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CANADA/NEW BRUNSWICK

MINERALS AND FUELS



JUNE 24, 1976

subsidiary agreement

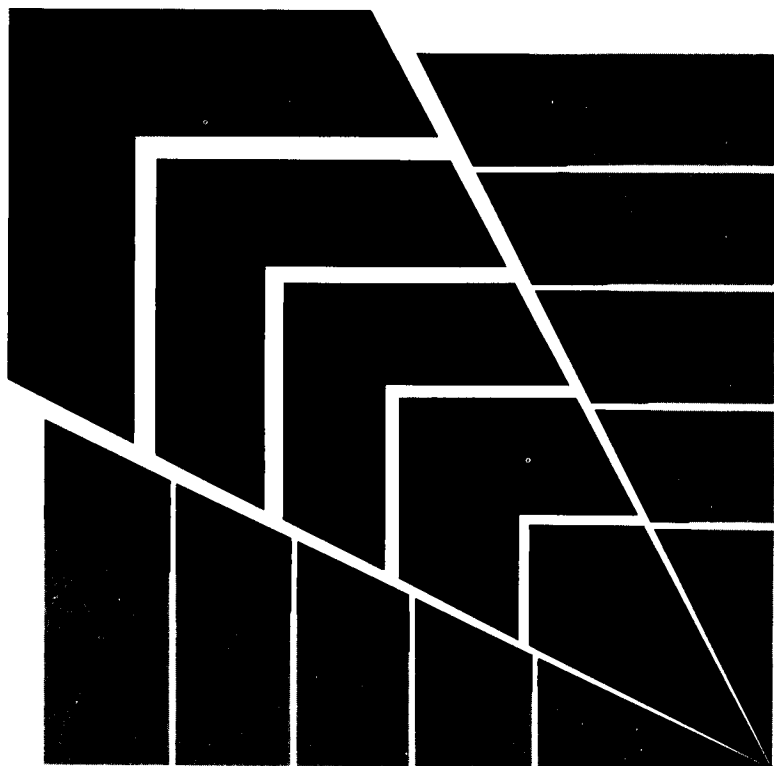


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CANADA/NEW BRUNSWICK

MINERALS AND FUELS



JUNE 24, 1976

CANADA-NEW BRUNSWICK
SUBSIDIARY AGREEMENT
MINERALS AND FUELS DEVELOPMENT

THIS AGREEMENT made this 24th day of June, 1976

BETWEEN:

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

OF THE FIRST PART,

AND:

THE GOVERNMENT OF THE PROVINCE OF NEW
BRUNSWICK (hereinafter referred to as
"the Province"), represented herein by
the Premier of New Brunswick,

OF THE SECOND PART.

WHEREAS Canada and the Province signed a General Development Agreement dated April 23, 1974, (hereinafter referred to as "the GDA"), to achieve the objectives stated in section 3 thereof;

AND WHEREAS in pursuit of these objectives, Canada and the Province have agreed to seek to achieve a coordinated application of relevant federal and provincial 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 have agreed that the minerals industry in New Brunswick has the potential to make a major contribution to the attainment of the GDA objectives and that special measures are required to achieve this potential;

AND WHEREAS the Governor in Council by Order in Council P.C. 1976-12/1149 of the 18th day of May, 1976, has authorized the Minister of Regional Economic Expansion and the Minister of Energy, Mines and Resources to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council No. 75-887 of the 26th day of November, 1975, has authorized the Premier of New Brunswick and the Minister of Natural Resources to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto do 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) "eligible cost" means those costs defined in section 5;
- (c) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
- (d) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (e) "initiative" means the subject matter of this Agreement and includes any program, project or other activity designed to implement the objectives of the GDA;
- (f) "Management Committee" means the committee referred to in section 8 ;
- (g) "Ministers" means the Federal Minister and the Provincial Minister;
- (h) "program" means a series of specific, related, individual activities;
- (i) "project" means a specific activity forming a self-contained unit within a program; and
- (j) "Provincial Minister" means the Premier of New Brunswick and includes anyone authorized to act on his behalf.

OBJECTIVES, PURPOSE AND SUBJECT MATTER

2. (1) Pursuant to section 3 of the GDA, the objectives of this Agreement are to enable Canada and the Province to jointly participate in measures directed toward the attainment of maximum economic and socioeconomic net benefits from the mineral resources of the province while at the same time ensuring maximum economic consideration to the maintenance of a high level of environmental quality.
 - (2) Pursuant to the objectives stated in sub-section (1), contributions to the development of mineral-related industries under this Agreement shall:
 - (a) promote private investment in both exploration and mine development;
 - (b) encourage further processing of indigenous minerals; and
 - (c) contribute to national self-sufficiency in fuel supply.
 - (3) Schedule "A" attached to and forming part of this Agreement contains details of the programs and projects identified for implementation.
 - (4) Schedule "B" contains background and rationale for the programs and projects.
3. (1) The Province shall take over, or arrange to be taken over, on completion, each capital project undertaken under this Agreement and shall accept full responsibility for its operation, maintenance and repair, except in cases where other federal-provincial arrangements may apply.
 - (2) The Province shall arrange for the take over and acquisition of all lands and interests in lands that are required for program implementation.
 - (3) It is understood and agreed that where a project under this Agreement is to be undertaken by a municipality or other institution or agency under provincial jurisdiction, such arrangements as are necessary with respect to such undertakings shall be the responsibility of the Province.
4. No program or project shall be approved after the expiry date of this Agreement and, unless the Federal Minister otherwise agrees, no claim made in respect of any program or project or parts thereof under this Agreement shall be paid unless it is received by Canada within one year following the said expiry date.

5. (1) Subject to subsection (3), the eligible costs of capital projects to be financed or shared under this Agreement in respect of the capital projects or portions thereof listed in Schedule "A" are:
 - (a) all direct costs, including those relating to public information that in the opinion of the Management Committee have been reasonably and properly incurred by the Province for the implementation of the capital projects, but excluding administrative, survey, engineering and architecture costs; and
 - (b) ten per cent (10%) of the costs pursuant to paragraph (a) as an allowance towards the exclusions specified therein.
- (2) Subject to subsection (3), the eligible costs of non-capital projects to be financed or shared under this Agreement in respect of the projects or portions thereof listed in Schedule "A" are:
 - (a) all costs reasonably and properly incurred by the Province under all contracts entered into in accordance with this Agreement by the Province with any person or corporation for the acquisition of equipment or the performance of work or services for the execution of the project; and
 - (b) the gross salaries, employer's share of contributions for Canada Pension Plan and Unemployment Insurance, and reasonable travel and removal expenses in accordance with applicable provincial regulations of those field personnel determined by the Management Committee to be or to have been engaged in the implementation of projects; provided that such costs, as determined by the Management Committee, are incremental to the Province and are in addition to such staff, services and facilities as are normally available or already in existence within the Province, it being expressly understood and agreed that costs for accommodation in provincially-owned buildings and costs for regular provincial telephone and other utility systems and other services shall be excluded, except as otherwise agreed by the Management Committee.
- (3) The costs to be shared by Canada do not include any costs relating to the acquisition of lands or interests in lands, or costs arising from conditions of acquisition, except where otherwise specified in Schedule "A".

- (4) Subject to the approval of the Federal Minister, costs incurred for approved programs and projects by either party are eligible if incurred within twelve months prior to the actual date of execution of this Agreement.
6. Notwithstanding anything in this Agreement, the total amount payable by Canada under this Agreement with respect to the programs listed in Schedule "A" shall not exceed eighty per cent (80%) of the total eligible costs up to an amount of \$9 050 500, which amount includes a fifteen per cent (15%) contingency allowance.
7.
 - (1) Unless otherwise agreed by the Ministers, the eligible costs of each program shall be limited to the estimated total costs specified in Schedule "A".
 - (2) If, at any stage of a program or project, it appears to the Province that the costs thereof will exceed the estimated costs specified in Schedule "A", the Province shall promptly so inform the Management Committee and state the reasons for such increase.
 - (3) Upon being 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 if adjustments in program costs are required.
8.
 - (1) Canada and the Province shall, through the Ministers, appoint a Management Committee consisting of an equal number of representatives of each party.
 - (2) The Management Committee shall be responsible for the overall management of this Agreement and, in particular, for the following:
 - (a) approval of all programs and projects necessary for the implementation of this Agreement;
 - (b) submission for the approval of the Ministers annually, and no later than September 1, of the projected budget required for the subsequent fiscal year;
 - (c) coordination of all cost-shared programs and projects under this Agreement;
 - (d) modifications necessary in the course of the fiscal year within the annual budget following its approval by Canada and the Province;

- (e) reporting to the Ministers its evaluation of 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, coordinating or steering committees consisting of representatives of the departments and agencies of Canada and the Province involved in the implementation of programs and projects under this Agreement;
 - (g) applying the procedures specified in section 12;
 - (h) recommending to the Ministers amendments to be made to this Agreement;
 - (i) performing any other functions that may be assigned to it by the parties hereto; and
 - (j) providing to the officials designated under subsection 9.2 of the GDA such information and advice as they may determine to be necessary for the performance of the functions assigned to them under the GDA by the Ministers designated therein.
- (3) (a) Except as otherwise specified in this Agreement or agreed by the Management Committee, the Province shall be responsible for operational program and project development and, under the overall supervision of the Management Committee, for implementing all cost-shared programs under this Agreement, and shall also ensure the provision of the staff and administrative machinery for the implementation of programs and projects under this Agreement assigned to the Province.
- (b) The Province, through its representation on the Management Committee, shall be responsible for liaison and program coordination 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 coordination between the agencies of Canada administering the programs included in this Agreement or whose activities affect the implementation of this Agreement.

PAYMENT PROCEDURES

9. Subject to section 10, payments by Canada shall be made promptly to the Province on the basis of provincially-audited progress claims setting out the eligible costs incurred and paid for eligible programs and projects, and submitted in a form and verified in a manner satisfactory to the Federal Minister.
10. (1) In order to assist with the interim financing of programs and projects, Canada may, if the Province so requests, make interim payments to the Province of one hundred per cent (100%) of Canada's share of claims submitted, based on estimates of costs actually incurred, certified by a senior officer of the Province.

(2) The Province shall account for each interim payment by submitting to Canada, within the quarter following such payment by Canada, a detailed statement of the actual costs incurred and paid, verified in a manner satisfactory to the Federal Minister. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually paid by the Province shall be promptly adjusted between Canada and the Province.
11. Payment of claims under sections 9 and 10 shall be augmented by ten per cent (10%) for capital projects as provided for in paragraph 5(1)(b).

IMPLEMENTATION PROCEDURES

12. The financing by Canada of the programs and projects listed in Schedule "A" is conditional upon the following procedures being observed in the implementation of each of the programs and projects:

A - Capital Projects (Cost Exceeding \$20 000)

- (1) Definition

The Management Committee shall establish a definition of the project for the purpose of identifying the work to be financed.

- (2) Tenders and Contract Awards

- (a) Unless the Management Committee otherwise agrees, all construction, purchase and other contracts shall be reviewed by the Management Committee and shall be let pursuant to tenders invited by public advertisement acknowledging the financial participation of the parties hereto.

- (b) 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.
 - (c) All contracts shall be awarded to the responsible and responsive tenderer who submitted the lowest evaluated bid, unless otherwise agreed by the Management Committee.
 - (d) All announcements of contract awards shall be made jointly by Canada and the Province.
- (3) Construction and Implementation
- (a) All substantive amendments to contracts shall require the prior approval of the Management Committee.
 - (b) Any member of the Management Committee or his representative shall be permitted to inspect the project at all reasonable times for the purpose of verifying progress claims and obtaining any other information concerning the project which may be required by the Federal Minister or the Provincial Minister.
 - (c) The Province shall forward to the Management Committee a report as to the progress of the work, in such detail and at such time as may be required by the Management Committee.

B - Non-capital Projects

(1) Definition

The Management Committee shall establish a definition of the project for the purpose of identifying the work to be financed, outlining the work program, method of implementation, types of services to be employed, equipment and materials required and estimates of cost.

(2) Implementation

- (a) All contracts for professional services in excess of \$25 000 shall be awarded and supervised in accordance with procedures to be established by the Management Committee, unless in its opinion it is impractical to do so.

- (b) reports produced by consultants or resulting from projects under this Agreement shall become the property of both parties hereto.
 - (c) The Province shall forward to the Management Committee a report as to the progress of the work, in such detail and at such time as may be required by the Management Committee.
13. Subject to the express provisions of subsection 5 (4), contracts and purchases made and work done prior to the date of this Agreement in respect of projects listed in Schedule "A" may be accepted as complying with the provisions of this Agreement if they are consistent with the provisions of the GDA and if they are approved in writing by the Federal Minister on the recommendation of the Management Committee.

PUBLIC INFORMATION

14. (1) Canada and the Province agree to cooperate 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 consistent with Federal-Provincial Identity graphics guidelines, and in both official languages, specifying that the relevant project is a Canada-New Brunswick Regional Development Project, financed by contributions from the Department of Regional Economic Expansion of the Government of Canada (and any other federal agency, where relevant, and the Government of the Province of New Brunswick, 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.

RECORDS AND AUDIT

15. 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 adjusted by means of subsequent progress claims.

GENERAL

16. (1) The provision of financing by Canada and the Province for the implementation of programs under this Agreement is subject to the Parliament of Canada and the Province having provided funds for such financing for the fiscal year in which such financing is required.
- (2) No member of the House of Commons or of the Legislative Assembly of New Brunswick 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.
- (3) Any dispute between the parties hereto on any question of law or fact arising out of this Agreement shall be submitted to and determined by the Federal Court of Canada pursuant to the Federal Court Act of Canada.
- (4) Where one party hereto is responsible for the implementation of a cost-shared program or project it shall indemnify and save harmless the other party, its officers, servants and agents, against all claims and demands of third parties in any way arising out of the implementation of such program or project, except as such claims or demands related to the act or negligence of any officer, employee or agent of the other party.
- (5) This Agreement shall terminate on March 31, 1981.
- (6) Subject to the terms and conditions of section 14 of the GDA, this Agreement may be renewed for any further period agreed upon by the parties hereto, but such renewal shall be subject to the approval of the Governor in Council and Lieutenant Governor in Council.
- (7) The following conditions relevant to employment and the award of contracts shall apply in respect of all programs and 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 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; it being agreed, however, that the foregoing shall not prevent the implementation of special measures designed to benefit native people or disadvantaged groups.
- (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.
- (d) Canadian Material and manpower shall be used in respect of all programs and projects to the extent to which it is procurable and consistent with proper economy and the expeditious performance of the initiatives.

EVALUATION

17. During this Agreement, Canada and the Province shall jointly effect an assessment of the programs listed in Schedule "A" with regard to the stated objectives. Annual progress reports shall be submitted by the Management Committee to the Ministers on or before the annual meeting of the Ministers as prescribed under subsection 9.1 of the GDA. In addition, Canada and the Province shall also jointly effect an evaluation of all the programs with respect to the general economic and socioeconomic development objectives of this Agreement.

AMENDMENTS

18. (1) Substantive changes to this Agreement, and to Schedule "A" thereof, may be effected as agreed from time to time by the Ministers in writing. Each program added to Schedule "A" shall form part of this Agreement as if it had originally been included in this Agreement. It is expressly understood and agreed, however, that any amendment to section 6 shall require the approval of the Governor in Council and Lieutenant Governor in Council.
- (2) Subject to subsection (1), the Management Committee may make adjustments during the fiscal year to the programs in Schedule "A" to this Agreement provided, however, that such adjustments do not increase the total amounts of the Schedule nor conflict with the objectives of this Agreement.

REVENUES

19. Where direct revenues accrue through the ownership and operation of the developed initiative or through the sale, lease or otherwise of acquired and/or developed resources under this Agreement, such revenues shall not accrue to Canada and shall not form part of the calculation of shareable costs, excepting only that where experimental or demonstration equipment or machinery which is jointly acquired is sold, the full recovered cost of such equipment or machinery shall be considered as revenue and shall be shared in the same proportion as the contributions by both parties to this Agreement, provided that the relevant sale is effected within three (3) years from the date of expiry of this Agreement.

EXCHANGE OF INFORMATION

20. Canada and the Province shall freely share information relating to any and all aspects of the work undertaken under this Agreement.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and the Minister of Energy, Mines and Resources, and on behalf of the Province by the Premier of New Brunswick and the Minister of Natural Resources.

In the Presence of:

GOVERNMENT OF CANADA

Witness

Date

Minister of
Regional Economic Expansion

Witness

Date

Minister of
Energy, Mines and Resources

GOVERNMENT OF THE PROVINCE OF
NEW BRUNSWICK

Witness

Date

Premier of New Brunswick

Witness

Date

Minister of Natural Resources

CANADA-NEW BRUNSWICK
SUBSIDIARY AGREEMENT
MINERALS AND FUELS

SCHEDULE "A"

Program Description	Estimated Cost of Program (\$)	Federal Share Including (a) Direct Cost (b) 10% Allowance (where applicable) (\$)
1. <u>Opportunity Identification</u>	5 487 500	
1.1 Energy Resources		2 080 000
<p>Provides for collection of sufficient data on the quantities and qualities of New Brunswick's energy raw materials to assist the private sector in identifying investment opportunities and to allow for rationalization of government policies for development and utilization of the province's energy resources. Data will be obtained through systematic drilling, geochemical surveys and geophysical surveys in areas with potential for coal, petroleum and uranium and an inventory of peat bogs by type and quality, including B.T.U. and trace element content.</p>		
1.2 Metallic, Industrial and Structural Minerals		988 400
<p>Provides for stimulation of an increased and a broader-based mineral production with expanded linkages to local and regional manufacturing activity, through detailed evaluation of potentially mineable industrial, metallic and structural mineral resources.</p>		

SCHEDULE "A" (continued)

Program Description	Estimated Cost of Program (\$)	Federal Share Including (a) Direct Cost (b) 10% Allowance (where applicable) (\$)
1.3 Land Use		
Provides for exploration and evaluation of mineral resources in areas where potential land use changes would otherwise preclude mining and quarrying developments.		400 000
1.4 Accelerated Mapping		
Provides for basic geological mapping on a scale sufficient to improve the effectiveness and efficiency of exploration programs. Mapping will be undertaken in the central and northwest regions.		921 600
2. <u>Opportunity Development</u>	4 350 000	
2.1 Processing:		1 600 000
Provides for a continuation of investigations of opportunities for resolution of technological problems constraining use of New Brunswick's mineral and fuel resources. Investigations will be conducted into the technical and economic feasibility of sulphur removal from New Brunswick's coal resources, improving recovery of metals from ores, processing industrial minerals, and other processing opportunities relating to reductions in energy costs within the province. Construction of pilot facilities will be provided for where justified by the results of laboratory scale investigations.		

SCHEDULE "A"

Program Description	Estimated Cost of Program (\$)	Federal Share Including (a) Direct Cost (b) 10% Allowance (where applicable) (\$)
2.2 Promotion of Identified Opportunities Provides for (a) assessment of identified opportunities to determine the appropriate public sector measures necessary to realize the opportunities;(b) measures to promote private sector interest in investment opportunities (c) assessment of private sector proposals to invest in resource developments; (d) measures to improve manpower availability to the mineral industry; and (e) promotion of public interest in prospecting.		430 000
16 2.3 Resource Roads: Provides for participation in the construction of multiple purpose resource roads providing access to mine developments.		1 400 000
	Total Programs 9 837 500	Total Federal Share 7 870 000
		Total Federal Share plus 15% 9 050 500

CANADA-NEW BRUNSWICK
SUBSIDIARY AGREEMENT
MINERALS AND FUELS

SCHEDULE "B"

This Schedule forms a part of this Agreement pursuant to subsection 2(4).

Background

In the jointly-agreed strategy to achieve the GDA objectives, the mining sector is selected to have potential for further development. This potential has been determined on the basis of the Province's continuing program of mineral resource exploration and evaluation. Work under the program was accelerated over the past five years with funds provided through an agreement between the Province and Canada. The resulting substantial increase in information pertaining to the province's mineral resources has pointed up numerous opportunities for development. Some of these opportunities are currently being examined by private interests. Other opportunities require more detailed assessment by the Province if they are to attract private sector funds for development. Also, in some instances, development will be dependent on the provision of public infrastructure.

Approach

In pursuing the mining sector objectives stated in subsection 2(2) of this Agreement, the Province will take a two-part approach.

First, it will expand and intensify its efforts to identify opportunities for private investment in mineral resource development.

Second, where opportunities suitable for private investment are identified, the Province will actively promote their development by all means consistent with the intent of this Agreement including the provision of infrastructural support in a manner which will obtain optimum net benefits for the residents of New Brunswick.

More specifically, in regard to the objective of promoting private investment in both exploration and mine development, the Province will:

- (1) increase its emphasis on the collection and analysis of detailed information relating to the development potential of identified mineral resources;
- (2) extend its program of geophysical, geological, and geochemical mapping to the central and northwest regions of the province;
- (3) contribute to improved resolution of land use conflicts through exploration and evaluation of mineral resources in areas where

potential land use would otherwise preclude resource development; and

- (4) provide road infrastructure support for mineral developments.

In regard to the objective of encouraging further processing of indigenous minerals, the Province will undertake investigations to identify means to overcome constraints to the smelting and refining of its base metal ores, increased utilization of its coal resources, and increased utilization of its industrial minerals by local and regional manufacturing industries. Also, exploration for industrial minerals and structural materials, for which there is a local or regional demand, will be given special emphasis in the overall mineral reconnaissance program.

In regard to the financial objective, the promotion of fuel resource development, efforts will be concentrated on examining the development potential of New Brunswick's coal, petroleum, peat and uranium resources.

In the process of identifying and promoting opportunities for mineral resources development, planning will be particularly important and will require increased emphasis if the net benefits from resource developments are to be maximized. Because of the non-renewable nature of mineral resources, the timing and nature of their development can significantly affect the benefits received. Without careful planning, measures to stimulate development may result in net benefits which are significantly less than the maximum.

In all policies pursued and action taken under this Agreement due consideration will be given to minimizing damage and restoring the environment during and after industrial and mining operations to the extent that such considerations are economically viable.

Principles of Policy

Mineral policy as expressed in legislation and programs of the New Brunswick government has evolved in response to the results of past experience here and in other jurisdictions and to changing circumstances.

The inherent guiding premises or principles of mineral policy formulation consistent with achieving economic and social development objectives of the Province are:

- (1) All undisposed mineral resources in New Brunswick are owned by the Crown in right of the Province and should be managed with a view toward optimizing the net public benefits from the development of these resources.

- (2) The interests of industry and the public are best served by the encouragement of the exploration, development and prudent management of disposed as well as undisposed mineral resources.
- (3) Net benefits will be optimized if government policies stimulate discovery and development as contrasted with mere acquisition and holding of title or rights.
- (4) The entrepreneur must have the opportunity to achieve an adequate return from successful operations commensurate with share of the risk.
- (5) Expenditure of public funds for the purpose of mineral development should increase private sector efficiency by:
 - (a) providing basic information, services and facilities which otherwise would be obtained by considerable duplication of activities. These include geological maps, compilations of exploration data, economic analyses, technical studies and mineral resource roads;
 - (b) fostering technological progress which will bring about a reduction in the costs of finding and processing minerals in the province; and
 - (c) discovering, evaluating, and fostering development of mineral deposits where other government policies or activities have failed to initiate private sector pursuit of exploration or development opportunities, and where the benefits of such actions are anticipated to be greater than the costs.
- (6) There must be an ongoing atmosphere of trust between government and industry.
- (7) The Province accepts the emphasis among mineral policy objectives for Canada upon which the provincial Ministers responsible for mineral policy agreed at the 1974 Ministerial Conference on Mineral Policy.

PROJECT RATIONALE

1. OPPORTUNITY IDENTIFICATION

The opportunity identification program provides for: an examination of the development potential of New Brunswick's energy resources; exploration and evaluation of known mineral occurrences which, on the basis of existing resource and market information, have potential for the development; exploration in areas where potential land use

changes would otherwise preclude mineral developments; and basic geological mapping on a scale sufficient to improve the effectiveness and efficiency of exploration decisions.

1.1 Energy Resources

The purpose of this project is to collect sufficient data to stimulate private investment in energy resource development and to provide a basis for rationalization of government policies with respect to management of these resources.

Due to the recent escalation of world oil and natural gas prices, the demand for alternative domestic energy resources has increased substantially. The province has potentially large reserves of coal, uranium and high B.T.U. peat. However, exploration and development of these resources is constrained by a number of factors.

Exploration and development of coal and uranium have been constrained by:

- (a) uncertainty about the presence of laterally continuous low sulphur coal of mineable thickness; and
- (b) uncertainty about the significance of known uranium occurrences, combined with geological and geographical conditions which result in relatively high cost exploration.

It is expected that exploration drilling for coal and uranium, combined with chemical and physical testing, will reduce these constraints and, if the results are positive, will stimulate private sector exploration.

A constraint to utilization of peat for energy generation is a lack of information on the quantity and accessibility of thermal peat. The inventory of the peat resource will demonstrate the availability of thermal as well as horticultural peat, and will improve the basis for private sector investment decision making with respect to further development of this resource.

1.2 Metallic, Industrial and Structural Minerals

The purpose of this project is to stimulate the development of a broader base of mineral production and expanded linkages with local and regional manufacturing activity. Numerous metallic, structural, and industrial mineral occurrences have failed to attract private exploration and development capital because of a lack of detailed information to adequately demonstrate their apparent potential. It

is anticipated that further evaluation of some of these occurrences will provide sufficient information to stimulate private investment. Evaluation will be based on an assessment of the geological, market and technological factors determining development. Geological evaluation will only be undertaken where it can be supported by the results of an analysis of market and technological factors.

1.3 Land Use

The purpose of this project is to ensure that the mineral value of land is recognized in decisions regarding land use.

Land use decisions taken without an awareness of mineral resource potential may preclude the development of these resources. Funds provided under this project will be used to conduct exploration in areas of proposed land use changes. It is anticipated that the major portion of this exploration would be in the proposed Fundy Park extension.

1.4 Accelerate Mapping

The purpose of this project is to increase the efficiency of exploration through the provision of data necessary for basic exploration decisions.

Under the Province's existing agreement with Canada, geological mapping is being carried out in two regions of the province, namely, the Caledonian area and the Charlo area. The results have aided in the selection of exploration targets in both areas.

A third area with equal or greater potential for economic base metal deposits extends from Woodstock to the Bathurst-Newcastle mining camp. Exploration effort in this area has been duplicated, in part wasted, and is, in many cases, not directed toward the most promising targets because reliable geological base maps are lacking. This project will eliminate this constraint to mine discovery.

2. OPPORTUNITY DEVELOPMENT

The opportunity development program provides for resolution of technological problems constraining increased use of the province's mineral and fuel resources; promotion of identified opportunities for increasing mineral and fuel production, value added, productivity and participation by New Brunswick residents in all phases of their mineral industry; and the construction of transportation routes necessary for mineral and fuel resource development.

2.1 Processing

The purpose of this project is to resolve the technological problems constraining the use and discovery of New Brunswick's mineral and fuel resources.

Development of known base metal deposits in the Bathurst-Newcastle area is presently constrained by the low proportion of metals which can be recovered by conventional milling techniques. Also, anticipation that new discoveries will be similar to known deposits limits intensive exploration in the area. Similarly, exploration and development of the province's coal resources are constrained by the high sulphur content of known deposits.

Investigations carried out by both the public and private sectors have demonstrated a probability for economic success of certain approaches to increasing the value and economic viability of known mineral and mineral fuel deposits. These approaches would achieve more complete extraction of saleable products, increase the quality of these products by producing marketable by-products. This project will provide funds to support development of selected approaches. Areas for development will be selected on the basis of market factors, potential for creation of ore reserves, relative technological and environmental merits of potential processes, and economic factors.

2.2 Promotion of Identified Opportunities

The purpose of this project is to:

- (1) stimulate private investment interest in identified opportunities; and
- (2) increase the employment of New Brunswick residents in mineral resource development.

In some cases the identification of an investment opportunity will be insufficient to attract private investment. Positive steps by government may be required to stimulate the investment necessary to realize development potentials. Accordingly, this project provides for assessments of identified opportunities to determine the appropriate public sector measures necessary to realize development potentials, measures to promote private sector interest in development opportunities, and assessment of private sector proposals to invest in resource developments.

According to manpower forecasts, the anticipated resource developments will be constrained by a potential shortage of skilled workers. A basic problem in recruiting mine personnel has been a negative public attitude to mining employment based on misconceptions as to the nature of working conditions. Consequently, this project

provides for measures to increase public awareness of the true nature of working conditions in mineral resource developments and to encourage the utilization by industry of improved industrial relations techniques.

2.3. Resource Roads

The purpose of this project is to increase the commercial viability of identified mineral deposits by providing adequate access routes and to ensure maximum net public benefit through multiple use of such roads.

Past experience has demonstrated that private ownership of resource roads tends to result in an inefficient resource road system constraining development because:

- (a) privately-owned roads have been designed and located for single-purpose use and in many cases this limits their value for other potential users;
- (b) road owners have prohibited or discouraged other firms or individuals from using their roads for resource access and resource transportation; and
- (c) the nature of resource development precludes a private market system for sharing the costs of road construction among potential users.

Public ownership of resource access roads would eliminate these constraints. Therefore, this project provides for financial participation in the construction of multiple-purpose resource roads which provide access to mineral developments. Participation will be directly proportional to the extent to which the roads will be used for mineral development purposes. It is anticipated that the major expenditures will be for the construction of access roads to Mount Pleasant mines and upgrading of selected mine access roads in the northeastern part of the province.

The cost of land acquisition for the purpose of constructing resource roads shall not be deemed to be an eligible cost under the terms of this Agreement.