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CANADA/NEWFOUNDLAND  
OCEAN RESEARCH  
AND DEVELOPMENT



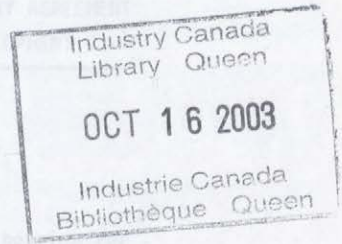
MAY 23, 1975

# subsidiary agreement



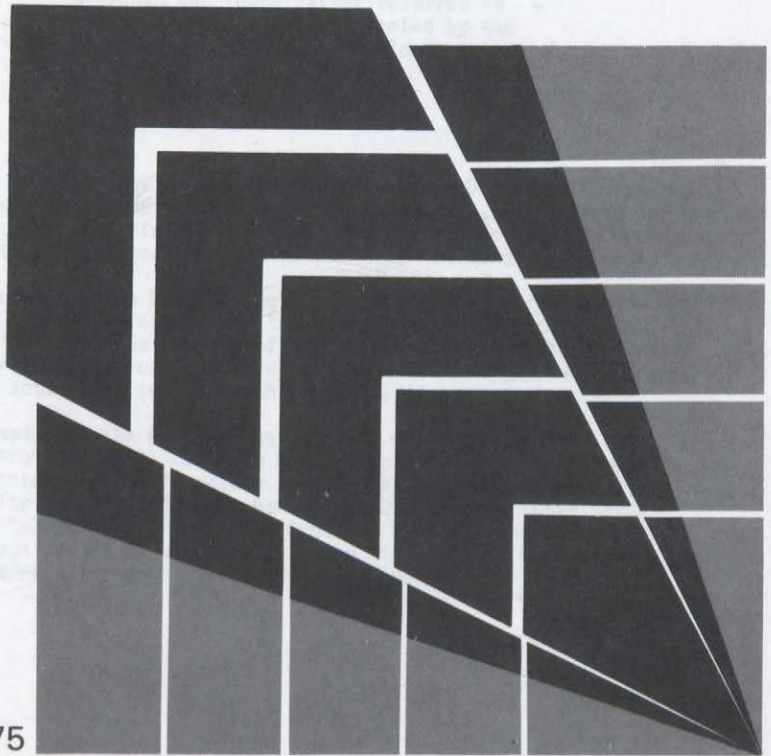
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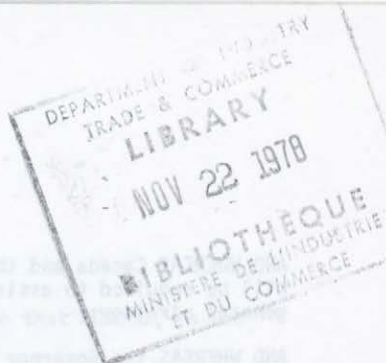


## CANADA/NEWFOUNDLAND

### OCEAN RESEARCH AND DEVELOPMENT



MAY 23, 1975



CANADA-NEWFOUNDLAND SUBSIDIARY AGREEMENT  
OCEAN RESEARCH AND DEVELOPMENT

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THIS AGREEMENT made this 23rd day of May, 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 NEWFOUNDLAND (hereinafter referred to as "the Province"), represented by the Minister of Industrial Development,

OF THE SECOND PART.

WHEREAS Canada and the Province have signed a General Development Agreement (hereinafter referred to as "the GDA") dated February 1, 1974, under which they agree to cooperate jointly in selecting and implementing initiatives for the economic and socioeconomic development of Newfoundland;

AND WHEREAS Canada and the Province agree on the general strategy for the exploration of opportunities related to ocean science and technology, which strategy will enhance the capabilities of the Province to undertake research and provide services for developing the technology required for ocean research activities in the North West Atlantic;

AND WHEREAS Canada and the Province have agreed that to implement such measures, the Province shall cause to be incorporated under The Companies Act (Revised Statutes of Newfoundland, 1970, Chapter 54, as amended), a limited liability company under the name of NORDCO Limited (hereinafter referred to as "NORDCO"), in which the Province shall be the sole shareholder, with such powers as may appear to the Ministers to be necessary or desirable to carry out the objectives of this Agreement;

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

AND WHEREAS the Governor in Council by Order in Council P.C. 1975-427 of the 25th day of February, 1975, 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. 61-75 of the 22nd day of January, 1975, has authorized the Minister of Industrial Development to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

#### DEFINITIONS

1. In this Agreement:
  - (a) "eligible costs" means those costs referred to in section 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 committee referred to in subsection 5(1);
  - (e) "Ministers" means the Federal Minister and the Provincial Minister;
  - (f) "project" means the subject matter specified in section 3; and
  - (g) "Provincial Minister" means the Minister of Industrial Development of Newfoundland and includes anyone authorized to act on his behalf.

#### OBJECTIVES

2. The objectives of this Agreement are to stimulate the development of marine technology within the province and to foster the establishment of marine ice-related industries and also to ensure that the Newfoundland business community becomes fully involved in marine resource development in the adjacent ice-congested waters.

### STRATEGY

It is the intent of Canada and the Province that NORDCO, in the pursuit of its affairs, will;

- (a) establish itself as an internationally recognized centre of northern oceans' resources exploitation and ice-related expertise;
- (b) undertake projects in the nature of applied research and technology development related to northern oceans' resources exploration, development, transport and processing;
- (c) promote the commercial utilization of knowledge and technological advances developed by itself;
- (d) encourage participation by the private sector and promote provincial and Canadian capabilities in technology, services, manufacturing, and in other fields related to cold oceans' resources exploitation;
- (e) act as a catalyst in providing technological assistance to Canadian marine-oriented firms wishing to expand, especially those operating in ice-infested waters;
- (f) undertake joint ventures or other mutual arrangements with local organizations and firms as well as other Canadian firms and foreign firms as required, to obtain and utilize the most effective technologies and up-to-date information available; and
- (g) initiate projects in response to requests from other organizations, and on its own initiative where the Corporation considers there will be potentially marketable and beneficial results for Newfoundland.

### FINANCIAL PROVISIONS

- (1) The eligible costs to be financed or shared under this Agreement by Canada in respect of NORDCO's objectives, as indicated in section 3, shall consist of the deficit of NORDCO, resulting from revenues generated being less than the operating and capital expenditures, incurred and paid by the Province. Any surplus generated in any fiscal year will be applied to the future fiscal year or years during the term of this Agreement.
- (2) The total amount payable by Canada under this Agreement shall not exceed ninety per cent (90%) of eligible costs or \$4 419 072, whichever is the lesser.

#### ADMINISTRATION AND MANAGEMENT

5. (1) Each of the Ministers shall designate two senior officials to be responsible for the administration of this Agreement. These officials shall constitute the Management Committee whose function it shall be to oversee the implementation of this Agreement and to fulfil the responsibilities identified for the Management Committee elsewhere in this Agreement. The Federal Minister and the Provincial Minister shall respectively appoint one federal and one provincial official from the members of the Management Committee to act as Co-chairman.
- (2) Canada and the Province agree to provide the Management Committee with all information necessary for the performance of its function.

#### PAYMENT PROCEDURE

6. (1) The Province shall submit claims to Canada not more frequently than once in each quarter of the fiscal year and not less frequently than once each year, setting out the eligible costs incurred and paid by NORDCO.
- (2) Subject to subsection 6(3), payments by Canada shall be promptly made to the Province on the basis of progress claims setting out the eligible costs actually incurred and paid and submitted in a form and verified in a manner satisfactory to the Federal Minister.
- (3) In order to assist with the interim financing of the eligible costs of NORDCO, Canada may, if the Province so requests, make interim payments to the Province of one hundred per cent (100%) of Canada's share of claims submitted, based on estimates of the eligible costs actually incurred as certified by a senior officer of the Province.
- (4) 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 eligible costs 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.

#### IMPLEMENTATION

7. The Province has provided Canada with a copy of a memorandum on implementation it shall sign with NORDCO conforming to the

principles of the present Agreement. This memorandum on implementation contains the arrangements agreed to by the Ministers with respect to the following subjects:

- (a) The nature and frequency of reports to the Management Committee;
- (b) the manner in which reports on the activities of the Corporation and its future prospects will be presented to the Management Committee;
- (c) the manner in which claims in respect of the Corporation's deficits will be presented to the Province;
- (d) the arrangements made by which members of the Management Committee or their representatives may verify progress claims and obtain other information concerning the operations of NORDCO which may be required by the Federal Minister or the Provincial Minister, and for the designation of an agent of NORDCO to attend upon the Management Committee for these and other purposes; and
- (e) the general arrangements with respect to working conditions, hiring, awarding of contracts, and professional services; the whole in conformity with sections 18, 19 and 20 of the GDA.

#### PUBLIC INFORMATION

8. (1) Canada and the Province agree to cooperate in the development and implementation of a program of public information respecting implementation of this Agreement.
- (2) Any public announcement of the measures covered by this Agreement and any official opening ceremony shall be arranged jointly by the Ministers.

#### EVALUATION

9. During this Agreement, Canada and the Province shall jointly effect an assessment of NORDCO's operations with regard to the stated objectives and strategy. 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 within the context of the objectives and strategy of this Agreement with respect to the general economic and socioeconomic development of

Newfoundland and shall consider the impact and costs, particularly in relation to:

- (a) the extent to which it would support or encourage other activities which will create or maintain employment;
- (b) the extent to which it would broaden the range of economic opportunities in Newfoundland;
- (c) the extent to which it would contribute to the stabilization of, or increase in, income levels in Newfoundland; and
- (d) its effects on the environment.

GENERAL

- 10. (1) This Agreement shall have effect from January 1, 1975, and terminate on March 31, 1979.
- (2) Canada shall not be responsible for any costs incurred after March 31, 1979, nor will it pay any claim which is not received by March 31, 1980.
- (3) This Agreement may be amended as agreed in writing from time to time by the Ministers. It is understood, however, that any amendment to subsection 4(2) shall require the approval of the Governor in Council.
- (4) This Agreement does not vest in Canada any proprietary interest in the equipment or facilities acquired hereunder, which shall be and remain the property of NORDCO.
- (5) No member of the House of Commons of Canada or of the House of Assembly of the Province shall be admitted to any part or share of payments made pursuant to this Agreement or to any benefits arising therefrom, nor shall such member undertake or participate in any study or analysis pursuant to a contract with NORDCO as a result of which Canada may be required to pay any amounts pursuant to this Agreement.



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 Industrial Development.

In the Presence of:

GOVERNMENT OF CANADA

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Witness

\_\_\_\_\_  
Minister of  
Regional Economic Expansion

GOVERNMENT OF THE PROVINCE  
OF NEWFOUNDLAND

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Witness

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Minister of  
Industrial Development

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Minister for  
Intergovernmental Affairs

