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Subsidiary
Agreement



Government
of Canada

Gouvernement
du Canada

Regional
Economic
Expansion

Expansion
Economique
Régionale



Province of
British Columbia

Ministry of
Agriculture



CANADA-BRITISH COLUMBIA
AGRICULTURE AND RURAL
DEVELOPMENT



JULY 8, 1977

CANADA - BRITISH COLUMBIA
SUBSIDIARY AGREEMENT
ON AGRICULTURE AND RURAL DEVELOPMENT

THIS AGREEMENT made this 8th day of July, 1977

BETWEEN:

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

OF THE FIRST PART,

AND:

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented herein by the Minister of Economic Development and the Minister of Agriculture,

OF THE SECOND PART.

WHEREAS Canada and the Province signed a General Development Agreement dated March 28, 1974 (hereinafter referred to as "the GDA"), to achieve the objectives stated in section 3 thereof;

AND WHEREAS in pursuit of these objectives, Canada and the Province have agreed to seek to achieve a co-ordinated application of relevant federal and provincial policies and programs;

AND WHEREAS Canada and the Province have agreed on a new development opportunity that includes selected agriculture and rural development programs required to increase the economic potential of rural regions in British Columbia;

AND WHEREAS the Governor in Council by Order in Council P.C. 1977-12/1949 of the 7th day of July, 1977, has authorized the Minister of Regional Economic Expansion and the Minister of Agriculture to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council No. 2206 of the 7th day of July, 1977, has authorized the Minister of Economic Development and the Minister of Agriculture 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 specific project, as determined by the Management Committee, in which construction or activities related to construction are involved;
- (b) "development opportunity" means the programs outlined in Schedules "A" and "B" of this Agreement designed to achieve the objectives stated in sub-section 2 (2);
- (c) "eligible costs" means those costs defined in section 3;
- (d) "Federal Ministers" means the Minister of Regional Economic Expansion and the Minister of Agriculture for Canada and, unless the context otherwise requires, anyone authorized by them 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 immediately following year;
- (f) "Management Committee" means the committee established pursuant to section 4;
- (g) "Ministers" means the Federal Ministers and the Provincial Ministers;
- (h) "program" means a group of related projects;
- (i) "project" means a specific activity forming a self-contained unit within a program;
- (j) "Provincial Ministers" means the Minister of Economic Development of British Columbia and the Minister of Agriculture of British Columbia and, unless the context otherwise requires, anyone authorized by them to act on their behalf; and
- (k) "rural regions" means the whole of the Province of British Columbia excepting those portions within the limits of boundaries of the City of Vancouver, the District of West Vancouver, the District of North Vancouver, the District of Burnaby, the

City of Port Moody, the City of New Westminster, the District of Oak Bay, the Municipality of Saanich, the City of Victoria, and the District of Esquimalt.

OBJECTIVE, PURPOSE AND SUBJECT MATTER

2. (1) The purpose of this Agreement is to enable Canada and the Province to implement the development opportunity by co-ordinating existing programs and jointly undertaking additional new projects to reinforce federal and provincial government policies and programs relating to the development, or support, of the agricultural sector and food processing industry in rural regions according to the strategy outlined in Schedule "A".
- (2) The objectives of this Agreement are to:
 - (a) identify, research, plan and pursue new or unexploited projects related to the development opportunity;
 - (b) expand employment in those existing aspects of the agriculture industry and food processing industry in British Columbia which demonstrate production and market potentials; and
 - (c) improve the viability of the existing industries to sustain growth.
- (3) Subject to sub-section 4 (5), and unless otherwise specified by the Management Committee, the Province shall undertake directly, or arrange to be undertaken, the following programs under this Agreement
 - (a) Research, Planning, Training and Market Promotion;
 - (b) Co-ordinated Resource Management;
 - (c) Primary Resource Development; and
 - (d) Support Services and Community Development

as more particularly described in Schedules "A" and "B" which are attached to and form part of this Agreement.

FINANCIAL

3. (1) Canada shall contribute to the Province a maximum of fifty per cent (50%) of the eligible costs of projects outlined in Schedule "B" and implemented pursuant to the terms and conditions of this Agreement.

- (2) The provision of money by Canada and the Province for the implementation of projects under this Agreement is subject to the Parliament of Canada and the Legislative Assembly of the Province of British Columbia having provided funds for such purpose for the fiscal year in which such financing is required.
- (3) Notwithstanding anything contained herein, the maximum contribution by Canada under this Agreement shall be thirty million dollars (\$30 000 000).
- (4) Where a cost-shared project is to be implemented by Canada, the eligible costs incurred by Canada in undertaking that project shall be considered part of Canada's contribution to the program of which it is a portion and shall be deducted from the total eligible costs set out in subsequent progress claims submitted by the Province in respect of that program before the share payable by Canada in respect of such claims is calculated. If contributions to a project are made under other Federal Statutes or programs no financial assistance shall be provided under this Agreement in respect of that project or portion thereof so assisted.
- (5) Costs incurred on projects are eligible if incurred on or after August 1, 1977, and if approved by the Management Committee.
- (6) The costs to be shared by Canada do not include any costs relating to the acquisition of lands or interest in lands, or costs arising from conditions of acquisition.
- (7) Subject to sub-section 3 (6), the eligible costs of capital projects are all direct costs, that in the opinion of the Management Committee have been reasonably and properly incurred by the Province for the implementation of the capital projects, including those relating to public information, survey, engineering and architectural design, but excluding administrative costs.
- (8) Subject to sub-section 3 (6), the eligible costs of projects other than capital projects are all costs that in the opinion of the Management Committee have been reasonably and properly incurred and paid by the Province for the supply of goods or the performance of work or services for the implementation of any such projects, but do not include any cost in respect of the salaries of any provincial civil servant.
- (9) Subject to sub-section 3 (6), and notwithstanding anything in this Agreement the eligible costs of projects under the Support Services and Community Development program described in Schedules "A" and "B" shall be the amount of such assistance

as may be approved by the Management Committee in accordance with the guidelines and procedures established by the Ministers pursuant to this Agreement.

- (10) If, at any stage of a program, it appears to the Province that the costs thereof will exceed the estimated costs specified for any program in Schedule "B", the Province shall promptly so inform the Management Committee and state the reasons for such increase.
- (11) Upon being so informed, the Management Committee shall consider the circumstances which have contributed to the increase in the estimated costs and shall prepare and present a report and recommendations to the Ministers in respect of the action proposed to be taken.
- (12) No project shall be approved under this Agreement after July 31, 1982. Canada will not be responsible for any expenditures incurred after the original or extended termination date specified in a project decision or December 31, 1983, whichever date is the earlier. Canada will not pay any claim which is not received within twelve months after the original or extended termination date specified in a project decision, or December 31, 1984, whichever date is earlier.
- (13) Subject to sub-section 11, the Management Committee may make adjustments in and between the projects comprising any program specified in Schedule "B" to this Agreement provided, however, that such adjustments do not increase the total amount of the program funds set out in Schedule "B" nor conflict with the objectives of this Agreement.

MANAGEMENT

4. (1) The parties shall promptly establish a joint federal-provincial Management Committee comprised of at least two representatives from Canada and two representatives from the Province whose function it shall be to oversee the planning and implementation of the programs specified in Schedules "A" and "B" and to fulfill responsibilities identified for the Management Committee elsewhere in this Agreement. In the event the Management Committee cannot reach unanimous approval, the relevant matter shall be referred to the Ministers whose decision shall be final.
- (2) The Management Committee shall be responsible to the Ministers and be responsible for:
 - (a) the general management and coordination of the programs/projects to be undertaken pursuant to this Agreement;

- (b) the establishment of operational guidelines for the programs/projects specified in Schedules "A" and "B";
 - (c) approval of all projects necessary for the implementation of this Agreement;
 - (d) submission for the approval of the Ministers annually, and no later than September 1, of the projected budget required for the subsequent fiscal year;
 - (e) reporting annually to the Ministers on the progress of this Agreement and its recommendations with respect to the progress of implementation;
 - (f) establishing at its discretion, in order to facilitate implementation, advisory, co-ordinating or steering committees consisting of representatives of the departments and agencies of Canada and the Province involved in the implementation of projects under this Agreement;
 - (g) recommending to the Ministers amendments to be made to this Agreement;
 - (h) performing any other functions that may be assigned to it by the parties hereto; and
 - (i) providing to the officials designated under sub-section 9.2 of the General Development Agreement such information and advice as they may determine to be necessary for the performance of the functions assigned to them under the General Development Agreement by the Ministers designated therein.
- (3) Subject to paragraph 4 (2) (c), the Province, through its representation on the Management Committee, shall be responsible for:
- (a) except as otherwise specified in this Agreement or agreed to by the Management Committee, the development of projects for implementing all cost-shared programs under this Agreement, and the ensurance of the provision of the staff and administrative mechanisms for the implementation of projects under this Agreement assigned to the Province;
 - (b) the liaison and program co-ordination between the agencies of the Province administering the programs included in this Agreement or whose activities affect the implementation of this Agreement.

- (4) The Department of Regional Economic Expansion, through its representation on the Management Committee, shall be responsible for liaison and program co-ordination between the agencies of Canada administering the programs included in this Agreement or whose activities affect the implementation of this Agreement.
- (5) All projects to be undertaken pursuant to this Agreement shall be jointly approved by Canada and the Province by a project approval issued by the Management Committee and shall be consistent with the objectives set forth in sub-section 2 (2).
- (6) The Province or its agencies shall take over or arrange to take over on completion, each capital project undertaken under this Agreement. The Province agrees to save Canada free and harmless from any claims that may be made against it arising out of the operation, maintenance or repair of any project funded pursuant to this Agreement.

PAYMENT PROCEDURES

5. (1) Subject to sub-sections 5 (2) and 5 (3), payments by Canada shall be made promptly to the Province on the basis of progress claims setting out the eligible costs actually incurred and paid for the projects, certified by a senior officer of the Province, bearing a provincial audit certificate and submitted in a form satisfactory to the Federal Ministers.
- (2) In order to assist with the interim financing of projects, Canada may, if the Province so requests, make interim payments to the Province of up to one hundred per cent (100%) of Canada's share of claims submitted, based on estimates of costs incurred and certified by a senior officer of the Province.
- (3) The Province shall account for each interim payment by submitting to Canada, within 90 days after such payment by Canada, a detailed statement of the actual expenditures incurred and paid, verified in a manner satisfactory to the Federal Ministers. Any discrepancy between the amount paid to the Province and the amount actually payable to the Province shall be promptly adjusted between Canada and the Province.
- (4) Subsequent interim payments may be made subject to liquidation, in a form satisfactory to the Federal Ministers, of earlier claims outlined in sub-section 5 (3).

RECORDS AND AUDIT

6. Each of the parties hereto shall keep detailed and accurate accounts and records of its expenditures in respect of all programs and projects the cost of which is to be shared between them under this Agreement, and shall make such accounts and records available at all reasonable times for inspection and audit by the other party. Any discrepancy between the amounts paid by either party and the amounts actually payable by it, as disclosed by any such audit, shall be promptly adjusted between the parties.

IMPLEMENTATION PROCEDURES

7. (1) The Province may submit, from time to time, proposals for approval by the Management Committee of each project to be undertaken under this Agreement.
- (2) In submitting proposals, British Columbia shall provide a project document containing sufficient information for the adequate assessment of the suitability of the project, including the purpose, the cost, cash flow, the benefits, the expenses and assessments of the economic significance of each of the parts of the project, design and construction standards where applicable, and where applicable:
- (a) other physical data, such as plans, maps and description of development works;
 - (b) such financial details as the cost-sharing between the parties involved, expected revenues, and like data;
 - (c) a description of any development works proposed, the authority that will be responsible for undertaking, operating and maintaining the project, the expected revenues, user charges or any other like considerations;
 - (d) the proposed plan of cost-sharing between all parties taking part in the project including charges, if any, to persons to whom any of the benefits will accrue;
 - (e) relationship of the proposed project to other federal and provincial government programs and activities; and
 - (f) any other information which the Management Committee may require.
- (3) Subject to sub-section 3 (12), a project shall be for the period specified in the relevant project approval.

- (4) All contracts for approved activities shall be awarded in accordance with procedures to be approved by the Management Committee, and, unless in its opinion it is impractical to do so, shall be let pursuant to tenders invited by public advertisement and awarded to the qualified and responsible tenderer submitting the lowest evaluated bid.
- (5) All contracts under this Agreement shall be supervised in accordance with procedures to be approved by the Management Committee, and reports produced by consultants or resulting from such contracts shall become the property of both parties.
- (6) In the awarding of contracts pursuant to the recommendation of the Management Committee, the Province shall retain the services of Canadian firms or individuals where practical and consistent with economy and efficiency.
- (7) All announcements of contract awards shall be made jointly by Canada and the Province.
- (8) The following conditions relevant to employment and the award of contracts shall apply in respect of all projects carried out under this Agreement:
 - (a) recruiting of labour shall be conducted through the Canada Manpower Centres unless the Management Committee considers that this service cannot reasonably be provided;
 - (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.

PUBLIC INFORMATION

- 8. (1) Canada and the Province agree to co-operate in the development and implementation of a program of public information respecting implementation of projects under this Agreement, and further agree to supply, erect and maintain on the direction of the Management Committee:
 - (a) during the course of construction of capital projects, a project sign or signs specifying that the relevant project is a Canada-British Columbia Regional Development Project financed by contributions by 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 British Columbia, or such other wording to the like effect as may be agreed to 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 by this Agreement, as well as any official opening ceremony for any jointly funded project under this Agreement, where such ceremony is indicated and appropriate, shall be arranged jointly by the Ministers.

GENERAL

- 9. (1) The terms and conditions of the GDA shall apply to this Agreement.

- (2) No member of the House of Commons, the Senate, or of the Legislative Assembly of British Columbia 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.

EVALUATION

10. (1) During this Agreement, Canada and the Province shall jointly effect an assessment of the programs carried out under this Agreement with regard to the stated objectives. In addition, Canada and the Province shall also effect an evaluation of all the programs with respect to the general economic and socio-economic development objectives of this Agreement.
- (2) Canada and the Province agree to continue planning in light of evolving needs and to review this Agreement during the third year of implementation.

AMENDMENTS

11. Amendments to this Agreement, and to the Schedules thereof, may be effected as agreed from time to time by the Ministers personally in writing. It is expressly understood and agreed, however, that any amendment to sub-sections 3 (1) or 3 (3) shall require 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 Agriculture and on behalf of the Province by the Minister of Economic Development and the Minister of Agriculture.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

Witness

Minister of
Regional Economic Expansion

Witness

Minister of Agriculture

GOVERNMENT OF THE PROVINCE OF
BRITISH COLUMBIA

Witness

Minister of
Economic Development

Witness

Minister of Agriculture

CANADA - BRITISH COLUMBIA
SUBSIDIARY AGREEMENT
ON AGRICULTURE AND RURAL DEVELOPMENT

SCHEDULE "A"

A. INTRODUCTION

Agriculture and rural development have been identified as vital components of the economic development strategy in British Columbia. Rising energy and labour costs and changing market conditions necessitated major adjustments in the agriculture sector over the last five years. During this period increasing environmental and land use concern led to major changes in government agricultural policy in British Columbia.

Studies, therefore, were undertaken by both Canada and British Columbia on specific agricultural sectors and a number of development constraints and opportunities were investigated. Tree fruit packing was identified as a component of the tree fruit industry which provided a development opportunity through rationalization. The potential of the beef cattle industry could be optimized through improved productivity of cow-calf/cow-yearling operations and reduced grazing and land use conflicts with wildlife and other resource uses. As well, under the auspices of the Interim Planning Agreement between British Columbia and Canada, development opportunities in the agriculture sector and in specific regions of the province and of higher value-added processing of agricultural products were investigated.

In 1976, the British Columbia Department of Agriculture initiated an Agriculture Planning Committee which had input from other federal and provincial departments. On the basis of this Committee's work, a policy paper was prepared outlining agricultural development policy proposals for the British Columbia Department of Agriculture. These policy initiatives were endorsed by the Provincial Cabinet and form the basis of this Agreement.

B. INTENT

This Agreement enables Canada and the Province to jointly participate in initiatives directed towards the attainment of maximum economic and socio-economic benefits from the agricultural and rural resources of the Province of British Columbia and particularly rural development initiatives to reinforce federal and provincial government policies

and programs relating to the development of, or support of the agricultural sector.

Subject to the terms and conditions of this Agreement, contributions may be made for:

- (a) identifying and pursuing new or unexploited development opportunities;
- (b) expanding employment in the agriculture and rural industries in British Columbia which demonstrate production and market potentials;
- (c) improving the viability of the existing industries and their ability to sustain growth; and
- (d) enhancing the ability of rural enterprises to be competitive with alternative imported products.

C. BACKGROUND

Description

Agriculture in British Columbia is characterized by fairly intensive utilization of the fertile valley bottom for the production of vegetables, fruit and forage crops. The most significant exceptions are the Peace River Prairie area of grain and forage crop production, the developing greenhouse activity near the major cities, and the production of mushrooms. In the dry interior, extensive utilization of Crown Range Land for summer grazing complements the forage crops of the valleys in livestock production. This undeveloped Crown Range is, however, a limiting factor in the viability of the beef industry.

In total, census farm land covers 5.8 million acres or 2.6 per cent of British Columbia's total area of 236.8 million acres, and of this fraction, only 1 million acres of land are under cultivation.

As at the 1971 Census, the total farms numbered 18 345, averaging 316 acres in size; however, 70 per cent were smaller than 70 acres. Of the total number of farms, only 3 197 or 17 per cent had annual sales exceeding \$2 500, yet due to the high proportion of part-time farmers, British Columbia had the lowest percentage (6.9 per cent) in all Canada of farm households earning less than \$5 000 total annual income (national average 19.1 per cent). Off-farm income to supplement farm returns is commonplace since there is limited opportunity to diversify farm practices because of soil and climatic restraints.

Economic Significance

The agricultural industry in British Columbia contributed \$395 million to the Gross Provincial Product in 1975-76. However, with the value added by manufacturing industries related directly to agriculture and with food retailing, wholesaling and farm factor supply activities, the industry is regarded as an important sector of the regional economy. The importance of agriculture to the economy of British Columbia is apparent when one considers that it has been estimated that agriculture directly and indirectly generates one dollar out of every eight, provides employment for one person out of every six in the province, and primary agriculture alone provides employment for 20 000 persons.

The capital value invested in farms in 1975 amounted to \$3 094 million, of which land and buildings comprised 86 per cent. These data compare with all-Canada totals of \$42 531 million and 75 per cent respectively. Since the British Columbia acreage of agricultural land is very small (3.4 per cent of total agricultural land in Canada), the relatively high land price factor in the province becomes very significant. In fact, British Columbia has had the highest average capital value per farm in Canada for many years (\$173 292 versus \$135 411 for Canada in 1975) and considering the small size of individual land holdings, this again emphasizes the high land prices in the province (\$274 per acre versus \$141 per acre for Canada in 1971).

Considering the constraints of high land values, and a large proportion of part-time farmers it is essential that land rationalization measures be undertaken. This requires initiatives to stimulate development of the land base.

Employment in agriculture has declined only slightly over the past 15 years. Some 20 000 people were employed in agriculture in 1974, representing about two per cent of total provincial employment. Though agriculture in British Columbia is relatively labour-intensive, returns per acre are higher than the Canadian average, resulting in only a slightly lower dollar output per person than the national average.

One of the notable features of the industry is the diversity of agricultural commodities which reflects good capability of the soil, climatic advantages and specialized management. This diversity helps to stabilize the contribution of the industry to the provincial economy from one year to the next, in contrast to the Prairies, for example, where the heavy dependence on grain production leaves the Prairie economies susceptible to changes in economic conditions experienced by the grain industry. Individual producers, though, have tended to adopt monoculture practices because of the precise climatic and soil requirements of certain agricultural commodities.

Supply and Demand by Product

At present levels of production the industry is now directly supplying approximately 43 per cent of provincial per capita demand for major food products, with some areas of surplus production with exporting opportunities and also some areas of shortage requiring some imports.

If there is no increase in agricultural production, the province would only supply about one-third of its food needs by 1986. Projects proposed within the scope of this Agreement will materially assist not only in maintaining the present agricultural production levels, but in stimulating increased productivity in areas with encouraging market potentials.

D. FUTURE PROSPECTS

Population

British Columbia has been (until 1975) the fastest growing part of Canada with the provincial population totalling 2.5 million at present and projected to increase by 36 per cent, or an additional 850 000 people by 1986.

Income and Wage Levels

The Province has experienced the fastest rate of increase in wage rates of all of Canada, and now has the highest level of hourly rates and of weekly earnings, both for men and women, in Canada. Unless carefully managed in the future, these high wage rates could represent a serious threat to the general economy, and particularly agriculture.

The Land Base

The Province instituted the Land Commission Act with the primary objective of preserving farm lands with capability for agricultural production to accommodate the long-term food needs of future generations. Soil classes 1 through 4 with some class 5 land in range use have been effectively zoned for agricultural purposes. It is now important that zoned lands be utilized as effectively and efficiently as possible to ensure that the agricultural potential is realized.

Recent studies have confirmed that British Columbia has an under-developed land base. Of the total area of 236.8 million acres, 23 million acres are in Crown Range Reserves. Agricultural land reserves total 12 million acres, census farms occupy less than 6 million acres, while improved land only totals approximately 1 million acres. The 23 million acres of Crown Reserve have potential for enhancement for use by livestock. In addition, 2.5 million acres of land can be upgraded through irrigation and drainage to improve its production capacity equivalent to classes 1 to 4.

Primary factors to be considered in encouraging improved land utilization include the quality of land management, the low ratio of improved land; the ownership of a large percentage of unexploited land by non-farmers such as pensioners, non-residents and estates; small scattered holdings; and substantial amounts of good quality agricultural land which has never been exploited.

Future Market Demands

It is estimated that all food requirements by 1986 will increase by 45 per cent over 1974 consumption levels. Specifically, red meats show the largest percentage projected increase in demand (60 per cent) while eggs and vegetables show the smallest projected demands (30 and 35 per cent respectively).

If the beef sector were producing at a level equal to projected British Columbia beef consumption in 1986 and shipped no feeder calves or cattle out of the province, the required beef cattle herd would have to increase four fold from the 1974 population of 542 633 head to 2 016 900.

While agricultural output is largely meeting the British Columbia market for a number of food items such as eggs, poultry, fluid milk and some fruits and vegetables, it is falling notably short of provincial consumption levels for several significant items including in particular meats and cereal products. It is a complex industry, subject at the producer level to instability arising from international economic forces.

Agriculture is poised for development and requires stimulus and encouragement in order to realize the production capabilities of rural resources, most notably the underdeveloped land base and Crown Range grazing lands for the beef industry.

E. STRATEGY

The Future Prospects section of this document has identified an under-exploited agricultural production capability from the Crown resource and privately owned land base. This resource, coupled with modern farming techniques and ready markets, provides the base from which the objectives of this Agreement can be attained.

Based on the opportunities identified, the program elements described below outline the broad strategy of this Agreement.

The first element of this strategy involves development of the agricultural land base.

A major thrust should be directed at co-ordinated resource management to greatly enhance the grazing capability of the Crown Range. Range improvement plans, community pastures and development of deeded land

through selective thinning of trees, seedings of improved grasses, strategic placement of fences and provision of watering facilities are all activities aimed at supporting and stimulating the beef production sector.

In other areas construction of irrigation and drainage works on a community-wide basis will greatly improve the production capability of agricultural land, particularly for forage production but also for vegetables and other crops.

The second element of strategy involves training, research and technology utilization. Farming as a business is continually confronted with technological and economic changes. The farmer must be knowledgeable of management methods, keep abreast of technological changes and understand marketing. Young people entering the farming business must have a sound knowledge of management and a good background in the type of farming to be undertaken. To fulfill these requirements a variety of tools must be utilized. These would include short courses; a combination of formal and on-farm training; and the use of an innovative demonstration program to encourage the development and adoption of suitable technology on the farm. At the same time applied research is necessary to define and demonstrate new technologies in the livestock, horticultural and farm management spheres. The federal departments of Agriculture and Manpower and Immigration are presently involved in programming in this area. The intent of this strategy is to co-ordinate this federal and provincial programming and where necessary, provide assistance not available through existing programs.

The third element of this strategy is concerned with providing agricultural support services to stimulate further development, to realize the value-added benefits from processing of primary products, and to improve facilities in the general sense of community development.

F. PROGRAM INFORMATION

The following programs have been designated to include those broad measures which appear at this time to be the best means of assisting the Province in carrying out those aspects as outlined above.

PART I

RESEARCH, PLANNING, TRAINING AND MARKET PROMOTION

This program deals with the researching and planning of projects contemplated for assistance under this Agreement. All projects will be subjected to a thorough assessment prior to consideration. Agricultural and rural development studies are required to identify and define the most suitable projects. This information, as it evolves, will be used along with existing studies and research data in plan formulation.

Training and market promotion are activities to be undertaken as these plans become consolidated.

Program Objectives

- (a) To provide rural planning by geographical areas within which initiatives may be developed by government, municipalities and residents;
- (b) to support pilot demonstrations designed to test new techniques and approaches that will improve or increase production and to identify specific employment opportunities;
- (c) to provide meaningful opportunities for participants in the agricultural industry through consultation and co-ordination with governments in planning projects;
- (d) to provide the mechanism required to encourage the emergence of latent entrepreneurship and to influence existing entrepreneurs to develop new and/or existing opportunities in this sector;
- (e) to provide for improvements in the productivity and efficiency of the provincial agricultural labour force.

Program Initiatives

This program, which will be applied to rural regions will include the necessary research, evaluation and planning resources for the following projects:

- (a) applied research, studies, market development, and pilot projects designed to identify and support specific opportunities for employment within the agricultural and food related sectors;
- (b) research, planning and negotiations required to assist in the development of a provincial agricultural plan and policy framework which is in the best national and provincial interests, including a statement of employment and commodity goals;
- (c) evaluation and feasibility studies of projects which may be initiated under this Agreement; and
- (d) training projects undertaken jointly with Agriculture Canada, Canada Manpower and Immigration, and provincial manpower training programs and extension services related to rural development and, where necessary, involvement of industry representatives for improvements in labour force organizations and training, including technical skill development.

PART II

CO-ORDINATED RESOURCE MANAGEMENT

Rationale

Co-ordinated resource management is a multi-resource development approach which involves resource users, land owners, and governmental agencies co-operating within an agreed-to development plan on a specified acreage of land.

British Columbia is unique among the provinces because the largest proportion of the range resource is held by the Crown. There are in excess of 23 million acres of land held in Crown Range Reserve. Much of this resource is currently allocated under yearly leases but is less productive and under-utilized in terms of optimum production for the beef cattle industry. The winter forage supply is traditionally produced on the home ranch using deeded lands usually located in the valley bottoms. The only practical way to utilize the annual forage produced on the range is to harvest it through beef cattle.

Studies reveal that relatively modest inputs per acre in dollars invested generate a significant return in benefits. Trials in varying areas of the province have shown that dry matter yields of forage have increased four fold by reducing competing plant species, seeding improved grass species, or by light fertilizer applications.

The historical rivalry between resource users has now been overcome by a provincial policy that requires that a detailed management plan be developed and implemented to ensure the most efficient usage of the resource, recognizing optimal access by all agencies using the resource. Pilot projects using this concept have been implemented in the East Kootenay region of the province and initial results are encouraging. The developmental plans have selected the combination of techniques deemed to be most appropriate for each specific area. Improvement techniques include removal of scrub forest cover; selective logging; removal of undesirable underbrush by fire; burning of decadent plant species to promote new tissue growth for wildlife food; clearing and seeding the better soil locations; construction and placement of water sources to encourage distribution of cattle.

Crown range upgrading will produce adequate summer forage for both the cow-calf herd and the yearlings, for which there is presently insufficient summer range or winter forage. The progressive development of presently unused cultivatable lands will permit an increase in production of winter forage for both the cow herd and the over-wintering calves. Farmers cannot readily shift their agricultural enterprises to other commodities.

The retention of a greater proportion of the calf population to a grass finished stage will allow the operation of feedlots, sales yards, transportation and slaughter facilities which are often marginal with

current cattle movements. The livestock industry has taken steps to consolidate and modernize cattle handling facilities in the Kamloops area. This undertaking, known as Conagra Resource Management Corporation, is being assisted by the federal and provincial governments.

The British Columbia beef industry is unique because of this close affiliation with the Crown Range. As indicated earlier the range can only effectively be utilized by beef animals and because of this interdependence, producer options are limited. The average British Columbia beef producer with 113 cows has a larger herd than is commonplace in other provinces where beef production is only part of the farm operation. While specific statistics are lacking, it is commonly known that a very significant proportion of the British Columbia beef producers depend solely upon beef for their income and are therefore highly vulnerable to depressed marketing cycles such as have been experienced for the past three years.

Both governments have expended large sums through stabilization programs to ensure the survival of the producer. The purpose of this section is to equip the industry to compete and survive on their own initiatives rather than on government subsidy programs.

Beef production in British Columbia represents 13 per cent of the annual gross farm cash receipts. There is no other agricultural commodity that can respond in such a tangible manner to the infusion of public funds.

Program Objectives

- (a) To develop and improve the grazing capacity of Crown Range in order to utilize the forage production of this resource;
- (b) to optimize multi-use possibilities and thereby support and stabilize the beef industry in harmony with forestry, recreation and wildlife interests.

Program Initiatives

Application of this program will be restricted to specific geographic portions of the province, namely the Kootenay, Thompson-Okanagan, Cariboo-Chilcotin, Bulkley Valley, Prince George and Peace River areas and will involve the development and implementation of 220 co-ordinated resource management plans wherein local residents will be involved and will contribute 10 per cent of the total cost, the remainder being shared equally by DREE and the province. Projects will include:

- (a) development, in concert with local interests, of the resource management plan and assist in the management of the plan;
- (b) assistance in the construction of fencing, livestock handling facilities and cattle distribution trails;

- (c) assistance in forestry fringe conditioning including thinning and selective burning so as to enable increased forestry growth and increased utilization for cattle and wildlife;
- (d) encouragement of uniform range use through water development such as dugouts, wells, or small dams;
- (e) assistance in range improvement through such programs as seeding, renovation and weed control; and
- (f) coordination and provision of assistance for recreation enhancement to ensure that fish, wildlife and other resources receive optimum benefits within the range units.

PART III

PRIMARY RESOURCE DEVELOPMENT

Rationale

This program will concentrate on infrastructure for upgrading the land capable of intensive culture as well as activity outside the farm gate and may include community projects. The on-farm portion of the installation may continue to be supported by other provincial programs. Under previous federal-provincial agreements there has been assistance to upgrade basic irrigation water supplies for the tree fruit industry. Attention now can be directed toward the provision of supplemental drainage and irrigation. The Lower Fraser Valley produces 50 per cent of the province's agricultural revenues and despite proximity to urban developments, has a long term potential for increased production. The establishment of the Agricultural Land Reserves will essentially preserve agricultural lands in perpetuity. Considerable acreage in this area will substantially benefit from improved drainage during winter months and supplemental irrigation during the growing season. All areas of the province with the exception of the Peace River, are moisture deficient during the growing season and would benefit from irrigation. Proposed projects under this Agreement will provide the systems outside the farm gate so that producers can install drainage and irrigation on their farms.

Program Objective

To increase the production capability of the under-developed land resource, within the framework of those primary products which show market and production potentials.

Program Initiatives

Projects will be implemented within this Part with involvement by local people and a local contribution of 25 per cent of the total project

costs. Projects will be undertaken only in selected rural regions of the province and will include:

- (a) provision of financial assistance for the development of irrigation projects for both forage and horticultural crop production. This activity will be in rural regions on Vancouver Island, the Lower Mainland, Thompson-Okanagan, Columbia River Watershed, and Cariboo-Chilcotin areas and may include assistance for engineering design and construction supervision; construction of storage reservoirs, main irrigation supply canals or pipelines, laterals or connection to farm systems as well as off-farm laterals and main drains; provision of pump and screens;
- (b) implementation of improved drainage works in rural regions in the Lower Mainland, Columbia River Watershed and Thompson-Okanagan areas. This activity will include assistance for engineering design and construction supervision, construction of common collector laterals and main drainage works, and provision of pumps, screens and purification facilities; and
- (c) assistance for the construction of small cooperative irrigation or drainage works will be provided throughout the rural regions to groups of farmers that are unable to incorporate because of size, as a Water Improvement District.

PART IV

SUPPORT SERVICES AND COMMUNITY DEVELOPMENT

Rationale

Projects in this program are varied and closely related to the anticipated development of the agricultural industry as described in previous sections. There is a need for veterinary clinics to serve the cattle industry which is established over a very wide area of the province. The densities of current cattle populations are not sufficient to support a traditional veterinarian practice. The anticipated cattle population increases will justify establishment of clinics at strategic locations.

The upsurge in the beef cattle industry will support and justify infrastructures including sale yards, backgrounding facilities and feedlots. Service industries to cater to the needs of agriculture will be required and could be assisted under this Agreement.

The federal government for many years has had a major project underway in the Okanagan to develop biological control methods for codling moth. Research has now been completed with confirmation of success from commercial pilot projects. The time is opportune to expand the application of this research into other regions.

The Province provides funding to assist with installation of single phase electrical outlet in remote regions. While many regions have been assisted in this manner, there remains approximately 500 miles of line installation where the number of subscribers is insufficient to reduce the individual cost to manageable levels. This Agreement will supplement provincial funding for this portion of the single phase installation as well as to assist with three phase conversion where primary production can be enhanced.

It has been traditional for the tree fruit industry to pack and process tree fruits in the area of production with a doubling of economic worth. Many of the facilities for grading and packing fruit are now obsolete and must be upgraded in order to implement cost saving measures and increase efficiencies. This industry has been subjected to detailed examinations which have all supported the urgent need for upgrading the packing facility. A start has already been made in the Oliver/Osoyoos area with assistance from the Agriculture Canada Cold Storage Assistance Program. Recently federal-provincial assistance was approved for upgrading a facility in the Kelowna area. Similar action is required to preserve and expand these primary products.

Fruit and vegetable processing plants must remain competitive with their counterparts in other areas of the world. Assistance to permit renovations of existing plants or construction of new facilities is anticipated.

Initially the emphasis will be on upgrading or expansion of agricultural or processing operations and ancillary services. As the production base expands and markets increase there will be a need to provide additional service and production facilities. Preliminary studies indicate opportunities for expansion of processing facilities. All proposed projects will be preceded by economic feasibility studies.

The economy in certain areas of the province depends on agricultural, forestry and recreational pursuits. These areas frequently have unemployment at certain periods of the year due to seasonal fluctuations in these industries. This Agreement can provide a procedure to help alleviate some of the unemployment and to serve as a work learning experience for young people entering the work force. In addition, a plan will be developed to carry out tree thinning and to develop parks and recreational facilities. The forest tree thinning will also demonstrate the long term benefits to the forest and cattle industries. Farm operators who maintain part-time units could also benefit from an assured off-farm income.

Program Objectives

To provide the support services needed in rural areas to develop the agricultural industry to secondary processing and value added stages, thereby improving stability and rural employment opportunities.

Program Initiatives

Projects under this Part will be carried out in rural regions. Sections (a), (b), (c), provide for financial assistance in the forms of cash grants based on economic viability and financial analysis against established criteria. No assistance will exceed the maximum levels available in designated regions under the Regional Development Incentives Act. This part will include:

- (a) assistance for the establishment of services designed to encourage primary production including the construction of livestock treatment facilities, veterinary clinics, livestock/produce collection and sale facilities, bulk purchase and distribution facilities, community livestock production facilities and community pest and disease control facilities. Such projects will be supported if local people are involved and contribute at least 50 per cent of the total cost, the remainder being shared equally by the two senior governments;
- (b) assistance for projects designed to enhance the attraction of rural communities for individuals and entrepreneurs, including electrical service to remote rural areas, market access roads, and development of water supplies for production or market facilities. Financial assistance can be provided if local people are involved and contribute at least 50 per cent of the total cost, the remainder being shared equally by the two senior governments;
- (c) assistance made available through financial incentives to encourage the establishment of value-added processing operations in rural communities which would not normally be eligible for assistance under existing government programs. Projects which will be eligible for assistance include services which enhance the value of food production, packing and grading facilities, and operations involved in the secondary processing of food production. Local people will be required to provide at least 50 per cent of the costs of the project and the remainder will be shared by the two senior governments;
- (d) assistance for permanent job creation projects in remote rural communities that cannot be accommodated under existing government assistance programs. The costs of any such projects will be cost shared equally by the two senior levels of government; and
- (e) assistance for a comprehensive public information and promotion program to support the production and publication of information brochures, public meetings, seminars and advertising. The costs of this program will be cost shared equally by both senior levels of government.

G. CO-ORDINATION WITH ONGOING PROGRAMS

This Agreement provides a vehicle for co-ordinating and focusing the ongoing programs of both federal and provincial governments on the opportunities and needs in the agriculture industry of British Columbia. This co-ordination function will be carried out by the Federal-Provincial Management Committee established to direct the implementation of the Agreement. The appropriate government departments and agencies will be represented on the Committee.

CANADA - BRITISH COLUMBIA
SUBSIDIARY AGREEMENT
ON AGRICULTURE AND RURAL DEVELOPMENT

SCHEDULE "B"

Program/Project Description	Estimated Total Cost	DREE Contribution	%	Provincial Contribution	%	Local Contribution	%
I RESEARCH, PLANNING, TRAINING AND MARKET PROMOTION							
1. Applied research, studies, market development and pilot demonstra- tions	\$ 3 750 000	\$ 1 875 000	50	\$ 1 875 000	50	-	0
2. Long range agricultural planning	400 000	200 000	50	200 000	50	-	0
3. Project feasibility and evaluation	400 000	200 000	50	200 000	50	-	0
4. Managerial training	400 000	200 000	50	200 000	50	-	0
	<u>\$ 4 950 000</u>	<u>\$ 2 475 000</u>		<u>\$ 2 475 000</u>			
II CO-ORDINATED RESOURCE MANAGEMENT							
Implementation of 220 co-ordinated resource plans at an average cost of \$100 000	\$22 000 000	\$ 9 900 000	45	\$ 9 900 000	45	\$ 2 200 000	10
	<u>\$22 000 000</u>	<u>\$ 9 900 000</u>		<u>\$ 9 900 000</u>		<u>\$ 2 200 000</u>	
III PRIMARY RESOURCES DEVELOPMENT							
1. Irrigation	\$11 200 000	\$ 4 200 000	37.5	\$ 4 200 000	37.5	\$ 2 800 000	25
2. Drainage	8 300 000	3 112 500	37.5	3 112 500	37.5	2 075 000	25
3. General irrigation and drainage	500 000	187 500	37.5	187 500	37.5	125 000	25
	<u>\$20 000 000</u>	<u>\$ 7 500 000</u>		<u>\$ 7 500 000</u>		<u>\$ 5 000 000</u>	

Program/Project Description	Estimated Total Cost	DREE Contribution	%	Provincial Contribution	%	Local Contribution	%
IV <u>SUPPORT SERVICES AND COMMUNITY DEVELOPMENT</u>							
1. Service to assist primary production	\$13 900 000	\$ 3 475 000	25	\$ 3 475 000	25	\$ 6 950 000	50
2. Rural community development	6 000 000	1 500 000	25	1 500 000	25	3 000 000	50
3. Processing for value-added	19 200 000	4 800 000	25	4 800 000	25	9 600 000	50
4. Rural employment	500 000	250 000	50	250 000	50	-	0
5. Public information	200 000	100 000	50	100 000	50	-	0
	<u>\$39 800 000</u>	<u>\$10 125 000</u>		<u>\$10 125 000</u>		<u>\$19 550 000</u>	
TOTAL ALL SECTIONS	<u>\$86 750 000</u>	<u>\$30 000 000</u>		<u>\$30 000 000</u>		<u>\$26 750 000</u>	

