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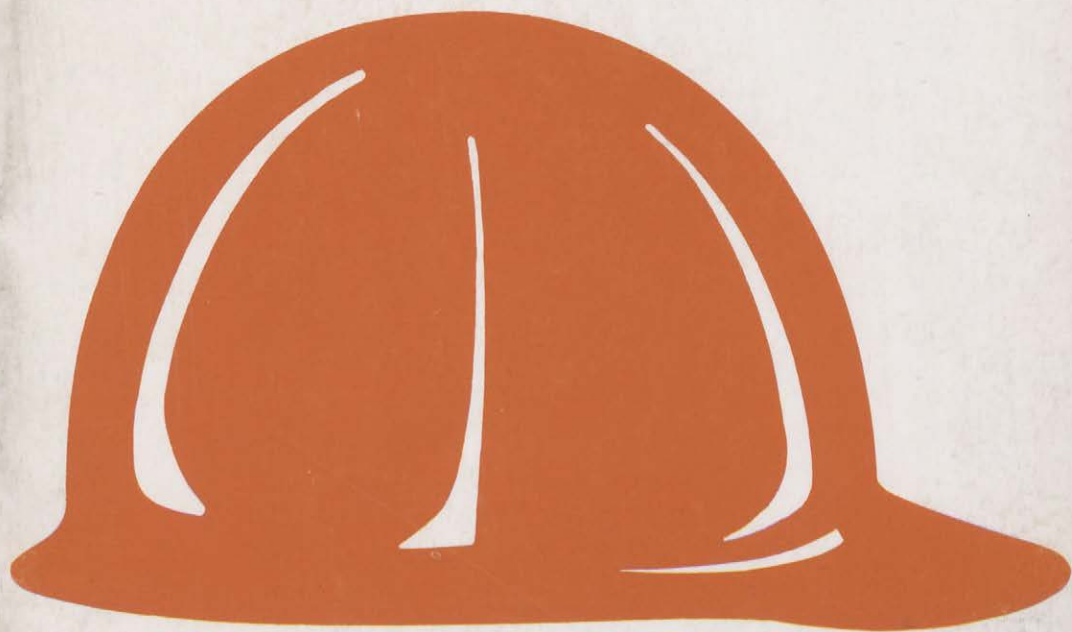
SECONDARY AGREEMENT

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PUBLIC INFRASTRUCTURES

1978-1980

Canada—Quebec



Gouvernement
du Canada

Government
of Canada

Expansion
Économique
Régionale

Regional
Economic
Expansion

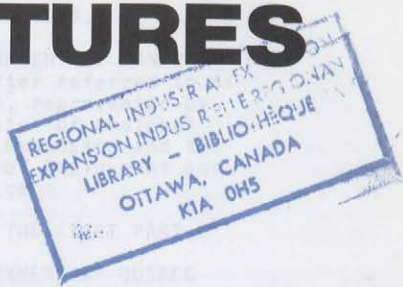


Office de planification
et de développement
du Québec

SUBSIDIARY AGREEMENT

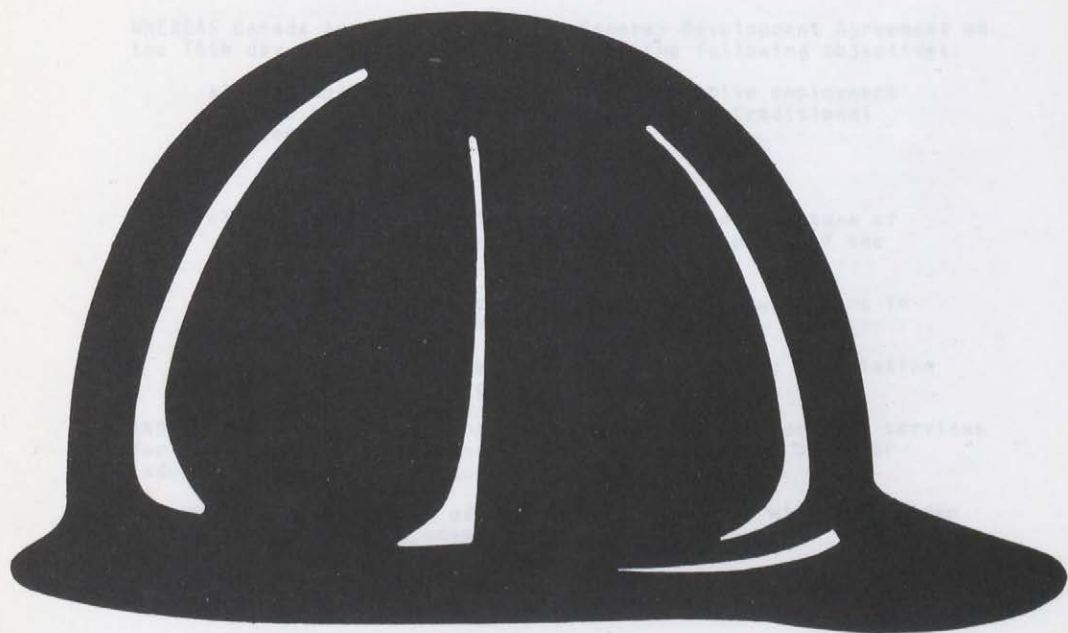
PUBLIC INFRASTRUCTURES

1978-1980



Canada—Quebec

May 16, 1978



Gouvernement
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Economic
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Office de planification
et de développement
du Québec

CANADA-QUEBEC
SUBSIDIARY AGREEMENT
ON PUBLIC INFRASTRUCTURES
1978-1980

THIS AGREEMENT made this 16th day of May, 1978.

BETWEEN: THE GOVERNMENT OF CANADA
(hereinafter referred to as
"Canada"), represented by
the Minister of Regional
Economic Expansion and the
Minister of Employment and
Immigration

OF THE FIRST PART,

AND: THE GOVERNMENT OF QUEBEC
(hereinafter referred to as
"Quebec"), represented by
the Minister of Intergovernmental
Affairs and the Minister of
the Quebec Planning and
Development Bureau.

OF THE SECOND PART.

WHEREAS Canada and Quebec signed a General Development Agreement on the 15th day of March, 1974, to achieve the following objectives:

- 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 the industrial and urban structure of Quebec and promote the optimal development of the various regions;
- d) to promote increased participation by Quebeckers in their own development; and
- e) to promote balanced development in Quebec in relation to the various regions of Canada.

AND WHEREAS certain municipalities do not possess adequate services for encouraging and collaborating in the setting-up of major industries on their territory;

AND WHEREAS most regions of Quebec are contending with the burden of high and persistent unemployment;

AND WHEREAS the Government of Quebec, confronted with this situation, has decided to implement a special program to stimulate the economy and support employment;

AND WHEREAS Canada and Quebec have agreed to cooperate in order to improve the employment situation;

AND WHEREAS the Governor in Council by Order in Council P.C. 1978-1194 of the 13th day of April, 1978, has authorized the Minister of Regional Economic Expansion and the Minister of Employment and Immigration to sign this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant-Governor in Council by Order in Council number 1201-78 of the 12th day of April, 1978, has authorized the Minister of Intergovernmental Affairs and the Minister of the Quebec Planning and Development Bureau to sign this Agreement on behalf of Quebec;

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement:
 - a) "Agents of Quebec" means one or more municipal corporations and/or a Crown corporation;
 - b) "Work-year" means the equivalent of one person occupying a position of employment during a year of 1,960 working-hours (49 weeks of 40 hours);
 - c) "Schedule "A" means the attached Schedule A forming an integral part hereof containing the problems and objectives;
 - d) "Schedule "B" means the attached Schedule B forming an integral part hereof containing the list, the distribution of costs and the schedule for completion of the projects;
 - e) "Development Committee" means the Committee established pursuant to subsection 9.1 of the General Agreement;
 - f) "Management Committee" means the Committee established pursuant to subsection 11(2) of this Agreement;
 - g) "Commission" means the Employment and Immigration Commission of Canada;
 - h) "Termination date" means the date on which a project is completed as determined by the Management Committee;
 - i) "Deadline" means the last date for authorizing eligible work as specified in Schedule "B";
 - j) "Term of this Agreement" means the period from the date of this Agreement until March 31, 1980;

- k) "General Agreement" means the Agreement made between Canada and Quebec on the socioeconomic development of Quebec, signed on the 15th day of March, 1974;
- l) "Fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- m) "Prime contractor" means Quebec or its agents;
- n) "Minister" means the Minister of Regional Economic Expansion;
- o) "Quebec Minister" means the Minister of the Quebec Planning and Development Bureau and includes anyone authorized to act on his behalf;
- p) "Federal Ministers" means the Minister of Regional Economic Expansion and includes anyone authorized to act on his behalf and the Minister of Employment and Immigration and includes anyone authorized to act on his behalf;
- q) "Ministers" means the Federal Ministers and the Quebec Minister;
- r) "Bureau" means the Quebec Planning and Development Bureau.

PURPOSE

- 2. This Agreement forms part of the execution of certain facets of the program to stimulate the economy and support employment. More specifically, the purpose of this Agreement is to establish a program of direct financial assistance for Quebec and its agents to enable them to carry out certain projects for infrastructures connected with the setting-up of large enterprises which generate employment.
- 3. (1) The prime contractor shall implement the projects listed in Schedule "B".
- (2) The prime contractor shall take over each project on completion, and shall accept full responsibility for its operation and maintenance.
- (3) The prime contractor shall acquire all lands and interests in lands that are required for the projects listed in Schedule "B".
- 4. Canada and Quebec shall finance the projects listed in Schedule "B" to the extent and in the manner specified in the said Schedule.
- 5. Subject to section 8, the financial contribution of the Department shall be limited to sixty per cent (60%) of eligible costs and that of Quebec to forty per cent (40%).

6. Unless written approval is obtained from the Federal Minister following an official request from the Quebec Minister, Canada shall not be responsible for any expenditures for work authorized after the deadline specified in Schedule "B" for the project concerned nor shall Canada pay any claim that is not received within 12 months of the date on which the project is completed.
7. (1) Subject to subsection (2) of this section, the costs to be financed by the Department and the Bureau in respect of the projects or portions thereof listed in Schedule "B" are:
 - a) all direct costs which in the opinion of the Management Committee are reasonably and properly incurred for the construction of the project by the prime contractor, with the exception of administration, research, survey, engineering, architecture and construction supervision costs; and
 - b) as compensation for the costs excluded under paragraph a) of this section, an amount equal to ten per cent (10%) of the direct costs payable under paragraph a).
- (2) The costs relating to the acquisition of lands shall be assumed by Quebec and/or its agents and are not chargeable to the eligible costs.
8. (1) The financial contribution of the Commission through its program "Canada Works" shall be limited to \$5,837,000 based on a sum of \$8,100 per work-year created by implementation of the projects referred to in Schedule "B". This contribution is to be deducted from the total estimated costs referred to in Schedule "B" before calculation of the distribution of eligible costs under subsection 7(1) in the proportions referred to in section 5.
- (2) The contribution of the Department to the projects referred to in Schedule "B" shall be limited to \$17,872,000 and shall be calculated on the basis of section 5, but in the event of contribution by other federal bodies not parties to this agreement to one or more of the projects mentioned in Schedule "B", the contribution of the Department shall be reduced proportionately and the Bureau shall assume the difference between the eligible costs and the financial contribution of the Department.
9. This Agreement, including the Schedules, may be amended with the written consent of the Ministers, except for sections 5 and 8 which may be amended only with the approval of the Governor in Council and of the Lieutenant Governor in Council.
10. Expenditures incurred prior to the date of this Agreement are deemed not to be within its terms.

MANAGEMENT

11. (1) The supervision of the Agreement is entrusted to the Development Committee whose composition and duties are described in subsection 9.1 and 9.2 of the General Agreement.
- (2) The routine management of the projects under this Agreement shall be ensured by a Management Committee comprising an equal number of representatives of Canada and of Quebec.
- (3) The Management Committee is responsible to the Development Committee, and its specific tasks are:
 - a) to recommend projects to the Development Committee in light of the objectives stated in this Agreement;
 - b) to see to the implementation of the projects provided for in Schedule "B";
 - c) to suggest amendments to be made to this Agreement, including Schedules "A" and "B", subject to sections 5 and 8 of this Agreement;
 - d) to establish, if necessary, such subcommittees as may be required for the execution of its mandate; and
 - e) to provide information to the communities and agencies affected by this Agreement.
- (4) Canada and Quebec agree to provide the Management Committee, through their respective representatives, with all information necessary for the performance of its functions.
- (5) Any inclusion or modification of a project in Schedule "B" must be submitted formally by Quebec to the Management Committee.

IMPLEMENTATION PROCEDURES

12. The implementation of the projects under this Agreement is subject to the following provisions:
 - (1) The final plans and specifications, the form of invitation to tender and the form of contract shall be approved by the Management Committee for approval before the call to tender or the commencement of government-sponsored construction.
 - (2) All construction and purchase contracts shall be let pursuant to tenders invited by public advertisement and shall be awarded to the responsible tenderer who submits the lowest evaluated bid; the Management Committee may, however, decide otherwise.

- (3) Any major amendment to a construction or purchase contract shall require the approval of the Management Committee.
- (4) Any member of the Management Committee or his representative shall be permitted to inspect the project for the purpose of verifying progress claims and obtaining any other information concerning the project.

RECORDS AND AUDIT AND PAYMENT PROCEDURES

13. (1) Payments by Canada shall be made to Quebec, promptly and according to the proportions and conditions agreed upon in sections 5 and 8 for eligible costs actually incurred in respect of a project, augmented by ten per cent (10%) as provided in subsection 7(1) and the sums in respect of work-years actually created, upon submission by Quebec, in the form and manner agreed upon, of a claim authenticated by the Chairman of the Bureau or his mandatary.
 - (2) Canada may, however, at the request of the Bureau and upon the recommendation of the Management Committee, make interim progress payments during the implementation of a given project corresponding to ninety per cent (90%) of the Department's share of the expenditures incurred for the said project, augmented by ten per cent (10%) as provided in paragraph 7(1) and the sums payable by the Commission in respect of work-years created by the implementation of a project. These expenses shall be evaluated and certified by a senior officer of Quebec.
 - (3) Quebec shall maintain an accounting of such interim payments and shall submit to Canada, within 120 days of an interim payment, an itemized statement of the expenditures in such manner and form as mutually agreed upon. Any discrepancy between the interim progress payments and the amounts actually payable by Canada shall be promptly adjusted between Canada and Quebec.
 - (4) Any expenditure or sum paid under section 13 during a financial year which, after verification in a subsequent financial year, proves to be ineligible, shall be considered as an outlay chargeable to the total budget provided for in this agreement.
14. All payments made to Quebec and Canada pursuant to section 13 shall be paid through the Bureau to the Consolidated Fund of Quebec.
 15. Quebec shall ensure that accurate accounts and records relating to each project are maintained by the Province, and undertakes to provide Canada, upon request, with all accounts and records necessary for the auditing of claims relating to each of the projects undertaken under this Agreement.

16. The contribution of Canada and of Quebec for each fiscal year is, for the purposes of this Agreement, conditional on funds being made available by the Parliament of Canada and by the Quebec National Assembly.

EVALUATION

17. In accordance with the provisions of subsection 6.5 of the General Agreement, the projects listed in Schedule "B" shall be evaluated, according to the criteria established by the Development Committee, in the year following the signing of this Agreement.

GENERAL PROVISIONS

18. (1) All documents inviting tenders related to the projects under this Agreement must specify the following: "This development project is financed by the Department of Regional Economic Expansion, the Employment and Immigration Commission of Canada and by the Quebec Planning and Development Bureau and implemented in cooperation with the Quebec Department of _____" or such other wording to the like effect as may be agreed to by the Ministers.
- (2) Canada shall supply, erect and maintain during the course of construction of each project, a sign or signs specifying that the relevant project is a development project undertaken under this Agreement, or other such wording to the like effect as may be agreed to by the Ministers.
- (3) Canada reserves the right to supply and erect upon completion of the project, where possible, a permanent sign or plaque bearing an inscription to the effect set forth in subsection 18(2).
- (4) The official opening ceremonies for the projects financed under this Agreement shall be jointly arranged by the Ministers or their nominees who shall proceed jointly.
19. No member of the House of Commons or of the Quebec National Assembly shall be admitted to any share or part of any contract, agreement, commission or benefit relating to or arising out of this agreement.
20. The prime contractor shall indemnify and save harmless Canada, its officers and agents, against all claims and demands of third parties in any way arising out of the implementation of a project.
21. (1) All construction work done during the implementation of the projects under this Agreement shall be subject to and carried out in accordance with labour conditions agreed to by Canada and Quebec.

- (2) The prime contractor of a project shall engage the workers required to carry out the project through the agency of employment centres, namely Canada Manpower Centres and Quebec Manpower Centres, unless federal, provincial or municipal statutes, Orders in Council or regulations provide otherwise.
22. All contracts relating to the implementation of the projects shall be awarded without discrimination by reason of sex, age, marital status, race, ethnic origin, religion or political affiliation. It is agreed, however, that the foregoing shall not prevent the implementation of special measures designed to benefit native people and other disadvantaged groups residing in a region where a project is carried out.
23. Canadian material, as well as Canadian professional services, shall be used in respect of all projects to the extent to which they are available and consistent with proper economy and the expeditious performance of these programs or projects.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Honourable Marcel Lessard, Minister of Regional Economic Expansion, the Honourable Bud Cullen, Minister of Employment and Immigration and the Honourable Marc Lalonde, Minister of State for Federal-Provincial Relations, and on behalf of Quebec by the Honourable Claude Morin, Minister of Intergovernmental Affairs and the Honourable Jacques Léonard, Minister of the Quebec Planning and Development Bureau, on the above mentioned day and year.

SIGNED ON BEHALF OF QUEBEC

SIGNED ON BEHALF OF CANADA

Jacques Léonard, Minister of
the Quebec Planning and
Development Bureau

Marcel Lessard, Minister of
Regional Economic Expansion

IN THE PRESENCE OF

IN THE PRESENCE OF

Claude Morin, Minister of
Intergovernmental Affairs

Bud Cullen, Minister of
Employment and Immigration

IN THE PRESENCE OF

IN THE PRESENCE OF

Marc Lalonde, Minister of
State for Federal-Provincial
Relations

IN THE PRESENCE OF

SUBSIDIARY AGREEMENT
ON PUBLIC INFRASTRUCTURES

SCHEDULE "A"

NATURE OF THE AGREEMENT

The purpose of this Schedule is to give a brief description of the problems, objectives and plan of action that set the terms of this Subsidiary Agreement between Canada and Quebec. The Agreement concerns a financial assistance program that will enable Quebec and its agents to cover the cost of certain public infrastructures related to the execution of projects with an economic impact. This will create a large number of jobs and so help offset the acute unemployment situation currently prevalent in Quebec.

PROBLEMS AND OBJECTIVES

In October 1977, faced with a 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 per cent*. Furthermore, Quebec which accounts for a little over one-quarter of the Canadian labour force, now also accounts for 36 per cent of the national unemployment figure, compared to 32.3 per cent one year ago. To keep this under-employment from increased 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 industrial projects. The activities outlined in the Agreement will take place largely in the resource regions, which 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 will also pursue other goals in keeping with the overall strategy described in Schedule "A" of the General Development Agreement. Canada and Quebec have therefore agreed that the programs will offer the municipalities financial assistance to enable them to pay for the public infrastructures 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 projects included in the Agreement are complementary to other joint activities undertaken to encourage the various regions of Quebec to participate in the general development of the economy according to their potential.

*Statistics Canada, publication 71-001 "The Labour Force", January 1978.

PLAN OF ACTION

With a view to achieving these objectives, the Agreement will make it possible to carry out work on infrastructures. A number of medium-sized municipalities do not have the necessary financial resources to undertake expensive public works projects. The lack of adequate infrastructures can delay or jeopardize the establishment of new companies. The implementation of a major project often calls for additional services that the municipality cannot pay for alone. For example, the establishment of a new company can mean that additional housing will be required. Consequently, the Subsidiary Agreement will finance the construction of municipal infrastructures and help pay for a number of urban renewal projects and the development of trailer parks.

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.

SUBSIDIARY AGREEMENT
ON PUBLIC INFRASTRUCTURES

SCHEDULE "B"

PROJECT DESCRIPTION	TOTAL ESTIMATED COST*	CEIC CANADA WORKS	BALANCE TO BE SHARED	BREAKDOWN OF COSTS		(In \$'000) PROPOSED BREAKDOWN OF EXPENDITURES	
				DREE 60%	QUEBEC 40%	1978-79	1979-80
ALMA							
Improvement of municipal services	850	162	688	413	275	600	250
Water-main	250	41	209	125	84	250	-
Municipal Garage	1 500	283	1 217	730	487	250	1 250
LA BAIE							
Industrial zone (street)	176	41	135	81	54	176	-
Water intake	2 062	445	1 617	970	647	500	1 562
SAINT-FELICIEN							
Development of districts	1 800	243	1 557	934	623	400	1 400
Improvement of municipal services	2 200	283	1 917	1 150	767	750	1 450
SAINT-JOSEPH-DE-BEAUCE							
Industrial zone	562	81	481	289	192	300	262
SAINTE-MARIE-DE-BEAUCE							
Industrial zone	562	81	481	289	192	300	262

*Including 10% for indirect costs. This figure represents only the agreement's share of the total project cost, as determined by the Quebec Department of Municipal Affairs.

Deadline: March 31, 1980 for each project.

SUBSIDIARY AGREEMENT
ON PUBLIC INFRASTRUCTURES

SCHEDULE "B"

(In \$'000)

PROJECT DESCRIPTION	TOTAL ESTIMATED COST*	CEIC CANADA WORKS	BALANCE TO BE SHARED	BREAKDOWN OF COSTS		PROPOSED BREAKDOWN OF EXPENDITURES	
				DREE 60%	QUEBEC 40%	1978-79	1979-80
GAGNON							
Pumping station	487	122	365	219	146	300	187
Municipal services	123	41	82	49	33	123	-
HAUTERIVE							
Trailer park	4 000	405	3 595	2 157	1 438	1 000	3 000
Roofed stadium	330	81	249	149	100	250	80
Water intake	1 000	219	781	469	312	200	800
HAVRE-SAINT-PIERRE							
Industrial zone	660	162	498	299	199	400	260
Trailer park	375	81	294	176	118	200	175
PORT-CARTIER							
Industrial zone	825	162	663	398	265	500	325
Trailer park	750	162	588	353	235	500	250
Urban renewal	93	41	52	31	21	93	-
Portage des Mousses Blvd.	1 597	324	1 273	764	509	1 000	597
Filtration plant	1 875	405	1 470	882	588	-	1 875

*Including 10% for indirect costs. This figure represents only the agreement's share of the total project cost, as determined by the Quebec Department of Municipal Affairs.

Deadline: March 31, 1980 for each project.

SUBSIDIARY AGREEMENT
ON PUBLIC INFRASTRUCTURES

SCHEDULE "B"

<u>PROJECT DESCRIPTION</u>	<u>TOTAL ESTIMATED COST*</u>	<u>CEIC CANADA WORKS</u>	<u>BALANCE TO BE SHARED</u>	<u>BREAKDOWN OF COSTS</u>		<u>PROPOSED BREAKDOWN OF EXPENDITURES</u>	
				<u>DREE 60%</u>	<u>QUEBEC 40%</u>	<u>1978-79</u>	<u>1979-80</u>
SACRE-COEUR Trailer park	275	41	234	140	94	275	-
SEPT-ILES Urban park	1 000	243	757	454	303	500	500
Filtration plant	2 500	405	2 095	1 257	838	750	1 750
SCHEFFERVILLE Trailer park	825	162	663	398	265	700	125
CACOUNA Services for port facilities	1 125	243	882	529	353	225	900
PARENT Aqueduc, sewage and drainage system	950	202	748	449	299	550	400
ABITIBI-TEMISCAMINGUE	1 200	202	998	599	399	200	1 000

(In \$'000)

14

*Including 10% for indirect costs. This figure represents only the agreement's share of the total project cost, as determined by the Quebec Department of Municipal Affairs.

Deadline: March 31, 1980 for each project.

SUBSIDIARY AGREEMENT
ON PUBLIC INFRASTRUCTURES

SCHEDULE "B"

(In \$'000)

PROJECT DESCRIPTION	TOTAL ESTIMATED COST*	CEIC CANADA WORKS	BALANCE TO BE SHARED	BREAKDOWN OF COSTS		PROPOSED BREAKDOWN OF EXPENDITURES	
				DREE 60%	QUEBEC 40%	1978-79	1979-80
SAINTE-AGATHE-DES-MONTS Water treatment plant (Expansion)	750	162	588	353	235	250	500
GRANDE-RIVIERE Municipal services	1 000	243	757	454	303	250	750
TOTAL	31 702	5 768	25 934	15 561	10 373	11 792	19 910
RESERVE	3 174	69	3 105	1 863	1 242	-	3 174
GRAND TOTAL	34 876	5 837**	29 039	17 424	11 615	11 792	23 084

APPROVED BY THE DEVELOPMENT COMMITTEE OF THE CANADA/QUEBEC GENERAL AGREEMENT

FOR CANADA _____ DATE May 16, 1978 FOR QUEBEC _____ DATE May 16, 1978
 Marcel Lessard Jacques Léonard
 Minister of Regional Economic Expansion Minister of the Quebec Planning and Development Bureau

*Including 10% for indirect costs. This figure represents only the agreement's share of the total project cost, as determined by the Quebec Department of Municipal Affairs.

Deadline: March 31, 1980 for each project.

** Maximum authorized

