

# Canada

GOVERNMENT  
OF CANADA  
REGIONAL  
ECONOMIC  
EXPANSION

NOVA SCOTIA  
DEPARTMENT  
OF  
DEVELOPMENT

QUEEN  
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1980

subsidary  
agreement



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



## HALIFAX PANAMAX DRY DOCK CANADA/NOVA SCOTIA



THIS SUB AGREEMENT SIGNED 22 JANUARY 1980  
IS SUBJECT TO AMENDMENTS

CANADA - NOVA SCOTIA  
SUBSIDIARY AGREEMENT  
HALIFAX PANAMAX DRY DOCK

REGIONAL INDUSTRIAL EXPANSION  
EXPANSION INDUSTRIELLE REGIONALE  
LIBRARY - BIBLIOTHÈQUE  
OTTAWA, CANADA  
K1A 0H5

THIS AGREEMENT made this 22nd day of January, 1980.

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 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;

AND 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;

AND WHEREAS Canada and the Province have identified the  
Halifax Panamax Dry Dock as a development opportunity which will  
lead to the expansion, diversification and strengthening of the  
provincial economy;

AND WHEREAS the Governor in Council by Order in Council P.C. 1980-253 of the 18th day of January, 1980, 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. 79-649 of the 5th day of June, 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. In this Agreement:

- (a) "eligible costs" means those costs defined in subsection 6.4;
- (b) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
- (c) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;
- (d) "Management Committee" means the officials designated pursuant to subsection 5.1;
- (e) "Ministers" means the Federal Minister and the Provincial Minister;
- (f) "program" means the subject matter specified in subsection 4.1;

- (g) "project" means a subdivision of a program as defined by the Management Committee;
- (h) "Provincial Minister" means the Minister of Development and includes anyone authorized to act on his behalf;
- (i) "external staff" means professional and other staff who are not employed by provincial government departments but who enter into a contract with the Province by which they agree to undertake or participate in work related to implementation of this Agreement;
- (j) "external services" means services and facilities that are required from outside the federal and provincial governments in support of an activity under this Agreement and includes accommodation, equipment, office and support services, and professional services.

#### SECTION 2: PURPOSE AND OBJECTIVES

2.1 The purpose of this Agreement is to enable Canada and the Province jointly to undertake the implementation of the Halifax Panamax Dry Dock opportunity described in subsection 4.1.

2.2 The objectives of this Agreement are:

- (a) To provide to the port of Halifax key marine infrastructure which will enable the port to capitalize upon major new international ship repair opportunities, identified as incremental to the East Coast of Canada;
- (b) to both maintain and support the development of new employment opportunities in Nova Scotia in the shipbuilding and ship repair sector of the provincial economy;

- (c) to heighten the port of Halifax's ability to attract new spin-off marine service, ocean technology, manufacturing and specialized service industries.

SECTION 3: STRATEGY

3.1 The main element of strategy encompassed in this Agreement involves the establishment of an internationally competitive ship repair capability at the port of Halifax.

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 The program listed in Schedule "A" to this Agreement consists of four projects to be pursued in the attainment of the development opportunity agreed to by the Ministers.

4.2 The Province will undertake, either directly or through agencies of the Province, in accordance with an agreed schedule, to implement the projects to be pursued in the attainment of the development opportunity.

4.3 The Province hereby agrees to indemnify and save Canada harmless against any and all liability, loss, damages, costs or expense which Canada may incur, suffer or be required to pay, as a result of the ownership, operation or maintenance of any project undertaken by the Province pursuant to this Agreement.

4.4 Subject to subsection 4.7, it is mutually understood and agreed that the Province will engage the external staff and purchase external services, and that such staff or services may be engaged or purchased by such provincial department or agency as may be appropriate having regard to the subject matter of the work being undertaken.

4.5 This Agreement shall terminate on March 31, 1985, 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 received after March 31, 1986.

4.6 All projects to be undertaken under this Agreement are to be consistent with the objectives and intent stated herein and, before being implemented, shall require joint approval by Canada and the Province through the Management Committee.

4.7 Each project proposed to be undertaken under this Agreement shall be described in an appropriate document in sufficient detail to allow proper consideration and approval by the Management Committee.

4.8 The Province hereby undertakes to ensure that any applicable environmental laws of Canada or the Province are complied with in all projects implemented under this Agreement.

#### SECTION 5: ADMINISTRATION AND MANAGEMENT

5.1 Each of the Ministers shall designate one or more senior officials in equal numbers to be responsible for the administration of this Agreement. These officials shall constitute the Management Committee whose function it shall be to

oversee the planning and implementation of the projects specified in Schedule "A" and to fulfill responsibilities identified for the Management Committee elsewhere in this Agreement. In the event of any disagreement in the Management 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 Management Committee with all information necessary for the performance of its functions.

5.3 The signatures of at least two members of the Management Committee shall be sufficient verification for the purpose of this Agreement of any recommendation or decision made, or approval given by the Management Committee, provided that at least one of the members represents the Provincial Minister and another represents the Federal Minister.

5.4 The Management Committee may establish subcommittees to advise and assist it in its work, which subcommittees may include persons who are not members of the Management Committee. Subcommittees will prepare, as requested, submissions and recommendations of the Management Committee on all matters relating to the planning and implementation of the projects in Schedule "A". Progress reports on physical and financial details of projects will be presented to the Management Committee with recommendations for any necessary action consistent with the development strategy adopted.



SECTION 6: FINANCIAL PROVISIONS

6.1 For costs incurred for jointly approved projects during the term of this Agreement, Canada shall contribute eight percent (8%) and the Province twenty percent (20%).

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 \$34,800,000.

6.4 Subject to subsection 6.5, the eligible costs of projects to be implemented under this Agreement consist of all costs actually incurred by the Province pursuant to a contract entered into in accordance with this Agreement, with any person or corporation, for the performance of work, the supply of goods, or the rendering of services for the implementation of a project, but do not include any cost in respect of the services of any regular employee of the Province or its agencies.

6.5 Neither the cost of land, nor the cost of acquiring land, or any interests therein, shall be considered to be an eligible cost under this Agreement.

6.6 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.

6.7 The Management Committee may make adjustments in and between the projects of any program 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.

6.8 If, at any stage of a program, it appears to the Province that the costs thereof will exceed the estimated costs specified for that program in Schedule "A", the Province shall promptly so inform the Management Committee and state the reasons for such increase.

6.9 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.

6.10.1 The dry dock shall be the property of the Province which shall be fully responsible for its operation and maintenance.

6.10.2 The Province may lease the dry dock to an operator at internationally competitive user rates for similar sized facilities, provided the first such lease to be entered into is approved in writing by the Federal Minister.

6.10.3 Revenues received by the Province as a result of the execution of a lease contemplated by subsection 6.10.2 shall be applied by the Province so as to ensure that profits are used to defray the costs of future expansions and an eventual replacement of the said dry dock. In this subsection, the word "profits" means those amounts by which the revenues payable during the term of such a lease exceed such expenses as have been agreed upon in writing by the Ministers.

6.10.4 If the revenues from any lease contemplated by subsection 6.10.2 are not applied as provided for in subsection 6.10.3, such revenues shall be shared by Canada and the Province in the same proportion as their respective contributions to the cost of the dry dock facility.

#### SECTION 7: CONTRACT PROCEDURES

7.1 Unless, in the opinion of the Management Committee it is impractical to do so, all contracts to be awarded by the Province pursuant to this Agreement, shall be let pursuant to tenders invited by public advertisement and awarded to the qualified and responsible tenderer submitting the lowest evaluated bid. Notwithstanding the foregoing, all the terms, conditions and specification of the principal contract for the construction of the Panamax Dry Dock shall be approved in writing by the Federal Minister before the contract is entered into by the Province.

7.2 All contracts under this Agreement 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.

7.3 In awarding contracts pursuant to the recommendation of the Management Committee, the Province shall utilize the services of Canadian firms or individuals where practical and consistent with economy and efficiency, it being understood that non-Canadian firms or individuals may be eligible if the contracts to be entered into with such non-Canadian firms or individuals provide for offsetting economic benefits to Canada and are approved in writing by the Federal Minister before the contract is entered into.

7.4 All public announcements of contract awards shall be made jointly by Canada and the Province.

SECTION 8: PAYMENT PROCEDURES

8.1 Subject to subsection 8.2, 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 satisfactory to the Federal Minister.

8.2.1 In order to assist with the interim financing of activities, Canada may, if the Province so requests, make interim payments to the Province of up to one hundred percent (100%) of Canada's share of claims submitted, based on estimates of costs actually incurred as certified by a senior officer of the Province.

8.2.2 If it appears that the projects described in Schedule "A" to this Agreement will not be fully completed before March 31, 1985, then Canada may, if the Federal Minister is satisfied that the projects will be completed within a reasonable period of time thereafter, make an additional interim payment to the Province on or about March 31, 1985, amounting to the

unexpended balance of Canada's contribution under this Agreement. Any such additional interim payment shall be accounted for by the Province, mutatis mutandis in the manner provided for by this Agreement.

8.3 The Province shall account for each interim payment by submitting to Canada within 120 days after such payment by Canada, a detailed 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.

SECTION 9: RECORDS AND AUDIT

9.1 The Province shall maintain proper and accurate accounts and records relating to the cost of the program, and Canada may audit the amounts of all progress claims and payments and the provincial accounts and records relating thereto.

SECTION 10: MONITORING

10.1 All substantive amendments to contracts shall require the prior approval of the Management Committee.

10.2 Any member of the Management Committee or his representative shall be permitted to inspect any 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.

SECTION 11: PUBLIC INFORMATION

11.1 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-Nova Scotia 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 Nova Scotia, 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).

11.2 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.

SECTION 12: GENERAL

12.1 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 may be required to pay any amounts pursuant to this Agreement.

12.2 With regard to the applicability of labour standards, the parties agree as follows:

- (a) 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;
- (b) 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;
- (c) 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 60 per week; and
- (d) 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.

12.3 The terms and conditions of the GDA shall apply to this Agreement.

SECTION 13: EVALUATION

13.1 During this Agreement, Canada and the Province shall jointly effect an assessment of the program 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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of Development

CANADA/NOVA SCOTIA

SUBSIDIARY AGREEMENT FOR HALIFAX PANAMAX DRY DOCK

SCHEDULE "A"

<u>Program</u>	<u>Estimated Total Cost (\$000's)</u>	<u>DREE Share (\$000's)</u>	<u>Provincial Share</u>	<u>Projects</u>	<u>Estimated Total Cost (\$000's)</u>	<u>SHARING</u>
1. Panamax Dry Dock	43,500	34,800	8,700	1) Dry Dock	35,000	80:20
				2) Dock Mooring and Servicing Facilities	4,900	80:20
				3) Ancilliary Equipment For Ship Repair and Metal Fabrication	3,500	80:20
				4) Evaluation	100	80:20
<u>T O T A L</u>					43,500	

CANADA/NOVA SCOTIA  
HALIFAX PANAMAX DRY DOCK  
SUBSIDIARY AGREEMENT  
SCHEDULE "B"

A. Objective:

The objectives of this Agreement are:

- (a) to provide to the port of Halifax key marine infrastructure which will enable the port to capitalize upon major new international ship repair opportunities, identified as incremental to the East Coast of Canada;
- (b) to both maintain and support the development of new employment opportunities in Nova Scotia in the shipbuilding and ship repair sector of the provincial economy;
- (c) to heighten the port of Halifax's ability to attract new spin-off marine service, ocean technology, manufacturing and specialized service industries.

B. Background:

The shipyard in Halifax has long held a prominent position within the history and development of the Port of Halifax.

Initially established in 1829 as a ship repair yard, the operation diversified in the early 1920's to encompass new vessel construction and maintained both a well-balanced and a high level of activity during the war years.

In 1977, the Halifax Shipyards employed 1,200 and

was the largest employer in the metropolitan Halifax/Dartmouth area, excluding the public sector. In 1978, employment dropped to 100 due to the collapse of the oil-rig market. The former owner, Hawker-Siddeley, decided to cut corporate losses and sell its shipyards in Dartmouth and Halifax.

With strong support and financial assistance from the Province of Nova Scotia, Halifax Industries Limited (H.I.L.), a consortium comprised of Rhine-Schelde-Verolme of the Netherlands, Hall Corporation Shipping Limited of Montreal and C.N. Marine, agreed to take over the operation at the end of August, 1978. At the time of the take over the shipyard in Halifax was generally rundown and physically devoid of most of the essential elements needed to render the operation productive and cost efficient.

Studies undertaken by the Provincial and Federal Governments clearly indicated an opportunity to expand repair of large international class vessels in the Port of Halifax.

The primary ship repair market accessible was considered to be scheduled repairs to ships trading on the Great Circle Route, located 30 miles from Halifax.

In 1979, the first phase of the shipyard redevelopment plan commenced with a general clean up and rehabilitation program as well as the purchase of a used 25,000 dwt floating dry dock (Scotia Dock) in Holland and provision of two large mooring dolphin structures.

C. Strategy:

This Agreement is aimed at increasing the income and employment benefits to the Nova Scotia economy by further developing the ship repair capability of the Port of Halifax and the ability of the port to attract new spin-off marine services.

This Agreement includes three projects:

1. DRY DOCK

Objective:

To construct and deliver an all-steel single pier, caisson style dock, approximately 48m in width and 240m in length to the Halifax Shipyard site and complete with two wingwall mounted cranes.

Background:

The West Coast Surrard dry dock, sponsored by Industry, Trade and Commerce, has served as the inspiration and the model upon which certain essential site specific design and operating modifications have been over laid, to render the dock both compatible and appropriate to the Halifax Shipyard site and situation.

2. DOCK MOORING AND SERVICING FACILITIES

Objective:

To provide appropriate mooring, access and other related services and facilities to ensure the efficient and cost effective operation of a Panamax dry dock ship repair facility in the port of Halifax.

Background:

Substantial redesign of the West Coast Floating Dry Dock is mandatory because the infrastructure requirements for the East Coast Dry Dock are very different from that of the West Coast.

- Mooring arrangement.
- Access ramps to Dry Dock.
- Heavy lists.
- Possible differences in overall length.

- Services to Dry Dock.
- Control of Dry Dock.
- Vessel approach and mooring facilities.

The infrastructure project includes the costs of redesign of the West Coast Dry Dock, overall project management, and design and construction of the appropriate infrastructure as determined by the Management Committee to make the floating dry dock a safe, practical and efficient operation compatible with the intended location and the facilities of Halifax Shipyards and consistent with the available funding.

3. ANCILLIARY EQUIPMENT

Objective:

The objective of the Halifax Shipyards Ancilliary Equipment project is to provide appropriate metal fabrication facilities to ensure the efficient and cost effective utilization of a Panamax Dry Dock ship repairing facility in the Port of Halifax.

Background:

The broader second development phase at Halifax Industries Limited anchors itself to the aggressive operation of a Panamax dry dock repair facility in conjunction with a ship building program. Equipped with this large vessel capability the shipyard will be better able to develop into a viable and profitable enterprise.

