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CANADA/ONTARIO

SINGLE-INDUSTRY RESOURCE COMMUNITIES
PHASE 1



OCTOBER 18, 1976

subsidiary agreement



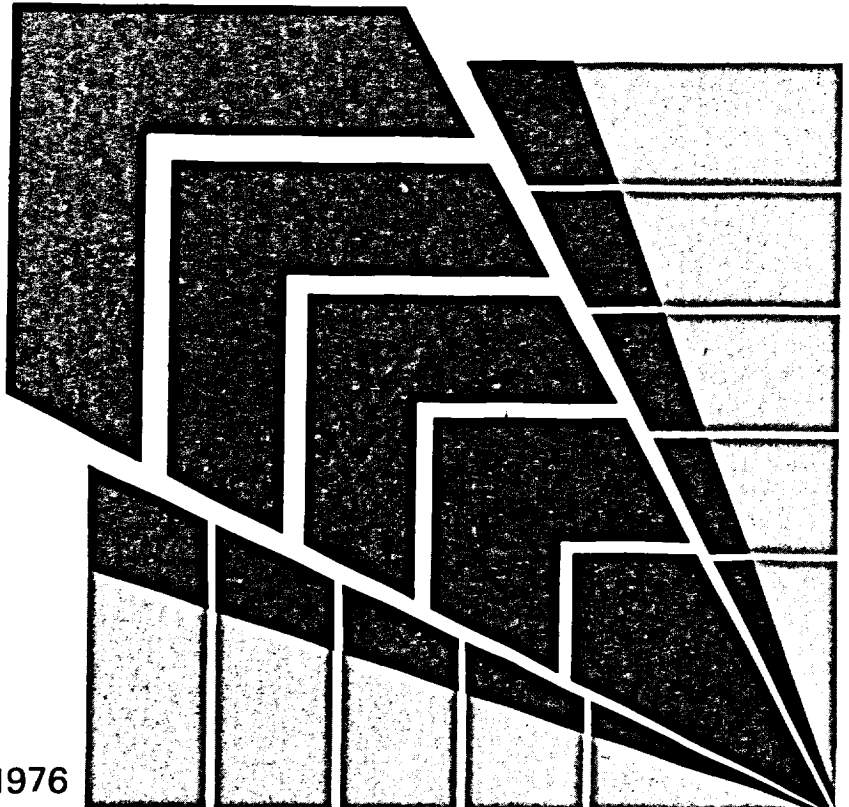
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CANADA/ONTARIO

SINGLE-INDUSTRY RESOURCE COMMUNITIES PHASE 1



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CANADA-ONTARIO SUBSIDIARY AGREEMENT
SINGLE-INDUSTRY RESOURCE COMMUNITIES
PHASE I: KIMBERLY-CLARK IMPACT AREA

THIS AGREEMENT made this 18th day of October, 1976

BETWEEN:

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

OF THE FIRST PART,

AND:

THE GOVERNMENT OF THE PROVINCE OF ONTARIO (hereinafter referred to as "the Province"), represented by the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs,

OF THE SECOND PART.

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

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

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

AND WHEREAS the Governor in Council by Order in Council P.C. 1976-9/2505 of the 7th day of October, 1976, has authorized the Minister of Regional Economic Expansion to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council O.C. 2622/76 of the 22nd day of September, 1976, has authorized the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement:

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

OBJECTIVES

2. The objectives of this Agreement are:

- (a) To provide for the joint participation of Canada and the Province to diversify and stabilize the economies of single-industry resource communities in northern Ontario, consistent with the objectives of the GDA and the goals and recommendations of the Province concerning the development of growth centres.
- (b) To initiate a joint strategy which will provide appropriate program elements aimed at ameliorating the social and economic problems characteristic of single-industry resource communities with development potential. These long-range regional objectives are:
 - (i) to broaden the economic bases of single-industry communities currently vulnerable to fluctuations in the resource sectors to facilitate the development of alternative employment opportunities;
 - (ii) to provide a living environment within these communities which will support a stable employment base in each centre and assist in attracting and retaining skilled labour; and
 - (iii) to encourage and sustain longer-term resource and related ancillary developments which will contribute to future economic diversification, by strengthening the urban structure of single-industry communities.
- (c) As an initial phase in this joint strategy, Canada and the Province agree to cooperate in the implementation of measures which are intended to support significant increases in the number and range of viable employment and income opportunities in the Kimberly-Clark Impact Area by enabling the Township of Longlac, the Town of Geraldton and the Improvement District of Nakina to fulfil their roles as growth centres in the economic development of northern Ontario. These measures will consist of selective improvements to the communities' infrastructure and are intended to achieve the following specific objectives:
 - (i) to assist the communities of Nakina, Longlac and Geraldton in providing infrastructure to meet the accelerated need for new housing in the area, caused by the major industrial expansion plans of Kimberly-Clark of Canada Limited;

- (ii) to provide air transportation facilities which will allow commercial air services to link this sub-region with the regional centres of Thunder Bay and Sault Ste. Marie as well as provide an essential base for forest protection and resource exploration and development activities;
- (iii) to improve the quality of life and social amenities for area residents, which would assist in stabilizing the labour force; and
- (iv) to enable local governments to undertake other needed capital projects, which will also serve to enhance the living environment and thereby contribute to attractive and stable communities.

SUBJECT MATTER

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

FINANCIAL PROVISIONS

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

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

ADMINISTRATION AND MANAGEMENT

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

PAYMENT PROCEDURES

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

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

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

TERMINATION

- 7. This Agreement shall terminate on March 31, 1980. All projects shall be completed on or before such date.

TENDERS AND CONTRACT AWARDS

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

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

IMPLEMENTATION

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

PUBLIC INFORMATION

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

CONDITIONS OF EMPLOYMENT

11. The following conditions relevant to employment and the award of contracts shall apply in respect to all projects carried out under this Agreement:

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

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

EVALUATION

12. Upon execution of this Agreement, Canada and the Province shall commence a joint evaluation of the projects listed in Schedule "A" in accordance with section 12 of the GDA and having regard to the objectives of both this Agreement and the GDA. An interim evaluation report shall be submitted through the Management Committee to the Ministers on or before the date of their annual meetings as prescribed

in subsection 9.1 of the GDA. The evaluation process shall be completed within twelve months of the termination date specified in section 7 of this Agreement.

AMENDMENTS

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

GENERAL

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

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

In the presence of:

GOVERNMENT OF CANADA

Witness

Minister of
Regional Economic Expansion

GOVERNMENT OF THE PROVINCE
OF ONTARIO

Witness

Treasurer of Ontario and
Minister of Economics and
Intergovernmental Affairs

CANADA-ONTARIO SUBSIDIARY AGREEMENT
SINGLE-INDUSTRY RESOURCE COMMUNITIES
PHASE I: KIMBERLY-CLARK IMPACT AREA
SCHEDULE "A"

<u>PROJECT DESCRIPTION</u>	<u>Project Cost*</u> (\$000s)
1. <u>COMMUNITY INFRASTRUCTURE PROGRAM</u>	
(a) <u>Nakina Water System Improvements</u>	
Including the completion of wells, pumps and housing (excluding well drilling), construction of an in-ground reservoir and associated pumping and chlorination equipment with a capacity of approximately 350 000 imperial gallons, and the construction of approximately 1 200 linear feet of 12" pressure watermain from the reservoir to the boundary of the existing community.	1 293
(b) <u>Nakina Sewage System Improvements</u>	
Including the construction of an approximately 375 000 gpd sewage treatment facility with outfall and pumps and approximately 4 600 linear feet of gravity trunk line sewers.	1 730
(c) <u>Longlac Water System Improvements</u>	
Including the construction of an approximately 1.5 mgd water treatment plant, an approximately 500 000-gallon capacity elevated water storage tank, and approximately 4 600 linear feet of 12" supply watermain.	2 553
(d) <u>Longlac Sewage System Improvements</u>	
Including the construction of an approximately 375 000 gpd capacity addition to the present sewage treatment plant and modifications to increase capacity of forcemain.	1 500

CANADA-ONTARIO SUBSIDIARY AGREEMENT
 SINGLE-INDUSTRY RESOURCE COMMUNITIES
 PHASE I: KIMBERLY-CLARK IMPACT AREA
SCHEDULE "A" (cont'd.)

<u>PROJECT DESCRIPTION</u>	<u>Project Cost*</u> (<u>\$000s</u>)
(e) <u>Geraldton Water System Improvements</u> Including construction of an approximately 1.5 mgd capacity water treatment plant and approximately 4 500 linear feet of 12" trunk watermain extending from the existing storage tank to a new 500 000-gallon storage tank.	2 914
Subtotal	9 990
2. <u>TRANSPORTATION DEVELOPMENT PROGRAM</u>	
(a) <u>Geraldton Airport</u> Including purchase and installation of runway lighting equipment; grading and paving of a 5 000' runway, access roads and public area; construction of passenger and operating building and two-bay maintenance garage; construction of MNR fire base including operating buildings and tank farm, MNR water base, and public water base.	2 827
(b) <u>Airport Access Improvements</u> Including reconstruction to granular base of existing roadway from the railway tracks in Geraldton northerly to the airport road, a distance of approximately 4.7 miles, and application of prime and double surface treatment.	883
Subtotal	3 710
TOTAL	<u>13 700</u>

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

CANADA-ONTARIO SUBSIDIARY AGREEMENT
SINGLE-INDUSTRY RESOURCE COMMUNITIES
PHASE I: KIMBERLY-CLARK IMPACT AREA
SCHEDULE "B"

1. PURPOSE

This program of financial assistance for Ontario is to enable the Province to arrange for the undertaking of measures which are intended to support significant increases in the number and range of viable employment and income opportunities in the Kimberly-Clark Impact Area by enabling the Township of Longlac, the Town of Geraldton and the Improvement District of Nakina to fulfil their roles as growth centres in the economic development of northern Ontario.

2. BACKGROUND

- (1) (a) Although Ontario ranks among the most prosperous of the ten provinces from the standpoint of aggregate indicators of economic wealth, such measures fail to reflect the significant economic disparities among Ontario's five planning regions. In fact, a large part of northern Ontario has not kept pace with the province, nor with Canada generally, from a development point of view.
- (b) In northwestern Ontario in particular, the range of economic activities is comparatively narrow, consisting mainly of the exploitation and export of forest and mineral resources. Despite the prominence of these resources, the relative lack of processing and service operations acts as a serious constraint on the number and range of income and employment opportunities and leads to instability in single-industry communities.
- (c) Many communities in the northwest are heavily dependent upon a very limited number of economic pursuits and are extremely sensitive to market fluctuations in the forest and mining sectors. The purchasing power in many of these communities is often insufficient to attract supporting industries, and distances and linkages within the regional market are not conducive to the achievement of minimum costs and economies of scale. Labour markets also tend to be limited to a given community and its immediate hinterland, and employers find it difficult to attract and retain skilled workers. Consequently, these circumstances have generated a rate of population growth which is approximately one-fourth the provincial figures, a below-average rate of labour force participation,

particularly among women, and a rate of outmigration which almost equals the natural population increase.

- (d) In the Canada/Ontario General Development Agreement, both governments identified a need for measures to stabilize and diversify the economies of these vulnerable communities and reinforce, where possible, their long-term economic viability. Through the Northwestern Ontario and Dryden subsidiary agreements with the Province, DREE is presently undertaking measures to support economic growth in key centres in northwestern Ontario. Growth centres in the northwest will require improved urban services to complement, wherever possible, existing towns for service and dormitory functions in connection with the development of new resource-based economic activities. A major step in buttressing roles of growth centres is the provision of development infrastructure assistance where required. This should include area-specific development programs as phases in a single-industry initiative concept to facilitate new opportunities for resource-based centres, to broaden and stabilize their economic bases. Therefore, the proposed program represents an initial step, as part of a long-term commitment to positive action by senior levels of government to assist single-industry resource-based communities.
- (2) (a) Throughout Canada, there are few large forest areas which remain currently uncommitted to the pulp and paper industry; accordingly, the potential for the development of new integrated forest complexes, which would represent significant growth in the national productive capacity, is constrained. Of those few areas which can support major long-term forest industrial development, several are located in northern Ontario.
- (b) In 1974, Kimberly-Clark of Canada Limited obtained long-term cutting rights to 4 860 square miles of additional timber limits. This grant provides the company with approximately 40 million cords per rotation. This timber limits represent one of the last uncommitted major stands of trees in northern Ontario.
- (c) There now exists a major development opportunity relating to the forestry sector of northwestern Ontario in that Kimberly-Clark has begun a large capital expansion program which will triple capacity of its Terrace Bay mill. This opportunity will have an immediate and significant impact on the Terrace Bay, Schreiber, Nakina, Longlac and Geraldton sub-region.

- (d) In addition to this immediate opportunity, the potential for long-range mineral development in northwestern Ontario has been confirmed. Known ore reserves in the Nakina/Geraldton area could supply a total of 235 million tons of iron-ore pellets. To the northwest, the Lake St. Joseph/Eagle Island area and other properties represent a potential of some 660 million tons of pellets.
 - (e) While these long-range developments are dependent upon world market conditions and transportation technology, including the possible development of slurry pipelines, it is probable that these projects may proceed within the next two decades. Development of the Nakina-Geraldton properties will likely proceed at the same time, given the large-scale capital investments which would be required for transportation access. It is anticipated that measures to reinforce the existing community infrastructure may stimulate these mineral developments by providing an attractive living environment for the required manpower resources.
 - (f) While Terrace Bay and Schreiber may be able to cope with expected moderate increases in employment associated with this expansion, the communities of Nakina, Longlac and Geraldton face major increases in employment and population which in turn will generate infrastructure needs far beyond their capabilities.
- (3) (a) Direct new job creation in the defined growth centres of Nakina, Longlac and Geraldton will total 470 and will represent a significant projected population increase of 2 400 by 1979, given that the total population of the three communities presently numbers approximately 5 400. The primary employment effect will be in the community of Nakina, which will become the geographic centre for the expanded woodlands operation. With the Kimberly-Clark policy of transporting its woodlands employees from their places of residence to the cutting areas, Nakina will serve as a major dormitory centre. Longlac remains the headquarters for the company's cutting operations and will be a support depot for woodlands equipment, a dormitory and a secondary processing centre. The excellent recreation potential in Longlac and its immediate hinterland is being developed to serve residents throughout a wide area. Geraldton is being expanded as a retail service and transportation centre and will also serve as a dormitory for some of the growing Kimberly-Clark workforce.

- (b) Over the next three years, the population of Nakina is expected to grow by a projected 1 300 persons, tripling its current size. With the estimated influx of 600 new residents into Longlac during the same period, this town of 1 700 persons may grow by about 35 per cent. Finally, Geraldton, whose current population is 3 000, can expect approximately 500 new residents by 1979, an increase of about 17 per cent. Adequate housing will be a key factor in attracting skilled workers and their families to the area.
- (c) The servicing and infrastructure requirements associated with this rapid growth represent an undue burden on all three municipalities. Already, these centres cannot cope with capital construction costs related to normal growth; therefore, they are not able to undertake, within the required timeframes, the essential infrastructure improvements needed to accommodate the expected increase in population. An evaluation of the communities' financial status confirms that the commercial/industrial tax assessment is well below established norms for northern Ontario, resulting in high residential taxes. Further, each community has experienced abnormally high increases in taxes since 1971 and has had to rely heavily on increased provincial grants in order to provide basic services. Residential development is now being curtailed by wholly inadequate water and sewer systems.
- (d) The proposed airport facility will strengthen Geraldton's role as the "service centre" for this system of inter-related communities and the entire sub-region. Although the capital costs of this project are beyond the financial capacity of the municipality, this facility is needed to improve access and communication within the sub-region and link the area with such regional centres as Thunder Bay and Sault Ste. Marie. In addition, this sub-regional airport will become an essential base for forest protection and resource exploration and development activities.
- (4) (a) To assist selected infrastructure measures which will be in direct support of a major development opportunity, the nature of government action required is to supply the necessary infrastructure to assist these strategic centres which are on the threshold of economic development to realize their full growth potential. Without senior government assistance, much of the regional benefit of this development could be lost.

- (b) Manpower will be a key factor in determining the success of this development opportunity. With the advent of higher levels of technology in woodlands operations, labour requirements have become more specialized and will be based on the need for greater technical skills. There is a recurring shortage of skilled workers in Canada's resource industries and this is especially acute in remote areas. Consequently, labour turnover continues to be excessively high, particularly in the forestry sector.
- (c) Kimberly-Clark's historic success in building and maintaining a stable workforce is unusual in the pulp and paper industry and is dependent on the related company policies of commuter logging and community enhancement. The company has pioneered the development of the commuter logging system. This means that throughout the year, woodlands employees are transported daily by bus from the communities of Nakina, Longlac and Geraldton to the various work sites. This system has helped to attract committed employees who are interested in their homes and communities, and has resulted in an annual labour turnover of only 17 per cent, far less than the industry as a whole, where more traditional "bush camp" operations are still being utilized. As their trend of commuter logging continues, the recruitment and maintenance of a stable woodlands workforce, which now comprises the greater part of primary forestry employment, will increasingly depend on attractive, stable and permanent communities with enhanced living environments.
- (d) Involvement by senior government will permit this system of single-industry resource communities to meet the accelerated need for new housing caused by industrial expansion. These proposed infrastructure measures will directly support residential developments and community enhancement by both the public and private sectors. Further, assistance by Canada and the Province will improve the fiscal flexibility of the municipalities, enabling them to undertake other measures needed to meet projected infrastructure requirements over the next few years.

3. PROJECT DETAILS

The projects specified in Schedule "A" include:

(a) Community Infrastructure Program

(i) Nakina

Construction of water and sewage system improvements to provide basic services and accommodate new growth, including two new residential subdivisions totalling 362 lots. These projects will be implemented in conjunction with provincial plans to install a new municipal water system, upgrade existing lines and construct a full system of sanitary sewers throughout the community.

(ii) Longlac

Construction of water and sewage system improvements to accommodate new growth. These infrastructure projects will provide the necessary services for the existing municipal grid, two proposed new apartment buildings and a new municipal subdivision, as well as future residential developments.

(iii) Geraldton

Construction of water system improvements to accommodate new residential developments totalling 95 lots and future growth.

(b) Transportation Development Program

(i) Geraldton Airport

Construction of runway, ancillary structure and forest-protection facilities to service the entire sub-region. This installation would accommodate daily commercial air service, private and cargo traffic, and Ontario Ministry of Natural Resources water-bombing aircraft. This last aspect of the project would ensure the safety of the wood resources on which the Kimberly-Clark expansion is based.

(ii) Airport Access Improvements

Regrading and surface treatment of existing roadway between the Geraldton airport road and the level railway crossing within the municipal boundary of Geraldton

to provide better surface access between Geraldton, the sub-region's service and transportation centre, and the regional airport.

4. PROJECT EVALUATION

In accordance with subsidiary agreement procedures, an ongoing evaluation will be undertaken throughout the implementation phase and a final assessment will be prepared upon completion of all projects. It is proposed that the evaluation criteria would consider such major factors as labour force stability, sub-regional migration, changes in housing stocks, air traffic volumes, and direct and indirect employment creation in all three growth centres.

