

**PARTNERSHIP AGREEMENT ON ECONOMIC  
AND COMMUNITY  
DEVELOPMENT IN NUNAVIK**

**(SANARRUTIK AGREEMENT)**

**CONSOLIDATED ADMINISTRATIVE  
VERSION OF MARCH 10, 2008**

## **WARNING NOTE**

Users of this office consolidation are reminded that it is prepared for convenience of reference only and that, as such, it has no official sanction. The users are invited to refer to the integral texts of the following original agreements used to prepare this office consolidation:

- Partnership Agreement on Economic and Community Development in Nunavik, April 9, 2002.
- Amendment [No. 1] to the Partnership Agreement on Economic and Community Development in Nunavik, March 24, 2003.
- Amendment [No. 2] to the Partnership Agreement on Economic and Community Development in Nunavik, November 24, 2003.
- Amendment No. 3 to the Partnership Agreement on Economic and Community Development in Nunavik, August 9<sup>th</sup>, 2006.
- Amendment No. 4 to the Partnership Agreement on Economic and Community Development in Nunavik, March 10, 2008.

**PARTNERSHIP AGREEMENT  
ON ECONOMIC AND COMMUNITY DEVELOPMENT  
IN NUNAVIK**

**Between** the **Makivik Corporation**, a corporation duly incorporated under Section 2 of the *Act respecting the Makivik Corporation* (R.S.Q., Chapter S-18.1), represented by its President, Mr. Pita Aatami

hereinafter referred to as “Makivik”

**And** the **Kativik Regional Government**, constituted under Section 239 of the *Act respecting Northern Villages and the Kativik Regional Government* (R.S.Q., Chapter V-6.1), represented by its Chairman, Mr. Johnny N. Adams

hereinafter referred to as “KRG”

**And** Le Gouvernement du Québec, represented by the premier ministre, Mr. Bernard Landry and the ministre d’État à la population, aux Régions et aux Affaires autochtones, Mr. Rémy Trudel

hereinafter referred to as “Québec”

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**PREAMBLE**

**Whereas** the parties, in the spirit of the recognition of the Inuit nation by the National Assembly of Québec in 1985, enter hereby into a nation-to-nation Agreement which strengthens the political, economic and social relations between Québec and the Nunavik Inuit, and which is characterized by cooperation, partnership and mutual respect;

**Whereas** Makivik, KRG and Québec consider the economic and community development in Nunavik as a priority;

**Whereas** there is a strong potential of human and economic resources in Nunavik;

**Whereas** the parties express a strong will to develop these resources and to promote economic development, job creation and economic spin-offs for Nunavik Inuit and the population of Québec in general;

**Whereas** Makivik, KRG and Québec wish to enter into a long term partnership agreement in order to put forward a common vision of the economic and community development of Nunavik;

**Whereas** this Agreement remains largely based on the respective commitments of the parties under the James Bay and Northern Quebec Agreement (JBNQA);

**Therefore** Makivik, KRG and Québec agree as follows:

## **1. PURPOSE OF THE PARTNERSHIP AGREEMENT**

The purpose of this Agreement is to establish a new nation-to-nation relationship and to put forward a common vision of the economic and community development of Nunavik. For the purposes of this Agreement, Makivik, KRG and Québec, agree:

- to accelerate the development of the hydroelectric, mining and tourism potential of Nunavik;
- to share the benefits of the economic development of Nunavik;
- to favor economic spin-offs for Nunavik Inuit;
- to favor a greater autonomy for Makivik and KRG and to provide them more responsibilities for the economic and community development of Nunavik Inuit;
- to enhance public services and infrastructures in Nunavik.

## **2. ECONOMIC DEVELOPMENT OF NUNAVIK**

### **2.1 Nunavik electric transmission line study**

Québec has agreed to fund a Nunavik electric transmission line study at a cost of \$3 million. The main objective of this study is to examine the technical and economic feasibility of building a transmission line making it possible to supply electricity to the 14 villages of Nunavik as well as the Raglan Mining Corporation in operation since 1999. This project would also make it possible to install a fiber optic telecommunications network linking Nunavik Inuit villages to Hydro-Québec's provincial network.

If the Nunavik electric transmission line project were to be carried out, it would make possible:

- to meet regional electric consumption needs at a better price;
- to promote mineral exploration and production activities by reducing substantially energy costs;
- to improve communication between the communities themselves and the rest of Québec;
- to improve the use of new technologies such as telemedicine;
- to contribute to the development of the hydroelectric potential of Nunavik.

The transmission electric line project could be tied in with hydroelectric generating station projects which would make it possible to meet regional consumption needs and send the surplus on Hydro-Québec's network.

### **2.2 Hydroelectric development**

- 2.2.1 Based on preliminary evaluations, the hydroelectric potential north of the 55<sup>th</sup> parallel could vary between 6 300 and 7 200 MW. The tidal power potential of Ungava Bay is also important. However, no exhaustive study exists to precisely confirm the economic, technical and environmental feasibility associated with the exploitation of this hydroelectric potential.

Within this context, Québec undertakes to evaluate the hydroelectric potential north of the 55th parallel. In order to do so:

- technical, economic and environmental pre-feasibility studies will be conducted;
- in addition, the power transmission line study will evaluate the opportunity of building small hydroelectric generating stations in Nunavik to serve the communities.

2.2.2 Makivik undertakes to support the development of the hydroelectric potential of Nunavik and agrees to work with Québec in order to accelerate the development of the hydroelectric potential in Nunavik, notably the areas identified in Schedule A.

- Within the next four (4) years and at the cost of Québec, Québec and Makivik will work together to evaluate potential hydroelectric projects.
- There will be full and timely disclosure by Québec to Makivik and the concerned Nunavik Inuit communities with respect to all proposed new hydroelectric projects.
- Makivik and the Nunavik Inuit communities that may be affected will be involved and consulted in the technical description of potential projects in order to reduce environmental and social impacts on the communities.
- As contemplated in Schedule 1 under section 23 of the James Bay and Northern Québec Agreement (JBNQA), hydroelectric development projects will be subject to the applicable environmental and social protection regimes.
- The parties will endeavour to harmonize insofar as possible the assessment processes applicable to hydroelectric development projects in order to avoid duplication.
- The parties will also work together to ensure efficient and proper evaluations of the hydroelectric development projects.
- Hydro-Québec will assume the costs of all remedial works and all monitoring required under government authorizations for each hydroelectric project that will be carried out, if any.

2.2.3 For each hydroelectric project carried out in Nunavik (hereinafter referred to as the "Hydroelectric Project"):

- Québec undertakes to pay annually to Makivik 1,25 % of the value of the annual production of megawatts produced by the Hydroelectric Project.
- The value of megawatts produced will be based on the average annual sale price of electricity by Hydro-Québec in Canada and the United States.
- With respect to Hydroelectric Projects carried out in Nunavik, Québec will also encourage and facilitate the signing of agreements between Makivik and hydroelectric development project promoters concerning remedial measures and monitoring, employment and contracts.

2.2.4 Pursuant to section 2.2.3 Makivik undertakes to use these payments (hereinafter referred to as “Payments”) for economic and community development.

- Payments to be made pursuant to the foregoing, shall be paid to Makivik or such other one or more Nunavik Inuit entities designated by Makivik which, in consultation with the Landholding Corporation(s) of the community(ies) affected by the Hydroelectric Project or Projects, will decide upon an appropriate use and distribution thereof.
- Moreover, the parties acknowledge that the said Payments or parts thereof may be more effectively used through the use of foundations or trusts, the beneficiaries of which shall be Nunavik Inuit, Nunavik Inuit entities, enterprises wholly-owned by Nunavik Inuit or Nunavik Inuit entities, or combinations thereof; and to such end, the parties hereby acknowledge that Makivik may establish or cause to be established such Québec resident trust entities by a trust deed as trusts to receive Payments.
- Makivik shall submit to Québec on an annual basis, in the six (6) months following the close of each Makivik financial year, an annual report and audited financial statements, describing its activities and the use of the annual Payments from Québec.
- If this report and these audited financial statements are not submitted by Makivik within this time frame, Québec may submit the matter to the dispute resolution mechanism set out in this Agreement and, failing resolution through this means, may seek a court order allowing it to suspend subsequent Payments pending the submission of said annual report and audited financial statements. The suspended Payments will however be re-instituted retroactively, without interest, as soon as these report and audited financial statements have been submitted by Makivik.

2.2.5 Notwithstanding section 6, the undertakings referred to in subsections 2.2.3 and 2.2.4 above shall continue for each Hydroelectric Project for twenty-five (25) years from the date each such Hydroelectric Project commences to produce electricity.

### **2.3 Mining development**

The geological context of the territory of Nunavik is conducive to the presence of minerals and there are intensive exploration activities to that effect.

If any mining projects were to take place, Québec undertakes to encourage and facilitate the signing of agreements between Makivik and the mining companies concerning remedial measures and monitoring, financial arrangements, employment and contracts.

As contemplated in Schedule 1 of Section 23 of the JBNQA, mining development on the Nunavik territory will be subject to the applicable environmental and social protection regimes.

## **2.4 Development of the tourism industry**

Nunavik has an under-exploited tourism potential.

### **2.4.1 Development of parks**

To support the development of this potential, Québec foresees the creation of provincial parks in Nunavik. In order to do so, Québec will provide to KRG an amount of \$8 million over 5 years to carry out studies for the development of the following provincial parks: Monts-Torngat-et-de-la-Rivière-Koroc, Lac-Guillaume-Delisle, Lac-à-l'Eau-Claire. KRG will also complete the preliminary collection of data for the Mont Puvirnituk and Cap Wolstenholme parks.

The modalities for the development of parks in Nunavik will be determined in an agreement between the Société de la Faune et des Parcs du Québec (FAPAQ) and KRG.

### **2.4.2 Creation of the Pingualuit Park**

Québec undertakes to create the Pingualuit Park. An amount of \$3,9 million will be provided to KRG over a five-year period to cover the following operation costs: remuneration of employees, operation and maintenance for buildings, vehicles, trails and other park facilities and administration expenses. Québec will also allow an amount of \$5,7 million to KRG to cover the capital expenses over the next five years.

In return, Makivik and Québec shall enter into an appropriate complementary agreement to the JBNQA, and KRG and Makivik shall enter into an appropriate park management agreement with Québec, the whole in connection with Pingualuit Park.

## **2.5 Funding for community and economic development projects**

2.5.1 Québec will pay to Makivik and KRG jointly or, subject to agreement of the parties, to Makivik and KRG separately, the following amounts totalling:

- \$7 million in the first year of the Agreement;
- \$8 million in the second year of the Agreement;
- \$15 million in the third year and each subsequent year of the Agreement.

The first annual payment shall be made within sixty (60) days of the date of execution of this Agreement and thereafter the annual amounts shall be paid in four (4) equal installments approximately three months apart.

2.5.2 Funding in section 2.5.1 will be a flexible tool designed to respond to the specific needs of the population of Nunavik in financing community and economic projects, in priority those arising from the implementation of the JBNQA, and in providing local communities with greater opportunities for economic and community development. Makivik and KRG shall establish the priorities in this regard.

- 2.5.3 Makivik and KRG will be responsible for setting up annually a completion timetable and expenditure forecast for projects, for the period covered by this Agreement and inform Québec of the results of these forecasts and timetables.
- 2.5.4 Beginning in the year following payment by Québec of the first \$15 million payment pursuant to section 2.5.1 above, the financial assistance provided for in section 2.5.1 shall be indexed according to the Consumer Price Index (CPI) of Québec and also, gradually over a five-year period, to the growth of the population in Nunavik.
- 2.5.5 The actual growth of population in Nunavik as used by the Institut de la Statistique du Québec (ISQ) will serve to determine the indexation applicable in the context of this Agreement.

The formula for calculating the indexation and the annual revision mechanism are described in Schedule C of this Agreement.

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*Amended by Amendment No. 2 of November 24<sup>th</sup>, 2004*

- 2.5.6 The funding in section 2.5.1 shall be without prejudice to and in addition to Québec operation and capital funding for Nunavik and shall be without prejudice to the renewal of any such funding, which includes, but is not limited to, inter alia, Pivallutiit (SAA), Makigiarutiit (SAA) and Isurruutiit (MAMM).
- 2.5.7 Québec will maintain for the Nunavik Inuit as well as for Makivik and KRG access to regular programs, subject to the usual application criteria of these programs.
- 2.5.8 Subject to the fulfillment by Québec of its undertakings under section 2.5.1 of this Agreement, Makivik hereby gives Québec a full and complete discharge, for the duration of this Agreement, with regard to the following provisions in the JBNQA:
- sections 29.0.33 to 29.0.39 inclusive;
  - sections 29.0.28 to 29.0.30 inclusive;
  - the costs associated with implementing any arrangement contained in any complementary agreement related to Chapter 3 of the JBNQA.

### **3. BLOCK FUNDING OF KRG AND THE NORTHERN VILLAGES**

- 3.1** Québec undertakes to simplify and make more efficient the public funds paid to KRG and, upon request, to Northern Villages (NVs) and to provide these organizations with a greater autonomy in the establishment of their intervention priorities and the carrying out of their respective mandates. To that effect, subsidies to KRG and the NVs from various Québec departments and agencies will be consolidated in a single envelope (Block Funding) for each of the NVs and for KRG. Any economies of scale achieved through the implementation of this Block Funding could be used to improve the funding of the services offered in the local communities.
- 3.2** The Block Funding of KRG and NVs shall be based on the following guidelines:
- 3.2.1 The single envelopes of transfers (hereinafter referred to as Block Funding) will be under the responsibility of one organization within Québec for KRG and one organization within Québec for the NVs.

Discussions will be held between Québec and KRG to identify which programs will be amalgamated within the Block Funding and concerning the general conditions and objectives related to this Block Funding in order to reach a final agreement on Block Funding.

All amounts paid pursuant to Block Funding under this section shall be indexed according to the growth of the population in Nunavik and the evolution of Québec's per capita program expenditures in Québec.

The indexation revision mechanism applicable under section 2.5.5 for the growth of population will also apply to the funding for KRG and the NVs.

3.2.2 KRG and the NVs will have the power to determine the allocation of their own single envelope according to their priorities. However, this allocation will have to respect the existing roles and responsibilities of KRG and the NVs as well as the general level of services provided to the population and the communities.

3.2.3 KRG and the NVs will report to the organizations responsible for the single envelopes for Québec in tabling annually:

- a budget and a detailed financial report for all their activities;
- a report detailing the operations conducted and the general objectives and results attained as compared to those foreseen by Québec at the beginning of each year.

3.2.4 The consolidation of the funding provides to KRG and the NVs into single envelopes shall be implemented no later than April 1<sup>st</sup>, 2004. Indexing provided for in Section 3.2.1 shall come into force on January 1<sup>st</sup>, 2005.

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*Amended by Amendment No. 1 of March 24<sup>th</sup>, 2003*

## **4. COMMUNITY AND ECONOMIC DEVELOPMENT PRIORITY PROJECTS**

### **4.1 Paving of local roads**

Some ten kilometers of the Nunavik road network is paved. Because of the northern climate, municipal gravel roads and airport access roads are in poor condition. They generate high vehicles maintenance costs for the municipalities and vehicles must be replaced on a more frequent basis than elsewhere in Quebec. In the absence of aqueducts and sewage underground piping systems, the improvement of the roads network is important for Northern villages as they have no other alternative but to deliver water and collect sewage by tanker trucks all year round.

To improve road conditions in Nunavik Inuit villages, Québec undertakes to finance and to give its technical support to pave 90 kilometers of local roads (including access roads leading to airports) for a maximum amount of \$35,5 million excluding the interest costs (temporary and long term costs), broker fees and refinancing fees, under modalities to be specified. The work will begin in the summer of 2002 and will extend over a 7 year period based on a schedule to be validated by the technical committee to be formed, which committee will include representatives from Québec and KRG.

The financing of this project will take the form of a debt service according to conditions and planning of an amortization schedule to be defined in an agreement between the Ministère des Transports du Québec (MTQ) and KRG.

## **4.2 Marine infrastructures**

Northern villages are not linked by road and are isolated from the rest of Québec. The only means of transporting heavy materials to Nunavik is by sea. The use of waterways is therefore a fundamental factor for promoting the economic development of Nunavik. However most Nunavik Inuit villages do not have the necessary marine infrastructures to ensure safe maritime access.

The cost of the implementation of the marine infrastructures is estimated to \$88 million (including phases I and II). Quebec will participate in the order of 50 % of this amount of \$88 million (including amounts already paid by Québec). The work will extend over a period of 7 to 10 years from the execution of this Agreement.

A technical committee will be formed to define the characteristics of phase II and the coordination between phase I and II.

The financing of this project will be specified in an agreement between the MTQ and KRG.

Québec will also fund the daily maintenance costs, including major reparations, subject to federal contribution, under conditions to be agreed upon between Canada and the parties.

## **4.3 Improvement of police services**

Several police stations in Nunavik are in a very poor state of repair. The construction of new police stations is urgent to ensure Nunavik Inuit police officers adequate workplaces. Moreover, the number of police officers in Nunavik needs to be increased in order to better serve the vast territory of Nunavik and its rapidly growing population.

To that effect, for 2002, Québec agrees to disburse an additional amount of \$1,5 million representing 48 % of the total cost to improve police services in Nunavik and initiate the construction of police stations.

As of April 1<sup>st</sup>, 2003, at the renewal of the Police tripartite agreement between Canada, Québec and KRG, Québec agrees to fund its share (48 %) of the total cost of 54 police officers at a unit cost of \$148 800 and construction of police stations. Such amount will be indexed annually for subsequent years subject to the participation of the Federal government.

The modalities of the above financial arrangements will be confirmed in an agreement between the Ministère de la Sécurité publique du Québec (MSP) and KRG.

The parties agree to continue negotiations with the Federal government regarding its funding of its share of the cost of police services.

## **4.4 Correctional, social and preventive related mesures**

- 4.4.4 Québec will pay to Makivik and KRG jointly or, subject to agreement of the parties, to Makivik and KRG separately, an amount of \$10 million in the financial year 2005-06 and in each subsequent year of the Agreement. Makivik and KRG will administer and allocate these funds.

The annual amounts shall be paid in four (4) equal installments at the same time payments are made pursuant to section 2.5.1. However, the \$10 million for the financial year 2005-06 shall be paid in two equal installments of \$5 million; the first payment shall be payable before the end of September 2006 and the second payment shall be payable on the first installment of financial year 2007-08.

- 4.4.5 Beginning in 2006-07 and each year thereafter, the funding provided for such financial year in section 4.4.1 (exclusive of the funding for the financial year 2005-06) shall be indexed by the same percentage as used in that financial year to index the financial assistance provided for in section 2.5.
- 4.4.6 Funding in section 4.4.1 shall be a flexible tool designed to prevent and combat crime, to promote safe and healthy communities by, among other things, taking culturally appropriate measures to improve the social environment in Nunavik, to provide assistance to crime victims and to improve correctional activities for the Inuit.
- 4.4.7 A Committee of Experts of not more than eight members, composed of an equal number of members designated by Québec and members designated jointly by Makivik and KRG, shall be established before the end of September 2006.

Initially, the Committee shall be composed of the following: for Québec, two members from the Ministère de la Sécurité publique, one member from the Ministère de la Santé et des Services sociaux, one member from the Ministère de la Justice; for Makivik and KRG, two members appointed by Makivik and two members appointed by KRG.

The Committee of Experts shall meet at least twice per year. Each Party shall assume the expenses of its members.

The Committee of Experts shall identify the needs of the region and recommend priorities and strategies to meet the objectives in section 4.4.3. Within the first 4 months of its designation, it shall submit, through the Joint Coordinating Committee established pursuant to section 5, a first set of recommendations on the utilization of the funding provided for in section 4.4.1, to Makivik and KRG. Makivik and KRG shall, in allocating the funding provided for in section 4.4.1, take into account the recommendations of the Committee of Experts.

- 4.4.8 Makivik and KRG jointly shall, on an annual basis, inform Québec of the results of the utilization of the funds.
- 4.4.9 The Committee of Experts shall establish indicators to evaluate the effectiveness of the utilization of the funding provided for in section 4.4.1 by no later than December 31<sup>st</sup>, 2007. Based on these indicators, Makivik and KRG, using no more than 1/4 of 1 % on a cumulative basis of the funding provided for in section 4.4.1, shall at least every three years, commencing in 2008-09, jointly undertake through a third-party a program evaluation of the results of the use of the funding provided for in section 4.4.1 and shall share the results with Québec.
- 4.4.10 At any renewal of the tripartite agreement on the delivery and funding of police services, if additional funding is required, an amount not exceeding 10% of the funding provided for under section 4.4.1 shall be, at the request of the KRG and Makivik and subject to the third paragraph of this section, allocated annually by Québec towards funding for the Kativik Regional Police Force (KRPF).

Furthermore, Québec may allocate annually, under the tripartite agreement, additional funding as it deems necessary.

The additional funding allocated pursuant to the preceding paragraphs shall constitute the annual additional contribution of Québec, which shall be paid under the renewed tripartite agreement, and shall be accounted for in the same proportions provided for under the tripartite agreement and that are respectively applicable to the parties.

Prior to the first renewal of the current tripartite agreement, the KRG and Makivik may allocate not more than 10% of the funding provided for under section 4.4.1 towards funding for the policing services delivered by the KRPF.

Any funding that is allocated following the expiry of the current tripartite agreement, which is to say after March 31, 2007 or March 31, 2008, whichever date is chosen for the renewal of the agreement, shall be accounted for, if applicable, in the same manner as the funding provided for in paragraphs one to three of this present section.

Any funding paid pursuant to this section shall be accounted for in the reports provided for under the tripartite agreement.

- 4.4.11 The funding in section 4.4.1 shall be without prejudice to and in addition to Québec operation and capital funding for Nunavik and shall be without prejudice to the renewal of any such funding, which includes, but is not limited to, inter alia, funding for the Health and Social Services sector.
- 4.4.12 Québec will maintain for the Nunavik Inuit as well as for Makivik and KRG access to regular programs subject to the usual application criteria of these programs.
- 4.4.13 Québec shall fund the operation costs of the fourteen (14) place community residential center (Halfway house) built on the territory of the Northern Village of Kangirsuk.
- 4.4.14 In the event that Québec undertakes a regrouping at a single correctional institution of the Inuit who have been remanded in custody or who are serving a prison sentence of less than two years, it may, commencing in the year of the regrouping and, subject to the written consent of Makivik and the KRG, retain annually for that purpose a maximum amount of \$950,000 from the funding provided for under section 4.4.1 to cover in part the amortization of the capital cost involved in such regrouping.
- No later than October 8<sup>th</sup> 2006, Makivik and the KRG shall jointly indicate in writing to Québec their preference, from among the provincial correctional institutions in Québec, to regroup at a single correctional institution the Inuit who have been remanded in custody or who are serving a prison sentence of less than two years.
- 4.4.15 Subject to the fulfillment by Québec of its undertakings under this section 4.4, Makivik hereby gives Québec a full and complete discharge, for the duration of this Agreement, with regard to sections 20.0.25 and 20.0.26 of the JBNQA.

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*Amended by Amendments No. 1 of March 24<sup>th</sup>, 2003 and No. 3 of August 9<sup>th</sup>, 2006*

## **4.5 Wildlife Management and Laws and By-laws Enforcement**

- 4.5.1 To give effect to and provide adequate enforcement of the Hunting, Fishing and Trapping Regime established by the *James Bay and Northern Québec Agreement* (hereinafter the "JBNQA") and by the legislative regime applicable, Québec will hire and base in Nunavik, no later than March 1st, 2008, six (6) Wildlife protection officers as full-time employees. This commitment is exclusive of supervisory and clerical employees.
- 4.5.2 As far as possible, Wildlife protection officers engaged by Québec to work in Nunavik shall be Inuit. Unless the parties otherwise agree, only Inuit engaged by Québec as Wildlife protection officers shall be hired on a permanent basis to work as Wildlife protection officers in Nunavik. Whenever possible, Québec will ensure the presence of at least one Inuk Wildlife protection officer when designating a team operating in Nunavik.
- 4.5.3 Québec shall provide annually to KRG an amount of \$200,000 to hire Wildlife protection assistants who will be trained by Québec. This amount shall be added to the original amount of \$600,000 provided to KRG for the same purpose since 2004 under the *Agreement concerning Block Funding for the Kativik Regional Government* (hereinafter the "Sivunirmut Agreement") set up according to Section 3 of the Sanarrutik Agreement. During 2007, this additional funding of \$200,000 shall be integrated under the Block Funding of KRG under the Sivunirmut Agreement, retroactively to January 1st, 2007. As of January 1st, 2008, this additional funding shall be indexed according to the Appendix D of the Sivunirmut Agreement.
- 4.5.4 In addition, commencing on the 2007-2008 fiscal year of Québec, the latter shall provide to Makivik, for the duration of this Agreement, in one installment, an annual amount of \$100,000 to generally conduct research activities and data acquisition regarding wildlife species and habitat in Nunavik under Québec jurisdiction. This funding shall be indexed annually according to Schedule C of the Sanarrutik Agreement. Makivik shall send to Québec each year a report showing the projects realized or being realized, a general overview of the expenses occurred and the results obtained or anticipated.
- 4.5.5 The parties agree to renegotiate Sections 4.5.1 to 4.5.4 if a land access through roads or rail lines to the territory is established or if there is an influx of an inordinate size of non-beneficiary workforce personnel to the territory, in order to discuss eventual needs in consideration of said developments.
- 4.5.6 Subject to the fulfillment of the undertakings provided for in Sections 4.5.1 to 4.5.5 or, as case may be, of the undertakings flowing from amendments that could be brought to this Agreement as per Section 4.5.5, Makivik hereby gives Québec a full and complete discharge, for the duration of this Agreement, of Section 24.10 of the JBNQA..

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*Amended by Amendments No. 1 of March 24<sup>th</sup>, 2003 and No. 4 of March 10, 2008*

## **4.6 Public tenders**

Contracting for goods, services and construction is an important market for small and medium-sized businesses. These contracts represent an opportunity to stimulate economic development and job creation in Nunavik Inuit communities.

In order to increase the number of Nunavik Inuit businesses bidding and winning public contracts, and subject to the provisions of the *Agreement on Internal Trade* or any similar agreement, Québec undertakes to evaluate the possibility of modifying the law in order to allow KRG, the Kativik School Board, the Katujinik Regional Development Council and the Nunavik Regional Board of Health and Social Services to set up a process for awarding contracts for goods and services that gives priority to the businesses of Nunavik Inuit.

## **5. IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT**

**5.1** Québec, Makivik and KRG agree to create a joint coordinating committee composed of four (4) representatives from Québec, two (2) from Makivik and two (2) from KRG. The number of representatives of this committee may be revised by the parties. The mandate of the committee will be:

- to ensure the harmonious implementation and efficient follow-up of this Agreement and to resolve other questions pertaining to the implementation of the JBNQA;
- to find mutually acceptable solutions to disputes arising out of the interpretation or implementation of this Agreement or of the JBNQA.

**5.2** Generally, the parties will endeavor to avoid recourse to the judicial system for the purposes of the interpretation and implementation of this Agreement as well as the implementation of the JBNQA. For the purpose of implementing this Agreement, the parties agree to put in place a dispute resolution mechanism defined in Schedule B to ensure that recourse to courts or other forums only occurs as a last resort.

## **6. DURATION OF AGREEMENT**

The duration of this Agreement shall be twenty-five (25) years commencing on the date contemplated by sub-section 7.4.

## **7. GENERAL PROVISIONS**

**7.1** The provisions of the JBNQA and of the existing agreements and existing financial arrangements will continue to apply in the absence of indications to the contrary in this Agreement. In particular, and without limiting the generality of the foregoing, any government funding contemplated in the present Agreement does not apply, nor is intended to apply to regular health and social services, education and environmental regime for Nunavik.

**7.2** The Preamble to this document forms an integral part of this Agreement.

**7.3** This Agreement constitutes a final agreement subject to ratification thereof, no later than May 10th, 2002, by Makivik and KRG by resolutions of their respective board and council after consultation.

**7.4** The provisions of this Agreement shall take effect the day after such resolutions have been received by the Prime Minister's Office in Quebec City.

**7.5** If by May 15th, 2002, such resolutions have not been received this Agreement shall be considered null and void.

**7.6** This Agreement may be amended from time to time with the consent of Québec, Makivik and KRG.

- 7.7** This Agreement does not constitute an agreement or treaty within the meaning of section 35 of the Constitution Act of 1982.
- 7.8** In this Agreement, the term “Nunavik Inuit” means those persons enrolled, or entitled to be enrolled, as an Inuit beneficiary in accordance with the Act respecting Cree, Inuit and Naskapi native persons (R.S.Q., Chapter A- 33.1).
- 7.9** The payments foreseen in subsections 2.2.3, 2.5.1 and 4.4.1 shall not be subject to any form of taxation, charge, levy or deduction by Québec.
- 7.10** No later than January 1<sup>st</sup>, 2024, the Parties shall begin the negotiation of a new agreement to replace the Agreement and shall make all reasonable efforts to reach a new agreement no later than December 31<sup>st</sup>, 2027.

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*Amended by Amendments No.1 of March 24<sup>th</sup>, 2003 and No. 3 of August 9<sup>th</sup>, 2006*

## **8. INTERPRETATION**

There shall be an Inuttitut, a French and an English version of this Agreement. The French and English versions shall be the authoritative versions.

**IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED IN TASIUJAQ**

**ON THIS 9<sup>TH</sup> DAY OF APRIL 2002**

**POUR LE GOUVERNEMENT  
DU QUÉBEC:**

**For Makivik Corporation:**

*(Original signed by)*

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Bernard Landry  
Premier ministre

*(Original signed by)*

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Pita Aatami  
President

**AND**

**For Kativik Regional Government:**

*(Original signed by)*

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Rémy Trudel  
Ministre d'État à la population, aux  
Régions et aux Affaires autochtones

*(Original signed by)*

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Johnny N. Adams  
Chairman

## **SCHEDULE A**

### **AREAS OF HYDROELECTRIC POTENTIAL IN NUNAVIK**

#### **High power potentials**

The following rivers:

- Nastapoka
- Whale
- George
- Aux Mélèzes
- Caniapiscau
- Leaf

#### **Low power potentials**

The following rivers:

- Kovik
- Decoumte
- Buet

## **SCHEDULE B**

### **SETTLEMENT OF DISPUTES**

#### **INTRODUCTION**

Generally, the parties will endeavour to avoid recourse to the judicial system for the purposes of the interpretation and implementation of this Agreement as well as of the James Bay and Northern Québec Agreement (JBNQA). To this end, the parties agree to put in place a dispute resolution mechanism to ensure that recourse to courts or other forums only occurs as a last resort.

#### **DEFINITION**

For the purposes of this dispute resolution mechanism, a dispute is defined as any controversy, claim or disagreement arising out of the interpretation or implementation of the JBNQA or this Agreement and which is formally raised by any of the parties for these purposes.

#### **PARTIES TO THE DISPUTE**

The only parties authorized to bring disputes for resolution under the present dispute resolution mechanism are the following : Makivik, KRG and le Gouvernement du Québec.

#### **PROCEDURE TO BE FOLLOWED WITH RESPECT TO RESOLUTION OF DISPUTES**

The parties will endeavour in good faith to settle the dispute through cooperation and consultation in order to arrive at a mutually satisfactory solution.

Failing resolution by the parties themselves, the dispute shall be referred for resolution to the Joint Coordinating Committee established pursuant to the provisions of section 5 of this Agreement.

Failing resolution by the Joint Coordinating Committee, the dispute shall be referred to an independent and impartial third party for mediation as hereinafter set out:

- a) the mediator shall be chosen jointly by the parties, and failing agreement, by a Judge of the Superior Court, upon application to the court;
- b) the parties shall each submit to the mediator their views on the issue in dispute;
- c) the parties undertake, that as a condition of the mediation process, to renounce to any prescription acquired and to agree that prescription (if applicable) of any right, claim or matter which is the subject of the dispute shall be interrupted and shall, if necessary, be specifically renounced from time to time until the mediator declares the mediation process to be at an end;
- d) the mediation process and all proceedings in connection therewith shall be and will remain confidential;

- e) the mediator shall not issue a Report or make any recommendations unless authorized to do so by all the parties;
- f) any party may request that the mediator terminate the mediation process when there are reasonable and probable grounds to believe that, despite the best efforts of the parties acting in good faith, no settlement is likely to be reached in the dispute through mediation.

At any time during the course of the mediation process, the parties may agree to grant to the mediator the powers, authority and jurisdiction of an arbitrator, including those of an amiable compositeur, the whole within the meaning, and as set out in the *Civil Code of Québec* and the *Code of Civil Procedure of Québec*.

Each party will assume its expenses related to the mediation. 50% of the expenses and fees of the mediator will be supported by Québec, and 50% by Makivik and KRG.

**SCHEDULE C**

**INDEXING FORMULA**

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*Schedule added by Amendment No. 2 of November 24<sup>th</sup>, 2004*

**1. INDEXING FORMULA**

From April, 2005, the amount of 15 million dollars paid in 2004-2005 by the Government of Québec to Makivik and KRG for the funding for community and economic development projects under Section 2.5.1 of this Agreement will be adjusted by applying the following formulas:

• **For 2005-2006**

$$\left( 1 + \left[ \frac{\text{CPIQ2005} - \text{CPIQ2004}}{\text{CPIQ2004}} + .20 \times \left[ \frac{\text{NP2004} - \text{NP2003}}{\text{NP2003}} \right] \right] \right) \times 15 \text{ M\$} = R_1$$

• **For 2006-2007**

$$\left( 1 + \left[ \frac{\text{CPIQ2006} - \text{CIPQ2005}}{\text{CIPQ2005}} + .40 \times \left[ \frac{\text{NP2005} - \text{NP2004}}{\text{NP2004}} \right] \right] \right) \times R_1 = R_2$$

• **For 2007-2008**

$$\left( 1 + \left[ \frac{\text{CPIQ2007} - \text{CIPQ2006}}{\text{CPIQ2006}} + .60 \times \left[ \frac{\text{NP2006} - \text{NP2005}}{\text{NP2005}} \right] \right] \right) \times R_2 = R_3$$

• **For 2008-2009**

$$\left( 1 + \left[ \frac{\text{CPIQ2008} - \text{CPIQ2007}}{\text{CPIQ2007}} + .80 \times \left[ \frac{\text{NP2007} - \text{NP2006}}{\text{NP2006}} \right] \right] \right) \times R_3 = R_4$$

- **For 2009-2010**

$$\left( 1 + \left[ \frac{\text{CPIQ2009} - \text{CPIQ2008}}{\text{CPIQ2008}} \right] + \left[ \frac{\text{NP2008} - \text{NP2007}}{\text{NP2007}} \right] \right) \times R_4 = R_5$$

- **From 2010-2011 to 2026-2027**

From April 2010 to the end of this Agreement, the indexing formula applied in 2009-2010 will continue to be used by modifying the reference years in order to correspond to the year for which the calculation of the amount to be adjusted is done.

**Where :**

**CPIQ** means : the Consumer Price Index for Québec from January to December of a given year.

**NP** means : the Nunavik population for a given year.

**15 M\$** means : the basic amount to be adjusted in 2005-2006.

**R<sub>1</sub>** means : the result of the indexing for 2005-2006 and the amount to be indexed for 2006-2007.

**R<sub>2</sub>** means : the result of the indexing for 2006-2007 and the amount to be indexed for 2007-2008.

**R<sub>3</sub>** means : the result of the indexing for 2007-2008 and the amount to be indexed for 2008-2009.

**R<sub>4</sub>** means : the result of the indexing for 2008-2009 and the amount to be indexed for 2009-2010.

**R<sub>5</sub>** means : the result of the indexing for 2009-2010 and the amount to be indexed for 2010-2011.

The part of each indexing formula in parenthesis is the **indexing factor**.

## 2. DATA SOURCES USED

The data sources used will be the following:

- Nunavik Population

Institut de la statistique du Québec (ISQ) (estimate of the population of the Kativik Region per village based on the latest census, corrected by net undercount); data available on the web site of the ISQ;

- Consumer Price Index for Québec (per year)

Statistics Canada, CANSIM, Overall Index, Table 326-0002, Product 62-001-XPB (on the Web site).

## 3. ESTIMATE OF THE ADJUSTED AMOUNT

No later than March 15<sup>th</sup> of each year, Québec will make an estimate of the adjusted amount for the following year based on the most recent data available concerning:

- the population of the Kativik Region;
- the Consumer Price Index for Québec.

No later than March 15<sup>th</sup> of each year, Québec shall send the result of this estimate to the KRG and Makivik representatives.

This estimate can also be the subject of discussions between the Parties during the three weeks following the receipt by the KRG and Makivik of the estimate made by Québec.

The data dealing with the population of the Kativik Region as well as those dealing with the Consumer Price Index for Québec used for the estimate of the adjusted amount will have to be comparable from one year to the next. This will ensure that a change of a methodological, accounting or other nature in the accounting of these data does not create a break, when data are compared from one year to the next and for these reasons, does not influence the adjusted amounts.

## 4. REVISION OF THE ESTIMATES OF THE ADJUSTED AMOUNTS PAID

No later than March 15<sup>th</sup> of each year, Québec will revise its estimates of the adjusted amounts paid for, at most, the previous five financial years from that year, based on the most recent data available pertaining to:

- the population in the Kativik Region;
- the Consumer Price Index for Québec.

No later than March 15<sup>th</sup> of each year, Québec will have to send the result of this or these revisions to Makivik and KRG representatives.

This revision or these revisions may also be the subject of discussions between the Parties during the three weeks following the receipt by the KRG and Makivik of the revision(s) made by Québec.

In the case where the replacement of the estimated data by the most recent data were to lead to a readjustment of the indexing factor for one or more financial years in particular and, in so doing, were to result in the revision of the annual payment payable for this or these financial years, the payment of the financial year that

follows the year of the revision will be adjusted by an equivalent amount to fully reflect the retroactive payment or the retroactive withholding required for each of the financial years in question.

This retroactive payment or this retroactive withholding will extend over the instalments of the months of April, July, October and January of the financial year that follows the year of the revision.

The annual payment for a given financial year will be final and will be subject to no further revisions after five years.

The data dealing with the population of the Kativik Region as well as those dealing with the Consumer Price Index for Québec used for the revision(s) of the adjusted amount, will have to be comparable from one year to the next. This will ensure that a change of a methodological nature, accounting or other, in the accounting of these data does not create a break, when data are compared from one year to the next and for these reasons, does not influence the adjusted amounts.

## **5. SETTLEMENT OF DISPUTES REGARDING THE AMOUNTS PAID**

In the event that Québec, the KRG or Makivik do not agree on the final determination of the annual payment of Québec for a given financial year, this dispute may be submitted to the dispute settlement mechanism stipulated in Schedule B of this Agreement.