

a subsidiary agreement to the Canada-Ontario General Development Agreement

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CENTRAL
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AND
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INDUSTRY SERVICES
ET TECHNOLOGIE CANADA



Eastern Ontario

Subsidiary Agreement

signed December 20, 1979

Canada



Ontario

CANADA-ONTARIO SUBSIDIARY AGREEMENT

EASTERN ONTARIO

THIS AGREEMENT made this 20th day of December, 1979

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,

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 these objectives, Canada and the Province have agreed to seek to achieve a coordinated application of relevant federal and provincial programs, including the provision of specialized measures required for such realization;

AND WHEREAS the Governor in Council by Order in Council P.C.1979-7/3485 of the 19th day of December 1979 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 O.C. 759-79 of the 14th day of March, 1979 has authorized the Treasurer of Ontario and Minister of

Economics to execute this Agreement on behalf of the Province.

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. (a) "approved capital costs" means the capital costs as determined by the Management Committee for the establishment, expansion or modernization of a facility, assisted under the Small Business Incentives Program of this Agreement;
- (b) "capital project" means any specific project, as determined by the Management Committee, in which construction or activities related to construction are involved, except for projects assisted under the Small Business Incentives Program of this Agreement;
- (c) "Eastern Ontario" means the Regional Municipality of Ottawa-Carleton, the United Counties of Stormont, Dundas and Glengarry, the United Counties of Prescott and Russell, the United Counties of Leeds and Grenville and the Counties of: Frontenac, Hastings, Lanark, Lennox and Addington, Prince Edward and Renfrew.
- (d) "eligible costs" means those costs defined in section 4 (1) and 4 (2);
- (e) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;

- (f) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (g) "incentive" means a financial contribution to private sector projects identified under the Small Business Incentives Program of this Agreement;
- (h) "initiative" means the subject matter of this Agreement and includes any program, project or other activity designed to implement the objectives of the GDA;
- (i) "Management Committee" means the committee referred to in section 5 (1);
- (j) "Ministers" means the Federal Minister and the Provincial Minister;
- (k) "program" means a series of specific and related activities;
- (l) "project" means a specific activity forming a self-contained unit within a program;
- (m) "Provincial Minister" means the Treasurer of Ontario and Minister of Economics and includes anyone authorized to act on his behalf;
- (n) "Small Business Incentives Program" means the program described in section 3 (5) and provided for in section 5 of Schedule "A"; and
- (o) "Subsidiary Agreement" means an agreement made pursuant to section 6 of the GDA.

PURPOSE AND OBJECTIVES

- 2. (1) Pursuant to section 3 of the GDA, the purpose

of this Agreement is to enable Canada and the Province to participate jointly in development programs for the improvement of the economic and social well-being of Eastern Ontario residents. This is to be done by reinforcing the policies and priorities of the Province for regional development as they relate to Eastern Ontario, and in support of the Federal Government's policy to strengthen the resource sectors of Canada.

(2) Pursuant to section 2 (1) contributions may be made to accelerate the development through supplementary federal and provincial resources. These development initiatives will be aimed at:

- stabilizing the economy,
- diversifying the economy,
- increasing the utilization of natural resources,
- ensuring the long-term availability of natural resources, and
- stimulating private sector investment.

SUBJECT MATTER

3. (1) Schedule "A" attached to and forming part of this Agreement outlines the programs identified for implementation.

(2) The Province shall take over, or arrange to have taken over, on completion, each capital project implemented under this Agreement and shall accept full responsibility for its operation, maintenance and repair, except in cases where other federal-provincial arrangements may apply.

(3) The Province shall arrange for the acquisition of all lands and interests in lands that are required for program implementation.

(4) It is understood and agreed that where a project under this Agreement is to be undertaken by a municipality or other institution or agency under provincial jurisdiction, such arrangements as are necessary with respect to such undertaking shall be the responsibility of the Province.

(5) In regard to the Small Business Incentives Program outlined in Schedule "A" of this Agreement, the following criteria shall apply:

- (a) Location - projects to be assisted under this program shall be located in Eastern Ontario save and except the Regional Municipality of Ottawa-Carleton.
- (b) Incentive Formula
 - (i) New facilities - incentive not to exceed the lesser of twenty-five percent (25%) of approved capital costs or \$100,000.00.
 - (ii) Expansion and modernization of existing facilities - incentive not to exceed the lesser of twenty percent (20%) of approved capital costs or \$100,000.00.
- (c) Equity - applicants shall provide proof of equity in each project equal to at least twenty percent (20%) of the approved capital costs of the project.
- (d) Project Size - proposed projects where the approved capital costs would exceed \$500,000.00 shall not be eligible for consideration under this Small Business Incentives Program.
- (e) Time Limit - incentives may be provided under this Agreement:
 - (i) for the establishment of a facility that is brought into commercial production

on or before the 31st day of December,
1984, or

(ii) for the expansion or modernization of an existing facility, that is brought into commercial production on or before the 31st day of December, 1984.

(f) Activity - projects shall include any of the following: mining, quarrying, manufacturing, processing (including agricultural and forest products) and related service industries.

FINANCIAL PROVISIONS

4. (1) Subject to section 4 (3), the eligible costs of capital projects to be financed or shared under this Agreement are:

- (a) all direct costs that have been reasonably and properly incurred by the Province during the term of this Agreement, for the implementation of the capital projects, but excluding administration, survey, engineering and architecture costs; and
- (b) ten percent (10%) of the direct costs as an allowance towards the exclusions specified in section 4 (1), (a).

(2) Subject to section 4 (3), the eligible costs of any non-capital projects to be financed or shared under this Agreement shall include all costs reasonably and properly incurred by the Province under all contracts and agreements entered into in accordance with this Agreement by the Province with any person, organization or municipality for the acquisition of equipment or the performance of work or services for the execution of the

project, provided that, such costs were not incurred prior to the date of this Agreement, and in the case of personal services, resulted from hiring contract staff by the Province for the specific purpose of carrying out the said project. It is agreed that costs for accommodation and related services in provincially-owned buildings including costs of telephone and other utility systems shall be excluded, except as otherwise agreed by the Management Committee.

(3) The costs to be funded by Canada do not include any costs relating to the acquisition of lands or interests in lands or costs arising from conditions of acquisition, except where otherwise specified in Schedule "A".

(4) Unless otherwise agreed by the Ministers, the eligible costs of each program shall be limited to the estimated total costs specified in Schedule "A".

(5) If, at any stage of a program or 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 recommendation(s) to the Ministers in respect of the proposed action to be undertaken. The report of the Management Committee shall include:

- (a) a statement of the amount by which the estimated costs are exceeded;
- (b) a statement of the reasons why the estimated costs are being 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 to be made; and

(e) such further information or recommendations as may be necessary to determine the proposed action to be undertaken.

(7) Notwithstanding anything in this Agreement, the amount payable by Canada with respect to the programs listed in Schedule "A" shall be fifty percent (50%) of the total eligible costs up to an amount of \$25,175,000.00.

ADMINISTRATION AND MANAGEMENT

5. (1) Canada and the Province shall, through the Ministers, appoint a Management Committee consisting of an equal number of representatives of each party.

(2) The Ministers shall respectively appoint one federal and one provincial official from the members of the Management Committee to act as co-chairmen.

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

(4) The Management Committee shall be responsible for the overall management of this Agreement and, in particular, for performing the following functions:

(a) the approval of all projects necessary

- for the implementation of this Agreement;
- (b) the prior approval of all substantive amendments to this Agreement to be submitted to the Ministers for their approval;
- (c) the prior approval of contracts arising from this Agreement;
- (d) the submission to the Ministers for their approval annually, and not later than September 1 of any fiscal year, of the projected budget required for the subsequent fiscal year;
- (e) the coordination of all cost-shared programs - and projects to be implemented under this Agreement;
- (f) the submission to the Ministers for their approval on or before each of the Ministers' annual meetings, as prescribed under section 9.1 of the GDA, of an assessment of the progress being made in implementing this Agreement, and the continuing relevance of the programs listed in Schedule 'A' in achieving the specified objectives of this Agreement;
- (g) the establishment at its discretion of appropriate sub-committees in order to facilitate implementation; and
- (h) the performance of any other functions that may be assigned to it by the parties to this Agreement.

(5) The Province, except as otherwise specified in this Agreement or agreed to by the Management Committee, shall be responsible for:

- (a) the implementation of all cost-shared programs and projects assigned under this Agreement;

- (b) the provision of staff and administrative machinery for the implementation of programs and projects assigned under this Agreement;
- (c) the liaison and program coordination between the agencies of the Province administering the implementation of the programs included in this Agreement or whose activities affect the implementation of this Agreement;
- (d) the maintenance of proper and accurate accounts and records relating to each program and project and for auditing and certifying the costs of each project for the purpose of progress claims in respect of programs and projects undertaken;
- (e) forwarding to the Management Committee reports as to the progress of work done under Schedule "A" of this Agreement in such detail and at such times as may be required by the Management Committee; and
- (f) the provision to the Management Committee of all reports related to studies and assessments undertaken under Schedule "A" of this Agreement.

PAYMENT PROCEDURES

6. (1) Subject to section 7, payments by Canada shall be made promptly to the Province on the basis of progress claims setting out the eligible costs incurred and paid by the Province, submitted in a form and verified in a manner satisfactory to the Federal Minister.

(2) In order to assist with the interim financing of programs and projects, Canada may, if the Province so requests, make interim payments to the Province of one hundred percent (100%) of Canada's share of claims submitted based on estimates of costs incurred for work completed, and certified by a senior officer of the Province.

(3) The Province shall account for each interim payment by submitting to Canada, within 120 days after such payment by Canada, a statement of actual costs 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 shall be promptly adjusted between Canada and the Province.

(4) No interim payments shall be made in a new fiscal year until all interim payments made in the preceding fiscal year have been accounted for as provided in Section 6 (3), and until any discrepancy arising therefrom has been adjusted.

(5) Nothing in this Agreement shall prevent the Province from advancing money on any project, whether or not costs have been incurred or work completed on such project; provided that Canada shall not be obliged to make any payment on such projects until such time as such costs have been incurred and work has been completed.

(6) The Province agrees to present to Canada, at least once in each fiscal year, an audit report for all projects on which claims have been presented and paid, with an appropriate audit certificate, signed by an auditor on behalf of the Province, certifying the eligible costs incurred and paid by the Province for work carried out. The audit report and accompanying certificate shall identify those costs incurred and paid to March 31st of each fiscal year in respect of each project.

TERMINATION

7. (1) This Agreement shall terminate on March 31, 1984 and no program or project shall be approved after that date unless otherwise agreed in writing by the Ministers; provided that all rights accrued and obligations due to either of the parties and not fully satisfied shall survive the termination of this Agreement.

(2) Canada shall not be responsible for any costs incurred after the termination date nor will it pay any claim in respect of any program or project or parts thereof unless it is received within one year from the termination date.

TENDERS AND CONTRACT AWARDS

8. (1) Unless the Management Committee otherwise agrees:
- (a) all construction, purchase and other contracts shall be let pursuant to tenders invited by public advertisement;
 - (b) all tender openings 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; and
 - (c) all contracts shall be awarded to the person, partnership or corporation that submitted the lowest evaluated bid.

(2) 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.

(3) All announcements of contract awards shall be made jointly by Canada and the Province.

(4) 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 procedures agreed upon by the Management Committee.

IMPLEMENTATION

9. (1) All substantive amendments to contracts shall require the prior approval of the Management Committee.

(2) 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.

(3) The final plans, specifications and contract forms must be agreed to by the Management Committee before tenders are called.

(4) The Management Committee shall define and give direction 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.

(5) 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 with respect of each project undertaken, in accordance with section 6 (6).

(6) The Province shall forward to the Management Committee reports as to 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.

(7) 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.

PUBLIC INFORMATION

10. (1) Canada and the Province agree to cooperate in the development and implementation of a program of public information respecting the subject matter of 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, and projects assisted under the Small Business Incentives Program, 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 any other Federal department or agency 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 capital 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 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 Canada 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 Employment and Immigration Commission 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, religious 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 rate 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. (1) Upon execution of this Agreement, Canada and the Province shall commence a joint evaluation of the programs 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.

(2) The evaluation process shall be implemented during the term of this Agreement and shall be completed within twelve months of the termination date specified in section 7 of this Agreement.

ENVIRONMENTAL ASSESSMENT

13. All capital projects or groups of capital projects funded under this Agreement will comply with the requirements of Environmental Contaminants Act, S.C. 1974-75-76, ch. 72 and other federal statutes and regulations for environment protection and with the requirements of The Environment Assessment Act, S.O. 1971, ch. 84, as amended.

AMENDMENTS

14. This Agreement, and Schedule "A" hereto may be amended from time to time by the Ministers in writing. However, it is expressly understood and agreed that any amendment to

section 4 (7) shall require the approval of the Governor in Council and Lieutenant Governor in Council.

REVENUES

15. Where direct revenues accrue through the ownership or operation of any project, or through the sale, lease or otherwise of acquired or developed resources under this Agreement, such revenues shall be equally shared by Canada and the Province.

GENERAL

16. The provisions of the GDA shall apply to this Agreement.

17. It is agreed 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.

In the presence of:

GOVERNMENT OF CANADA

R. J. Allison

Witness

E. M. MacKay

Minister of
Regional Economic Expansion

Walter Baker

Witness

John Wise

Minister of Agriculture

GOVERNMENT OF THE PROVINCE
OF ONTARIO

Norman Sterling
Witness

Frank Miller
Treasurer of Ontario and
Minister of Economics

Michael H. Gosar
Witness

Thomas L. Wells
Minister of
Intergovernmental Affairs

William Davis
Witness

Lorne Henderson
Minister of
Agriculture and Food

Michael Landry
Witness

Larry Grossman
Minister of
Industry and Tourism

William Davis
Witness

J. A. C. Auld
Minister of
Natural Resources

William Davis
Witness

Rene Brunelle
Provincial Secretary for
Resource Development

(original document signed by
the persons named)

CANADA-ONTARIO SUBSIDIARY AGREEMENT

EASTERN ONTARIO

SCHEDULE "A"

PROGRAM DESCRIPTION

COST (\$000's)

1. Agriculture Program

(a) Municipal Outlet Drainage

To promote the construction of outlet drains required to increase the productive capacity of farmland.

(b) South Nation River Basin Development

Provision for interim flood control projects at Chesterville and Plantagenet, plus a river basin study to determine the viability of further flood control measures.

(c) Agricultural Technology Transfer

Provision for the demonstration, promotion and testing of new technology and farming systems in order to promote their widespread adoption to help diversify and improve the efficiency of agriculture.

(d) Farm Development and Marketing

To facilitate the diversification of agriculture through structural changes, including farmland consolidation through acquisition, and to assist in the identification and development of markets for agricultural products arising therefrom, and out of the agricultural technology transfer component of this program.

\$ 23,000

2. Forestry Program

(a) Forest Inventory and Data Base

To conduct an inventory of the forests of Eastern Ontario, and to establish a computerized information system for storage and updating wood supply data on a continuing basis.

(b) Forest Renewal

To assist in the regeneration, rehabilitation and management of the forest resource on public and private lands.

(c) Development and Marketing

To identify market opportunities for forest products and to participate in innovative projects that will help to diversify the existing product base of the forest industry in Eastern Ontario.

9,000

3. Minerals Program

Assistance for geoscientific surveys in selected areas of Eastern Ontario and development of a data base of unmapped areas for resource evaluation and as a means of stimulating mineral exploration.

4,000

4. Tourism Program

To encourage private sector investment in major tourist facilities through the provision of project feasibility studies and the funding of selected tourist infrastructure.

4,000

5. Small Business Incentives Program

Provision for funding assistance to stimulate small business development in both rural and urban areas.

10,000

6. Analysis and Review Program

To provide the research, technical and staff resources necessary to effectively analyse, review and evaluate the programs implemented through the life of this Agreement.

250

7. Public Information Program

To provide information for programs of public information and consultation.

100

TOTAL

\$ 50,350*

* Includes a ten percent (10%) allowance for administration, survey and engineering costs where applicable.