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subsidiary
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Regional
Economic
Expansion

Expansion
Économique
Régionale

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CANADA / QUEBEC



MARCH 29, 1976

subsidiary agreement



Regional
Economic
Expansion

Expansion
Économique
Régionale

CANADA-QUEBEC
SUBSIDIARY AGREEMENT
INDUSTRIAL STUDIES
1975-1977

This Agreement was made this twenty-ninth day of March 1976

BETWEEN:

THE GOVERNMENT OF CANADA, hereinafter
referred to as "Canada", represented by
the Minister of Regional Economic Expansion,
IN THE FIRST PART,

AND:

INDUSTRIAL
STUDIES

CANADA / QUEBEC

THE GOVERNMENT OF QUEBEC, hereinafter
referred to as "Quebec", represented by
the Minister of Intergovernmental Affairs,
in the second part of the Agreement,
IN THE SECOND PART.



MARCH 29, 1976

CANADA-QUEBEC
SUBSIDIARY AGREEMENT
INDUSTRIAL STUDIES
1975-1977

THIS AGREEMENT made this twenty-ninth day of March 1976

BETWEEN:

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

OF THE FIRST PART,

AND:

THE GOVERNMENT OF QUEBEC (hereinafter referred to as "Quebec"), represented by the Minister of Intergovernmental Affairs and the Minister responsible for 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 which provides for signing of subsidiary agreements 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 Quebecers in their own development; and
- (e) to promote balanced development in Quebec in relation to the various regions of Canada.

AND WHEREAS Canada and Quebec recognize that pursuit of these objectives depends on their efforts to reinforce the industrial structure of Quebec;

AND WHEREAS Canada and Quebec agree to attempt to further co-ordinate the application of existing federal and provincial policies and programs;

AND WHEREAS Canada and Quebec have agreed to utilize additional resources to identify the possibilities of industrial development in Quebec, analyse problems and difficulties affecting certain industrial sectors and develop policies and resources for action designed to sustain concrete results in this area;

AND WHEREAS Canada and Quebec are prepared to provide the funds required for this program, in accordance with the conditions of this agreement;

AND WHEREAS the Governor in Council by Order in Council P.C. 1975-276 of the 6th day of February, 1975 has authorized the Minister of Regional Economic Expansion to sign this agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council No. 1128-76 of the 24th day of March 1976 has authorized the Minister of Intergovernmental Affairs and the Minister responsible for 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) "Agent of Quebec" means a Crown corporation in Quebec;
- (b) "Schedule 'A'" refers to the schedule containing an outline of the problems and objectives of this agreement;
- (c) "Schedule 'B'" refers to the schedule containing a list of the studies included under this agreement, their estimated cost, a breakdown of the cost and the timetable for their completion.
- (d) "Development Committee" means the Committee established pursuant to subsection 9(1) of the General Agreement;
- (e) "Management Committee" means the Committee established pursuant to section 7 of this agreement;
- (f) "Termination Date" means the date on which a study is completed, as determined by the Management Committee;
- (g) "Deadline" means the last date for authorized studies, namely March 31, 1977;

- (h) "Term of this Agreement" means the period between the date of signature of this agreement on March 31, 1977;
- (i) "Subsidiary Agreement" means an agreement made pursuant to section 6 of the General Agreement;
- (j) "General Agreement" means the agreement between Canada and Quebec on the socioeconomic development of Quebec, signed on the fifteenth day of March, 1974;
- (k) "Study" means an analytical research project conducted under this agreement in accordance with specifications clearly and explicitly defining the nature of inquiries or information required, the methodology used and the form of the report to be presented;
- (l) "Fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the year immediately following;
- (m) "Site Manager" means the Quebec Department of Industry and Commerce;
- (n) "Ministers" means the Federal Minister and the Quebec Minister;
- (o) "Quebec Minister" means the Minister responsible for the Quebec Planning and Development Bureau and includes anyone authorized to act on his behalf;
- (p) "Federal Minister" means the Minister of Regional Economic Expansion and includes anyone authorized to act on his behalf;
- (q) "Bureau" means the Quebec Planning and Development Bureau;
- (r) "Outside personnel" refers to individuals (professional and other personnel) who are not employees of Canada or the province of Quebec but who are hired under contract with Quebec to conduct a study or participate in it;
- (s) "Outside services" means the services and facilities which do not belong to the government of Canada or Quebec but are required for a study conducted under the terms of this agreement (including accomodation, offices, support services and professional services).

PURPOSE AND TERM OF AGREEMENT

2. The objective of this agreement is to provide the federal

and provincial funds required to obtain the outside personnel and services essential for completion of studies providing the basic requirements for developing or implementing policies, programs or projects relevant to the industrial sector of Quebec and, when desirable, subsidiary agreements.

3. Studies covered under this agreement must correspond to one of the types of studies described in Schedule A. They are required for completing certain preliminary phases prior to specific operations and are clearly defined in terms of industrial development in Quebec.
4. Each study conducted under this agreement must be described in a document which includes all necessary information regarding the nature and purpose of the study such that the Development Committee may adequately assess its compliance with the objectives outlined in Schedule A.
5. This agreement shall be effective as of the date of its signature by Canada and Quebec and shall terminate on March 31, 1977.

MANAGEMENT

6. This agreement shall be supervised by the Development Committee, the composition and duties of which are set out in subsection 9(1) and 9(2) of the General Development Agreement.
7. (1) Current management of the agreement shall be assumed by a Management Committee consisting of an equal number of representatives from Canada and Quebec.
(2) The Management Committee shall answer to the Development Committee and its specific tasks shall be:
 - (a) to recommend study projects to the Development Committee in light of the objectives outlined in this agreement;
 - (b) to analyse study projects to determine compliance with objectives outlined in the agreement and to approve their estimates;
 - (c) to give its preliminary approval to each contract allocated by the site manager to complete a study;
 - (d) to supervise completion of studies by obtaining information and verifying it as required with the site manager;

- (e) to propose amendments to this agreement, including Schedules A and B, subject to the provisions of section 23 of this agreement;
 - (f) to create subcommittees, if need be, to assist in the fulfilment of its mandate.
- (3) Canada and Quebec undertake to provide the Management Committee, through their respective representatives, with all the information necessary for it to carry out its functions.
 - (4) The site manager shall submit a formal request to the Management Committee for the registration and modification of a study.
8. (1) Subject to section 10, Quebec shall assume, through the site manager, the task of obtaining the outside personnel and services required to complete studies conducted under this agreement and to sign contracts necessary for this purpose.
- (2) The site manager shall assume responsibility for supervising personnel conducting the studies but must give the Management Committee, at its request, any information pertaining to project progress and degree of success attained at various stages.
9. Once a year, the Development Committee shall submit a progress report assessing application of the agreement in terms of set objectives for approval by the ministers.

IMPLEMENTATION PROCEDURES

- 10. Signature of any contract or agreement pertaining to a study conducted under the terms of this agreement must have been previously approved by the Management Committee.
- 11. Contracts shall be awarded in accordance with methods approved by the Management Committee to the responsible tenderer submitting the lowest evaluated bid, unless the committee considers it inappropriate to do so.
- 12. In awarding contracts, Quebec agrees to engage the services of Quebec or Canadian individuals or companies whenever this practice is consistent with standards of economy and effectiveness.
- 13. Supervision of contracts shall be conducted in accordance with methods determined by the Management Committee and any major change in a contract as recommended by the Site Manager shall be subject to the consent of the Management Committee.

FINANCING

14. For the term of this agreement, Canada and Quebec shall each assume 50% of eligible costs for each financial year as approved by the Management Committee for the completion of studies conducted under the agreement.
15. Notwithstanding any other provisions, and subject to section 17, the maximum amount of Canada's contribution to costs incurred for any studies completed under this agreement shall total \$1 000 000 and shall not exceed \$500 000 for the 1975-76 fiscal year and \$500 000 for the 1976-77 fiscal year.
16. Notwithstanding any other provisions, and subject to section 17, the maximum amount of the contribution of Quebec to costs incurred for any studies completed under this agreement shall total \$1 000 000.
17. In each fiscal year the contribution of Canada and Quebec under the terms of this agreement shall be conditional upon the allocation of funds for this purpose by the Parliament of Canada and the Quebec National Assembly.
18.
 - (1) Canada shall not be held responsible for any expense incurred after March 31, 1977 and shall not offset any claim for payment submitted after March 31, 1978.
 - (2) Eligible expenses incurred prior to the date of signature of this agreement, including those pertaining to contracts awarded are deemed consistent and in conformity with the terms of this agreement if they receive the written approval of the federal minister following an official request from the Quebec minister. However, any expense incurred prior to April 1st, 1975, shall not be deemed eligible.

ACCOUNTS AND METHODS OF PAYMENT

19.
 - (1) Subject to section 20, upon receipt of a claim certified by the President of the Bureau or his representative and submitted by Quebec, Canada shall reimburse the latter as soon as possible and in the proportions established in section 14, for all eligible expenses actually incurred in terms of outside personnel and services in the execution of a project.
 - (2) Nevertheless, at the Bureau's request and on the Management Committee's recommendation, Canada may make progress payments in proportion to 90% of its

share of expenditures that the said work entails. These expenditures shall be audited and certified by a senior Quebec official.

- (3) Quebec shall keep accounts of these progress payments and shall submit to Canada, within one hundred and twenty days of each payment, a detailed statement of expenditures audited in the duly prescribed manner. Any discrepancy between the amounts paid by Canada as progress payments and the amounts actually payable by the Department shall be adjusted by Canada and Quebec as quickly as possible.
 - (4) Any expenditure paid under section 19(2) in a fiscal year which proves ineligible after auditing during the subsequent fiscal year shall be considered an expenditure chargeable to the allowable budget provided for under this agreement.
20. All reimbursements made to Quebec by Canada pursuant to section 19 shall be paid into the Consolidated Fund of Quebec through the Bureau.

GENERAL

21. No member of the House of Commons or the Quebec National Assembly shall be admitted to any share or part of any contract under the terms of this agreement or any commission or benefit which may arise out of it.
22. Reports from studies completed under this agreement shall be used in accordance with the conditions stipulated by the Management Committee.
23. This Agreement may be modified with the written consent of the Ministers, with the exception of sections 2, 14, 15 and 16 which may only be modified with the consent of the Governor-in-Council or the Lieutenant-Governor-in-Council.
24. 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.
25. Canada and Quebec agree to co-operate in the preparation and implementation of a program designed to inform the public of studies conducted under the terms of this subsidiary agreement, and moreover, have agreed that:

- (1) All documents inviting tenders and all public advertisements relating to studies undertaken under the terms of this agreement must specify the following: "This development project is financed by the Department of Regional Economic Expansion of Canada and by the Quebec Planning and Development Bureau and implemented in co-operation with the Quebec Department of Industry and Commerce" or any other such wording to this effect as may be agreed to by the Ministers;
 - (2) Reports, studies and documents produced for this agreement shall be made public, if required, and respective identification of the parties concerned shall appear on the cover page in a specified format approved by the Management Committee.
26. Pertinent clauses of the General Development Agreement are applicable to this agreement.

IN WITNESS WHEREOF, the Honourable Marcel Lessard, Minister of Regional Economic Expansion, has signed this agreement on behalf of Canada, party of the first part and the Honourable François Cloutier and Gérard D. Lévesque, respectively Ministers of the Quebec Department of Intergovernmental Affairs and the Quebec Planning and Development Bureau, on behalf of Quebec, party of the second part.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

Witness

Minister of Regional Economic
Expansion

GOVERNMENT OF QUEBEC

Witness

Minister of the Quebec Department
of Intergovernmental Affairs

Witness

Minister Responsible for the
Quebec Planning and Develop-
ment Bureau

CANADA-QUEBEC SUBSIDIARY AGREEMENT
ON INDUSTRIAL STUDIES
1975-1977

SCHEDULE "A"

PROBLEMS AND OBJECTIVES

PROBLEMS

Upon signature of the General Development Agreement, the governments of Canada and Quebec have agreed to certain economic development objectives which, involving the industrial sectors, are primarily designed to reinforce the industrial structure of Quebec, either by the creation of productive employment in rapidly expanding industries, or consolidation of existing employment in more traditional industries.

Achievement of these objectives requires both better co-ordination of existing programs and implementation of new intervention methods adapted to the unique situation of a given industrial sector or to problems common to manufacturing industries on the whole. Possibilities of governmental assistance or intervention in industrial activities are varied and may assume many different forms such as assistance for investments, amalgamation or regrouping of companies, expansion of foreign and domestic markets, innovation (R & D, design...), enhancement of productivity, etc.

Governmental decisions relating to the implementation of any of these methods must necessarily reflect a sound understanding of specific problems and possibilities concerning various industrial sectors, and must be based on an assessment of the advisability and potential impact of such intervention in terms of industrial development in Quebec.

OBJECTIVES

This agreement is designed to meet this need for information and knowledge required for governmental action involving the industrial sector in Quebec. Through completion of the studies and analyses required, both in terms of understanding industrial problems and in terms of preparing policies, strategies and methods for specific action, this agreement is designed to provide the Government of Quebec with the tools awarding it greater coherence and an enhanced definition of its interventions relative to the application of existing policies and programs or the implementation of new measures for stimulating industrial development in Quebec.

Though studies undertaken under this agreement may be very diversified in form and approach, they all basically constitute the means required for government action in the industrial sector. They may be grouped in terms of four (4) main facets.

The first facet provides for completion of analytical and synthetical studies examining either features of general problems involving development of all manufacturing industries in Quebec or those common to a number of industrial sectors (horizontal study), or the situation in a given industrial sector (sectorial study). In the analytical phase, these studies are designed to describe specific situations, diagnose problems, determine causes, identify development possibilities and assess their impact. In the synthetical stage, these studies are designed to define the objectives to be pursued and the methods to be used. Findings from such studies lead to explicit recommendations as to the policies, strategies and industrial programs to be implemented.

The selection of horizontal studies to be conducted can only be deduced from knowledge acquired at the two levels of government, concerning the general problems which characterize industrial development in Quebec. Sectorial studies may also relate both to industrial sectors experiencing certain difficulties as well as to future sectors which may inject dynamism into the industrial sector in Quebec. The advisability of undertaking this type of project in any given sector may thus be assessed in terms of any of the following criteria:

- the number of job opportunities in the sector and the trend in recent years
- the significance of the penetration of domestic markets by foreign companies and foreign imports
- the dynamism of the domestic and foreign market
- the level and trend in productivity in the sector
- the impact of the sector on regional economies and on interindustrial exchanges.

The second facet refers to programming studies designed to determine the frame of reference and methods for specific action by the government of Quebec with respect to manufacturing industries as a whole, to a single or any number of given industrial sectors, or even to specific industrial projects. The aim of these studies is to make conclusions and recommendations resulting from previously conducted analytical and synthetical studies directly operational under the terms of this or other agreements. In other words, the purpose is to bring a file on which problems, objectives and methodology have been established, one step further. The criteria for selection

of studies to be undertaken are appreciably the same as for studies included under the first facet but must be based more substantially on knowledge previously acquired.

The two other facets are also designed to clarify aspects of specific governmental action. However, because such studies are conducted extremely frequently in the course of promoting industrial development, it would seem useful to separate them into distinct groups.

The third facet thus involves studies designed to identify and assess the advisability of new or expanded possibilities of manufacturing in Quebec. Such production may either take the form of the creation of new companies or new or expanded areas of production in existing companies. The studies provide a basis for analysis and assessment of all determining factors (market, production factors, production techniques, etc.) for the opening of a new company or a new or expanded manufacturing plant in Quebec. Choice of areas of study must be based on consideration of available areas of knowledge respecting the the following factors:

- the dynamism of the market
- the importance of exports
- productivity and wage levels
- technology used and the innovative feature of the product
- integration within the economy (supplying goods and services in Quebec) and within the Quebec community (presence of the French-speaking element within the company)

The fourth facet involves studies designed to identify fields and define methods for rationalizing production within a given industrial sector or operation leading either to amalgamation or merging of companies, or to specialization of production in existing companies. This type of study applies to industries in which amalgamation of companies, regrouping of some of their functions (marketing, procurements, etc.), and conversion of production into various specializations may benefit from scale economies, thereby making them more competitive.

SUBSIDIARY AGREEMENT: INDUSTRIAL STUDIES

SCHEDULE "B"

<u>CODE</u>	<u>PROJECT DESCRIPTION</u>	(in \$'000) <u>Breakdown of Costs</u> (Canada 50%/Quebec 50%)			<u>DEADLINE</u>
		<u>TOTAL ESTIMATED COST</u>	<u>CANADA DREE</u>	<u>QUEBEC</u>	
	INDUSTRIAL STUDIES	2 000	1 000	1 000	March 31, 1977

NOTE: These studies give priority to the following fields or sectors:
machinery and equipment, transport equipment, processing of
natural resources, food products, petrochemistry, electrical
and electronic equipment, consumer goods and the assistance
program for small and medium-sized companies. (SMC)

FOR CANADA _____
For The Honourable
Marcel Lessard
Minister of Regional Economic
Expansion

FOR QUEBEC _____
for The Honourable Gérard D. Lévesque
Minister responsible for the Quebec
Planning and Development Bureau

DATE _____

DATE _____

