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# Subsidiary Agreement



Government  
of Canada  
Regional  
Economic  
Expansion

Gouvernement  
du Canada  
Expansion  
Economique  
Régionale



Province  
of Manitoba  
Department of  
Industry and  
Commerce

Province  
du Manitoba  
Ministère  
de l'Industrie  
du Commerce

CANADA / MANITOBA

INDUSTRIAL  
DEVELOPMENT



APRIL 21, 1978

# subsidiary agreement

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CANADA / MANITOBA

INDUSTRIAL  
DEVELOPMENT



APRIL 21, 1978

CANADA-MANITOBA  
SUBSIDIARY AGREEMENT  
ON INDUSTRIAL DEVELOPMENT

THIS AGREEMENT made this 21st day of April, 1978.

BETWEEN:

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented herein by the Department of Regional Economic Expansion and the Department of Industry, Trade and Commerce,

OF THE FIRST PART,

AND:

THE GOVERNMENT OF THE PROVINCE OF MANITOBA (hereinafter referred to as "the Province"), represented herein by the Department of Industry and Commerce, and the Department of Finance,

OF THE SECOND PART.

WHEREAS Canada and the Province have signed a General Development Agreement (hereinafter referred to as the "GDA"), dated June 5, 1974, under which they agree to co-operate jointly in selecting and implementing initiatives for the economic and socioeconomic development of Manitoba; and

WHEREAS Canada and the Province, to support the broad objectives of the GDA, agree opportunities should be sought to encourage industrial activities which are closely linked through backward, forward and final demand linkages to other economic activities; to develop industries in which Manitoba has a comparative advantage to other areas; to support high-wage industries and industries which provide stable long-term employment; and

WHEREAS Canada and the Province have identified a development opportunity to foster industrialization in the province for the purpose of enhancing income and employment opportunities for residents; and

WHEREAS the Governor in Council by Order in Council P.C. 1978-16/723 of the 9th day of March, 1978, has authorized the Minister of Regional Economic Expansion and the Minister of Industry, Trade and Commerce to execute this Agreement on behalf of Canada; and

WHEREAS the Lieutenant Governor in Council by Order in Council No. 372-78 of the 6th day of April, 1978, has authorized the Minister of Industry and Commerce, and the Minister of Finance to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

#### DEFINITIONS

1. In this Agreement:

- (a) "capital project" means any project as determined by the Management Committee, in which construction or related activities are involved;
- (b) "development opportunity" means the opportunity to foster industrialization in the province pursuant to the strategy and programs outlined in Sectors I, II and III of Schedules "A" and "B" of this Agreement;
- (c) "eligible costs" means those costs outlined in subsection 5.4 of this Agreement;
- (d) "Federal Ministers" means the Minister of Regional Economic Expansion and the Minister of Industry, Trade and Commerce, and unless the context otherwise requires, includes any persons authorized to act on their behalf;
- (e) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediate following year;
- (f) "Management Committee" means the committee established pursuant to subsection 3.1;
- (g) "Ministers" means the Federal Ministers and the Provincial Ministers;

- (h) "principal Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes any person authorized to act on his behalf;
- (i) "principal Ministers" means the principal Federal Minister and the principal Provincial Minister;
- (j) "principal Provincial Minister" means the Minister of Industry and Commerce of the Province and includes any person authorized to act on his behalf;
- (k) "program" means a component of a Sector as outlined in Schedules "A" and "B" of this Agreement;
- (l) "project" means any specific initiative which by itself or together with other initiatives constitutes a subdivision of a program under this Agreement; and
- (m) "Provincial Ministers" means the Minister of Industry and Commerce and the Minister of Finance and, unless the context otherwise requires, includes any persons authorized to act on their/his behalf.

#### PURPOSE, OBJECTIVES AND SUBJECT MATTER

- 2. (1) The purpose of this Agreement is to enable Canada and the Province, in accordance with the objectives and strategy outlined in the GDA, to enhance income and employment opportunities for residents of Manitoba by fostering industrialization in the province.
- (2) Canada and the Province agree to undertake the implementation of the development opportunity according to the strategy outlined in Schedule "A" and in pursuit of the following objectives:
  - a) to accelerate the industrial development process in the province through improving knowledge and promotion of industrial opportunities, through technology transfer and by fostering the establishment and development of manufacturing and small business firms;
  - b) to support the formation and expansion of small businesses through an incentive program; and
  - c) to offset the industrial infrastructure cost associated with plant location.

- (3) Canada and the Province agree to undertake the following programs pursuant to the objectives outlined in subsection 2.2 and the strategy outlined in Schedule "A" of this Agreement:
- a) industrial/commercial support;
  - b) technology assistance;
  - c) enterprise development centres;
  - d) industrial/commercial promotion;
  - e) co-ordination and assessment;
  - f) small business incentives;
  - g) industrial site preparation.

#### ADMINISTRATION AND MANAGEMENT

3. (1) The projects shall be carried out under the general direction and supervision of a Management Committee comprised of four regular members and two ex officio members. The regular members of the Management Committee shall be the Director General of Regional Economic Expansion in Manitoba, who shall act as federal co-chairman, a representative of the Department of Industry, Trade and Commerce, the Deputy Minister of the Manitoba Department of Industry and Commerce, who shall act as provincial co-chairman, and one other representative from the Province; or their designates. The ex officio members shall be one from the Federal Business Development Bank and one from the Manitoba Department of Finance.
- (2) The Management Committee shall be responsible for the overall management of this Agreement and, in particular, the following:
- a) ensuring that the intent and the terms and conditions of this Agreement are carried out during the duration of the Agreement;
  - b) approving projects under this Agreement;
  - c) recommending to their respective Ministers any changes in the financial limit of the sectors shown in Schedule "B";
  - d) recommending annually to the Ministers, on or before September 1 of each year, estimates concerning proposed expenditures under this Agreement for the subsequent fiscal year;

- e) appointing co-secretaries, one federal and one provincial, to assist with the overall liaison and the co-ordination of projects under this Agreement;
  - f) establishing sub-committees as required, or requesting, the presence of representatives from other departments or agencies where it is considered that their presence would contribute to the effectiveness of the Management Committee;
  - g) establishing guidelines and criteria required for the approval and efficient implementation of projects within a program; and
  - h) establishing such other procedures as may be required for the administration and management of this Agreement.
- (3) The provincial Department of Finance shall be responsible for the financial co-ordination of projects carried out by provincial departments or agencies under this Agreement.
  - (4) All projects to be undertaken under this Agreement shall be jointly approved by Canada and the Province through the Management Committee and shall be consistent with the objectives set forth in subsection 2.2.
  - (5) Decisions of the Committee shall be acted upon only if its regular members are unanimous. In those cases where the regular members of the Committee are unable to reach a unanimous decision, the matter shall be referred to the principal Ministers whose decision shall be final.

#### IMPLEMENTATION PROCEDURES

- 4. (1) This Agreement shall commence on April 1, 1978, and shall expire on March 31, 1983, or such earlier date as may be mutually agreed upon in writing by the Ministers.
- (2) During the term of this Agreement the Province shall, unless otherwise specified in Schedule "A" or by the Management Committee, undertake either directly, or shall arrange for the undertaking of the implementation of programs listed in Schedule "A".
- (3) Each project shall be described in an appropriate project authorization form which shall include the project name and description, the purpose and objectives, an outline of how the project is to be carried out and progress reported, the completion date, performance data to be provided, the total cost and the share of the cost to be borne by each party.

- (4) The Province shall acquire or arrange for the acquisition of all lands or interest therein that are required for projects under this Agreement, unless otherwise provided by the legislative enactments to which either party may be subject.
- (5) The financing by Canada of the projects to be implemented under this Agreement shall not confer upon Canada any proprietary interest in the physical assets constructed or acquired pursuant to this Agreement.
- (6) Notwithstanding subsection 4.5, when the use of any capital project is changed within ten years after acquisition or construction to a use incompatible with the intent of this Agreement, Manitoba shall pay Canada a share of the appraised market value of such capital projects at the time of the change in use, on the basis of the proportion paid by Canada of the original shared costs in the particular program or project.
- (7) Upon completion of each project for the implementation of which the Province is responsible, the Province agrees to accept full responsibility for the project's operation, maintenance and repair, except in cases where other federal-provincial arrangements specifically apply.
- (8) All construction contracts as well as contracts for the purchase of chattels and professional services shall be awarded in accordance with procedures to be approved by the Management Committee, and unless in its opinion it is not desirable to do so, shall be awarded to the qualified and responsible tenderer submitting the lowest evaluated bid. All announcements of such contracts shall be made jointly by Canada and the Province.
- (9) Reports, documents, plans, maps and other materials prepared by any person who has been awarded a contract pursuant to this Agreement shall become the property of the parties to the Agreement.
- (10) Canadian material, consulting and other professional services shall be used to the extent to which they are procurable and where practical and consistent with economy and efficiency as determined by the Management Committee.
- (11) The following conditions relevant to employment shall apply in respect of all projects carried out under this Agreement:
  - a) labour shall be recruited through Canada Employment Centres unless the Management Committee considers that this service cannot reasonably be provided after consultation with the Canada Employment and Immigration Commission;



- b) in accordance with Human Rights Legislation of Canada and the Province, there shall be no discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation in the employment of persons on a project; 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.

#### FINANCIAL

- 5. (1) Subject to the terms and conditions of this Agréement and subject to the funds being made available by the Parliament of Canada, the maximum contribution by Canada in respect of jointly approved projects shall not exceed twenty-six million four hundred thousand dollars (\$26.4 million).
- (2) Subject to the terms and conditions of this Agreement and subject to the funds being made available by the Legislative Assembly of Manitoba, the maximum contribution by the Province

in respect of jointly approved projects shall not exceed seventeen million six hundred thousand dollars (\$17.6 million).

- (3) Canada and the Province shall contribute to the eligible costs of this Agreement in accordance with the ratios indicated in Schedule "B", but the total contribution of Canada hereunder shall not exceed sixty percent (60%) and the total contribution of the Province shall not exceed forty percent (40%), and should there be any discrepancy between the amounts paid out by either party and the percentage of their total contribution as fixed herein there shall be made a financial adjustment accordingly.
- (4)
  - 1) Subject to subsection 5.4(3), the eligible costs to be financed or shared under this Agreement by Canada in respect of the capital projects or any portion thereof, 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 percent (10%) of these costs as an allowance towards the exclusions specified.
  - 2) Subject to subsection 5.4(3), the eligible costs to be financed or shared under this Agreement in respect of the non-capital projects or any portion thereof outlined in Schedule "A" shall include all costs reasonably and properly incurred by the Province under all contracts entered into in accordance with this Agreement by the Province with any person, municipality or corporation for the acquisition of equipment or the performance of work or services for the execution of the project; provided that such costs, as determined by the Management Committee, result from hiring contract staff by the Province for the specific purpose of carrying out the said project, and did not occur prior to the date of this Agreement; it being expressly understood and 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) That 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.

- (5) In cases where preliminary work is carried out but the project does not proceed, costs excluded pursuant to subsection 5.4(1) may be designated as direct costs by the Management Committee.

#### PAYMENT PROCEDURES

6. (1) Subject to subsections 6.2 and 6.3, payments by Canada for approved projects shall be made promptly to the Province on the basis of progress claims setting out the costs actually incurred and paid. Claims shall be submitted in a form satisfactory to the principal Ministers bearing a Provincial Audit certificate, and certified by a senior officers of the provincial Department of Finance.
- (2) In order to assist with the interim financing of Canada's share of eligible costs for programs listed in Schedule "B" of this Agreement, Canada may make, if the Province so requests, quarterly interim payments based on a forecast of Canada's share of the funds required for costs that will be actually incurred and paid, prepared by the Province, certified by a senior officer of the provincial Department of Finance and submitted in a form satisfactory to the principal Ministers.
- (3) The Province shall account for each quarterly interim payment received under the provisions of subsection 6.2 by submitting to Canada within the first two months of the following quarter a detailed statement of the expenditures actually incurred and paid, submitted in a form and verified in a manner satisfactory to the principal Ministers, certified by a senior officer of the provincial Department of Finance and bearing a Provincial Audit certificate. Any discrepancy between the amount paid by Canada by way of interim payments and the amount actually payable by Canada shall be promptly adjusted between Canada and the Province.
- (4) No interim payment shall be made in a subsequent fiscal year until the interim payments made in the previous fiscal year have been liquidated by claims for expenditures actually incurred and paid, certified by a senior officer of the provincial Department of Finance and bearing a Provincial Audit certificate, and any outstanding balance of the payment has been repaid or accounted for in a form or in a manner satisfactory to the principal Ministers.
- (5) The co-chairmen of the Management Committee may make arrangements under which the Province may apply any interim payments received from Canada to provide for the federal share of

eligible expenditures incurred and paid but not claimed in previous quarters and Canada may apply audited claims received against interim payments.

- (6) Subject to the terms and conditions of the Agreement all projects must be approved by March 31, 1983. Canada shall not make any contribution under this Agreement in respect of the delivery of goods, the performance of work or the rendering of services, unless the goods have been delivered, the work has been performed, or the services have been rendered on or before September 30, 1984 and Canada will not be responsible to pay any claim which is received after March 31, 1985.

#### EVALUATION

7. (1) During this Agreement, Canada and the Province shall effect an assessment of the program listed in Schedule "A" with regard to stated objectives. Each party shall provide the other with such information as may reasonably be required in order to undertake such assessment.
- (2) A progress report shall be submitted by the Management Committee to the Ministers on or before the annual meeting of the Ministers as prescribed under subsection 9.1 of the GDA.

#### PUBLIC INFORMATION AND PARTICIPATION

8. (1) Canada and the Province agree to cooperate in the development of a program of public information respecting the implementation 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, 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-Manitoba Regional Development Project, financed by contributions from the Department of Regional Economic Expansion of the Government of Canada (and any other federal agency, where relevant), and the Government of the Province of Manitoba, 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.

#### GENERAL

9. (1) No member of the House of Commons of Canada, or the Legislative Assembly of Manitoba 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.
- (2) The terms and conditions of the GDA shall apply to this Agreement.
- (3) This Agreement may be amended from time to time by the written agreement of the Ministers, but no amendments to the financial limitations expressed in subsections 5.1, 5.2, or to the ratios of sixty per cent (60%) and forty per cent (40%) mentioned in 5.3 shall be made without the approval of the Governor in Council and the Lieutenant Governor in Council.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and the Minister of Industry, Trade and Commerce and on behalf of the Province by the Minister of Industry and Commerce and the Minister of Finance.

IN THE PRESENCE OF

GOVERNMENT OF CANADA

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of  
Regional Economic Expansion

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of  
Industry, Trade and Commerce

PROVINCE OF MANITOBA

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Witness

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Minister of  
Industry and Commerce

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Witness

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Minister of Finance

CANADA-MANITOBA  
SUBSIDIARY AGREEMENT  
ON INDUSTRIAL DEVELOPMENT

SCHEDULE "A"

INTRODUCTION

The purpose of this Agreement is to describe a means of focussing federal and provincial activities on initiatives which will aid the expansion of manufacturing, processing and service industries in Manitoba by providing a range of programs which will provide for new initiatives and complement and reinforce existing programs in support of balanced regional growth. The General Development Agreement signed in June 1974, by the federal and provincial governments specifies that the two levels of government agreed to build on the existing diverse manufacturing base; to expand the resource manufacturing processing and servicing capacity, with emphasis on locations outside of Winnipeg; to expand the regional assembly, distribution and servicing function of Winnipeg and of other urban centres; and to increase secondary processing of mineral resources locally found.

Both the Government of Canada and the Government of Manitoba reaffirm the consensus position of the February, 1978 First Ministers' Conference that an expanding private sector is seen as the major impetus for growth in the Canadian economy.

CIRCUMSTANCES

While economic growth in Manitoba has been continuous, it has not been as rapid as in a number of other provinces in recent years. In Winnipeg, development has taken place on a full range of economic activities. In the rural/agricultural areas, the vitality of the agricultural industry has stimulated some growth in services, processing and manufacturing. In the northern/mining areas, nickel mining and hydro construction have dominated economic activity.

The rate of growth in employment has been below the national average. During the 1961-71 period, employment in Manitoba grew at an average annual rate of 1.8 percent compared to 3.0 percent in Canada. The rural/agricultural areas registered an annual rate of growth of 0.8 percent during the same period. This slow rate of growth is explained to some extent by the structural characteristics of the Manitoba economy and its dependence on international market conditions for further development.

The overall pattern of economic development corresponds closely with the location and quality of resources in the province. Climate and geography and historic factors have favoured the expansion of economic activity in the Winnipeg area, in secondary centres within reasonable access of Winnipeg and in southern Manitoba centres located within access of the main transportation routes. In the North, the pattern of economic development is almost totally influenced by the location and quality of natural resources and the siting of hydroelectric generation plants.

With the provincial market represented by just over one million people, plants of major scale to be viable require outside markets. The physical distance to major population areas and the difficulties of finding export markets for renewable resources and mining products and also of competing with a more mature industrial economy in central Canada have moderated the pace of economic growth. The industrial structure of Manitoba is made up mainly of numerous small family firms engaged in a broad range of industrial sectors and relatively few larger firms located mainly in Winnipeg. These larger firms are often interlinked with national and international corporations and thus are favoured by advantages to be gained from broadly based corporate research and development activities. This is not the case with most of the smaller firms, which are dependent mainly on publicly supported developmental services which are not currently adequate to provide the desired support.

The manufacturing capital stock position of the province has deteriorated steadily over the last decade. In 1966, capital investment in manufacturing accounted for 2.4 percent of the Canadian total, while total capital investment in Manitoba represented 11 percent of the Canadian total. These shares declined steadily over the years so that the 1977 intentions reached a very low level, at 1.3 percent of all manufacturing and 4.6 percent of total investment.

During the 1961-74 period, the pace of expansion of the manufacturing sector in Manitoba was slow and basically followed the pattern of manufacturing in Canada. Employment in this sector expanded from 41,600 in 1961 to 54,309 in 1974, and most manufacturing industries in the province registered growth. During that period, Manitoba's share of manufacturing output and employment was 2.7 percent and 3.0 percent respectively. Productivity level of the manufacturing sector in Manitoba has been below the Canadian average and this is explained by the size of firms and the industrial mix of the provincial economy.



A heavy dependence on primary resource production and processing, with its sensitivity to fluctuations in international demand, creates instability of employment and income. During the 1975-1977 period, employment in manufacturing has been severely curtailed. The durable-goods sector, particularly metal fabricating, transportation equipment, and agricultural implements, have been the hardest hit. While to a large extent this reduction might be cyclical in nature, the lack of dynamism in other manufacturing sectors suggests that co-ordinated federal and provincial policies are essential to prevent overall manufacturing employment from remaining static or declining in the foreseeable future.

There are opportunities to improve the performance of a number of industrial sectors. Some of the manufacturing industries that are very important in Manitoba because of their size, linkages and long-term growth potential include primary metals, food and beverage, health care products, light machinery, transportation equipment and aerospace electronic products. Productivity of many sectors is restrained by an inadequate rate of introduction of technology. A few sectors face an uncertain future due to the changes in the international economic environment.

The complexity of modern primary resource production technology creates a need for a broad range of professional, technical and business services within reasonable driving distance across the broad expanse of the Western Prairie. Some of these services are found in the secondary centres but often are concentrated in Winnipeg. The development of secondary centres is considered essential to the vitality and efficiency of the agricultural and resource sectors and to provide many processing and servicing jobs for rural residents who prefer not to migrate to major urban places.

Winnipeg plays a major role in the development of the economy of the province and of Western Canada. It is also the most highly developed and diverse manufacturing centre in the West. Winnipeg is a major transportation centre, distribution/warehousing centre, financial centre and agro/business centre. Reinforcing the role played by Winnipeg in a Manitoba and Western Canada context is important to the future of the provincial economy and the balance of economic development in Western Canada.

## OPPORTUNITIES

Balanced economic development of the province requires emphasis on activities which provide for concurrent growth of resource industries, manufacturing and high technology industries and to foster and accelerate development of export markets and trade centres. The small, but diversified, economic base of the province provides opportunities to encourage industrial and commercial activities by focusing on those initiatives

that are closely linked through backward, forward and final demand linkages to other economic activities and where Manitoba has a particular potential or a comparative advantage.

There are substantial advantages in emphasizing agricultural and resource development which adds to processing possibilities in the province and to local manufacturing and servicing industries. Not only do primary producers gain in net income, but significant income and jobs are developed in secondary trade centres in rural/agricultural areas and in Metropolitan Winnipeg. The resource industries are particularly important to rural/agricultural areas, as about two-thirds of the manufacturing activities are linked with carrying out primary resource production and the processing of primary products.

To meet the development needs of Manitoba, a major thrust is also required to develop higher technology activities in Manitoba that are not solely reliant on the resource base. There are substantial advantages in emphasizing manufacturing and service sector development based on the increasingly sophisticated skills embodied in the mature and flexible work force. Examples of appropriate manufacturing developments include recreation products, health care products, (such as blood fractionation, capsules and physiological equipment) electronic, and diagnostic, recording, and control instruments, and aerospace equipment.

Metropolitan Winnipeg provides a strong base upon which to expand a broad range of industrial activities. In particular, these center on agricultural processing, farm machinery production, light metal manufacture, and higher technology industries in composite materials, aerospace, electronics, health care, transportation equipment and other engineered products with a high potential for future growth. Factors such as its proximity to the Prairie and mid-Western markets of Canada and the United States, and to the main Canadian transportation and energy networks, will continue to play a key role in providing Winnipeg with industrial development opportunities.

Human resource development in the province is supported by four universities, three technical colleges and other training institutions which are generating a work force capable of and requiring an increasingly sophisticated level of employment opportunity.

The process of industrial development is supported by a network of public and private development organizations. Dedicated provincial, and local development agencies are active in addressing industrial development opportunities. Strengthening this network provides greater assurance for achieving more balanced growth in the province.

The process of industrial development in the province can be accelerated by harnessing the innovations and the entrepreneurship of existing firms and by encouraging the formation of new businesses.

## STRATEGY

Any economic development strategy for Manitoba must be compatible with the objectives of encouraging aggregate economic growth in the province, and of fostering more balanced growth between regions in the province. Strong regional and secondary centres can provide a focus for increased industrial and service activities. Priority industrial sectors are those that have strong linkages to the Manitoba economy or potential strengths. Industries to receive early attention include the food and beverage, the health care products, light machinery, transportation equipment and the aerospace and electronic industries.

The strategy for a more balanced economic development will be to encourage the establishment and expansion of both service and goods-producing industries in communities outside of Winnipeg, so far as this is consistent with long-term viability of the enterprise. The pattern of economic development outside of Winnipeg has historically focused on the trade centres that provide a range of commercial and professional services to surrounding areas. The strategy is intended to reinforce and further develop the industrial and commercial potential of these centres. In addition, however, opportunities will be sought to establish or expand services or goods-producing industries for which location, labour force, service and other attributes of Winnipeg may provide significant comparative advantages.

While the programs illustrated in this Agreement foster the expansion of the employment base in Manitoba, attention must be paid to the present employment base with a view to increasing the productivity and markets of existing industries. Assistance for modernization, for improved technological innovation management, industrial information and market development are some of the tools that both levels of government will use to improve the efficiency of existing industries.

In support of the complementary objectives of increased aggregate economic growth and of fostering a more balanced growth between regions in the province, the Agreement prescribes initiatives to accelerate the industrial development process; it will also provide industrial incentives; and it will provide support for industrial location.

The industrial development process will be accelerated through improving knowledge and promotion of industrial opportunities, through technology transfer and by fostering the establishment and development of manufacturing and small business firms.

To encourage further development outside of Winnipeg, a cost-shared incentive program will be available in support of the formation and expansion of small businesses in the manufacturing sector, as well as in key service industries. This program will complement other available industrial assistance programs.

In addition, an industrial infrastructure offset program outside of Winnipeg will be available to assist the communities to deal more effectively with industrial infrastructure requirements associated with industrial plant location.

A co-ordinated government-private sector approach is central to the successful implementation of a strategy to deal with industrial development opportunities in Manitoba. This co-ordinated approach would require the participation of the private sector in the implementation of projects under this Agreement. Further, the management system will ensure that relevant federal and provincial industrial programs and services available outside of this Agreement are implemented in a way consistent with the stated strategy so as to maximize benefits of industrial programs on the Manitoba economy. Some of the closely-linked programs include Management Assistance (I&C), the Federal Business Development Bank (FBDB), CASE (FBDB), Enterprise Development Program (IT&C), Trade Development (IT&C), RDIA (DREE).

### SECTOR I: INDUSTRIAL PROCESS

While there are many factors (such as transportation, tariff and fiscal policies, quality of resources, market conditions) that affect the rate of economic development, this Agreement will attempt to accelerate the industrial development process in Manitoba through five specific initiatives.

#### Program 1: Industrial/Commercial Support

The objective of the program is to focus industrial and commercial development activities on industries and locations which have the largest potential for economic development. Activities undertaken will build on the existing industrial and commercial base and opportunities for new activities will be investigated.

#### Project 1: Industrial Development

This project will provide for investigation and promotion of industrial development. Particular emphasis will be placed on the food and beverage, health care products, light machinery, transportation equipment and the aerospace and electronic industries. Specific opportunities in other industrial sectors will be investigated. Activities will focus on opportunity identification, feasibility analysis, market exploration and related functions. To the extent possible specific industrial opportunity analyses will be undertaken with the involvement of the private sector.

#### Project 2: Commercial Development

The project will provide assistance in the organization and development of industrial and commercial services in rural-urban centres. The project will be closely co-ordinated with activities under the Federal-

Provincial Agricultural Service Centres Agreement. Eligibility criteria for assistance will include consideration of the size and location of the centre, the market it serves, and the scope and scale of transportation, wholesaling, distribution, and retailing functions performed by the centre.

### Program 2: Technology Assistance

The purpose of this program is to stimulate the application of technology in industry, to increase the viability of existing industries, and enhance the attractiveness of Manitoba as an industrial location. The private sector will be directly involved in the identification of needs, and private/public and academic representatives will be involved in the direction of the projects. The range of activities carried out by the centres will depend on the evolution of industrial needs and on the recommendation of the Management and Advisory Committees established in connection with centre operations.

#### Project 1: Food Products Centre

The purpose of this centre is to contribute to increasing value-added content of food products. The present facility in Portage la Prairie will be expanded. Activities carried forward by the centre will include provision of technical advisory services, information dissemination, demonstrations, quality assurance, product evaluation, product development and other closely related functions.

#### Project 2: Industrial Technology Centre

The objective of the industrial technology centre will be to expand technology application in industrial sectors. Initially the centre will enlarge the services available in the health care products industry. In addition, activities will be expanded to serve other industrial sectors such as light machinery, aerospace, electronics and transportation equipment industries. Functions carried forward by the centre will initially put emphasis on technical advice and assistance and will be expanded to include product testing and evaluation, product development and closely allied functions. The establishment of government/academic/industry committees focusing on industry specific problems or opportunities is expected to lead to increases in the productivity and competitiveness of Manitoba industries nationally and internationally. As more sectoral groups are established and become aggressively involved in solving technology related problems, it is anticipated that an Industrial Technology Centre will be required to allow for a more efficient use of physical and human resources. In undertaking this project options for accommodation may include rental, in-plant or new facilities.

### Program 3: Enterprise Development Centres

The purpose of this program is to foster the development of small manufacturing businesses and to improve access for new enterprises to essential industrial support services. The centres would consist of enterprise service malls and advance factory space to accommodate new enterprise. Appropriate arrangements will be made to involve local business in the development and management of the centres. Criteria covering the operation of the centres will be subject to review and approval by the Management Committee. Two projects will be undertaken under this program.

Centres will be provided in the Winnipeg area and the Brandon area which will include the following elements: light industry serviced factory space units, centre support services, and offices for resource personnel and industrial clients. Activities provided by the centre will include management assistance and productivity, marketing, design and distribution support.

### Program 4: Industrial/Commercial Promotion

The process of industrial and commercial development requires active promotion organization and commitment by communities. Arrangements will be made by the Province to maintain regional and/or industrial development organizations or activities which will fulfill these promotion functions during the term of the Subsidiary Agreement. Promotions, seminars, conferences and other similar activities will be undertaken by the agencies to further the industrial processes in Manitoba. This program will be considered an integral program to contribute to the overall industrial initiative.

### Program 5: Co-ordination and Assessment

The purpose of this program is to provide for undertaking of particular projects concerning co-ordination and assessment of programs and projects which are subject to this initiative. Projects authorized by the Management Committee may include analysis of industrial circumstance, ex ante project assessment, performance reporting, program and/or project review, impact evaluation, and development and publication of materials relevant to the purposes of the initiative.

## SECTOR II: INDUSTRIAL ASSISTANCE

Industrial opportunities will be identified through the undertaking of projects outlined in Sector I. Many of the identified projects and other industrial and commercial projects will require that grant and/or loan assistance be available from public sources to enable implementation by entrepreneurs.

## Program 6: Small Business Incentives

This program is designed to encourage and assist the modernization, expansion or establishment of small business enterprises which because of size or function would not normally meet the criteria of existing incentive programs. This program is designed to encourage the development and expansion of small business in secondary centres outside of Census Division 11. Under this program the Agreement provides for incentive assistance to new and expanding small enterprises involved in manufacturing or processing or maintenance or repairs relating to the manufacturing sector in the target area. For purposes of this program a small enterprise is one in which average sales do not or are not anticipated to exceed \$500,000.00 per year. Assistance under this activity would not exceed \$30,000.00 for any one enterprise.

Other programs which are an integral part of industrial assistance include the Enterprise Development Program (EDP) provided under the Federal Department of Industry, Trade and Commerce, the programs of the Federal Business Development Bank (FBDB), and the Regional Development Incentives Program (RDIA) provided by DREE. Consultation with and co-ordination of these programs with the objectives and operations of the Industrial Development Strategy will be effected by the Management Committee systems of the Subsidiary Agreement.

The Enterprise Development Program (EDP) provides assistance to individual firms for new product development, productivity improvements, industrial design and related marketing. In addition loan insurance may be provided for modernization or expanding production systems for working capital or mergers and acquisitions.

The Federal Business Development Bank (FBDB) makes assistance available in the forms of loan or equity. A further service offered under FBDB, Counselling Assistance to Small Enterprise (CASE), provides business management assistance to firms with particular problems. The full range of services of FBDB will be available to firms during the period of the development initiative.

The Regional Development Incentives Act (RDIA) provides assistance in the form of incentives and/or loan guarantees to assist in the development or expansion of manufacturing or processing facilities. Loan guarantees only are available for commercial facilities.

## SECTOR III: INDUSTRIAL INFRASTRUCTURE

Many industries particularly those involved in resource processing must locate in centres outside of Winnipeg to be close to the sources of product supply. The industrial projects which locate in centres other than Winnipeg often are constrained by lack of adequate industrial sites and services. Many centres are unable to raise the capital required to provide the industrial services necessary to the location of industrial plants.

Program 7: Industrial Site Preparation

The objective of this program is to provide assistance to local government for industrial site preparation. Where the Management Committee anticipates that lack of industrial site capacity will constrain projects, an industrial site study will be undertaken. Based on the results of the industrial site study an industrial infrastructure assistance project may be developed. Criteria under which assistance will be available under this program will be recommended by the Management Committee.



CANADA-MANITOBA SUBSIDIARY AGREEMENT ON INDUSTRIAL DEVELOPMENT

SCHEDULE "B"

Summary of Costs 1978-1983  
(\$'000,000's)

Sectors/Programs	<u>Five Year Federal Share</u>				
	IT&C	DREE	Total Federal Share	Total Provincial Share	Five Year Total Costs
<u>SECTOR I: INDUSTRIAL PROCESS</u>					
Program 1. Industrial/Commercial Support		\$ 3.8	\$ 3.8	\$ 1.2	\$ 5.0
Program 2. Technology Assistance	\$ 1.0	9.0	10.0	6.0	16.0
Program 3. Enterprise Development Centres		3.0	3.0	2.0	5.0
Program 4. Industrial/Commercial Promotion				2.0	2.0
Program 5. Co-ordination and Assessment		<u>0.6</u>	<u>0.6</u>	<u>0.4</u>	<u>1.0</u>
Sub-total	\$ 1.0	\$16.4	\$17.4	\$11.6	\$29.0
<u>SECTOR II: INDUSTRIAL ASSISTANCE</u>					
Program 6. Small Business Incentives		3.0	3.0	2.0	5.0
<u>SECTOR III: INDUSTRIAL INFRASTRUCTURE</u>					
Program 7. Industrial Site Preparation		<u>6.0</u>	<u>6.0</u>	<u>4.0</u>	<u>10.0</u>
Total	\$ 1.0	\$25.4	\$26.4	\$17.6	\$44.0

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