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Agreement

GOVERNMENT
OF CANADA
REGIONAL
ECONOMIC
EXPANSION



NOVA SCOTIA
DEPARTMENT
OF
DEVELOPMENT

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A CANADA — NOVA
SCOTIA SUB AGREEMENT
UNDER THE GENERAL
DEVELOPMENT AGREEMENT.

OCEAN INDUSTRY DEVELOPMENT CANADA/NOVA SCOTIA



**THIS SUB AGREEMENT SIGNED 24 JULY 1981
IS SUBJECT TO AMENDMENTS**

CANADA - NOVA SCOTIA
SUBSIDIARY AGREEMENT
OCEAN INDUSTRY DEVELOPMENT



THIS AGREEMENT made this 24th day of
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 NOVA SCOTIA (hereinafter
referred to as "the Province"),
represented by the Minister of
Development

OF THE SECOND PART.

WHEREAS Canada and the Province signed a General
Development Agreement dated September 12, 1974, (hereinafter
referred to as "the GDA"), to achieve the objectives set forth in
Section 3 thereof.

WHEREAS a strategy is provided for in Schedule "A" to
the GDA which includes the development of new or expanded
employment opportunities throughout Nova Scotia by the
identification of appropriate development opportunities.

WHEREAS a strategy is provided for in Schedule "A" to
the GDA which includes the development of ocean science
technology and ocean-related industries.

WHEREAS in pursuit of these objectives Canada and the
Province have agreed to seek a coordinated application of
relevant federal and provincial programs and activities in order
to assist in the realization of identified opportunities.

WHEREAS the Governor in Council by Order in Council P.C. 1981-2089 of the 24th day of July, 1981, 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. 79-485 of the 24th day of April, 1979, has authorized the Minister of Development to execute this Agreement on behalf of the Province.

NOW THEREFORE the parties hereto mutually agree as follows:

SECTION 1: DEFINITIONS

1.1 In this Agreement:

- (a) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
- (b) "federal representative" means the Director General, Nova Scotia, of the Department of Regional Economic Expansion;
- (c) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (d) "Liaison Committee" means the federal and provincial representatives;
- (e) "Ministers" means the Federal Minister and the Provincial Minister;
- (f) "program" means the subject matter specified in Subsection 4.1;

- (g) "Provincial Minister" means the Minister of Development and includes anyone authorized to act on his behalf;
- (h) "provincial representative" means the Deputy Minister of the provincial Department of Development.

SECTION 2: PURPOSE AND OBJECTIVES

2.1 The purpose of this Agreement is to enable Canada and the Province to undertake the implementation of the Ocean Industry development opportunity described in Subsection 4.1.

2.2 The objectives of this Agreement are:

- (a) To encourage the growth of medium to high technology ocean manufacturing and service industries which will serve as the cornerstone for the longer-term development of a major Nova Scotian ocean industrial complex; and
- (b) to provide support for applied research and technology transfer which will enable Nova Scotia to capitalize on its existing ocean scientific base to become a true "centre of excellence" in the ocean industries sector.

SECTION 3: STRATEGY

3.1 The broad strategy to be followed in this Agreement is outlined in Schedule "B" to this Agreement.

3.2 The strategy shall be consistent with that described in the GDA, shall be reviewed annually and may be revised from time to time by the Ministers.

SECTION 4: SUBJECT MATTER

4.1 (a) The two programs listed in Schedule "A" to this Agreement, and more fully described in Schedule "C" to this Agreement, combine the development opportunity agreed to by the Ministers.

(b) Canada shall be responsible for implementing Program I described in Schedule "C", and the Province shall be responsible, either directly or through one of its agencies, for implementing Program II described in Schedule "C". The parties may enter into contracts with persons and corporations, including municipal corporations.

4.2 This Agreement shall remain in force for five years from the date of signing by the parties, except that the projects approved and commitments made in writing prior to this date shall continue in force until completion.

4.3 Each project to be undertaken under this Agreement is to be consistent with the objectives and intent stated herein.

SECTION 5: ADMINISTRATION AND MANAGEMENT

5.1 A Liaison Committee shall be established whose function will be to oversee the planning and implementation of the programs specified in Subsection 4.1 and to fulfill responsibilities identified for the Liaison Committee elsewhere in this Agreement. In the event of any disagreement in the Liaison Committee, the relevant matter shall be referred to the Ministers whose decision shall be final.

5.2 Canada and the Province agree to provide the Liaison Committee with all information necessary for the performance of its functions.

5.3 The Liaison Committee shall be responsible for monitoring and reviewing the implementation of this Agreement to ensure that the objectives, strategies, content and intent set out in Schedule "B" to this Agreement are followed.

5.4 The Department of Regional Economic Expansion shall be responsible for liaison and program coordination among the departments and agencies of Canada involved in projects implemented pursuant to this Agreement.

5.5 The Department of Development shall be responsible for liaison and program coordination among the departments and agencies of the Province involved in projects implemented pursuant to this Agreement.

5.6 The Liaison Committee may establish subcommittees to advise and assist it in its work, which subcommittees may include persons who are not members of the Liaison Committee.

SECTION 6: FINANCIAL PROVISIONS

6.1 Canada shall pay for the entire costs of projects listed under Program I of Schedule "A" and the Province shall pay for the entire costs of projects listed under Program II of Schedule "A".

6.2 The provision of financing by Canada and the Province for the implementation of this Agreement is subject to the Parliament of Canada and the Legislative Assembly of the Province of Nova Scotia having provided funds for such financing for the fiscal year in which such financing is required.

6.3 Notwithstanding anything in this Agreement, the total amount payable by Canada under this Agreement shall not exceed \$22,950,000.

6.4 This Agreement, and Schedule "A" thereof, may be amended in writing as agreed from time to time by the Ministers. Each project item added to Schedule "A" shall form part of this Agreement and shall be governed by the terms thereof as fully and effectively as if it had originally been included in this Agreement. It is expressly understood and agreed, however, that any amendment to subsections 6.1 and 6.3 shall require the approval of the Governor in Council.

6.5 The federal and/or provincial representatives may make adjustments in and between the projects of their respective programs specified in Schedule "A" of the Agreement during any fiscal year; provided, however, that such adjustments do not increase the total cost of the relevant program.

6.6 The federal and provincial representatives shall review, on an annual basis, the levels of assistance being provided under Programs I and II respectively as described in Schedule "C" to this Agreement and if changes are deemed necessary, present a report and recommendations to their respective Ministers in respect of the action proposed to be taken.

6.7 If, at any stage of a program, it appears that the costs thereof will exceed the estimated costs specified for any program in Schedule "A", the federal and provincial representatives shall consider the circumstances which have contributed to the increase in the estimated costs in their respective programs and shall prepare and present a report and recommendations to their respective Ministers on the action proposed to be taken.

SECTION 7: CONTRACT PROCEDURES

7.1 All contracts for approved federal and provincial activities shall be awarded by Canada or the Province (including their agencies), as the case may be, in accordance with procedures to be approved by the respective federal and provincial representatives and, unless in their respective opinion it is impractical to do so, shall be let pursuant to tenders invited by public advertisement and awarded to the qualified and responsible tenderer submitting the lowest evaluated bid.

SECTION 8: RECORDS, AUDITS AND MONITORING

8.1 Each party shall maintain, for the projects which it implements, proper and accurate accounts and records relating to the cost of their respective projects.

8.2 Any member of the Liaison Committee, or his representative, shall be permitted to inspect any federal or provincial project at all reasonable times for the purpose of obtaining information concerning the project which may be required by the Federal Minister or the Provincial Minister.

SECTION 9: PUBLIC INFORMATION

9.1 Canada and the Province agree to cooperate in the development and implementation of separate programs of public information respecting implementation of projects under this Agreement.

SECTION 10: GENERAL

10.1 No member of the House of Commons of Canada, or the Legislative Assembly of the Province of Nova Scotia, shall be admitted to any part or share of payments made pursuant to this Agreement or to any benefits to arise therefrom, nor shall such member undertake or participate in any study or analysis pursuant to a contract as a result of which Canada or the Province may be required to pay any amounts pursuant to this Agreement.

10.2 The terms and conditions of the General Development Agreement shall apply to this Agreement.

SECTION 11: EVALUATION

11.1 During this Agreement, Canada and the Province shall effect an assessment of the programs listed in Schedule "A" with regard to the stated objectives. Annual progress reports shall be submitted by the Liaison Committee to the Ministers on or before the annual meeting of the Ministers, as prescribed under Subsection 9.1 and Section 10 of the GDA. In addition, Canada and the Province shall also effect an evaluation of this Agreement with respect to the general economic and socio-economic development of Nova Scotia.

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 Minister of Development.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

Witness

Minister of
Regional Economic Expansion

Witness

Minister of
Industry, Trade and Commerce

IN THE PRESENCE OF:

GOVERNMENT OF THE PROVINCE
OF NOVA SCOTIA

Witness

Minister of Development

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SCHEDULE "A"
SUMMARY OF COSTS (\$000's)

<u>PROGRAM</u>	<u>ESTIMATED COST</u>
I. <u>FEDERAL PROJECTS</u>	
(a) Capital Assistance	7,700
(b) Marketing Assistance	1,000
(c) Incubator Mall	2,000
(d) Development Office	4,500
(e) Applied Research Support	7,500
(f) Trade Association	150
(g) Evaluation	<u>100</u>
 TOTAL PROGRAM I	 <u>\$22,950</u>
II. <u>PROVINCIAL PROJECTS</u>	
(a) Municipal Tax Assistance	1,200
(b) Industrial Park	7,900
(c) Multi-Tenant Building	1,500
(d) Innovation Centre	<u>1,450</u>
 TOTAL PROGRAM II	 <u>\$12,050</u>
 TOTAL PROGRAMS I & II	 <u><u>\$35,000</u></u>

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SCHEDULE "B"

A. INTRODUCTION AND BACKGROUND

The ocean industries sector, for the purposes of this Agreement, is defined as those establishments which manufacture equipment or provide services in support of commercial and scientific activities in the ocean. The sector does not include the primary sector, i.e., the extraction or harvesting of resources from the oceans, nor does it cover conventional surface vessels. However, it does include the equipment or services which are utilized in the carrying out of these primary functions.

The importance of this sector has long been recognized by the Government of Canada and by the Province of Nova Scotia. Of the ten specific approaches outlined in the strategy for the achievement of the objectives of the General Development Agreement between Canada and Nova Scotia (1974), two are directly concerned with the development of the ocean industries sector. These are:

- "(h) The development of spin-off opportunities related to supply, service, exploration, extraction and distribution of offshore oil and gas;
- (i) the development of ocean science technology and ocean-related industries ..."

The Department of Industry, Trade and Commerce sector profile, "Ocean Industry in Canada", and subsequent report by the sector task force on "The Canadian Ocean Industry", both published in 1978, reinforce the strategy in the General Development Agreement by forecasting that the industry in Canada has the potential to grow tenfold in the next decade driven by the oil and gas sector alone. If the markets for hardware, equipment and services associated with the fishing, environment and defence sectors are included, the potential for ocean-related manufacturing and service firms is truly significant for Nova Scotia.

Although medium to high technology ocean industries offer growth potential for the Nova Scotian economy, they are also characterized by:

- (a) A diffused and fractured international market which is intensely competitive, difficult to penetrate and requires extensive product exposure for firms to establish credible reputations;
- (b) high start-up and front-end costs and risks associated with technological uncertainties and technology-induced demand which necessitates initial low-volume/high-price production levels; and
- (c) reliance on a sophisticated, highly developed and supportive research, scientific and educational base.

For Nova Scotia to capture the benefits (i.e., high incomes, employment growth and an environmentally safe industry sector) from the anticipated growth of ocean-related industries, the economic climate must be conducive to fostering ocean industry growth and to establish an international reputation for Nova Scotia as a centre of ocean industry activity and excellence.

The Ocean Industry Development Subsidiary Agreement was developed by the Department of Regional Economic Expansion and the Province of Nova Scotia, and reflects the importance placed on this sector as a development opportunity by these parties. The elements of the Agreement presented in this section are the results of joint efforts of the Department, in consultation with the Province and the private sector.

B. OBJECTIVES AND STRATEGY

The objectives of this proposed agreement are:

To stimulate the growth of, and provide support for, medium to high technology ocean manufacturing and service industries which will serve as the cornerstone for the longer-term development of a major Nova Scotian ocean industrial complex; and

to provide support for applied research and technology transfer which will enable Nova Scotia to capitalize on its existing ocean scientific base to become a true "centre of excellence" in the ocean industries sector.

The strategy elements developed to achieve the above objectives are:

1. The harmonization and focussing of existing federal and provincial industrial development, research, scientific and educational assistance programs to support the Province's ocean industry sector. By entering into this Agreement, both governments recognize the need to make maximum use of existing programs, where applicable, in the ocean industry sector.

Specific programs which are considered essential to meet the objectives of the Agreement are:

- (a) Those administered by the Department of Industry, Trade and Commerce, such as the Enterprise Development Program (EDP), the Trade Fair and Missions Programs and the Program for Export Market Development (PEMD);
- (b) those administered by provincial agencies (including the Resource Development Board and Industrial Estates Limited) such as the Trade Expansion Program, a soon-to-be revised Product Design and Development Program, and term financing assistance; and

- (c) the DREE RDIA Program and existing Canada/ Nova Scotia agreements such as the Planning Subsidiary Agreement and the Opportunity Identification and Industrial Infrastructure Programs of the Industrial Development Subsidiary Agreement.

Research, scientific and educational institutions and programs supported by the Federal and Provincial governments, such as the Nova Scotia Research Foundation Corporation, the Bedford Institute of Oceanography, the Defence Research Establishment (Atlantic), the National Research Council, the Nova Scotia Technical College, and Dalhousie University shall be encouraged to focus their efforts upon the needs and requirements of Nova Scotia's ocean industry sector.

- 2. Where necessary, the modification of existing, and the introduction of new, industrial incentive programs, to meet the unique circumstances of the Province's ocean industry sector.
 - (a) To offset the market problems and risks associated with creating a significantly expanded ocean industry sector in the provincial economy, the Agreement provides marketing assistance to eligible ocean industries by filling gaps and supplementing the level of assistance available under existing federal and provincial programs.
 - (b) The DREE Regional Development Incentives Act provides capital grants to manufacturing and processing firms, but does not cover service firms which, in the ocean industry sector, are an important element. A Capital Assistance Program which has been expanded and modified to meet the needs of ocean-related manufacturing and service industries is provided.
- 3. The provision of special support for applied research and technology transfer by assisting the Province's industry, research, scientific and related institutions in obtaining the equipment and resources to effectively serve, support and develop the Province's ocean industry potential. This support is specifically intended to foster applied research, and to encourage an interaction between research and industry which will result in the transfer of technology. It will complement, rather than replace, existing sources of support for ocean scientific and research initiatives.
- 4. The creation of a group of ocean industries and research, scientific and educational institutions, which will interact and support each other in terms of creating markets for their own products and support services, establishing cooperative marketing arrangements and joint turnkey ventures and exchanging marketing and technical knowledge and information, is important. To this end, an ocean industrial park, with a waterfront location and additional facilities such as an incubator mall, multi-tenant buildings and wharfage, will be established at Woodside in Dartmouth.

5. The establishment of a mechanism exclusively dedicated to developing the Province's ocean industry potential and image. For this purpose, there is provision for the establishment of a federal Ocean Industry Development Office to stimulate investment in the ocean sector and to:
 - (a) Promote and market Nova Scotia as an ocean industry development centre by attracting private sector capital investment to the Province;
 - (b) assist both existing and new ocean industry firms in accessing existing industrial assistance programs;
 - (c) assist established ocean industry firms in developing and expanding their markets by organizing incoming buyer and outgoing trade missions and, in a limited number of instances, sponsoring national and international ocean industry trade fairs, seminars and conferences; and
 - (d) supervise, coordinate and assist in the delivery of all federal projects in this Agreement, including DREE projects where there are no existing Federal Government programs or instruments.
6. The creation of an Innovation Centre for Ocean Industry, the objective of which will be to promote the entry into or expansion of Nova Scotian entrepreneurs and small business in the ocean industry sector. The Centre will complement the activity of the Ocean Industry Development Office. It will provide consulting assistance in entrepreneurial and management development, business planning, financial management and, in general, the rationalization of existing businesses, so that Nova Scotians will be better equipped to participate in the growth of the ocean industry sector.
7. The enhancement of Nova Scotia's image as a centre of ocean excellence and activity. In addition to the above elements of strategy, efforts will be made to provide support for an ocean industry trade association in Nova Scotia.

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SCHEDULE "C" - DEVELOPMENT OPPORTUNITY

I. FEDERAL PROJECTS - PROGRAM I

(a) Ocean Industry Development Office

DREE will take such steps as may be necessary to create an agency to provide leadership and direction to the development of ocean industries in Nova Scotia. The agency will be known as the Ocean Industry Development Office and will be charged with functions and responsibilities which include the following:

- (i) To promote and market Nova Scotia as an ocean industry development center by attracting private sector and capital investment to the Province;
- (ii) to assist both existing and new ocean industry firms in accessing existing industrial assistance programs offered by Canada and those additional programs provided for under this Agreement;
- (iii) to assist established ocean industry firms in developing and expanding their markets by organizing incoming buying missions and outgoing trade missions, and in a limited number of instances sponsoring national and international ocean industry trade fairs, seminars and conferences; and
- (iv) to implement the projects described under Program I - federal projects as listed here and in Schedule "A".

(b) Capital Assistance

- (i) An owner, or operator, of an ocean manufacturing industry, who has already accepted an offer of a development incentive made under the provisions of the Regional Development Incentives Act, may be offered supplementary financial assistance in addition to the amount to which he may be entitled under the Regional Development Incentives Act.
- (ii) An owner, or operator, of an ocean service industry facility, which is not presently eligible for a development incentive under the Regional Development Incentives Act, may be offered assistance.

(c) Market Assistance

Ocean industries facilities, including those which are eligible for assistance under the Capital Assistance Project described above, are eligible whether or not they have applied or received capital assistance as described above for a grant to assist their marketing efforts. Eligible costs may include the attendance of industry officials at trade shows and other costs which, in the opinion of DREE, are related to marketing in areas outside of Canada or in Canada, excluding the Maritime Provinces.

(d) Incubator Mall

The purpose of this project is to provide funds for the construction of a fully serviced mall located on the site of the Ocean Industrial Park. This "incubator mall" will be used to provide fledgling ocean industry firms with production and office space during the crucial start-up years of their operation. It will offer approximately 25,000 square feet of leasable production space and another 10,000 square feet of common user areas, customer access, and display areas.

(e) Applied Research Support

The purpose of this project is to provide financial support for the acquisition, by Nova Scotia industrial, research, scientific and other institutions, of equipment, expertise and resources, to effectively serve, support and develop Nova Scotia's ocean industry potential. This support is specifically intended to foster applied research and encourage interaction between research and industry which will result in the transfer of technology. It shall complement rather than replace existing sources of support for ocean scientific and research initiatives.

(f) Ocean Industry Trade Association

The object of this project is to enhance Nova Scotia's image as the centre of ocean industry excellence and activity, by providing funds for the purpose of assisting an ocean industry trade association in Nova Scotia.

(g) Evaluation

The purpose of this project is to provide funds necessary to conduct an objective evaluation of this Agreement during, and at the end, of its implementation.

II. PROVINCIAL PROJECTS - PROGRAM 2

(a) Municipal Taxation Assistance

Ocean industry firms may, on terms and conditions to be determined by the provincial representative, be reimbursed for municipal taxes paid during the first four years of operation as follows:

- (i) During the first two years of operation, by an amount equal to 75 percent of municipal taxes paid;
- (ii) during the third year of operation, by an amount equal to 50 percent of municipal taxes paid; and

(iii) during the fourth year of operation, by an amount equal to 25 percent of municipal taxes paid.

(b) Ocean Industrial Park

The purpose of this project is to provide funds for the redevelopment and expansion of the Woodside Industrial Park in Dartmouth and to make it available for the exclusive use of ocean industries. Included in the plans for the redevelopment and expansion of this Park, are the construction or refurbishment of road, water and sewer facilities; the cleaning and grubbing of industrial sites; the construction of a new wharf; the renovation of one or more existing buildings; and the demolition of several old structures located along the waterfront.

(c) Multi-Tenant Building

The purpose of this project is to provide for the construction on the site of the Ocean Industrial Park of a multi-tenant building to be constructed, owned, and operated by Industrial Estates Limited, a provincial Crown corporation. This multi-tenant building will be used to assist viable ocean industry facilities in their efforts to expand or to meet accommodation requirements.

(d) Innovation Centre for Ocean Industry

The purpose of this project is to expand the capability of Nova Scotia's prospective entrepreneurs and existing small business to successfully participate in the growth of the ocean industry sector. The focus of the Centre will be to assess and assist both entrepreneurs and their business ventures prior to any commencement of, or major change in, business activity.

The Centre will be staffed by professionals possessing varied business skills, including third party consultation. Its role will encompass the following activities:

- (i) The operation of a program to identify, evaluate and develop potential entrepreneurs for the ocean industry sector.
- (ii) Guidance to the high potential candidates in the establishment of their business, including possible sources of capital, the building of a management team, how to prepare a business plan, research their market and develop a marketing strategy, etc.
- (iii) The organizing of management development programs for the personnel of new or expanding firms, including financial management, planning and problem-solving skills.
- (iv) The provision of third party consultation to existent firms planning to embark on a major change such as expansion of a product line or the instituting of a new service.
- (v) Generally, to provide entrepreneurs involved in the ocean industry sector with advice from skilled professionals on any aspect of their existing or new business venture.

- (vi) Monitoring of technological developments in the ocean industry sector.

The Centre will be supported and staffed initially through the Department of Development. Efforts will be made to make it autonomous and self-sufficient by the end of the Agreement period.

