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MACTAQUAC

CANADA - NEW BRUNSWICK AGREEMENT

(As amended by Amendment No.1
of October 22, 1970.)

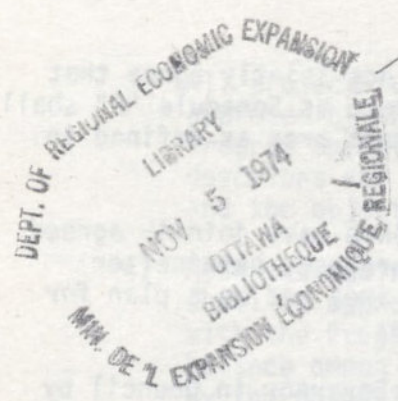
Covering a Comprehensive
Development Plan
for the Mactaquac Region
of New Brunswick

 REGIONAL ECONOMIC EXPANSION CANADA
EXPANSION ÉCONOMIQUE RÉGIONALE CANADA

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CANADA-NEW BRUNSWICK AGREEMENT
covering a
COMPREHENSIVE DEVELOPMENT PLAN
FOR THE MACTAQUAC REGION
as amended by
AMENDMENT NO. 1, OCTOBER 22, 1970

MEMORANDUM OF AGREEMENT MADE the twentieth day of September,
1966,

BETWEEN:

THE GOVERNMENT OF CANADA (hereinafter referred to as
"Canada"), represented by the Honourable Maurice Sauve,
Minister of Forestry of Canada,

OF THE FIRST PART;

AND

THE GOVERNMENT OF THE PROVINCE OF NEW BRUNSWICK (herein-
after referred to as "the Province"), represented by the
Honourable Louis Robichaud, Premier of the Province of
New Brunswick,

OF THE SECOND PART.

WHEREAS the Mactaquac Rural Area of New Brunswick, herein-
after-referred to as "the area", has experienced low productivity
and low income owing to the under-utilization of physical and
manpower resources;

AND WHEREAS the Mactaquac Rural Area of New Brunswick has
recognized development potentials;

AND WHEREAS Canada and the Province have jointly agreed
that it is desirable that the area have a comprehensive and co-
ordinated development plan designed to promote its social and
economic development, to increase income and employment
opportunities and to raise its living standards;

AND WHEREAS the *Fund for Rural Economic Development Act*,
14-15 Elizabeth II, c.41, hereinafter referred to as "the Act",
provides for implementation of a comprehensive rural development
program under such conditions;

AND WHEREAS Canada and the Province jointly agree that the area shown on the map attached hereto as Schedule "A" shall be designated a special rural development area as defined in s.5(b) of the Act;

AND WHEREAS Canada and the Province have jointly agreed on a comprehensive rural development program, hereinafter referred to as "the program", for the area and on a plan for its implementation as described herein;

AND WHEREAS HIS EXCELLENCY, the Governor in Council by Order in Council P.C. 1966-1783 of September 16, 1966, authorized the Minister of Forestry to execute this Agreement on behalf of Canada;

AND WHEREAS HIS EXCELLENCY, the Lieutenant-Governor in Council by Order in Council 66-427 as amended by Order in Council 66-722 has authorized the Premier to execute this Agreement on behalf of the Province;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT the parties hereto, in consideration of the covenants hereinafter contained, covenant and agree with each other as follows:

1. The area described on the map attached hereto as Schedule "A" shall be designated as the special rural development area under this Agreement and s.5(b) of the Act, and the program in respect of the area and defined by s.5(a) of the Act shall form the subject matter of this Agreement.
2. The purposes of this Agreement are to carry out the objectives of the Act as set in the recitals hereof by:
 - (a) the development of the resources of the area;
 - (b) the attraction of private capital to develop recreational facilities and the forest product industry;
 - (c) (deleted);
 - (d) increased assistance for vocational and technical training to enable trainees to take fuller advantage of alternative employment opportunities;
 - (e) assistance to industrial development, better educational facilities, shelter and other social amenities by promoting the creation and development of a new service centre community in the area on the North bank of the St. John River.

*Amendment No. 1
October 22, 1970*

3. All projects undertaken under the program shall be jointly approved by the parties hereto and be consistent with the Program Guide, attached hereto as Schedule "B", which describes and defines the basic outline of the program and the objectives sought to be attained thereby.
4. Notwithstanding anything in this Agreement, no project shall be approved or undertaken that is not consistent with the Program Guide and that does not maintain a balance among each of the Parts of this Agreement whereby the objectives of the Program Guide are to be attained.
5. These objectives shall be reached by co-operation between Canada and the Province, through extensive co-ordination amongst the parties hereto and their agencies and by applying all other related or applicable programs and plans to the program in the area.
6. Canada shall not participate in, or contribute to, the program hereunder unless there exist the effective involvement and participation of residents and local people of the area as provided for by the Act.
7. Subject to all the terms and conditions of this Agreement and subject to the funds being available in the Fund for Rural Economic Development established by the Act and hereinafter referred to as "the Fund", the aggregate sum which Canada shall be liable to contribute in respect of the program and projects hereunder, as more particularly described and defined in this Agreement and Schedule "B" hereof, shall not exceed \$15,358,000 from all sources including the Fund, cost sharing arrangements under the Rural Development Agreement entered into between Canada and the Province pursuant to the *Agricultural and Rural Development Act* and all other Canadian programs. The components of the said \$15,358,000 and the sources thereof are set forth in the Parts of this Agreement and in the summary of estimated costs and expenditures set forth in Schedule "C" of this Agreement.
8. Subject to the terms and conditions of this Agreement and subject to the funds being appropriated by the Provincial Legislature of New Brunswick, the Province shall contribute in respect of the program and projects hereunder the sum of \$5,555,000.
9. Canada and the Province from time to time during the life of this Agreement may only approve proposed development projects of the program which are practical, suitable and consistent with the Program Guide and which are

*Amendment No. 1
October 22, 1970*

*Amendment No. 1
October 22, 1970*

permitted under Parts I to VIII hereof, but in no circumstances shall funds be contributed in respect of any project or part of the Agreement unless joint approval thereof by Canada and the Province has been given.

10. Canada and the Province upon request shall give to the other any information about the comprehensive development program or any project thereof.
11. (deleted).
12. Canada and the Province in a mutually agreed form shall jointly approve annually and on or before the first of September of each year estimates of the cost of the program and projects hereunder to Canada and to the Province for the fiscal year beginning the first of April next following. The Province and Canada on the first of May of each year shall approve a forecast of estimated expenditures during the five fiscal years subsequent thereto, or over the period of time remaining in the Agreement, whichever is the lesser.
13. Canada and the Province shall keep adequate records of all expenditures made pursuant to this Agreement and shall support such expenditures with the proper documents. Canada and the Province upon request shall make these records and documents available to auditors appointed by the other.
14. Subject to this Agreement, Canada shall pay to the Province expenditures made by the Province pursuant to development projects under this Agreement upon the submission of a claim in a mutually agreed manner and form by the Province certified by a senior official of the Province and bearing a Provincial audit certificate. On the request of the Province and upon the submission to Canada by the Province of an annual expenditure statement bearing a Provincial audit certificate, Canada may also make advance payments towards the cost of development projects approved pursuant to this Agreement.
15. Each development project jointly agreed to by Canada and the Province shall specify each party's respective share of the cost of the undertaking and of the operation and maintenance for which Canada and the Province each shall be liable hereunder and shall also specify the share of any revenue from the project that shall accrue to each of Canada and the Province.

*Amendment No. 1
October 22, 1970*

16. (1) This Agreement may be amended from time to time by the mutual agreement of the Ministers expressed in writing, except that
- (a) any amendments to the financial limitations set out in Parts I to VII inclusive shall apply on the part of Canada only to monies payable out of the Fund and shall not involve any increase in the total financial limitation of \$11,333,000 for monies payable out of the Fund; and
 - (b) no change in any ratio of cost-sharing by Canada and the Province shall be made without the approval of the Governor in Council and the Lieutenant-Governor in Council.
- (2) For the purposes of this Section, "Ministers" means the Minister of Regional Economic Expansion of Canada and the Premier of the Province, and includes anyone authorized by either of them to act on his behalf.
17. The following conditions with respect to employment and the award of contracts under this Agreement shall apply to all projects carried out under this Agreement and, in the case of sub-paragraph (b) hereof, shall be made a condition to all contracts entered into as a result of this Agreement:
- (a) where practicable, the recruiting of labour shall be conducted through the Canada Manpower Division of the Department of Manpower and Immigration;
 - (b) in the employment of persons on any project there shall be no discrimination by reason of race, national origin, colour, religion or political affiliation;
 - (c) in respect of all projects carried out under this Agreement, Canadian material will be used to the full extent that it is procurable and consistent with proper economy and the expeditious performance of the project concerned; *Amendment No. 1
October 22, 1970*
 - (d) the provisions and procedures of Section 16 of the Federal-Provincial Special Areas and Highways Agreement of April 21st, 1970, made between the parties hereto, will apply to all construction projects carried out under this Agreement, except that the functions assigned thereunder to the Liaison Committee will be performed by the Management Committee hereinafter referred to. *Amendment No. 1
October 22, 1970*

Amendment No. 1
October 22, 1970

18. The Province will indemnify and save harmless Canada from any and all claims and demands of third parties in any way arising out of the financing by Canada of the projects, except as such claims or demands relate to injury or loss attributable to the act or negligence of any officer, employee, or agent of Canada.
19. This Agreement shall commence on, and take effect from, the date on which it becomes signed by both Canada and the Province and no costs incurred prior to April 22, 1966 shall be eligible or considered for payment under this Agreement. The Agreement shall terminate on September 20, 1976, and no project or program shall be approved after this date and no claim for contribution made in respect of any project or program under this Agreement or part of the program under this Agreement shall be paid unless it is received by Canada within one year following this expiry date. This Agreement may be renewed for any further period agreed upon by the parties hereto, but such renewal shall be subject to the approval of the Governor in Council and the Lieutenant-Governor in Council.
20. (a) No Senator, member of the House of Commons or member of the Legislature of the Province shall hold, enjoy or be admitted to any share or part of any contract, agreement, commission or benefit arising out of any project under the Agreement, but notwithstanding this nothing shall prevent any resident of New Brunswick from sharing in the benefits of this program.
(b) All construction work for projects carried out under this Agreement shall be subject to and carried out in accordance with labour conditions to be agreed to by Canada and the Province.

Amendment No. 1
October 22, 1970

PART I

ADMINISTRATION

21. The purpose and intent of this Part is to establish managerial machinery to implement effectively the program described in this Agreement; to provide for adequate co-ordination among Canada, the Province and their agencies herein affected; to ensure that by placing its management in the hands of one provincial agency, there is co-ordinated and comprehensive execution of the whole program; and to arrange for continued Canadian involvement and participation in the planning and operation of the program.
22. Except as otherwise specified in this Agreement, the Province shall be responsible for implementing, operating and maintaining the program through its agency of the Community Improvement Corporation, or such other department or agency of the Province as may be designated by the Province.
23. Canada and the Province will establish a Management Committee consisting of a Program Director appointed by each party, and all development projects shall be reviewed and recommended by the Management Committee. The Management Committee shall also perform the functions mentioned in sub-paragraph (d) of paragraph 17 and any other functions that may be assigned to it by the parties.
24. The Province shall provide the staff and administrative facilities necessary for the implementation of those parts of the program assigned to the Province including, but not so as to restrict the generality thereof:
- (a) any field staff that are required for the implementation of re-establishment or rehabilitation programs;
 - (b) any staff that are required for general counselling services;

*Amendment No. 1
October 22, 1970*

*Amendment No. 1
October 22, 1970*

- (c) information services;
- (d) any other projects specified by this Agreement except those specifically assigned to Canada.

*Amendment No. 1
October 22, 1970*

25. Canada will contribute 75% of the costs directly related to the administration of the program or \$412,000, whichever is the lesser.

PART II

LAND USE AND ADJUSTMENT

26. The purpose and intent of this Part is to assist in the establishment of viable farming units and a rational forest industry by means of the voluntary acquisition and consolidation of small land holdings in the area into larger units and a land bank. Notwithstanding anything in paragraph 27, acquisition of lands under this Part will be phased out by Canada and the Province, with a view to terminating this Part of the Program by the end of the fiscal year 1971-72.

*Amendment No. 1
October 22, 1970*

27. Canada and the Province jointly shall undertake, during a period of 10 years, development projects that will provide for the voluntary purchase and acquisition of not more than 90,000 acres of land in the area which shall be consolidated into a land bank. The title to all such lands shall be taken in the name of the Community Improvement Corporation. Notwithstanding anything in this Part, Canada shall not contribute more than \$375,000 to the cost of land purchased under this Part.

*Amendment No. 1
October 22, 1970*

28. Proposals for development projects under paragraph 27 hereof shall include a description of the land to be purchased, the cost of such purchase, the projected use of the land and a plan for land use controls or zoning for all the lands in the area. Any project under paragraph 27 hereof may also include minimum forest management costs.

29. The Province may lease or sell land purchased under paragraph 27 for use in agriculture, forestry, conservation, recreation, industrial use or townsite development, but only in a manner to which Canada and the Province jointly agree or under terms and conditions of projects approved under Parts III, V and VI of this Agreement.

*Amendment No. 1
October 22, 1970*

Amendment No. 1
October 22, 1970

30. The Province shall establish a revolving account from which it may draw the capital cost of projects within paragraph 27 and to which revenue accruing from the subsequent sale or lease of land so purchased shall be credited. Upon approval of any development project, such a revolving account shall be established in respect of the said project and Canada shall contribute initially to such accounts 75% of the cost of the project. Canada shall also from time to time contribute 75% of any increase in the account that may be required and of any net loss the account may suffer. Upon expiry of this Agreement the share of Canada in any such account shall be 75% of any net balance remaining therein and of any equity accruing to the account.

PART III

FOREST INDUSTRY DEVELOPMENT

31. The purpose and intent of this Part is to provide for the use of part of the lands acquired under Part II for the establishment of adequate forest reserves and to provide adequate management of such forest lands so as to assist the forest industry and assure it an adequate supply. Also to assist forest industries as provided in paragraph 32A.

*Amendment No. 1
October 22, 1970*

32. Canada and the Province subsequent to approval of the land bank projects under Part II hereof jointly shall undertake projects that provide adequate management of forest land holdings and that provide for forest improvement, improved harvesting methods and other feasible improvements in production.

32 A (1) The Province will undertake the upgrading of roads in the area in order to accommodate the increased heavy traffic involved in the operations of local forest industries.

*Amendment No. 1
October 22, 1970*

(2) The Province will make a grant to a large pulp mill constructed in the Mactaquac Rural Area as a contribution to the start-up and initial operating costs of the mill.

32 B (1) Canada will pay to the Province a special adjustment grant in the amount of \$595,000 in order to:

*Amendment No. 1
October 22, 1970*

(a) Provide for the inclusion and adjustment of payments and expenditures made by the Province; and

(b) adjust for programs that were:

(i) 100% federally funded and 90% federally funded and are now to be shared between Canada and the Province on a 75%-25% basis;

(ii) 33 1/3% provincially funded and are now to be shared between Canada and the Province on a 75%-25% basis.

(2) One-half of the said grant shall be payable forthwith after signature of Amendment No. 1 to this Agreement, and the balance shall be payable not later than April 30, 1971.

Amendment No. 1
October 22, 1970

33. Canada shall contribute to the jointly approved projects under this Part 75% of the cost thereof, or \$3,231,000, whichever is the lesser, plus the special grant of \$595,000 referred to in paragraph 32B.

PART IV

FARM CONSOLIDATION

34. (deleted).

35. (deleted).

36. (deleted).

Amendment No. 1
October 22, 1970

PART V

RECREATION

37. The purpose and intent of this Part is to increase and improve facilities and provide attractions in the area in order to attract tourists and visitors to the area.
38. Canada and the Province upon their joint approval thereof shall undertake projects hereunder for:
 - (a) the development of historic attractions in the area;
 - (b) the development of a major recreational site near the Mactaquac Dam;
 - (c) the development of a system of smaller provincial parks in the area;
 - (d) the development of a major tourist information centre in the area.
39. All development projects under paragraph 38 hereof shall include details as to cost, expected revenue, administration, park design, facilities, the site and any other information that the parties hereto may require.
40. Notwithstanding anything in this Part, no project shall be approved or undertaken under paragraph 38 hereof unless and until the Province has undertaken to the satisfaction of Canada an adequate program of pollution abatement of the waters involved in the Mactaquac development.
41. Except for the costs of pollution abatement which shall not form any part of this Agreement or of the program or projects thereunder, Canada shall not contribute to the jointly approved projects under this Part more than 75% of the cost thereof, or \$6,187,000, whichever is the lesser.

*Amendment No. 1
October 22, 1970*

*Amendment No. 1
October 22, 1970*

PART VI

TOWNSITE DEVELOPMENT

42. The purpose and intent of this Part is to create and establish a new town centrally located in the area, convenient to services and on a site physically capable of expansion in order that commercial and institutional services in the area may be regrouped and modernized and that it may form the future centre for lumber and wood using industries.
43. Canada and the Province on a site to be approved thereby shall establish a new town in the area with adequate municipal services, a residential area, an industrial area, a community centre containing shopping facilities, a community hall, town and other government offices and police and fire protection.
44. The Province shall construct an elementary school and a secondary school in the new town.
45. To encourage settlement of the town the Province shall provide lands the payment for which shall be subsidized for the first five years after purchase and shall where necessary provide subsidized low-rental housing.
46. The Province shall undertake the projects under paragraphs 43 and 45 hereof in co-operation with the Central Mortgage and Housing Corporation and the said Central Mortgage and Housing Corporation, not the Fund, shall be the only source of funds by which Canada shall participate in the cost, estimated to be \$2.3 million, under this Part.
47. If there is sufficient private capital invested in a wood processing complex near the new town, Canada and the Province jointly shall undertake a development project to provide services to an industrial site at or near the new town.

Amendment No. 1
October 22, 1970

48. Notwithstanding anything in this Part and with respect only to projects jointly undertaken under paragraph 47 hereof Canada shall contribute to the jointly approved project 75% of the total cost, or \$420,000, whichever is the lesser.

PART VII

RE-ESTABLISHMENT, REHABILITATION, MANPOWER MOBILITY AND TRAINING

49. The purpose and intent of this Part is through training and re-establishment assistance programs to afford adequate opportunities to those persons displaced by projects under Part II hereof, to assist and encourage those who wish to take advantage of manpower programs and to improve generally the employment capability of the people in the area. The cost-shared projects under this Part will be phased out by Canada and the Province, with a view to terminating this Part of the program by the end of the fiscal year 1971-72.

*Amendment No. 1
October 22, 1970*

50. To re-establish and rehabilitate persons who voluntarily sell their lands under Part II hereof, Canada and the Province, subject to their joint approval, shall undertake projects which provide the following assistance:
- (a) with respect to those who voluntarily sell their land, general counselling services to assist them to take advantage of available education and training programs and to re-establish themselves;
 - (b) with respect to families who voluntarily sell their land and move to any growth point centre approved by the parties hereto, a re-establishment grant to each such family of not more than \$2,400 calculated on the basis of the number of dependents;
 - (c) with respect to those who voluntarily sell their land and move to such a centre, the costs of moving;
 - (d) with respect to those of age 55 to 65 who voluntarily sell their land, are resident in the area and whose equity in the land will not equal \$1,200 a year until age 65 if paid on an annual basis, special assistance to assure a minimum income of \$1,200 per annum until age 65.

51. Notwithstanding anything in this Part, any amount payable in respect of projects under this Part shall be reduced by the amount which the Canadian Department of Manpower and Immigration pursuant to other federal-provincial agreements is liable to pay in respect of matters provided for in this Part.

Amendment No. 1
October 22, 1970

52. Canada shall contribute from the Fund to the jointly approved projects under this Part 75% of the cost thereof or \$113,000, whichever is the lesser. In addition, up to \$2,300,000 of Canada Department of Manpower and Immigration funds may be expended under ongoing programs under other federal-provincial agreements.

PART VIII

RESEARCH

53. Canada and the Province may jointly undertake further planning, social and economic studies, feasibility studies and assessments of the program or any project under this Agreement.
54. The cost of studies undertaken under this Part shall be shared between Canada and the Province in the same proportion as the Agreement provides herein for the subject matter to be studied.

IN WITNESS WHEREOF the Honourable Maurice Sauve, Minister of Forestry of Canada, has hereunto set his hand on behalf of Canada and the Honourable Louis Robichaud, Premier of the Province has hereunto set his hand on behalf of the Province the day and year first above written.

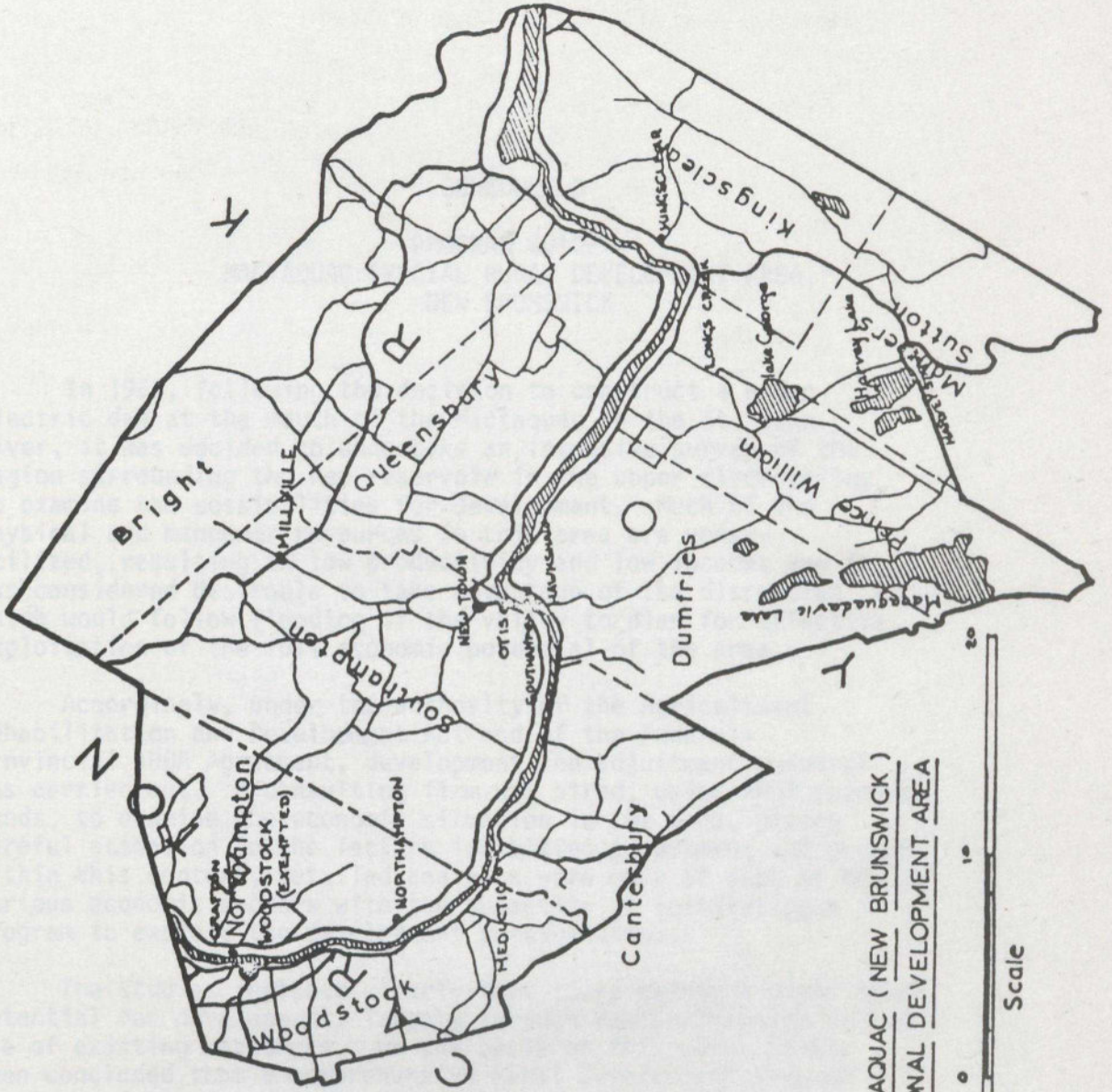
In the Presence of : Signed on behalf of the
Government of Canada
F.R. Drummie Maurice Sauvé

and

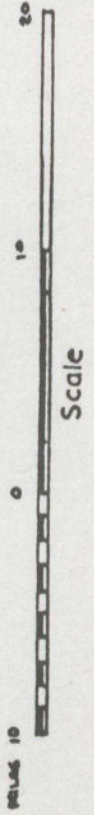
In the Presence of : Signed on behalf of
New Brunswick
A. Davidson L.J. Robichaud

NOTE: The changes in the ratio of Federal-Provincial cost-sharing made by Amendment No. 1 are effective as of April 1st, 1970, and apply to all costs incurred on and after that date in respect of projects provided for by the Agreement as amended.

SCHEDULE A



MACTAQUAC (NEW BRUNSWICK)
REGIONAL DEVELOPMENT AREA





SCHEDULE B

PROGRAM GUIDE - MACTAQUAC SPECIAL RURAL DEVELOPMENT AREA, NEW BRUNSWICK

In 1963, following the decision to construct a hydroelectric dam at the mouth of the Mactaquac on the St. John River, it was decided to undertake an intensive survey of the region surrounding the new reservoir in the upper river valley to examine the possibilities for development. Much of the physical and manpower resources in this area are underutilized, resulting in low productivity and low incomes and it was considered desirable to take advantage of the disruption which would follow flooding of the valley to plan for effective exploitation of the full economic potential of the area.

Accordingly, under the authority of the Agricultural Rehabilitation and Development Act and of the Federal-Provincial ARDA Agreement, development and adjustment research was carried out. A consulting firm was hired, using ARDA research funds, to examine the economic situation in the area, giving careful attention to the factors inhibiting adjustment and growth. Within this context, detailed analyses were made of each of the various economic sectors with the objective of formulating a program to exploit the development possibilities.

The studies indicate clearly that there exists a significant potential for development, largely through rationalization in the use of existing resources. On the basis of this work, it has been concluded that a comprehensive Rural Development Program should be implemented as provided under the Fund for Rural Economic Development Act.

THE CURRENT SITUATION

There are, at present, approximately 10,200 people living in the area in some 2,250 households. For some 1,310 of these households the household head is active in non-farm pursuits, 515 are farmers or part-time farmers and 420 are retired.

The total labour force in 1963 was estimated to be 2,850 workers, of which 1,700 had regular steady employment, 230 were unemployed and the balance, some 920, were engaged largely in seasonal occupations and unemployed for parts of the year. In consequence the average annual income in the area is very low, amounting, in 1963, to \$734 per person. This compares with \$1,151 per season for New Brunswick as a whole and \$1,734 for Canada. Income per household averaged \$3,340 per year but 71 per cent of the retired, 57 per cent of the farm and 37 per cent of the part-time farm households received incomes of less than \$2,050 per year from all sources.

Notwithstanding the economic difficulties in which the people of the area find themselves, a substantial measure of adjustment has been occurring. Emigration from the area has been at the rate of about 1.2 per cent per year over the past ten years and there are growing numbers who, while living inside the area, are working outside. Among the farm population there has been a gradual increase in off-farm work. With increased knowledge of labour markets and the gradual development of attractive alternatives, many of these people have been led to stop their farming or woodlot operations entirely.

The obstacles to adjustment, however, remain serious enough to require either a severe measure of hardship or a fairly well defined and attractive alternative to induce people to change their situation. Lack of education, labour market knowledge and limited markets for existing assets all contribute to the difficulties. In addition, small and fragmented land holdings, low levels of skill and other factors, have made difficult the introduction of new technology in production and marketing of forest and agricultural products. The result has been that productivity remains low and opportunities for development slow to be realized.

STRATEGY

The studies of forestry, agriculture and recreation indicate that there exists a substantial capability and opportunity for increased efficiency and growth in these sectors. In the forestry sector the prevalence of small, under-utilized and inefficiently managed forest holdings result in uncertain supplies of usable timber. In these circumstances it is difficult to attract private developmental capital. Similarly, in agriculture, the slow rate of farm amalgamation, shortages of capital and inadequate management training, have made difficult the organization of good agricultural lands in the area into productive farming units. Finally, in the recreation sector, a comprehensive and well planned infrastructure is an essential prerequisite if private capital is to be attracted to exploit the substantial potential demand for tourist facilities in the area.

The first priority, therefore, is to remove the barriers to development of the resources in the area. This will be achieved through the public acquisition of land voluntarily offered for sale or lease in the area and re-distribution through sale or lease to its best use. In addition, it is intended that public investments will be made in the infrastructure required to attract private capital for recreation facilities and for facilities to process forest products. Finally, through effective use of the land bank, assistance will be provided to help establish viable farming units.

It is clear, however, that land use rationalization cannot occur unless alternative opportunities are attractive enough to land holders that they will voluntarily sell or lease their property. Accordingly, priority is also to be given to measures to encourage mobility. In addition to cash assistance when required, as set out in the Agreement, it is intended to provide assistance for upgrading education levels and working skills to enable these people to take advantage of opportunities coming available within the region or in other development centres of the Province outside the region.

To assist in relocating people affected by flooding and by land use adjustment and to assist in the development of timber using industries in the area, it is intended to promote the development of a townsite in the area. A new town is to be constructed in the centre of the area on the north bank of the St. John River. Within the framework of this carefully planned town, assistance will be made available for housing, services to property, education and other public facilities.

In summary, the basic objective of the development plan is to increase the level of incomes and the standard of living of the people presently in the area. To a large extent it is expected that this can be achieved through the full exploitation of the existing resources and through manpower training and other assistance programs to improve the capabilities of the labour force. These activities will substantially improve the climate for private investment which will generate employment for people affected by other parts of the program.

ACTION PROGRAM

Major expenditures in the area are being made in connection with the construction of the hydro-electric dam just below the confluence of the Mactaquac and St. John Rivers. The dam itself, which will be completed shortly, together with the power generating equipment to be installed as demand requires, will cost a total of \$64.7 million. Added to this are costs of some \$13.6 million for engineering, administration, the work campsite

and an allowance for contingencies, making a total direct cost for the power project of about \$78.3 million. The New Brunswick Electric Power Commission is undertaking this work with financial assistance amounting to \$20 million to be provided through a grant from the Atlantic Development Board.

As part of the power development project, the New Brunswick Electric Power Commission will be required to provide compensation amounting in total to just over \$14 million for people and works which are damaged as a result of flooding some 15,000 acres of occupied land along the river valley between the dam and the town of Woodstock.

While these investments and expenditures form an important part of the environment in which the development plan will be implemented, the costs of the power project including compensation are separate from and do not form part of this Comprehensive Rural Development Agreement. The elements of this Agreement are set out below.

1. Land Acquisition, Use and Control

The large number of small holdings in the area, including many which have been vacated, present a serious obstacle to rational development of viable agricultural and forestry industries, and to the growth of opportunities available to the people. It is agreed, therefore, that the first priority, in encouraging the adjustments needed to increase productivity, must be the consolidation of these lands into viable agricultural and forest holdings.

To accomplish this, the Community Improvement Corporation (CIC), an agency of the Government of New Brunswick, is authorized to purchase lands offered for sale in the area. These lands, to be acquired at market value, will be consolidated in a land bank from which land may be drawn through sale or lease for use in agriculture, forestry and recreation as required.

Over a period of ten years approximately 90,000 acres will be purchased from persons offering for sale land which is presently idle or employed in low income farming or farm woodlot operations. It is expected that some 20,000 acres of this land will be re-allocated to agricultural uses, about 64,000 acres to forestry and about 6,000 acres would revert to conservation reserve.

On the basis of the estimated market value of the land involved, it is expected that the capital requirements for the program will in total amount to \$2.3 million. Because of the

possibilities of recouping part of this through sale or lease, it is agreed that the program will be financed by means of a revolving fund amounting in the first instance to \$750,000. Purchases would be made from the fund while revenues from leases and sales would accrue to the fund, together with recoupments from the federal and provincial governments in respect of losses on transactions.

Because of the need for rapid assembly of these lands and the importance of providing adequate protection for those displaced by the program, it is agreed that additional assistance over and above the purchase price of the land will be provided. This assistance will take the following forms:

- (a) For all families living on their holdings, who choose to move to a central location, an additional grant may be authorized of up to \$2,400 per household according to the number of dependents. For household heads eligible for the manpower mobility grants the amount of such grant will be deducted from the \$2,400.
- (b) Assistance to cover the costs of moving to approved centres.
- (c) For those aged 55 to 65 who are living within the area and who sell their holdings as part of the consolidation program, additional special assistance will be provided where necessary to ensure a minimum level of income to age 65. In particular, individuals aged 55 and over whose equity, which if paid on an annual basis would not provide \$1,200 per year to age 65, will receive a special annual assistance payment to guarantee this minimum level of income. It is the intention to provide special assistance only to those who for one reason or another, either their inability to work or lack of job opportunities, are certified by the local counsellor as requiring special assistance. For those who do qualify for assistance it will be paid in the form of an annuity over the period to age 65. If the family head chooses, the capital raised through the sale of his real assets may be paid out on the basis of an annuity over whatever period he chooses.

In all it is expected that some 700 families might be affected by the land purchase program and be eligible for assistance. On this basis the cost of the re-establishment grants may be expected to amount to about \$1.0 million. The special assistance for persons aged 55 to 65 is expected to amount to about \$800,000 over the ten-year period.

In addition, it is intended that two general counsellors will be hired to work in the area to inform rural residents of the range of government programs available to them, and for those who do more within the area, to help them make the adjustment from rural to urban or town environment. The costs of this assistance will amount to \$200,000 over the ten-year period. Services such as manpower counselling, social welfare and others will continue to be provided by the departments and agencies responsible for these services.

In implementing this land bank program, project proposals will be submitted outlining in detail the area in which lands will be acquired, the cost of acquisition, arrangements regarding re-establishment or other assistance to those whose lands are purchased and purposes for which the land will be acquired, including townsite, recreation, agriculture, forestry and conservation reserve. In addition, provisions will be included outlining measures to implement a land zoning program to control the use of lands in the Mactaquac region.

2. Forest Industry Development

Extensive studies carried out in the forest sector indicate that the potential supply of hardwood in the Mactaquac and surrounding region is sufficient to sustain a wood processing industrial complex in the area. There are, however, two serious problems which have acted to delay any commitment of private investment capital.

The first of these is that a firm which does invest in the area must be assured of markets for its products. This is entirely a matter for the individual investor except to the extent to which a firm which does have market access can be induced to invest in the area.

The second problem which relates to the present uncertainty of supplies from the immediate area, arises from the inefficiencies of management on small holdings. While consolidation of this land through the operation of the land bank, together with some minimal control will be an important step, it will not by itself entirely solve the problem. It is agreed, therefore, that provision is to be made for a more intensive management program of the forest lands acquired under the Land Bank program.

Detailed arrangements for the management program will be drafted and reviewed by Canada and New Brunswick within the framework of this Agreement. The project proposal will provide for forest stand improvement, improved harvesting methods and other production improvements as judged to be economically

feasible. Consideration will also be given to provisions for marketing harvested wood should this prove necessary and feasible.

Estimated costs amount to \$600,000 but actual expenditures will depend upon the size of program which can be justified on economic grounds.

3. Agriculture

With the re-organization of land holdings through the operation of the Land Bank, an opportunity arises for consolidating land of good agricultural capability. A carefully controlled release of this land to farm operators could substantially improve productivity and incomes in the farm sector.

It is intended, therefore, to provide assistance through the land bank to farmers to help expand and modernize their farming operations in areas where the quality of the land is suitable to sustain a viable agriculture. Assistance in farm planning and management will be provided for those wishing to utilize Land Bank holdings; efforts will be made to ensure that existing credit facilities and other existing measures of assistance are made fully applicable in the area; and where required, land will be made available on terms and conditions, which will enable the operator to establish an efficient viable self-sustaining farm unit.

The surveys of the land capability indicate that perhaps some 150 to 200 modern, productive farms can be sustained in the area, although firm figures will have to await the findings of further studies. In addition, there are indications that some of the 7,000 acres of riverbank soil is suitable for supporting orchard development and it is intended to conduct detailed investigations to determine the locations where this potential can be exploited economically.

To the extent that direct subsidies for land are required, these will be charged into the costs of the Land Bank program. These charges will form the bulk of the assistance to this sector. Other assistance, however, will be provided for management training and, where necessary, for land development as provided under the Federal-Provincial Rural Development Agreement to a maximum of \$1,000 per farm or a maximum total cost of \$200,000.

In implementing this program, project proposals will be submitted, outlining in detail the lands to be assembled, the mechanism through which decisions will be made for the allocation of land to individual farmers, the extent of land

subsidies, if any, to be provided, and the means of providing management advice to those farmers who will operate the newly enlarged holdings.

4. Recreation

The new Trans-Canada Highway passes through the entire length of the Mactaquac Region and is the main travel route for Canadian tourists visiting the Atlantic Provinces. In addition, it is anticipated that the completion of the interstate highway system to Houlton, Maine in 1967, with the 12 mile connecting link to the Trans-Canada at Woodstock, will provide easy access to the region for increasingly larger numbers of U.S. tourists.

Because of the present lack of recreational facilities, the majority of tourists do not spend much time in the region. The Mactaquac Dam and the attractive setting of the reservoir will create a tourist attraction of considerable magnitude.

The program for development of the tourist facilities provides for the formulation and consideration of three major project proposals - the development of authentic historic attractions in the area; a major park development on the Mactaquac Arm near the Dam and a system of regional parks along the highway.

The development of historic attractions is still under study. In general these will include the re-creation of a Loyalist hamlet, preservation of historic buildings and other items contributing to a display of the history of the area. These projects will be considered in the light of details regarding location, plans, phasing, revenue sharing and administrative operation. The cost of this project is \$3.7 million.

Project proposals for the park system and for the major recreation development at Mactaquac will also be considered when the details have been finalized and firm project proposals put forward. The proposals will indicate the facilities to be provided, their cost, phasing, location and other relevant details. It is expected that total expenditures under this part of the program will amount to \$3.9 million.

The approval of specific proposals under the recreation part of the Plan depends upon the undertaking by the Province, of an adequate pollution abatement program of the waters involved. In carrying out this work, full use will be made of the federal assistance available from the Atlantic Development Board.

5. Townsite Development

The studies, undertaken in the area, of population movements and service facilities have pointed up the declining activities in the small agricultural based settlements and the serious effects these are having locally on the efficiency and livability of the rural areas. Accentuation of these trends through the operations of the land bank and as a result of the flooding of the valley will, in the absence of public action, only add to the difficulties. On the other hand it is clear that the resource base will continue to support a substantial portion of the existing population and efforts should be made to provide the necessary social and commercial services as efficiently as possible. The region is too large for this function to be adequately performed by Woodstock or Fredericton. These communities lie on the extreme ends of the project area, approximately 80 miles apart by road.

Accordingly it is intended to assist in the establishment of a new community in the central part of the region. This community would serve to regroup and modernize the commercial and institutional services in the region and provide a nucleus of attractions for displaced families. Should the establishment of a wood using industrial complex occur in this community there would be opportunity for further growth beyond a minimal service centre.

On the basis of the studies, it was concluded that a site, about half-way between the dam and the town of Woodstock on the north shore of the river, offered many advantages. It is centrally located within the region, on the Canadian Pacific rail line, near the Trans-Canada Highway, with easy access to Canadian and United States markets, close to a local landing strip and only 40 miles from a main air terminus at Fredericton. Moreover the site itself is attractive, offering good separation between the town and the industrial sector, with ample room for expansion of both. Accordingly, it is intended to assist the development of a fully planned community of some 65 homes with adequate room for further expansion should industrial development occur.

The land required for the community and industrial site (about 500 acres) will be purchased by the C.I.C., serviced and sold to homeowners. For the first five years, it is intended that the resale price of this property will be heavily subsidized with a gradual increase toward market value as the community becomes established. This will assist prospective homeowners in carrying financing costs and at the same time provide an incentive for more rapid settlement of the town. The land costs and the service costs for the

residential area will total an estimated \$1 million. Consideration will also be given, if the need is evident, to the construction of some subsidized residential housing.

In addition to the requirements in the residential area, basic road, sewer and water services will be provided for the commercial sector which will contain shopping facilities, a community hall, town and other government offices, police and fire protection, and an elementary school and a high school. It is expected that these services including land and a central sewage collection and disposal system will cost an estimated \$1.3 million. The two schools are considered to be an important element in the establishment of a viable service centre and accordingly, construction of these facilities forms an integral part of the plan for expenditures under this part of the program.

The Community Improvement Corporation will be responsible for over-seeing the development of this townsite, working in co-operation with the Central Mortgage and Housing Corporation on decisions with regard to the town plan, minimum housing standards, subsidized housing for any as required and other matters falling within the jurisdiction of C.M.H.C.

Finally, it is intended to service an industrial site with water, sewer and roads should the anticipated private investments in a wood processing complex materialize. The cost of these services, excluding land, will not exceed \$500,000.

6. Manpower Mobility and Training

It might be expected that, over a ten-year period, some 700 to 800 workers will take advantage of assistance provided under Federal-Provincial manpower programs. Expected expenditures on mobility grants are included as part of the costs shown in section 1(a) above. Other measures, of which training allowances will form the major part, are expected to amount to \$2 million over the ten-year period.

It is to be noted that the elements of the manpower program together with the cost shares shown in the table, are subject to revision when the Federal-Provincial agreements are reviewed in 1967. The cost shares and program elements shown in this plan, therefore, are indicative only and do not commit either the Provincial or the Federal Governments beyond the life of the existing agreement.

7. Extension Services and Information

In order that the people of the area will be fully informed about the program and able to actively participate in it, it is intended that a carefully planned and executed program of public information, extension services and education will be initiated in the immediate future. These programs will be oriented to meet the needs of each of the various sectors of the population residing in the area. The objective is to foster full public understanding of the program and to encourage active participation of the local people in carrying out the development programs in the area. It is anticipated that over a five-year period some \$600,000 will have to be set aside for these activities.

8. Implementation

It is agreed that New Brunswick will implement this Comprehensive Rural Development Plan and to this end will designate some authority, agency or central body which will be responsible for instigating, co-ordinating and phasing the separate elements of the broad program. The costs of administering this Plan are expected to amount to \$1.25 million over a ten-year period.

SCHEDULE B1
ADDENDUM TO PROGRAM GUIDE
(Added by Amendment No. 1)

Paragraph 16 of the original Agreement provides for amending the Program Guide. The amendments are necessitated by unforeseen circumstances and the effect of a number of years of programing which requires an alteration of strategy and program priorities.

The basic objective of the original Agreement was to increase the levels of incomes and standard of living of the people in the area. This was to be accomplished principally by encouraging the rationalization of resource-based industries and making some expenditures on development in the primary sectors. Provisions were also made to assist the population to upgrade their education level, improve their skills and facilitate relocation.

The 1967 decision to locate a large pulp mill in the Mactaquac Rural Area removed the need for relocating population out of the area and provided a market for products of owners of forest lands and employment for those engaged in wood harvesting. While these were positive and non-disruptive forces, the size and requirements of the mill placed heavy demands on the Province for road construction, serviced industrial land and other infrastructure. The amended Agreement makes provision for the realignment of priorities in expenditures to provide substantial encouragement for the full exploitation of the forestry resources in the area.

The land acquisition program to facilitate the rationalization of the agricultural and forestry sectors and the development of the recreation sector, experienced a mixed reception. In the face of a generally depressed condition in the agricultural industry, few farmers wished to create larger units. The new mill changed the economics of forestry land and obviated the necessity for providing a market for land for owners desiring to relocate or a means for consolidation.

The program did, however, provide the mechanism for the development of the recreation sector. In respect to land acquisition and its use and adjustment, the Amendments provide for a phasing out of these programs except for the needs of the recreation sector.

Developments in the recreation sector envisaged in the original Agreement have proceeded generally on schedule. Further land is required to ensure controlled land use adjacent to recreation sites and for additions to the sites themselves. Unforeseen increases in development costs require the re-assignment of funds to complete a number of projects.

The stimulus to the employment situation by the new mill and other developments, and the accomplishments of the Department of Manpower and Immigration under the Adult Occupational Training Act justify a phasing down of any special provisions in the amended Agreement for social programs. It is envisaged, however, that the Department of Manpower and Immigration will continue to identify the area as one requiring special attention.

In summary, the original Agreement was orientated towards the adjustment of the primary sectors and some special social programs. In the light of changed circumstances and experience, the amended Agreement is oriented towards encouraging development in the forest industry and the continued development of the recreational and historical aspects of the area.

1. Land Acquisition, Use and Control

The original Agreement placed first priority on consolidation of lands in the region and re-allocation of these lands to town-site, recreation, agriculture, forestry and conservation uses. Since the signing of the original Agreement, this activity has met with limited demand. In this light, and in keeping with the shift in strategy, it is intended to phase out the land acquisition program by the end of the 1971-72 fiscal year. During the 1970-72 period, limited funds will be allocated to the acquisition of those lands required to maintain the aesthetic value of the Mactaquac Headpond; the enlargement of recreational areas; and the consolidation of a limited amount of agricultural and forestry land, where such consolidation will enhance the productivity and viability of commercial operations.

To ensure the smooth operation and phase out of this activity the provisions for mobility, counselling, extension, information, administration and land use control as outlined in the original program guide, will remain in effect.

2. Forest Industry Development

The investments in the forest industry described in the original Agreement were based upon a need to consolidate holdings and provide a management program. These investments did not envisage the development of a wood-using complex of the type now in production in the Mactaquac Rural Area.

As a result of the development of the mill it has become necessary to increase the allocation of funds to forest industry development. This increase is necessary to provide for a grant to the mill for initial start-up costs; and to upgrade highway surfaces and structures to accommodate the increased heavy traffic delivering forest products to the wood-using industries of the area.

These expenditures are expected to be completed by the end of the 1972-73 fiscal year.

3. Agriculture

Due to the nature of the area and the limited response to programs under the original Agreement, further funds will not be allocated to agricultural development under the terms of this agreement. It is anticipated that the agricultural needs of the area will be fulfilled through the on-going programs of the New Brunswick Department of Agriculture and Rural Development.

4. Recreation

The original Agreement provided for development of a major park at the Mactaquac Hydro Dam, creation of a system of regional parks along the highway and development of the historical resources of the region. These developments have been hampered by increasing construction costs.

During the period, April 1, 1970 to March 31, 1974, increased funds will be allocated to recreation. The increase will be used to complete the development of Mactaquac Park; develop the resources and facilities at secondary parks and to allow for the acquisition of additional recreational land; to continue the development of the historical resources including the Kings Landing period settlement; by the purchase of additional lands to provide the buffer zone required to protect the investment of Canada and the Province at Kings Landing; and to contribute a portion of the cost of a major tourist information centre.

5. Townsite

The townsite at Nackawic will continue to be developed to meet the needs of its growing population.

6. Manpower Mobility and Training

Special investments in this activity will be phased out over the period, April 1, 1970 - March 31, 1972. The normal programs of the Department of Manpower and Immigration will continue to be available to residents of the area.

7. Extension Services and Information

These projects will be phased out over the period, April 1, 1970 - March 31, 1971, in keeping with the phase out of programs under programs 1. Land Acquisition, Use and Control, 3. Agriculture and 6. Manpower Mobility and Training.

SCHEDULE C
 MACTAQUAC SPECIAL RURAL DEVELOPMENT AREA
 SUMMARY OF COSTS AND DISTRIBUTION
 (As Amended by Amendment No. 1)

	<i>Total Cost</i>	<i>Provin- cial Cost</i>	<u><i>Federal</i></u> <i>DREE</i>	<u><i>Cost</i></u> <i>OTHER</i>	<i>%</i>
Thousand Dollars					
I ONGOING PROGRAMS BY OTHER AGENCIES					
<u>Manpower Programs</u>					
Vocational Training Allowances	1,900			1,900	100
Mobility Assistance					
Mobility Grants	300			300	100
Moving Allowances	100			100	100
<u>Central Mortgage and Housing Corporation</u>					
Land and Services					
Residential	1,000	250		750	75
Commercial	1,300	325		975	75
<u>Provincial Government</u>					
Schools	1,400	1,400			
TOTAL	6,000	1,975		4,025	
II REGULAR PROGRAMS					
Land Acquisition	500	125	375		75
Townsite Development	560	140	420		75
Mobility Grants					
Supplementary Moving Allowances, Special Assistance and General Counselling	150	37	113		75
Parks and Facilities, Historic Attractions	8,250	2,063	6,187		75
TOTAL	9,460	2,365	7,095		

	<i>Total Cost</i>	<i>Provin- cial Cost</i>	<i>Federal DREE</i>	<i>Cost OTHER</i>	<i>%</i>
Thousand Dollars					
III SPECIAL PROGRAMS					
Highways, Grant to Industry, Survey and Legal	4,308	1,077	3,231		75
Woodlots					
Agriculture, Extension, Information and Administration	550	138	412		75
TOTAL	4,858	1,215	3,643		
TOTAL all Programs	20,318	5,555	10,738	4,025	
Adjustment Grant	595		595		100
TOTAL PLAN	20,913	5,555	11,333	4,025	

