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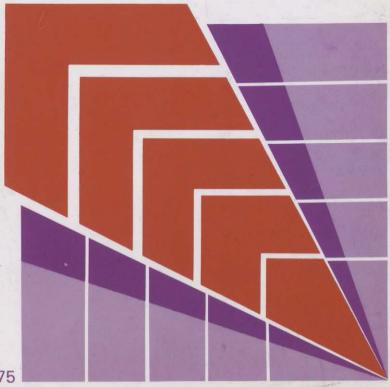
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Regional Economic Expansion Expansion Économique Régionale



STRAIT OF CANSO AREA DEVELOPMENT CANADA/NOVA SCOTIA



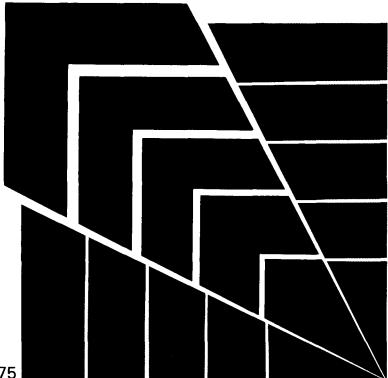
MARCH 31, 1975

subsidiary agreement



Expansion Économique Régionale

STRAIT OF CANSO AREA DEVELOPMENT CANADA/NOVA SCOTIA



MARCH 31, 1975

THIS AGREEMENT made this 31st 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 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;

AND WHEREAS in pursuit of these objectives Canada and the Province have agreed to seek to identify developmental opportunities through a process of analyzing and revewing the economic and social circumstances of Nova Scotia and Nova Scotia's relationships to the regional and national economy;

AND WHEREAS 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;

AND WHEREAS a strategy is provided for in Schedule "A" to the GDA for achieving such objectives, which strategy includes the development of the Strait of Canso Area through the continued development of the primary and secondary processing of imported and domestic raw and semi-finished

materials in the Strait of Canso Area including, but not in any way limiting the generality of the foregoing, such industries that may be associated with or in any way dependent upon its existing base of petroleum refining and any expansion thereof, and related services and secondary industries;

AND WHEREAS Canada and the Province have agreed that public investments will be required to assist in the pursuit of this strategy;

AND WHEREAS Canada is prepared to participate in the programs and projects set out in Schedule "A" hereto and to contribute to the Province on the terms and conditions set out in this Agreement for the purpose of enabling the Province to participate effectively in this process;

AND WHEREAS the Governor in Council by Order in Council P.C. 1975-3/710 of the 27th day of March, 1975, has authorized the Minister of Regional Economic Expansion to enter into this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council No. 75-275 of the 10th day of March, 1975, has authorized the Minister of Development to enter into this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

- In this Agreement:
 - (a) "eligible costs" means those costs referred to in section 8;
 - (b) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
 - (c) "fiscal year" means the period commencing on April 1 of any calendar year and terminating on March 31 of the immediately following year;
 - (d) "Management Committee" means the officials designated pursuant to section 17;
 - (e) "Ministers" means the Federal Minister and the Provincial Minister;
 - (f) "program" means the subject matter specified in section 5;
 - (g) "project" means a subdivision of a program as defined by the Management Committee; and
 - (h) "Provincial Minister" means the Minister of Development and includes anyone authorized to act on his behalf.

PURPOSE

2. The purpose of this Agreement is to enable Canada and the Province to plan and promote the accelerated economic and socioeconomic development of the Strait of Canso and to undertake certain programs and projects which are identified as integral components of any long-term development strategy and which may at some future time be included under a long-term subsidiary agreement.

OBJECTIVES

- Subject to the principles stated in the preamble and section 2, Canada and the Province agree to work toward the following objectives:
 - (a) To create a major concentration of heavy industry at the Strait based on the advantage afforded by its deep-water harbour and location.
 - (b) To maximize the economic impact of this heavy industrial development by attracting industries with strong linkages, both with other industries at the Strait and with existing and potential industries throughout Nova Scotia and the Atlantic Region.
 - (c) To follow the development of an integrated heavy industrial base, by intensive and continuous efforts to attract to the Strait area related secondary and tertiary industries which will generate high levels of employment.
 - (d) To maximize employment and income opportunities at the Strait for Nova Scotians and especially for the people from the immediate and surrounding area.
 - (e) To ensure that community development in the area provides the amenities and environment required to attract and hold the employees of the new industries.

STRATEGY

- 4. The strategy to be followed in achieving the objectives of this Agreement provides for the simultaneous application of the following initiatives:
 - (a) Industrial development and promotion
 - (b) Industrial infrastructure
 - (c) Community development
 - (d) Coordination and implementation.

SUBJECT MATTER

- 5. Schedule "A", attached to and forming part of this Agreement, consists of a list of programs that the Province shall arrange to have carried out under this Agreement, consisting of the following:
 - (a) The Strait of Canso Development Office
 - (b) Integrated Regional Planning
 - (c) Infrastructure.
- Recruitment of labour shall be conducted through the Canada Manpower Centres wherever practicable unless the Management Committee considers that the service cannot reasonably be provided.

FINANCIAL PROVISIONS

- 7. Notwithstanding anything in this Agreement, the total amount payable by Canada under this Agreement shall not exceed eighty per cent (80%), up to a maximum of \$19 265 000, of the total costs of the program.
- 8. Eligible costs to be financed or shared under this Agreement by Canada and the Province in respect of program items or portions thereof listed in section 5 shall consist of:
 - (a) with respect to the infrastructure components of the program items listed in section 5, all direct costs including those relating to public information, but excluding administration, survey, engineering and architecture costs, that in the opinion of the Management Committee have been reasonably and properly incurred for the implementation of the programs by the Province; plus ten per cent (10%) of these costs as an allowance towards the exclusions specified;
 - (b) with respect to all other components of the programs listed in section 5, the eligible costs to be financed or shared under this Agreement by Canada shall consist of:
 - (i) 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 provincial employees 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; and

- (ii) the costs of external services obtained pursuant to section 24, and other specific direct costs as approved by the Management Committee.
- 9. The provision of financing by Canada and the Province for the implementation of 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.
- 10. This Agreement, and Schedule "A" thereof, may be amended as agreed from time to time by the Ministers, and any relevant amendments shall be made by the two Ministers in writing. Each program or 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 section 7 shall require the approval of the Governor in Council.
- 11. The Management Committee may make adjustments in the projects within each program in Schedule "A" of this Agreement during the fiscal year, provided, however, that such adjustments do not increase the total amount for each program. However, the Management Committee may not adjust the ratio of contributions by Canada to total costs for any project as specified in Schedule "A" unless expressly authorized in writing by the two Ministers.
- 12. Unless otherwise agreed by the Ministers, the costs of each program element shall be limited to the estimated costs specified in Schedule "A".
- 13. If, at any stage of a program, it appears to the Province that the costs thereof will exceed the estimated costs specified for any program in Schedule "A", the Province shall promptly so inform the Management Committee and state the reasons for such increase.
- 14. Upon being so informed, the Management Committee shall consider the circumstances which have contributed to the increase in the estimated costs and shall prepare and present a report and recommendations to the Ministers in respect of the action proposed to be taken.
- 15. The costs to be financed by Canada shall not include any costs related to the acquisition of lands or interests in lands, or any costs arising from conditions of acquisition.

16. Subject to the approval of the Federal Minister, costs incurred on approved programs and projects by either party are eligible if incurred within twelve months prior to the date of this Agreement.

ADMINISTRATION AND MANAGEMENT

- 17. Each of the Ministers shall designate one official who shall be jointly responsible for the administration of this Agreement as provided for here and elsewhere in this Agreement. These officials shall constitute the Management Committee. The Ministers may designate additional officials of whom there will be equal numbers representing Canada and the Province.
- 18. The Management Committee shall submit for the approval of the Ministers annually and no later than September 1 of each year an assessment of the progress made in implementing the Agreement, the effectiveness to date of the program and program items in achieving the objectives intended and the continuing relevance of the objectives themselves, together with the projected budget required for the subsequent fiscal year.
- 19. The signatures thereto of at least two members of the Management Committee, shall be sufficient verification for purposes of this Agreement of any recommendation, approval or decision given by the Management Committee, provided that at least one of the members represents the Province and another represents the Federal Department of Regional Economic Expansion.
- 20. (a) Canada and the Province agree to provide the Management Committee with all information necessary for the performance of its functions.
 - (b) The Management Committee may establish sub-committees to advise and assist it in its work, which sub-committees may include persons who are not members of the Management Committee.
- 21. The Province will establish a special Strait of Canso Development Office responsible for achieving the objectives of this Agreement and for implementing at least the developments contained within the Schedule to this Agreement. The specific functions and structure of this Development Office are outlined in Schedule "A" to this Agreement.

PAYMENT PROCEDURES

22. Payments by Canada shall be promptly made to the Province on the basis of progress claims setting out the costs actually incurred and paid for the project, submitted in a form and verified in a manner satisfactory to the Federal Minister.

- 23. (a) In order to assist with the interim financing of projects, Canada may, if the Province so requests, make interim payments to the Province of one hundred per cent (190%) of Canada's share of claims submitted, based on estimates of costs actually incurred as certified by a senior officer of the Province.
 - (b) The Province shall account for each interim payment by submitting to Canada, within 120 days after such payment by Canada, a datailed statement of the actual expenditures 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.

TENDERS AND CONTRACT ADMINISTRATION

- 24. (a) Unless the Management Committee otherwise agrees, all construction, purchase and other contracts shall be let persuant to tenders invited by public advertisement;
 - (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 contracts for professional services shall be supervised in accordance with procedures to be approved by the Management Committee, and reports produced by consultants or resulting from such contracts shall become the property of both parties;
 - (e) all announcements of contract awards shall be made jointly by Canada and the Province;
 - (f) all substantive amendments to contracts shall require the prior approval of the Management Committee;
 - (g) 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; and
- (h) 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.

PUBLIC INFORMATION

- 25. (a) Canada and the Province agree to cooperate in the development and implementation of a public information program, that provides to the federal and provincial governments appropriate credit and recognition respecting the implementation of projects under this Agreement;
 - (b) Canada is responsible for supplying throughout the period that work is in progress, a sign or signs, as appropriate in the opinion of Canada, indicating that the project is undertaken and financed in accordance with the terms of this Agreement, and reserves the right to provide and install on completion of the work, wherever suitable, a permanent plaque bearing an inscription to the like effect; and
 - (c) the Province is responsible for the installation, the maintenance and, at the completion of the project, the removal of any signs.
- 26. Any public announcement of the measures covered by this Agreement, and any official opening ceremony for each project outlined in Schedule "A", shall be arranged jointly by the Ministers.

GENERAL

- 27. This Agreement shall terminate on March 31, 1977, except that projects approved and commitments made in writing prior to this date shall continue in force until completion. However, Canada shall not pay any claim which is not received by March 31, 1978.
- 28. No member of the House of Commons of Canada or of the Legislative Assembly of Nova Scotia 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.
- 29. 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. In the aforesaid Labour Standards Arrangement the following provisions are regarded as minimum requirements:
 - (i) rates of pay prevailing in the area of employment for each classification of work, subject to the minimum wage specified in provincial legislation;
 - (ii) in building construction, 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, 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;
 - (iv) labour conditions to be specified in all tendering documents and to be posted conspicuously in the work place.
- 30. The terms and conditions of the GDA shall apply to this Agreement.

EVALUATION

31. 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 and section 10 of the GDA. In addition, Canada and the Province shall also jointly effect an evaluation of this Agreement with respect to the general economic and socioeconomic 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
	GOVERNMENT OF THE PROVINCE OF NOVA SCOTIA
	 Minister of Development

SCHEDULE "A"

INTRODUCTION

This section of the Agreement identifies the public sector investment and intervention which will be required to begin implementation of the long-term development strategy. The immediate requirements relate primarily to planning, promoting and coordinating both public and private sector investments at the Strait and the provision of a small number of basic infrastucture elements are already in demand and will be further utilized by any and all future industrial and community developments which materialize at the Strait. They will also serve to demonstrate the commitment by both the Province and Canada to develop this area of the Province.

The possible intermediate and long-term public investment required to successfully implement the full strategy for development have been identified. However, in general, these investments will not normally commence until such time as a commitment by a specific industry to locate at the Strait has been taken. At that time, and subject to subsequent discussions and negotiations between Canada and the Province, this Agreement may be amended or a new agreement entered into, to provide for these longer term or conditional investments.

The programs to be undertaken in this Agreement will comprise the following:

- (1) The Strait of Canso Development Office
- (2) Integrated Regional Planning
- (3) Infrastructure.

1. The Strait of Canso Development Office

The proposed function of this Office will be as follows:

- (a) Planning: to be responsible for development planning for the Strait of Canso Region, and to coordinate municipal and social planning for the Strait of Canso in cooperation with the Strait of Canso Steering Committee, to ensure that it meshes with industrial development plans.
- (b) Coordination: to cooperate with the Strait of Canso Steering Committee in coordinating municipal and provincial government activities at the Strait of Canso in terms of services, regulatory

policy, etc., and to work with the federal government to ensure that federal government activities are consistent with those of the municipalities and the Province.

(c) Management:

- (i) to promote and develop industrial activity through the identification of opportunities and to investigate any and all methods of capitalizing upon these opportunities;
- (ii) to conduct negotiations with public and private interests to bring to a successful conclusion the opportunities which have been identified;
- (iii) to administer all provincially-owned industrial land in the Strait of Canso;
 - (iv) to stimulate and facilitate the development of all necessary commercial, recreational, and community infrastructure and amenities commensurate with the pace of overall development activity; and
 - (v) to be responsible for the coordination of the development of all provincially-owned industrial, transportation and communications infrastructure within the region.
- (d) Administration: to provide the administrative organization to perform the above functions, and to implement this Agreement on behalf of the Province.

In order to effectively discharge the responsibilities outlined above, this Office will be structured in a manner which will enable it to take the leadership role in development at the Strait of Canso. It will report to the Minister of Development and will be headed by a highly qualified person with proven success and experience in both the public and private sectors.

It is anticipated that the initial requirement for the Office will be in the order of fifteen professional, technical and support staff and could increase to twenty-five as activity at the Strait of Canso commences to accelerate. Where special needs arise (e.g., in the petrochemical field), it is proposed to, whenever possible, second staff from various departments and agencies of the federal and provincial governments on a special assignment basis.

Funds provided for under this Agreement will cover all administration costs, industrial promotion and analysis and planning activities.

Estimated Cost: \$1

\$1 850 000

2. Integrated Regional Planning

Relatively few opportunities are left in the world, where such large-scale, all-embracing developments, as those anticipated for the Strait of Canso, can be programmed and implemented without having to compromise the concept and its efficiency to fit many existing investments, structures, etc., in the area. While the Strait Region is by no means unin-habited, we do have, in relative terms, an excellent opportunity to implement concepts and plans which should result in the Region being not only a highly competitive and attractive area from the industrialist's viewpoint, but also a desirable area in which to live. None of this will come about if the principle of overall planning is not adopted, by all concerned, at the earliest possible stage.

This program, therefore, is designed to commence a process of integrated developmental planning which will serve as a blueprint for all future developments in the Strait of Canso Region. Projects to be undertaken under this Agreement are as follows:

(a) Regional and Municipal Planning

A comprehensive regional and municipal planning program to provide for an orderly and integrated community and physical development of the Strait of Canso.

Estimated Cost:

\$1 020 000

(b) Port and Environmental Planning

Optimum utilization and environmental management of the harbour area are key ingredients in the future of the deepwater port. Data collection leading toward comprehensive plans is already underway. The Ministry of Transport has initiated a study of weather, tides, currents, etc., and the provincial government is undertaking a survey of a channel obstruction at the harbour entrance. The Federal Department of the Environment is carrying out a number of atmospheric studies. In addition, a specially appointed Federal/Provincial Strait of Canso Environmental Committee has launched a comprehensive mapping program of all resources and environmental conditions with the objective of formulating an environmental management policy for the area.

This project will complement and expand the work now underway.

Estimated Cost:

\$1 070 000

3. Community and Industrial Infrastructure

(a) Feasibility Analysis and Design

Many of the anticipated public sector investments in physical facilities at the Strait of Canso are extremely costly and/or

suitable for only one specific type of industrial user. Because of the high cost and present uncertainty regarding potential users of such facilities, it is proposed to defer most of these investments until such time as commitments are made to locate at the Strait.

However, in certain instances, it is both necessary and appropriate that extensive analysis of these public sector investments be carried out, including economic and environmental feasibility, location, cost and design. Undertaking these activities now will reduce the lead time for installation and provide cost information necessary for negotiation of user charges.

Under this Agreement, feasibility analysis and design will be carried out for facilities to be located in industrial areas at the Strait as follows:

- (i) Industrial railway,
- (ii) Core access highway,
- (iii) Bulk cargo handling wharves and storage facilities,
- (iv) Port Hawkesbury Airport upgrading.

Estimated Cost:

\$2 510 000

(b) Design and Construction

As has been stated above, it is the intention to defer major infrastructure investments until such time as commitments have been made by industrial users.

There is, however, a need to immediately undertake a number of projects some of which are required to satisfy the needs of existing community and industrial development and others which fulfill the basic future requirements. It is emphasized that those projects in the latter category are such that the shape and pattern of future community and industrial development will not be prejudiced.

Following is a brief description of those projects which will be carried out under this Agreement:

(i) Melford Brook Reservoir

This project will provide a fresh water reservoir to supply industrial users on the mainland side of the Strait of Canso. Development consists of temporary access road, reservoir clearing, construction of a series of earth dams with spillways, initial trunk pipe

line, offtake equipment, and design and engineering. The system has been designed to supply an ultimate capacity of 36 million gallons per day through three 30" trunk lines, the first of which is included in this project.

Estimated Cost:

\$3 700 000

(ii) Expansion of Landrie Lake Reservoir

This project consists of an expansion of existing water supply facilities at Landrie Lake on the Cape Breton side of the Strait of Canso. The expansion will increase capacity from 22 to 27 million gallons per day and involves the construction of a main dam and side dams together with intake structure on MacIntyre Lake, plus additional pumping equipment at Landrie Lake.

Estimated Cost:

\$ 800 000

(iii) Port Hawkesbury School/Community Centre

This project involves the provision of a cultural/recreation centre designed as an integral part of additional school facilities for the town of Port Hawkesbury. This project was originally included in the Extended Special Areas and Highways Agreement. Unavoidable delays in the project now make it impossible to commence construction by the March 31, 1975, deadline specified in that Agreement.

Estimated Cost:

\$3 405 000

(iv) Mulgrave By-Pass Highway

This project involves the design and construction, including paving, of 4.3 miles of highway from Route 344 at Morrisons Lake to Route 344 at Pirates Harbour. This highway will provide access around the village of Mulgrave to the boundary of the proposed industrial area.

Estimated Cost:

\$2 300 000

(v) Trunk 104 - Point Tupper Industrial Park to Lower River Inhabitants Bridge

This project involves the design and construction of 5.9 miles of paved controlled access all-weather highway (RAU 70) linking the Port Hawkesbury By-Pass highway to the Lower River Inhabitants Bridge-Louisdale Highway. Provision is included for two interchanges

and two overpass/bridge structures. Completion of this project will provide easier access to the Point Tupper Industrial Park via the western entrance. In the future, as activity in the Point Tupper Industrial Park expands, an eastern entrance to the Park will be developed which will tie into the highway to be constructed under this project.

Estimated Cost:

\$4 730 000

(vi) Trunk 104 - Lower River Inhabitants Bridge to Cannes

With assistance under the Special Areas and Highways Agreement, 7.7 miles of the 11.5 mile distance between Lower River Inhabitants Bridge and Cannes has been graded. This project will complete grading of the remaining 3.8 miles and paving of the entire 11.5 miles. This highway will be a controlled access, all-weather road (RAU 70) and is a continuation of the section described in (v) above. Together, these two sections of highway will provide easy access to the Point Tupper Industrial Park and to the service centre of Port Hawkesbury for a population of approximately 30,000 living in the area east of Port Hawkesbury.

Estimated Cost:

\$4 086 000

SCHEDULE "A"

(in \$000's)

				(111 0000 0)		
	ogram/Project Description	Estimated Total Cost	DREE Share	Provincial Share	Sub-Project Detail Description	Cost Sharing
1.	Strait of Canso Development Office	<u>1_850</u>	1 480	<u>370</u>	Administration Costs, industrial promotion and analysis and planning activities	80:20
2.	Integrated Regional Planning	2 090 1 020	<u>1 672</u> 816	<u>418</u> 204	(a) Regional and Municipal	80:20
		1 070	856	214	Planning (b) Port and Environmental Planning	

SCHEDULE "A"

(in \$000's)

Program/Project Description	Estimated Total Cost	DREE Share	Provincial Share	Sub-Project Detail Description Cost Shari
3. Community and Indus- trial Infrastructure		16 113	5 418	
	2 510	2 DO8	502	(a) Feasibility Analysis 80:20 and Design
				(b) Design and Construction
	3 700	2 960	740	(i) Melford Brook Reservoir 80:20
	800	64D	160	(ii) Expansion of Landrie Lake Reservoir 80:20
	3 405	2 724	681	(iii) Port Hawkesbury School/ Recreation Centre 80:20
	2 300	1 610	690	(iv) Mulgrave By-Pass Highway 70:30
	4 730	3 311	1 419	(v) Point Tupper to Lower River Inhabitants Bridge 70:30
	4 086	2 860	1 226	(vi) Lower River Inhabitants Bridge to Cannes 70:30
Totals 1, 2 and 3	25 471	19 265	6 206	•

