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NUTRITIVE PROCESSING
ASSISTANCE

CANADA/ ALBERTA



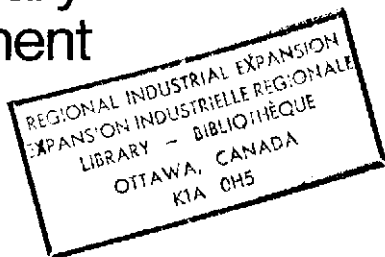
MARCH 11, 1975

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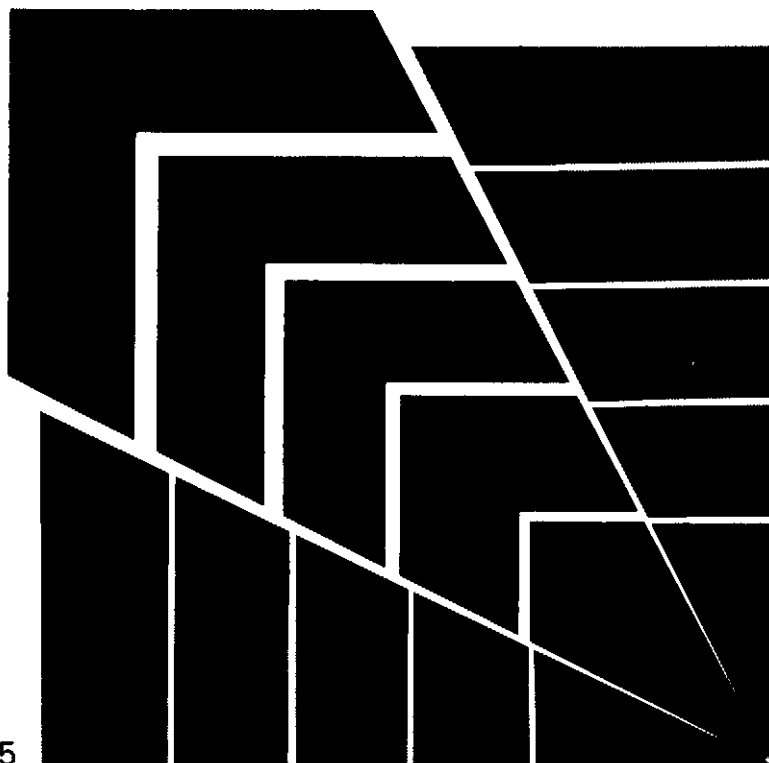
Regional
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NUTRITIVE PROCESSING
ASSISTANCE

CANADA/ ALBERTA



MARCH 11, 1975

CANADA-ALBERTA
SUBSIDIARY AGREEMENT
ON NUTRITIVE PROCESSING ASSISTANCE

THIS AGREEMENT made this 11th day of March, 1975

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 ALBERTA (hereinafter referred
to as "the Province"), represented
by the Minister of Federal and
Intergovernmental Affairs,

OF THE SECOND PART.

WHEREAS Canada and the Province have signed a General Development Agreement (hereinafter referred to as "the GDA"), dated March 6, 1974, under which they agree to cooperate in selecting and implementing initiatives for the economic and socioeconomic development of Alberta;

AND WHEREAS the objectives of the GDA reflect agreement to improve opportunities for productive employment in areas of Alberta which, relative to other areas in Alberta require special measures to realize development potential and to promote balanced development among areas of Alberta;

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

AND WHEREAS Canada and the Province agree to cooperate in measures designed to strengthen the economic base of rural Alberta communities by encouraging the processing, in rural Alberta, of nutritive products and by-products;

AND WHEREAS the Governor in Council by Order in Council P.C. 1975-2/459 of the 25th day of February, 1975, 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 No. 224/75 of the 10th day of February, 1975, has authorized the Minister of Federal and Intergovernmental Affairs to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto agree as follows:

DEFINITIONS

1. In this Agreement:
 - (a) "approved capital cost" is defined in the standards and procedures established pursuant to section 3(6);
 - (b) "approved working capital" is defined in the standards and procedures established pursuant to section 3(6);
 - (c) "capital to be employed" means the direct costs of acquiring, designing, constructing, transporting, or installing capital assets at fair market value and insuring the assets during the construction period. It also includes the approved working capital which will be required for the operation of the facility when it is in production at its intended full capacity, and capitalized expenses which are necessarily incurred in bringing the facility into commercial production and which in normal accounting practice are treated as capital expenditures and not charges against income;
 - (d) "commercial operation" means an operation that employs at least one person full-time for the normal duration of the operation, and which has, in the opinion of the Joint Committee, a significant impact on rural or community development;
 - (e) "commercial production" is defined in the standards and procedures established pursuant to section 3(6);

- (f) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
- (g) "fiscal year" means the period commencing on April 1st of any year and terminating on March 31st of the immediately following year;
- (h) "Joint Committee" means the Committee as described in section 4(1);
- (i) "Ministers" means the Federal Minister and the Provincial Minister;
- (j) "nutritive processing" means those commercial operations in which raw or semi-processed nutritive products are altered, processed or refined, physically or chemically, or made more marketable for human, animal, or plant consumption;
- (k) "nutritive product" means a product consumed by a human, animal, or plant for nutritional purposes;
- (l) "program" means those areas of activity designed to achieve the objectives of this Agreement;
- (m) "project" means a proposed nutritive processing facility as defined in the standards and procedures pursuant to section 3(6) or a discrete, identifiable work package related to the Public Information and Technical Services Program;
- (n) "Provincial Minister" means the Minister of Federal and Intergovernmental Affairs of Alberta, and includes anyone authorized to act on his behalf;
- (o) "approved project" means a nutritive processing facility for which the Joint Committee has made an offer of financial assistance; and
- (p) "rural area" or "rural Alberta" means all of the Province which remains outside the boundaries of Edmonton and Calgary for the duration of this Agreement.

PURPOSE AND OBJECTIVES

- 2(1) The purpose of this Agreement is to facilitate federal-provincial cooperation in initiatives undertaken in respect of economic

and socioeconomic development in rural Alberta to achieve the objectives stated hereinafter in accordance with the strategy agreed to in the GDA.

- (2) Pursuant to the objectives and strategy set forth in the GDA, the objectives of this Agreement are to:
 - (a) strengthen the economic viability of the small rural community; and
 - (b) further process in Alberta those nutritive products which have, or may achieve, a competitive position in national or export markets;

and thereby to increase the quality of life options of rural residents, to increase the net income available to rural families and to slow the movement of population from the rural community to the major metropolitan centres.

SUBJECT MATTER

- 3(1) Canada and the Province will undertake a joint five-year program designed to stimulate the economic and socioeconomic development of rural Alberta through the establishment, modernization, or expansion of nutritive processing facilities in rural Alberta.
- (2) Consistent with subsection 6.4 of the GDA, Canada and the Province during the term of this Agreement will provide financial assistance to nutritive processors to encourage the establishment, modernization, or expansion, in rural Alberta, of viable nutritive processing facilities.
- (3) Consistent with paragraph 4(a) of the GDA, Canada agrees to undertake to coordinate existing programs and policies within its jurisdictions with the objective of facilitating the implementation of this Agreement.
- (4) Schedule "A" attached to and forming part of this Agreement describes the programs to be undertaken to achieve the objectives of this Agreement.
- (5) This Agreement shall commence on, and take effect from, April 1, 1975. This Agreement shall terminate on March 31, 1980, and no project shall be approved after the termination date and no claim for contribution made in respect of any approved project under this Agreement shall be paid unless it is received by Canada on or before September 30, 1983.

- (6) The implementation of this Agreement shall be effected only on the basis of specific standards and procedures to be agreed upon by the Ministers. To facilitate immediate implementation of this Agreement, Canada and the Province agree to develop those interim standards and procedures required for effective administration. These interim standards and procedures shall be submitted to the Ministers for approval either upon the signing, or within thirty days following the signing, of this Agreement. Such interim standards and procedures shall remain in effect until the Joint Committee develops and the Ministers approve long-term standards and procedures.
- (7) Notwithstanding section 3(5) of this Agreement and subsection 4(2)(e) of Schedule "A", the Joint Committee may give consideration to facilities for which contractual arrangements have been made committing the project to proceed at a given location between July 1, 1974, and April 1, 1975, such facilities to be subject to full evaluation including the application of all tests required in this Agreement, in Schedule "A", and in the standards and procedures required under section 3(6) of this Agreement.

PROGRAM ADMINISTRATION

- 4(1) To ensure coordination of effort and compatibility of approach, the Federal-Provincial General Development Committee set up under the GDA will establish a committee as required by subsection 9.4 of the GDA to be known as the "Joint Committee", to administer and implement this Agreement. The Joint Committee shall have as its responsibilities:
 - (a) the general coordination of this Agreement, including the development of all necessary standards and procedures, consistent with the objectives, principles and criteria contained in this Agreement and Schedule "A" attached, including, specifically, an appropriate procedure to cover the analysis of applications for assistance under this Agreement;
 - (b) the approval of projects under this Agreement;
 - (c) the ensuring of proper recognition of the contribution of both parties to this Agreement, including, specifically, the development of an appropriate joint procedure to cover offers of assistance for authorized projects, such procedures to clearly indicate to the applicant the contribution to be made by both parties to this Agreement; and

- (d) the submission to the General Development Committee for the approval of the Ministers annually, and no later than September 1, of the projected budget required for the subsequent fiscal year.
- (2) The Joint Committee shall have the authority to authorize development assistance for projects of up to and including \$2,000,000 total capital to be employed. Projects of greater than \$2,000,000 and no more than \$4,000,000 total capital to be employed in the operation, shall be reviewed and submitted to the Ministers for final approval.
- (3) Projects for which the total capital to be employed will exceed \$4,000,000 will be reviewed by the Joint Committee and, if consistent with the objectives of the GDA, shall be forwarded to the General Development Committee with a recommendation for appropriate action.
- (4) Notwithstanding section 4(2) and 4(3), where the Joint Committee is of the opinion that assistance other than that which is provided by this Agreement is required, the Joint Committee may recommend to the General Development Committee that the project be the subject of a separate Subsidiary Agreement.

PROGRAM IMPLEMENTATION

- 5(1) The Alberta Department of Agriculture shall have primary responsibility for the implementation of this Agreement within the framework of agreed objectives and criteria set forth herein and in Schedule "A" attached, and the standards and procedures developed pursuant to section 3(6). In exercising its primary responsibility, the Alberta Department of Agriculture shall be responsible for the performance of the following functions:
 - (a) the receipt and determination of basic eligibility of all applications;
 - (b) the submission to the Joint Committee, for analysis and determination of levels of assistance, of applications for those facilities which meet basic eligibility criteria;
 - (c) the participation in such analysis as may be required to assist the Joint Committee in fulfilling its responsibilities; and
 - (d) the development of an appropriate procedure within the provincial government for the handling of payments to applicants and for claiming procedures.

- (2) The Canada Department of Regional Economic Expansion shall be responsible for the following functions:
 - (a) the administration of the federal share of any assistance provided to the Province under this Agreement;
 - (b) the participation in such analysis as may be required to assist the Joint Committee in fulfilling its responsibilities; and
 - (c) the liaison and program coordination between the departments and agencies of Canada administering programs whose activities affect the implementation of this Agreement.

FINANCIAL

- 6(1) Development assistance authorized under this Agreement shall be shared fifty percent (50%) by Canada and fifty percent (50%) by the Province.
- (2) Levels of authorized assistance to approved projects shall be determined in accordance with criteria set out in Schedule "A" attached, and pursuant to the standards and procedures established under section 3(6).
- (3) Notwithstanding anything in this Agreement, the total amount to be approved by Canada to March 31, 1977, under this Agreement shall not exceed the lesser of fifty percent (50%) of the eligible costs under sections 6(2), 6(5), 6(6), and 6(7) or \$8,500,000 as specified in Schedule "B" attached to and forming part of this Agreement, and the total amount to be approved in the following three years shall be agreed upon by Canada and the Province on or before April 1, 1977.
- (4) The Joint Committee shall effect a review of this Agreement prior to September 30, 1976, and shall recommend to the Ministers the levels of program approval required for the period April 1, 1977, to March 31, 1980.
- (5) Where external consulting or other professional services are deemed necessary by the Joint Committee for the implementation of this Agreement, the cost of such services shall be shared equally between Canada and the Province.
- (6) Eligible costs for the implementation of the public information program for this Agreement shall include only direct costs, as approved by the Joint Committee, including:

- (a) salaries and eligible benefits, as described in section 6(7), of employees of the Province or its agencies when those employees work specifically and directly on the information program for this Agreement;
 - (b) the cost of professional and related support services; and
 - (c) other direct costs as determined by the Joint Committee.
- (7) Eligible benefits for provincial staff assigned to the implementation of the public information program under this Agreement may include the employer's share of contributions for Canada Pension Plan and Unemployment Insurance as well as reasonable travel and relocation expenses incurred in connection with such projects in accordance with applicable provincial travel and relocation directives.

CONTRACT PROCEDURES

- 7(1) All contracts entered into pursuant to sections 6(5) and 6(6) shall be awarded in accordance with procedures to be developed by the Joint Committee and, unless in its opinion it is not desirable to do so, shall be awarded to the qualified and responsive tenderer submitting the lowest evaluated bid.
- (2) Recruitment of labour shall be conducted through Canada Manpower Centres unless the Joint Committee considers that this service cannot reasonably be provided.
- (3) The provisions of the Labour Standards Arrangement proposed by the Federal Department of Labour in 1970 shall be applicable to this Agreement, it being understood and agreed that to the extent that there are higher provincial standards applicable to particular occupations or regions these higher provincial standards shall apply.

PAYMENT PROCEDURES

- 8(1) Subject to section 8(2), Canada agrees to reimburse the Province for expenditures made on approved projects in such proportion as prescribed by this Agreement upon submission by the Province of a claim, in a mutually agreed manner and form, certified by a senior official of the Province and bearing a provincial audit certificate.
- (2) Approved claims under section 8(1) submitted by the Province for jointly approved projects will be paid by Canada following the date of achievement of commercial production as determined by

an audit of the project by Canada. Timing of payments to individual applicants shall be in accordance with the standards and procedures referred to in section 3(6).

- (3) The Province, in unusual, unique or extenuating circumstances, may at its discretion provide advance payments to an individual facility. Any such advance payment shall be the sole responsibility of the Province and, in the event that the facility so assisted by the Province does not achieve commercial production, such facility shall not be liable for assistance under this Agreement.

PROGRAM EVALUATION

- 9(1) For the purposes of evaluating the impact of this Agreement on the rural community, the Province shall submit periodic reports to the Joint Committee on the progress of all projects assisted under this Agreement.
- (2) For the purposes of the evaluation required under the GDA, the Joint Committee shall effect a yearly assessment of the projects supported under this Agreement with regard to the degree to which they meet the objectives of the GDA and this Agreement. A report on the assessment will be submitted to the General Development Committee.

PUBLIC INFORMATION

- 10(1) Canada and the Province agree to cooperate in the development and implementation of a program of public information respecting implementation of approved projects under this Agreement, and further agree to supply, erect and maintain, during the course of construction of each approved project to be assisted, a project sign or signs specifying that the project is being assisted by contributions by the Department of Regional Economic Expansion of the Government of Canada and the Government of the Province of Alberta, or such other wording to the like effect as may be agreed to by the Ministers.
- (2) Any public announcement of the measures relating to this Agreement, and any official opening ceremony for each project assisted under this Agreement, shall be arranged jointly by the Ministers.

AMENDMENTS

- 11(1) Consistent with the objectives of the GDA, this Agreement, and Schedule "A" attached, and the standards and procedures

established pursuant to section 3(6), may be amended as agreed from time to time by the Ministers. Amendments may be made by exchange of correspondence between the Ministers. It is expressly understood and agreed, however, that any amendment to the level of funding specified in section 6(3) and to the ratio of cost sharing specified in section 6(1) shall require the approval of the Governor in Council and the Lieutenant Governor in Council.

- (2) The Joint Committee may recommend to the Ministers for their approval revisions to the standards and procedures followed in the administration of this Agreement, provided that such revisions do not conflict with the objectives and intent of this Agreement.

GENERAL

- 12(1) No member of the House of Commons or of the Legislative Assembly of the Province of Alberta 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 from such contract, agreement, or commission.
- (2) This Agreement shall be interpreted subject to the provisions of the GDA.
- (3) The provision of financing by Canada and the Province for the implementation of this Agreement is subject to the Parliament of Canada and the Legislature of the Province of Alberta having provided such financing for the fiscal year in which such financing is required.

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 of Alberta by the Minister of Federal and Intergovernmental Affairs.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

Witness

Minister of
Regional Economic Expansion

GOVERNMENT OF THE PROVINCE
OF ALBERTA

Witness

Minister of Federal and
Intergovernmental Affairs

SCHEDULE "A" TO THE
CANADA-ALBERTA SUBSIDIARY AGREEMENT
ON NUTRITIVE PROCESSING ASSISTANCE

1. INTRODUCTION

- (1) The Alberta economy, while relatively strong in terms of general economic indicators, is characterized by a tendency to concentrate development both sectorally and geographically within the Province. The Province, as outlined in the Canada-Alberta General Development Agreement, desires to produce balanced economic development, both in terms of higher rural/urban balance of job opportunities, and of diversification of the primary resource sector to provide for more primary resource processing in Alberta. The GDA indicates that government assistance will be required to achieve these objectives.
- (2) Economic and socioeconomic standards in the major urban centres are generally high. There exists, however, many small rural communities which are unable to provide the productive employment opportunities or levels of social amenities necessary to permit their citizens to participate in and benefit from the development of Alberta. Many of these communities, although possessing the human and natural resource potential necessary for a viable community, are faced with the prospect of stagnation or decline unless means are devised to improve opportunities for productive employment and provide a better social environment.

2. DEVELOPMENT OBJECTIVES

- (1) Two basic economic development objectives in the Province of Alberta are:
 - (a) to encourage a geographical diversification of industrial developments; and
 - (b) to encourage the economic diversification of the industrial base in Alberta.

The strategy is to accomplish these objectives by supporting the development of selected processing industries in key areas.

- (2) Basically the Province wishes to geographically diversify industrial growth outside the major urban centres. In addition, it wishes this geographical dispersion to incorporate a diversification of the economic base in order to avoid possible future adverse consequences which may result from a heavy reliance on the oil and gas industry.
- (3) Achievement of the above objectives could lead to a greater range of social and economic opportunities for a large number of rural Albertans. Social options in the form of varied career opportunities in the new processing industries and growth of the related service industry could be a direct result. Indirectly, the quantity and quality of social amenities should increase as a by-product of community growth and increased incomes. In addition to the increases in personal and family incomes, other economic benefits could be increased employment and a greater provincial share of value-added being generated from primary products which now leave the Province.
- (4) The dispersion of processing plants may result in increased transportation, distribution, and infrastructure costs. Such costs will be incurred because new processing plants locating away from the large metropolitan centres will demand improvements in these services in order to function efficiently.
- (5) The constraints in accomplishing these objectives are both internal and external. Internal constraints are mainly those faced by locating new processing capacity in small centres. They include higher borrowing rates, credit limitations and the costs of reduced economies of scale. In addition, there are economic and institutional factors which individually may appear insignificant but, when combined, can present constraints to development in rural area. A few of the more common factors which could fall into this category are provision of utilities, insurance, fire protection and other specialized services.
- (6) The constraints previously discussed are basically economic in nature. There are other constraints which should be identified to complete the analysis. For example, many times the managers of small processing plants lack the entrepreneurial skills necessary to take advantage of new opportunities, and they may find the financial burden of purchasing such skills prohibitive. In addition, the array of skills necessary to operate a new processing plant may be lacking in the local area.

3. STRATEGY AND AREAS OF ACTIVITY

- (1) The Canada-Alberta Subsidiary Agreement on Nutritive Processing Assistance is intended to assist in accomplishing the provincial rural development objectives.

- (2) The primary thrust of the Agreement is to overcome the internal constraints through the judicious use of development assistance. Such assistance is designed to compensate the processor, who intends to establish, expand or modernize a plant in rural Alberta, for the added cost he will experience because of the internal constraints. The strategy so formulated recognizes that development assistance is required to realize a favourable geographic dispersion of processing plants.
- (3) The following programs will be implemented in pursuit of the objectives and pursuant to the strategy of this Agreement:
 - (a) Development Assistance Program; and
 - (b) Public Information and Technical Services Program.

4. DEVELOPMENT ASSISTANCE PROGRAM

- (1) Development assistance under this program shall take the form of a financial incentive to nutritive processing facilities.
- (2) Subject to subsection 4(7) of this Schedule, to be eligible for consideration for assistance under this program, a facility must:
 - (a) be a commercial operation;
 - (b) deal with nutritive products;
 - (c) be situated in a rural area in Alberta and meet the special criteria specified in section 4(3) if the proposed location is within 10 miles of the boundaries of the two major centres, such boundaries being those in existence throughout the period of this Agreement;
 - (d) be consistent with the objectives and purpose of this Agreement; and
 - (e) be covered by an application prior to making any contractual undertakings which commit the project to proceed in a given location.
- (3) Applications respecting facilities in a centre with a population in excess of 25,000, excluding the two major centres, shall be eligible for assistance, provided that all the following additional criteria are satisfied:

- (a) consistent with the GDA, the proposed facility will be situated in an area of the Province which requires special measures to stimulate economic development;
 - (b) social, economic or other factors indicate that the proposed location is the only feasible location for the facility or it would not otherwise proceed in rural Alberta; and
 - (c) the development will significantly affect the economic development and income opportunities for the surrounding rural areas.
- (4) The applicant must provide equity equal to at least twenty percent (20%) of the approved capital cost of the project.
- (5) The level of development assistance may vary but shall not exceed thirty-five percent (35%) of total capital to be employed in the operation. The level of assistance shall be determined in accordance with section 4(6) of this Schedule and the standards and procedures referred to in section 3(6) of this Agreement.
- (6) In establishing standards and procedures for determining the need for and levels of assistance which may be offered to a project which has been declared eligible under sections 4(2) and 4(3) of this Schedule, the Joint Committee shall be guided by the following criteria:
- (a) the degree to which the project contributes to the stabilization of the net income of rural families;
 - (b) the impact of the project on the socioeconomic development of rural communities;
 - (c) the geographic location of the proposed facility;
 - (d) the uniqueness of the project relative to other nutritive industries;
 - (e) the long-term potential of the project;
 - (f) the relative market opportunities for the products;
 - (g) the impact on the environment;
 - (h) the need of the applicant for financial assistance;
 - (i) the demonstrated viability of the project;

- (j) the effect of the project on similar operations; and
 - (k) the amount of any other federal, provincial or municipal assistance grants of a similar nature to those provided by this Agreement, paid or to be provided to the applicant other than under this Agreement.
- (7) Assistance under this Agreement shall not be extended to facilities for growing, catching or harvesting of nutritive products.
- (8) It shall be a condition of the authorization by the Joint Committee for development assistance that the applicant, for a period of thirty-six months after the day the operation is brought into commercial production, continue to carry on, at substantially the same rate as at the time of application, every other operation situated in the other provinces of Canada, in which a product is processed that is the same as, or similar to, a product processed in the operation of which the new facility constitutes the necessary components.

5. PUBLIC INFORMATION AND TECHNICAL SERVICES PROGRAM

This program will provide financial support for those information and technical consulting activities that are required to facilitate implementation of this Agreement. Two types of initiatives may be supported under this program:

- (a) the provision of those consulting or other professional services that the Joint Committee may consider necessary for the implementation of this Agreement; and
- (b) the development and implementation of a public information activity which will inform the public of this Agreement's provisions, and ensure proper recognition of the contribution of both parties to this Agreement.

SCHEDULE "B" TO THE
CANADA-ALBERTA SUBSIDIARY AGREEMENT
ON NUTRITIVE PROCESSING ASSISTANCE

SUMMARY OF COSTS 1975-76 - 1976-77

<u>PROGRAMS</u>	<u>FEDERAL CONTRIBUTIONS</u> \$'000	<u>PROVINCIAL CONTRIBUTIONS</u> \$'000	<u>TOTAL</u> \$'000
1. Development Assistance	8,300	8,300	16,600
2. Public Information and Technical Services	200	200	400
TOTAL COSTS 1975-77	8,500	8,500	17,000

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