800 000</u>	<u>19 550 000</u>	<u>10 125 000</u>	<u>10 125 000</u>
TOTAL	\$86 750 000	\$26 750 000	\$30 000 000	\$30 000 000

ADMINISTRATION AND MANAGEMENT

A joint federal-provincial management committee will be established consisting of at least two representatives from each of Canada and the Province of British Columbia.

BRITISH COLUMBIA

SUBSIDIARY AGREEMENT

TITLE Travel Industry Development

DURATION October 17, 1978 to October 17, 1983

OBJECTIVES Develop plans for British Columbia's travel industry to utilize unexploited and new initiatives; generate significant employment opportunities in British Columbia; contribute to the orderly growth and development of the travel industry in British Columbia through the greater utilization of the tourism potential; generate, encourage and increase travel and vacation time within British Columbia that will result in a stimulus to the British Columbia economy and will contribute to the improvement of Canada's balance of payments on travel account position; and, develop a long-term travel-industry strategy for British Columbia.

BACKGROUND The travel industry development subsidiary agreement is designed to meet federal and provincial objectives relating to economic development and regional development. It will help to establish the preconditions for private-sector investment at all levels through support for selected targets, the provision of necessary infrastructure, and the data collection and analyses required to identify and pursue strategic activities.

Travel has been identified by both governments as an industry that offers major opportunities that can be realized to the benefit of British Columbia and Canada through coordinated program opportunities and more balanced regional economic development. The two governments are committed to improving the British Columbia travel industry.

The travel industry, moreover, is highly labour intensive and is responsible for nearly 6% of the provincial work force. In 1976, the travel industry in British Columbia employed the equivalent of 62 400 person-years, of which two-thirds were full-time jobs. As a result, the part-time employment figures do not adequately reflect the large absolute number of seasonal employees who may work for relatively short

periods. The information clearly shows the dominance of the accommodation and the transportation categories in terms of both employment and wages impact. The travel industry, at more than \$600 million, ranked third behind manufacturing and construction in total wages paid in British Columbia during 1976.

ELEMENTS

- a) Travel Industry Studies and Planning - undertake the detailed analysis of many aspects of British Columbia's travel industry required to assist in the preparation of long-term plans and the development of strategies to realize those plans.
- b) Travel Industry Organization - encourage existing and new organizational structures to enunciate industry needs and coordinate requirements.
- c) Travel Industry Upgrade - upgrade existing facilities, encourage new viable operations and provide infrastructure assistance through provision of forgivable loans.
- d) Travel Generators - support the improvement, expansion or creation of major travel generators in selected destination areas.
- e) Skiing and Related Facilities - develop perhaps two major international skiing attractions, assist in construction and operation of viable regional facilities and provide technical studies and evaluation for local skiing facilities.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Travel Industry Studies and Planning	\$ 1 500 000	\$ 750 000	\$ 750 000
Travel Industry Organization	4 500 000	2 250 000	2 250 000
Travel Industry Upgrade	13 000 000	6 500 000	6 500 000
Travel Generators	15 000 000	7 500 000	7 500 000
Skiing and Related Facilities	<u>16 000 000</u>	<u>8 000 000</u>	<u>8 000 000</u>
TOTAL	\$50 000 000	\$25 000 000	\$25 000 000

ADMINISTRATION
AND MANAGEMENT

This agreement will be managed by a joint federal-provincial management committee. The committee shall consist of: a representative of DREE who shall act as co-chairman; an official from Industry, Trade and Commerce; and two representatives from the British Columbia Ministry of Economic Development, one of whom shall act as co-chairman.

BRITISH COLUMBIA

SUBSIDIARY AGREEMENT

TITLE Intensive Forest Management

DURATION May 17, 1979 to March 31, 1984

OBJECTIVES Ensure the long-term economic viability of the forest sector of the provincial economy; strengthen the job-creating potential of the provincial forest resource; increase the wood yield from provincial forests beyond that secured by the basic forestry program of the provincial Ministry of Forests; and ensure that the annual rate of harvest of this renewable resource is sustained and increased.

BACKGROUND

The forests of British Columbia remain a vital element in the economy of the province and Canada. The industry makes a substantial contribution to the economic and social well-being of the people of British Columbia both directly through the creation of employment and income opportunities and indirectly through the stimulation of a wide variety of associated manufacturing and service enterprises. On the national level, exports of forest goods contribute significantly to Canada's balance of payments.

The future of the forest industry is dependent on a wide variety of factors. International market conditions, the efficiency of the industry, technological innovation and the prudent husbandry and management of the resource base are all important. A central consideration in the latter factor is the enhancement of intensive forest management techniques.

The harvesting of the British Columbia forests has progressed to the point where many of the old growth stands are disappearing or remote and costly to use. At present the Province of British Columbia carries out a basic forestry program which is in part oriented to the rehabilitation of these areas. However, increasing demands on the resource have led to a recognition that greater efforts are needed in this area.

ELEMENTS

- (1) Reforestation - there is a substantial backlog of forest land which has been inadequately restocked following logging and fires.
- (2) Juvenile Spacing - timely spacing of young stands greatly enhances management options and many stands in both coastal and interior regions of the province have reached the most appropriate ages for this treatment.
- (3) Fertilization - studies have shown that the growth effects of juvenile spacing and fertilization are more than additive; therefore, much of the fertilization effort will be combined with juvenile spacing treatments.
- (4) Forest Protection - to reduce fire hazard to acceptable levels, initial attack crews will be stationed on location for immediate suppression of fires that may develop following juvenile spacing.
- (5) Implementation Contracts - to ensure the work is done in a systematic, cost-effective and professional manner, the province will supplement its internal capacity through the use of professional expertise for contracting development and supervision of selected projects.

FINANCIAL PROVISIONS	<u>ESTIMATED TOTAL COST</u>	<u>PROVINCIAL SHARE</u>	<u>FEDERAL SHARE (DREE)</u>
Reforestation	\$11 500 000	\$ 5 750 000	\$ 5 750 000
Juvenile Spacing	30 000 000	15 000 000	15 000 000
Fertilization	5 000 000	2 500 000	2 500 000
Forest Protection	1 000 000	500 000	500 000
Implementation Contracts	<u>2 500 000</u>	<u>1 250 000</u>	<u>1 250 000</u>
TOTAL	\$50 000 000	\$25 000 000	\$25 000 000

ADMINISTRATION AND MANAGEMENT

The agreement provides for a management committee of at least four members, representing the B.C. Ministry of Economic Development (provincial co-chairman), the B.C. Ministry of Forests, DREE (federal co-chairman), and the Department of Fisheries and the Environment, with additional, non-voting members invited on agreement of the four members.



NORTHWEST TERRITORIES



NORTHWEST TERRITORIES

GENERAL DEVELOPMENT AGREEMENT

The General Development Agreement (GDA) with the Northwest Territories was signed April 4, 1979 by the Minister of Regional Economic Expansion, the Minister of Indian and Northern Affairs, and the Commissioner of the Northwest Territories.

The objectives of this agreement are:

- (a) to develop a comprehensive and coordinated strategy for socio-economic expansion and diversification in the Northwest Territories, with emphasis on activities which will make ongoing contributions to residents of the Northwest Territories;
- (b) to provide the opportunity for people of the Northwest Territories to assume an active role in the identification, planning and implementation of development projects, so that a balance is achieved between wage-employment activities and those that support the traditional native economy;
- (c) to establish a systematic approach towards providing people of Indian and Inuit ancestry with the opportunity to choose between a life based on traditional pursuits or on the wage economy, or a combination of the two;
- (d) to provide necessary support for related social programs and physical development.

Strategies to be employed to meet the objectives include:

- (a) identification of development opportunities and assistance in their realization through coordinated application of appropriate federal and territorial 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 the Northwest Territories and the territories' relationship to the national economy, as these may be of importance to achieving the objectives.

Summaries of currently active subsidiary agreements follow.



NORTHWEST TERRITORIES

SUBSIDIARY AGREEMENT

- TITLE** Interim Community Economic Development
- DURATION** April 4, 1979 to March 31, 1981
- OBJECTIVES** To assist individuals and communities to participate in community affairs and development opportunities to improve their social and physical environment in a manner conducive to improving quality of life; and to assist in the assessment, planning and development of resource-based and other opportunities for economic development in a manner which emphasizes and encourages community participation in balanced development.
- BACKGROUND** The lack of community and regional infrastructure is a limiting factor in promoting economic development in the north, and in developing linkages within and between sectors, and between communities. Transportation and communication networks are not highly developed in many areas, and involve extreme distances. The inhabitants of the smaller remote settlements are predominately people of Indian or Inuit ancestry who have had limited exposure to and therefore little experience in the wage economy and have not developed an extensive array of the skills required to participate in the wage economy. Many lack information regarding development opportunities and frequently do not view such opportunities as being of potential benefit. Greater interaction between residents of northern communities affected by development activities and agents responsible for these activities is required in order to maximize the benefits of development to residents of northern communities.
- ELEMENTS** The objectives of the elements of the agreement are to:
- (a) prepare an integrated tourism strategy for a 5- to 10-year horizon;
 - (b) provide a framework for the planning and development of a variety of community-scale renewable-resource-based activities;

ELEMENTS

- (c) provide a work rotation program that will rotate workers between home and job sites, coupled with existing training programs to enable northern residents to participate in wage employment without permanently leaving their communities and country food resources;
- (d) assist residents of the Northwest Territories in assuming an active role in the planning and implementation of development projects;
- (e) provide for a comprehensive assessment of the economy of the Northwest Territories examining various opportunities in light of constraints and prospects for future development.

FINANCIAL PROVISIONS	ESTIMATED TOTAL COST	TERRITORIAL SHARE	FEDERAL SHARE (DREE)
Tourism	\$ 600 000	\$ 240 000	\$ 360 000
Renewable Resources	2 253 000	741 000	1 512 000
Job Rotation	100 000	40 000	60 000
Community-Based Planning	600 000	240 000	360 000
Economic Development Strategy	200 000	80 000	120 000
Administration and Review	<u>80 000</u>	<u>32 000</u>	<u>48 000</u>
TOTAL	\$ 3 833 000	\$1 373 000	\$2 460 000

The federal share is comprised of a \$2 000 000 contribution from DRE and a \$460 000 contribution from DINA.

ADMINISTRATION AND MANAGEMENT The agreement provides for implementation through a federal-territorial management group of: from two representatives the territories (one of whom shall act as territorial co-chairman), one representative from the Department of Indian and Northern Affairs, and one representative from DREE (federal co-chairman).

YUKON



YUKON

GENERAL DEVELOPMENT AGREEMENT

The General Development Agreement (GDA) with the Yukon Territory was signed August 17, 1977 by the Minister of Indian and Northern Affairs, the Commissioner of the Yukon Territory and later by the Minister of Regional Economic Expansion.

The objectives of this agreement are:

- (a) to develop a comprehensive and co-ordinated strategy for socio-economic expansion in the Yukon, to provide the opportunity for Yukon people to participate fully in determining their own priorities and to assume an active role in planning and implementation of development projects;
- (b) to establish a rational and systematic program of development which will ensure the viability of the Yukon economy; and
- (c) to put into effect socio-economic development programs which will promote greater certainty and permanence in the Yukon economy, and to develop measures aimed at improving the position of native people and other disadvantaged groups in the Yukon economy.

Strategies to be employed to meet the objectives include:

- (a) identification of development opportunities and assistance in their realization through coordinated application of appropriate federal and territorial 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 the Yukon Territory and the territory's relationship to the regional and national economy, as these may be of importance to achieving the objectives.

Summaries of currently active subsidiary agreements follow.



YUKON

SUBSIDIARY AGREEMENT

- TITLE** Renewable Resource Development
- DURATION** April 4, 1979 to March 31, 1982
- OBJECTIVES** To ensure that development of Yukon resources proceeds in an orderly fashion and that residents of the territory are provided with an opportunity to participate in and to take advantage of economic and employment opportunities associated with the development of these resources.
- BACKGROUND** The present economy of the Yukon is very heavily dependent on mineral extraction and employment in government services. Although the mining industry holds promise of future expansion, the closure of one, or possibly two existing mines will weaken its contribution to employment and income in the immediate future. The government sector, on both the federal and territorial levels, is under severe restraint and cannot be expected to provide significant direct increases in job opportunities. Against this negative outlook on the existing economy is the prospect of substantial short-term activity related to the Alaska Highway pipeline construction and the "Shakwak" road reconstruction program. Of more lasting potential is the prospect of a steady expansion of the tourist industry, both in relation to numbers of tourists and opportunities available to extend their stay in the Yukon. An important element of the population is severely disadvantaged in terms of employment and income and is not able to take part in the present economy. A high percentage of these people are of Indian ancestry and, with their families, represent about 20% of the Yukon's total permanent population.
- ELEMENTS** The objectives of the four elements of the agreement are to:
- (a) plan and implement projects relating to renewable resources information analysis;
 - (b) plan and construct outdoor tourist and recreation facilities with priority given to the expansion and improvement of campground and trailer court facilities at selected centres and along major roads;

- (c) maximize the involvement of unemployed and underemployed residents of the Yukon in the implementation of activities.
- (d) provide information to the public concerning various aspects of the program as well as monitoring and evaluating activities under the agreement.

FINANCIAL PROVISIONS	ESTIMATED TOTAL COST	TERRITORIAL SHARE	FEDERAL SHARE
Renewable Resource Information and Analysis	\$2 400 000	\$ 400 000	\$2 000 000
Tourism and Recreation Facilities	2 500 000	1 000 000	1 500 000
Resource Development Corporations	1 500 000	600 000	900 000
Monitoring and Evaluation	<u>200 000</u>	<u>80 000</u>	<u>120 000</u>
TOTAL	\$6 600 000	\$2 080 000	\$4 520 000

Of the total federal share, \$3 200 000 will be contributed by DREE and \$1 400 000 by DINA.

ADMINISTRATION AND MANAGEMENT The agreement provides for implementation through a federal-territorial management committee of senior officials from: DREE, the Department of Indian and Northern Affairs (federal co-chairman) and the Canada Employment and Immigration Commission, and three representatives from the territory (one of whom shall act as territorial co-chairman).

ANNEX
EXPIRED SUBSIDIARY
AGREEMENTS



ANNEX

EXPIRED SUBSIDIARY AGREEMENTS

	<u>SIGNED</u>	<u>TERMINATED</u>
NEWFOUNDLAND		
Highways - 1974-75	28/05/74	31/03/75
Fisheries Marine Service Centre Program	15/10/74	31/03/78
Special Fish Plant Water System	15/10/74	31/03/78
Highways - 1975-76	28/05/75	31/03/76
NOVA SCOTIA		
Interim Cape Breton County Development	07/01/77	31/03/78
Sydney Steel Corporation Assistance Program	23/12/77	31/03/79
NEW BRUNSWICK		
Highways - 1974-75	24/06/74	31/03/75
Agricultural Development	17/02/75	31/03/78
King's Landing Historical Settlement	17/02/75	31/03/77
Miramichi Channel Study	17/02/75	31/03/75
Highways - 1975-76	16/12/75	31/03/76
Highways - 1976-77	24/06/76	31/03/77
QUEBEC		
Financing of the 1974-78 SINCE Expansion Plan	15/03/74	31/03/78
Industrial Studies	29/03/76	31/03/77
ONTARIO		
Cornwall Area	26/02/74	31/03/77
Northwestern Ontario	23/05/74	31/03/79
Dryden Development Infrastructure	24/03/75	31/03/77
Interim Northlands	07/07/75	31/03/78
MANITOBA		
Interim Northlands	05/06/74	31/03/76
Planning	11/02/75	31/03/77
Mineral Exploration and Development	31/03/76	31/03/79

SASKATCHEWAN

Mineral Exploration and Development in Northern Saskatchewan	21/06/74	31/03/78
Interim Saskatchewan Northlands Planning	18/08/75	31/03/78
Expand Facilities Used by Canadian Western Agribition and Mexabition	18/08/75	31/03/79
	28/07/77	31/03/79

ALBERTA

1974-75 Northern Transportation	28/08/74	31/03/75
Interim Alberta North	11/03/75	31/03/78
1975-76 Northern Transportation	21/01/76	31/03/76
1976-79 Northern Transportation	18/02/77	31/03/79

BRITISH COLUMBIA

1974-75 Northern Highways Fort Nelson	28/08/74	31/03/75
	23/09/75	30/09/78
1975-76 Northern Highways Evaluate Northeast Coal and Related Developments (1st agreement)	12/02/76	31/03/76
	28/01/77	31/03/77
1976-79 Northern Highways	31/03/77	31/03/79

