



Expansion Économique Régionale

INDUSTRY, SCIENCE AND TECHNOLOGY CANADA

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INDUSTRIE, SCIENCES
ET TECHNOLOGIE CANADA

CANADA/ONTARIO
NORTHEASTERN ONTARIO



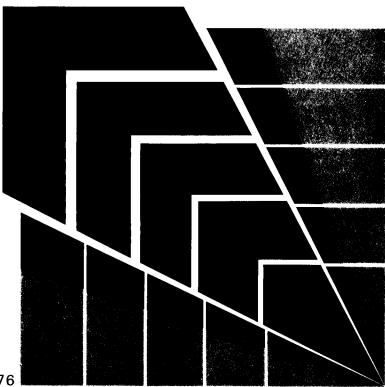
MARCH 25, 1976

subsidiary agreement

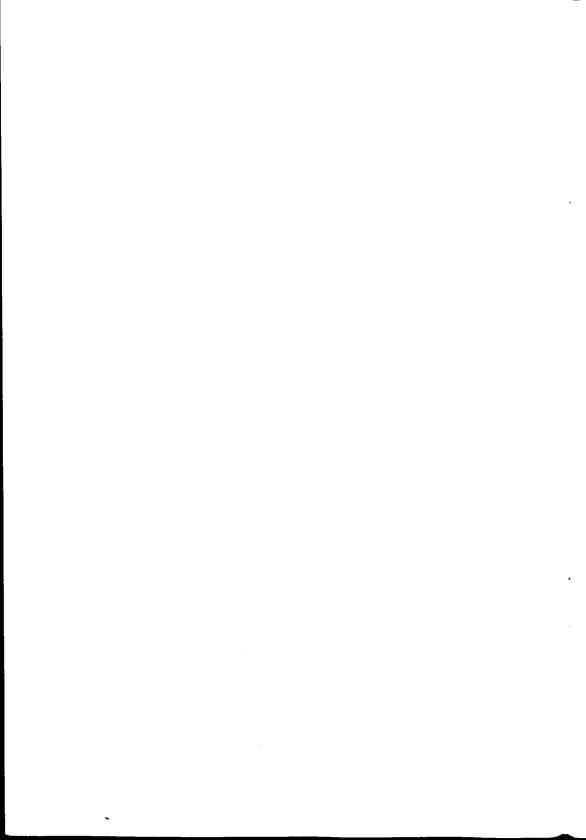


Expansion Économique Régionale

CANADA/ONTARIO NORTHEASTERN ONTARIO



MARCH 25, 1976



CANADA-ONTARIO SUBSIDIARY AGREEMENT NORTHEASTERN ONTARIO

THIS AGREEMENT made this 25th 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 THE PROVINCE OF ONTARIO (hereinafter referred to as "the Province"), represented by the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs.

OF THE SECOND PART.

WHEREAS Canada and the Province have signed a General Development Agreement dated February 26, 1974, (hereinafter referred to as "the GDA") to achieve the objectives stated in section 3 thereof;

AND WHEREAS in pursuit of those objectives, Canada and the Province have agreed to seek to achieve a coordinated application of relevant federal and provincial policies and programs through the process of identifying development opportunities and assisting in their realization through the coordinated and concentrated application of relevant federal and provincial programs, including the provision of specialized measures required for such realization;

AND WHEREAS Canada and the Province agree that the objectives of this Agreement shall be consistent with the objectives stated in section 3 of the GDA;

AND WHEREAS the Governor in Council by Order in Council P.C. 1976-11/631 of the 16th day of March, 1976, has authorized the Minister of Regional Economic Expansion to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council 0.C. 474/76 of the 25th day of February, 1976, has authorized the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement:

- (a) "eligible costs of the project" means those costs defined in subsection 4(1);
- (b) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
- (c) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (d) "initiative" means initiative as defined in clause (d) of section 1 of the GDA;
- (e) "Management Committee" means the committee referred to in subsection 5(1);
- (f) "Ministers" means the Federal Minister and the Provincial Minister;
- (g) "project" means the grouping of one or more activities as provided for in Schedule 'A';
- (h) "Provincial Minister" means the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs and includes anyone authorized to act on his behalf;
- (i) "Schedule 'A'" means the schedule attached hereto and marked 'A' which contains the list of projects and costs;
- (j) "Schedule 'B'" means the schedule attached hereto and marked 'B' which contains background information; and
- (k) "Subsidiary Agreement" means an agreement made pursuant to section 6 of the GDA.

OBJECTIVES

- 2. The objectives of this Agreement are:
 - (a) 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 insofar as they pertain to northeastern Ontario; and
 - (b) to provide the means through which needed financial assistance can be made available for approved projects aimed at alleviating identified constraints to the economic and social development of key population centres in northeastern Ontario.

SUBJECT MATTER

- 3. (1) Canada and the Province agree to cooperate in the launching of the measures identified in Schedule 'A'.
 - (2) The Province shall arrange to have undertaken during the term of this Agreement the projects listed in Schedule 'A'. The Province shall arrange to have taken over all physical projects listed in Schedule 'A' on completion, and shall arrange for their operation, maintenance and repair.
 - (3) The Province shall arrange for the takeover and acquisition of all lands and interests in lands that are required for the said projects prior to the termination of this Agreement.
 - (4) Subject to subsection 3(2) unless the Ministers otherwise agree, neither party to this Agreement will be responsible for any expenditures incurred with respect to the projects listed in Schedule 'A' after the termination date of the Agreement, nor shall any claim be paid which was not received within twelve months of the said termination date.

FINANCIAL PROVISIONS

4. (1) The eligible costs to be financed or shared under this Agremeent by Canada in respect of the projects outlined in Schedule 'A' shall consist of all direct costs, including those relating to public information but excluding administration, survey, engineering and architecture costs, that in the opinion of the Management Committee have been reasonably and properly incurred for the implementation of the projects by the Province, plus ten per cent (10%) of these costs as an allowance towards the exclusions specified.

- (2) The costs to be financed by Canada do not include any costs relating to the acquisition of lands or interests in lands, or costs arising from the conditions of acquisition.
- (3) Funding by other federal government departments, federal crown corporations or federal crown agencies with regard to the cost of projects identified in Schedule 'A', will be considered as part of the federal contribution and will be included in calculating the federal share of eligible costs payable under this Agreement.
- (4) Unless otherwise agreed by the Ministers, the eligible costs of each project shall be limited to the estimated costs specified in Schedule 'A'.
- (5) If, at any stage of a project, it appears to the Province that the costs thereof will exceed the estimated costs specified in Schedule 'A', the Province shall promptly so inform the Management Committee and state the reasons for such increase.
- (6) Upon being so informed, the Management Committee shall consider the circumstances which have contributed to the increase in the estimated costs and shall prepare and present a report and recommendations to the Ministers in respect of the action proposed to be taken. The report of the Management Committee shall include the following:
 - (a) a statement of the amount by which the estimated costs are exceeded;
 - (b) a statement of the reasons why the estimated costs are exceeded;
 - (c) a recommendation as to whether or not the amount by which the estimated costs are exceeded should be adjusted between the parties to this Agreement;
 - (d) a recommendation as to the amount or the proportion of the total amount to be paid by each party where an adjustment is made; and
 - (e) such further information or recommendations as may be necessary to determine the action proposed to be taken.
- (7) Notwithstanding anything in this Agreement, the amount payable by Canada with respect to the projects listed in Schedule 'A' shall be fifty per cent (50%) of the total eligible costs up to an amount of \$2 877 000, which amount includes a contingency allowance of fifteen per cent (15%).

ADMINISTRATION AND MANAGEMENT

- 5. (1) Each of the Ministers shall designate one or more senior representatives to be responsible for the administration of this Agreement. These representatives shall constitute the Management Committee. There shall be an equal number of representatives from each of the two parties to this Agreement on the Management Committee. The functions of this committee shall be to establish a definition of each project specified in Schedule 'A', to oversee the implementation of the projects, and to fulfil the responsibilities identified for the Management Committee elsewhere in this Agreement. The Federal Minister and the Provincial Minister respectively shall appoint one federal and one provincial officer from the members of the Management Committee to act as co-chairmen.
 - (2) The Management Committee shall submit for the approval of the Ministers on or before each of the Ministers' annual meetings, as prescribed under subsection 9.1 of the GDA, an assessment of the progress being made in implementing this Agreement, the continuing relevance of the projects listed in Schedule 'A' in achieving the specified objectives, and the budget estimates for the subsequent fiscal year.
 - (3) Canada and the Province agree to provide the Management Committee with all information necessary for the performance of its function.

PAYMENT PROCEDURES

- 6. (1) Payment by Canada shall be made promptly to the Province on the basis of progress claims setting out the costs actually incurred and paid for the projects, and submitted in a form and verified in a manner satisfactory to the Federal Minister.
 - (2) (a) In order to assist in the interim financing of Canada's share of the projects, Canada shall, if the Province so requests, make an interim payment of the amount of funds required for the remainder of the quarter of the fiscal year in which a project is approved, based on a forecast of the cash requirements for that quarter prepared by the Province and approved by the Management Committee in a form satisfactory to the Federal Minister.
 - (b) In each subsequent quarter of the fiscal year, a further interim payment shall be made to finance Canada's share of expenditures in the quarter in connection with the approved project upon request by the Province submitted in a form satisfactory to the Federal Minister and

approved by the Management Committee, based upon a forecast of the cash requirements for the quarter, taking into account the status of the previous quarter's interim payment.

- (c) The Province shall account for each such interim payment by submitting promptly to Canada by no later than the end of the following quarter, detailed claims covering the costs actually incurred and paid, verified in a manner satisfactory to the Federal Minister. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually payable by Canada shall be promptly adjusted between Canada and the Province.
- (d) No interim payment shall be made in a subsequent fiscal year until the interim payments made in the previous fiscal year have been accounted for.

TERMINATION

7. This Agreement shall terminate on September 30, 1979. All projects shall be completed on or before such date.

TENDERS AND CONTRACT AWARDS

- 8. (1) Unless the Management Committee otherwise agrees, all construction, purchase and other contracts shall be let pursuant to tenders invited by public advertisement.
 - (2) The opening of all tenders shall be public, and the Management Committee shall be supplied with copies of each advertisement for tender, together with notice of the time and place for tender opening, in sufficient time to enable any member of the Management Committee or his representative to be present at all tender openings and to participate in the evaluation of tenders.
 - (3) All contracts shall be awarded to the responsible and responsive tenderer who submitted the lowest evaluated bid unless otherwise agreed by the Management Committee.
 - (4) All contracts for professional services shall be supervised in accordance with procedures to be approved by the Management Committee, and reports produced by consultants or resulting from such contracts shall become the property of both parties to this Agreement.

- (5) All announcements of contract awards shall be made jointly by Canada and the Province.
- (6) Canadian material, machinery and equipment and consulting and other professional services shall be used in respect of the projects carried out under this Agreement to the extent to which these items are procurable and consistent with economy and efficiency under the tendering procedure agreed upon by the Management Committee.

IMPLEMENTATION

- 9. (1) (a) All substantive amendments to contracts shall require the prior approval of the Management Committee.
 - (b) Any member of the Management Committee or his representative shall be permitted to inspect any project and the records relating thereto at all reasonable times for the purpose of verifying progress claims and obtaining any other information concerning the project which may be required by the Federal Minister or the Provincial Minister.
 - (c) The final plans and specifications and form of contract must be agreed to by the Management Committee before tenders are called.
 - (d) The Management Committee shall define and give directions as to what constitutes a "major" purchase. Any "major" purchase of external services and the related selection procedure shall be approved by the Management Committee.
 - (e) The Province shall ensure that proper and accurate accounts and records relating to each project are maintained and shall be responsible for auditing and certifying the costs of each project for the purpose of progress claims in respect of projects undertaken.
 - (f) The Province shall forward to the Management Committee reports as to the progress of the work done under Schedule 'A' of this Agreement in such detail and at such times as may be required by the Management Committee.
 - (g) The Province shall forward to the Management Committee all reports related to studies and assessments undertaken under Schedule 'A' of this Agreement as soon as they are received.

(2) Subject to the express provisions of subsection 4(7), contracts and purchases made and work done prior to the date of this Agreement in respect of projects listed in Schedule 'A' may be accepted as complying with the provisions of this Agreement if they are consistent with the provisions of the GDA and if they are approved in writing by the Federal Minister on the recommendation of the Management Committee.

PUBLIC INFORMATION

- 10. (1) Canada and the Province agree to cooperate in the development and implementation of a program of public information respecting the implementation of projects under this Agreement, and further agree to supply, erect and maintain on the direction of the Management Committee:
 - (a) during the course of construction of capital projects, a project sign or signs consistent with Federal-Provincial Identity graphics guidelines, and in both official languages, specifying that the relevant project is a Canada-Ontario Regional Development Project, financed by contributions from the Department of Regional Economic Expansion of the Government of Canada (and the Central Mortgage and Housing Corporation where relevant), and the Government of the Province of Ontario, or such other wording to the like effect as may be agreed upon by the Ministers; and
 - (b) where relevant upon completion of each project, a permanent sign or plaque to the effect set forth in (a).
 - (2) Any public announcement of the measures covered and of the products generated by this Agreement, as well as any official opening ceremony for any project under this Agreement, where such ceremony is indicated and appropriate, shall be arranged jointly by the Ministers.
 - (3) Canada and the Province further agree to cooperate in the development and implementation of a program of public information with respect to any studies and assessments undertaken under this Agreement and further agree that:
 - (a) no public release of reports, or information contained therein, related to such studies and assessments, will take place without prior consultation and agreement between the Department of Regional Economic Expansion and the Province; and
 - (b) any public announcement relating to such studies and assessments shall be made jointly in a form which is satisfactory to both Ministers.

CONDITIONS OF EMPLOYMENT

- 11. The following conditions relevant to employment and the award of contracts shall apply in respect to all projects carried out under this Agreement:
 - (a) recruiting of labour shall be conducted through the Canada Manpower Centres unless the Management Committee decides otherwise, in which case it shall give approval to the recruitment procedures to be employed;
 - (b) in the employment of persons on a project, there shall be no discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation; and
 - (c) with regard to the applicability of labour standards, the parties agree as follows:
 - (i) rates of pay shall be those prevailing in the area of employment for each classification of work, subject to the minimum wage specified in provincial legislation.
 - (ii) in building construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 48 per week.
 - (iii) in road and heavy construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 50 per week, and
 - (iv) labour conditions shall be specified in all tendering documents and shall be posted conspicuously in the work place;

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

EVALUATION

12. Upon execution of this Agreement, Canada and the Province shall commence a joint evaluation of the projects listed in Schedule 'A' in accordance with section 12 of the GDA and having regard to the objectives of both this Agreement and the GDA. An interim evaluation report shall be submitted through the Management Committee to the Ministers on or before the date of their annual meetings as prescribed in subsection 9.1 of the GDA. The evaluation process shall be completed within twelve months of the termination date specified in section 7 of this Agreement.

AMENDMENTS

13. This Agreement, and Schedules 'A' and 'B' thereof, may be amended from time to time by the Ministers in writing. It is expressly understood and agreed, however, that any amendment to subsection 4(7) shall require the approval of the Governor in Council.

GENERAL

14. The provisions of the GDA shall apply to this Agreement, it being specifically agreed, without affecting the generality of the foregoing, that no member of the House of Commons or the Legislative Assembly of Ontario shall be admitted to any share or part of any contract, agreement, or commission made pursuant to this Agreement, or to any benefit to arise therefrom.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and on behalf of the Province by the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs.

IN THE PRESENCE OF:	GOVERNMENT OF CANADA			
Witness	Minister of Regional Economic Expansion			
	GOVERNMENT OF THE PROVINCE OF ONTARIO			
Witness	Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs			

SCHEDULE 'A'

Pro	Project Description	Project Cost*
		(\$,000)
-	1. SUDBURY AREA	
	Highway 17 West (Walden) Industrial Park	
	(a) Water distribution system including approximately 5 900 linear feet of water main, water meter and pressure controls and a one M.G.(U.S.) elevated water storage tank under Phase I and approximately 4 000 linear feet of water main under Phase V.	1 260
	(b) Sanitary sewers including approximately 3 600 linear feet of force main, a sewage lift station and 6 200 linear feet of gravity sewer main under Phase I and approximately 4 000 linear feet of gravity sewer main under main under Phase V (including all rallway and highway crossings).	637

Project Cost*	1 14 <u>8</u>
(\$'000)	3 045
Project Description	(c) Access road construction including approximately 5 900 linear feet of road construction and paving under Phase I and approximately 3 500 linear feet of road construction and paving under Phase V (including all required ditching).

* Includes a ten per cent (10%) allowance for administration, survey and engineering costs.

Description Project Cost* (\$'000)	SOUND AREA	Carling Township Industrial Park	(a) Water source system including approximately 8 800 linear feet of water main, a pumping station and water treatment facilities.	(b) Water distribution system including approximately 3 000 linear feet of water main, hydrants and surface storage.	(c) Sanitary sewers including approximately 3 500 linear feet of sewer main, a sewage pumping station and a sewage treatment facility.	Assessment of the planning, organization and management of industrial development activity in Parry Sound.	Subtotal 1 958	T0TAL 5 003
Project Description	2. PARRY SOUND AREA	(1) Carlin				(2) Assess and ma		

CANADA-ONTARIO SUBSIDIARY AGREEMENT NORTHEASTERN ONTARIO

SCHEDULE 'B'

PURPOSE

 This program of financial assistance for Ontario is to enable the Province to arrange for the undertaking of projects which are essential to the current economic development needs of key population centres in northeastern Ontario.

BACKGROUND

- 2. (1) (a) Although Ontario ranks among the most prosperous of the ten provinces from the standpoint of aggregate indicators of economic wealth, such measures fail to reflect the significant disparities in socioeconomic terms among the various Ontario planning regions. Large parts of northern and eastern Ontario have not kept pace with the province or with Canada generally from a development point of view.
 - (b) Through the signing of the General Development Agreement in February 1974, the Governments of Canada and Ontario mutually agreed to cooperate in the implementation of measures designed to improve income and employment opportunities in the northern and Eastern regions of Ontario. To date, the Governments have responded to development problems and potentials in north-western Ontario by means of the "Canada-Ontario Subsidiary Agreement: Dryden Development Infrastructure", and the "Canada-Ontario Interim Subsidiary Agreement: Ontario Northlands". Initiatives undertaken by means of the "Federal-Provincial Subsidiary Agreement: Cornwall Area" have been directed towards the amelioration of development and employment situations in that portion of the Eastern Ontario Planning Region.
 - (c) The Northeastern Ontario Planning Region occupies a similar position to the Northwestern and Eastern Ontario Planning Regions with regard to comparable indicators of socioeconomic performance. The comparison with northwestern Ontario is particularly striking due to similarities in geography and economic base.

- (d) Northeastern Ontario has experienced an annual population growth rate which is approximately one-half the rate for Ontario as a whole. The population shows a continued trend toward concentration within the major urban centres. Indeed, approximately seventy-five per cent of the population is now concentrated in the regional centres of Sudbury, North Bay, Sault Ste. Marie and Timmins. Although the senior levels of government must remain mindful of the needs and potential of these major centres, they have a parallel concern over the widening socioeconomic disparities between the regional centres and the many smaller urban places.
- (e) The economy of northeastern Ontario has developed on the strength of its natural resources. Mining, forestry, tourism and related manufacturing constitute the mainstay of the regional economy and together employ more than onethird 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. The purchasing power in many northern communities is often insufficient to attract supporting industries, and distances and linkages within the market area are not conducive to the achievement of minimum costs and economies of scale. Labour markets tend to be limited to a particular community and its immediate environs. Intra-regional trade linkages are weak and the predominant transportation and communications linkages tend to reinforce external relationships, an outward flow of primary products and the net importation of finished goods.

Many communities depend upon a single industry for their economic base, leaving them vulnerable to adverse changes in that industry. The primary resource base offers a limited variety of occupations, and labour imbalances frequently arise when acquired skills become obsolete with continually changing technology or when employment opportunities shift to new locations.

(f) The range, quality and accessibility of community services to residents of the northeast is generally lower than that available to residents of southern Ontario. Essential hard services are often substandard relative to the provincial average, even in the larger centres. Necessary physical infrastructure such as industrial parks, roads, sewers and other related services have proven costly to put in place and to maintain. (g) The urban structure in northeastern Ontario provides a framework through which the socioeconomic benefits of ongoing and proposed government programs may be realized. Under the development strategy articulated here, the present urban system must be strengthened by concentrating new economic activity in selected centres in order to maximize the benefits of growth. This focusing of growth will provide certain advantages such as maximum utilization of investment in infrastructure, support for both people and industry, and provision of a larger, more multi-skilled labour force for industry.

SUDBURY AREA

- (2) (a) The Regional Municipality of Sudbury, with a population of approximately 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, health and educational institutions, have transformed this municipality into the main trading centre of northeastern Ontario. As such, Sudbury services a population in excess of 500 000.
 - (b) Historically, the size of the labour force in the Sudbury region has been directly related to the growth of the local mining industry. Indeed, approximately one-quarter of the region's labour force is employed in the mining industry. In addition, a large proportion of the labour force is employed in the service industries directly related to mining. However, the dominance of these industreis, with their high wage scales, has acted as a constraint on the number of income and employment opportunities available in the Sudbury area. As a result, the municipality has experienced a considerable out-migration of its youth.
 - (c) A lack of serviced industrial land along with infrastructure costs has been a continuing problem during the past decade and has now developed into a major constraint on future industrial development in the Sudbury region.
 - (d) Sudbury appears to possess many of the attributes helpful in attracting associated industrial development in light of the excellent transport facilities, the labour force and the availability of primary metal products for processing. However, in order to induce processing, manufacturing and other related service industries to locate in the area, reasonably-priced industrial land must be made available. The Sudbury Regional Development Corporation has on hand a significant list of companies that are currently interested in locating in the proposed industrial park as soon as serviced sites are available.

PARRY SOUND AREA

- (3) (a) The town of Parry Sound has a population of close to 6 000. It is the major community in the District of Parry Sound, an area of some 1 400 square miles encompassing a total of approximately 30 000 people.
 - (b) The economic growth of this area has not kept pace with that of northeastern Ontario as a whole. Indeed, the District has experienced no appreciable growth for many years, and supports only a slightly greater number of people today than 70 years ago when lumbering and subsistence agriculture comprised its economic base. The town of Parry Sound reflects a similar lack of growth over the same period, and is faced with an unemployment problem tempered by significant outmigration.
 - (c) Historically, Parry Sound has been an important transshipment point, but today the harbour facility is only used 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 due to economic change. Manufacturing activity has also been slow to develop until the past six years during which time three new manufacturing companies have started operations and now engage approximately 190 employees.
 - (d) 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 shown to the area by manufacturers. Twelve new industries have expressed an interest in establishing facilities which could offer employment for up to 900 workers within four years. At the present time, however, the area is unable to provide the necessary serviced industrial land.
 - (e) Although difficult to quantify, many young adults leave the area each year but a large percentage of their number is replaced by retired in-migrants. New job opportunities, however, resulting from continued industrial growth, is expected to reduce the out-migration of young people, and result in an upward trend in population and the number of productively employed workers in the area.

PROJECT DETAILS

3. The projects specified in Schedule 'A' include:

(a) Sudbury Area

Construction of water, sewerage, storm drainage ditches and road facilities in the Highway 17 West (Walden) Industrial Park. The industrial park will provide sites for these industries currently prepared to locate in the Sudbury area. In addition, it will provide sufficient additional serviced land to accommodate the anticipated development of light industry over the next five years.

(b) Parry Sound Area

- (i) Construction of the water and sewerage facilities required for the Woods Road Industrial Park in Carling Township. The proposed development is aimed at increasing net employment opportunities in the area, increasing the community's involvement in sponsoring economic activity, assisting the community to realize its development potential and broaden its tax base through the establishment of new processing, manufacturing and service industries, and improving the quality of life for area residents. The Province will arrange through the Central Mortgage and Housing Corporation for a grant under the National Housing Act to assist in funding the sewage treatment plant included in Schedule 'A' of this Agreement.
- (ii) Assessment of the industrial planning, development, marketing and park management efforts in the Parry Sound area. This study is intended as a means of ensuring the continued orderly and planned development of the community's economic base.