

18 December 2009

ASSESSMENT LETTER NO. 027

TO: All Members of the Halifax Employers Association
and Tonnage Accounts

**SUBJECT: Port of Halifax Tonnage Assessments
& Guarantees Effective Friday, 1 January, 2010**

This letter confirms the Association's assessment rates inclusive of the H.S.T. for the Port of Halifax for all vessels employing ILA represented labour and/or commencing to load and/or discharge on or after 1 January, 2010.

As you are probably aware the Association's basic assessment rate has two components; an administrative assessment, which is used to cover the costs of running the organization, training and other contractual obligations, and the pension and welfare component, which is negotiated during collective bargaining. The pension and welfare component of the basic assessment will increase by three and one half (3.5) cents per metric tonne effective January 1, 2010 as per our obligation under the Collective Agreement. The administrative component (which was reduced by five (5) cents in 2009, from thirty-nine (39) to thirty four (34) to offset the five (5) cent increase in the negotiated pension and welfare fund assessment that year) shall increase by one and one half (1.5) cents per metric tonne, or from thirty-four (34) cents to thirty-five and one half (35.5) cents plus HST, effective January 1, 2010. The combined effect will be a five (5) cent per metric tonne increase in the base assessment.

In addition, as per our contractual obligations, commencing on January 1, 2010, a new assessment will be applied to users of the Port of Halifax, utilizing ILA represented labour in accordance with our collective agreement, who do not otherwise pay a cargo assessment. This "non-cargo" assessment shall be flat fee of \$250 for vessels in excess of 2,000 Net Registered Tonnes and \$175 for vessels up to but not exceeding 2,000 Net Registered Tonnes. This assessment will be collected by the Category II member servicing these vessels and remitted to the HEA.

The respective rates, rules, and definitions are as follows:

		Metric weight		Measurement	
<u>Automobiles per unit</u>		<u>tonne</u>		<u>cubic metre</u>	
		<u>1,000 kilos</u>			
<u>Rate</u>	<u>Rate + H.S.T.</u>	<u>Rate</u>	<u>+ H.S.T.</u>	<u>Rate</u>	<u>+ H.S.T.</u>
Conventional (Including Lumber)		\$2.175	\$2.221	\$1.742	\$1.779
Containers (All)		\$2.175	\$2.221		

Wood Pellets p/30 tonnes	\$2.175	\$2.221
Grain p/25 tonnes	\$2.175	\$2.221
Bulk p/10 tonnes	\$2.175	\$2.221
Automobiles per unit	\$1.973	\$2.015

The above monies will be paid on the same basis as the Halifax Port Authority wharfage is paid except that:

1. Container cargo shall always be paid for a net weight only basis.
2. Bulk shall be paid for on a ten to one (10 to 1) ratio; i.e., 10 tonnes equals 1 tonne payable, or 10,000 kilos equals 1,000 kilos payable.
3. Wood pellets shall be paid for on a thirty to one (30 to 1) ratio; i.e. 30 tonnes equals 1 tonne payable; 30,000 kilos equals 1,000 kilos payable.
4. Grain shall be paid for on a twenty-five to one (25 to 1) ratio; i.e., 25 tonnes equals 1 tonne payable; 25,000 kilos equals 1,000 kilos payable.
5. An automobile or self propelled vehicle, irrespective of the method of loading or unloading, whose weight does not exceed 2,725 kilograms, shall be paid for on a per unit basis.
6. Shifted or restowed cargo is exempt from Assessment.
7. Assessments on transshipment cargo are payable in accordance with the following:

Non-Cargo Assessment	Vessel Weight in excess of 2,000 N.R.T	\$250.00
	Vessel Weight up to an including 2000 N.R.T	\$175.00

DEFINITIONS:

In order to determine and identify the different cargoes handled in the Port of Halifax covered by the H.E.A./I.L.A. collective agreements, the following definitions will prevail:

Container cargo: All cargo in any I.S.O. container received in any type of vessel or shipped in any type of vessel.

Wood pellets: Bulk wood pellets delivered to a vessel.

Bulk grain: Bulk grain delivered to/from a vessel.

Bulk cargo: Bulk cargo such as coal, cement, salt, ore, etc.

Automobiles: Automobiles or self-propelled vehicles not exceeding 2,725

kilograms in weight on wheels.

Conventional cargo: All cargo other than above.

“Non-Cargo” Assessment: Applies only to users of the Port employing ILA represented labour who do not otherwise pay a tonnage assessment as outlined above, e.g. lines only

1. CATEGORY I MEMBERS:

1.1 Category I members of the Association are responsible for the payment of assessments, outstanding accounts and interest, if any, for all vessels/shipping lines for whom they act as agent or whom they represent.

1.2 When a Category I member wishes not to be responsible for the tonnage assessment on a vessel for which they are acting as agent, the Category I member must notify the Association in writing at least seventy-two (72) hours (excluding weekends and holidays) in advance of the vessel's arrival so that arrangements can be made to collect the tonnage assessments or secure a guarantee which is acceptable to the Association. Category I members not complying with the foregoing shall be responsible for paying the tonnage assessment.

1.3 **Transshipped Cargo**

In the case of transshipped cargo carried by different lines, should both the shipping line(s) or their agent(s) be Category I members of the Association, then the Category I members will decide between them as to who will pay the tonnage assessment. Should they not be able to agree between themselves, then the line or their agent on whose vessel cargo is first handled shall be responsible and shall pay the assessment on the discharge of the cargo. Should one line or their agent not be a member, then the Association member shall be responsible for the payment of the tonnage assessment unless they have complied with Section 1.2 above.

1.4 **Slot Charters**

In the case of slot charters, the shipping lines which have slot charter arrangements must identify to the H.E.A. any slot charterer for whom they will not be assuming liability for their accounts. If they do not identify their slot charterers, the carrying line must assume liability for their accounts, unless the slot charterer has an H.E.A. member agent, in which case, that agent shall be liable to the Association. A carrying line will not be responsible for sub-slot charterers of whom they have no knowledge.

Should a slot charterer or the shipping line on which there are slot charterers,

be in a default position, (i.e., 20% of its outstanding account being in excess of 52 days old) labour will be withheld from any vessel on which they have cargo. This means that there will not be any labour supplied to work the ship for any member unless guarantees required by the Association have been satisfied or payment has been made in advance. Under these circumstances, and prior to the withholding of labour, all other known slot charterers and the main carrier will be given not less than three (3) working days' notice of the intent to withhold labour.

2. CATEGORY II MEMBERS

2.1 Weekly Payroll

Category II members are required to provide the Association with an irrevocable unconditional bank guarantee or other security satisfactory to the Association equal to one times the amount of their largest weekly payroll paid over the past twelve months to I.L.A. Labour in the Port of Halifax. Such security must be issued for a period of not less than 12 months.

In any week when the actual payroll exceeds the guaranteed amount the company will be required to place the payroll agency in funds for the excess amount prior to the payroll being paid.

2.2 Vacation Pay

Category II members which do not pay to M.D.C. their accrued vacation pay on a weekly basis shall provide the Association with an irrevocable and unconditional bank guarantee or other security satisfactory to the Association equal to estimated vacation pay to be accrued in the period of not less than the next thirteen (13) weeks. Such guarantee shall not have an expiry date prior to the date on which the vacation pay is to be paid.

2.3 Work for Non-Member Line or Agent

Category II members are required to notify the Association in writing seventy-two (72) hours (excluding weekends and holidays) prior to handling cargo on vessels of a non-member agent or line so that arrangements can be made to collect the assessments. Category II members will not order labour for non-member lines or agents or for a Category I member who has declared that they are not responsible for the tonnage assessments or for a member in default until the Category II member has confirmation from the Association that guarantees required by the Association have been satisfied or payment has been made in advance.

Category II members not complying with the foregoing shall be responsible for paying the tonnage assessment.

2.4 **Non-Cargo Assessment**

Category II members are required to notify the HEA when ILA represented labour is employed on a vessel for which no cargo is being loaded or discharged. The Category II member shall collect and remit to the HEA the appropriate non-cargo assessment based on the registered weight of the vessel in accordance with this letter.

3. **TONNAGE REPORTS**

3.1 **Tonnage Declarations**

Tonnage declarations or estimates thereof on the Association's forms are to be received within fifteen (15) days of the completion of each vessel. Transshipped cargo on which the tonnage assessment is not being paid must be reported and the particulars of this cargo recorded on the supplementary form.

3.2 **Tonnage Reconciliations**

Members must conclude their reconciliation of the discrepancies between Halifax Employers Association and the Halifax Port Authority tonnes within ninety (90) days of the date the Halifax Employers Association's facsimile transmittal with enclosure (s) outlining such discrepancies. As of April 1st, 2005, interest on any new amount owing resulting from the reconciliations will be calculated from the date of the foregoing facsimile transmission. In addition, within this time frame they shall report to the Halifax Employers Association their findings. Failure to do so within the prescribed period of time will result in labour being withheld.

4. **TERMS OF PAYMENT**

4.1 Payments are to be received by the Association within forty-five (45) days of the completion of cargo on each vessel. The credit procedure includes an interest penalty of 1.5% per month, or part thereof, to be charged on overdue accounts. When accounts are in excess of fifty-two (52) days and that amount in excess is 20% or more of the total outstanding amount, then labour will be withheld. All tonnage assessments are payable in Canadian funds.

Yours truly,

Richard A. Moore
President and CEO