

SECTION 25

**Compensation and taxation**

**25.1 Basic compensation**

**25.1.1** Canada and Québec and/or any corporation designated by Québec, each in the amount and as provided in this Section, shall pay a total amount of \$150,000,000 as monetary compensation to the James Bay Crees and the Inuit of Québec in the proportions determined pursuant to the provisions of Sub Section 25.4.

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JBNQA, par 25.1.1  
A. corr.

**25.1.2** The said total amount of \$150,000,000 shall be divided into two equal amounts for the purposes of this Section and referred to as the first \$75,000,000 and the second \$75,000,000 respectively.

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JBNQA, par 25.1.2  
A. corr.

**25.1.3** The payment of both the first \$75,000,000 and the second \$75,000,000 shall be made to the James Bay Crees and the Inuit of Québec by payments to the legal entities referred to in Sections 26 and 27.

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JBNQA, par 25.1.3  
A. corr.

**25.1.4** The obligation to pay the first \$75,000,000 to the James Bay Crees and the Inuit of Québec shall be assumed as follows :

- a) Québec : \$42,250,000.
- b) Canada : \$32,750,000.

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JBNQA, par 25.1.4  
A. corr.

**25.1.5** The first \$75,000,000 shall be paid to the James Bay Crees and the Inuit of Québec according to Schedule 1 to this Sub Section.

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JBNQA, par 25.1.5  
A. corr.

**25.1.6** The first payment of \$20,000,000 on March 31, 1976 referred to in Schedule 1 to this Sub Section shall bear interest calculated semi-annually and interest on accrued interest from the date of execution of the Agreement at the average prime rate of Canadian chartered banks in effect from time to time.

In the event the Agreement has not come into force when the second payment of \$16,000,000 on account of the first \$75,000,000 becomes due on January 1 1977, interest shall be calculated and paid in the same manner as for the interest on said first payment of \$20,000,000.

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JBNQA, par 25.1.6  
A. corr.

**25.1.7** The second \$75,000,000 shall be paid to the James Bay Crees and the Inuit of Québec, in the proportions determined pursuant to the provisions of Sub Section 25.4, by the James Bay Energy Corporation and/or Hydro-Québec. Canada shall not be obliged to pay any part of the second \$75,000,000.

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JBNQA, par 25.1.7  
A. corr.

**25.1.8** The second \$75,000,000 shall be paid to the James Bay Crees and the Inuit of Québec by payments calculated with reference to installed generating capacity of hydroelectric generating stations built in the Territory and north of the 49<sup>th</sup> parallel of latitude after the execution of the Agreement.

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JBNQA, par 25.1.8  
A. corr.

**25.1.9** No payment shall be made, and the James Bay Crees and the Inuit of Québec shall not be entitled to claim any compensation, with respect to installed generating capacity of hydroelectric generating stations built in the Territory prior to the execution of the Agreement.

**25.1.10** A fixed sum of \$483 per megawatt per year of installed hydroelectric generating capacity as contracted for by the James Bay Energy Corporation and/or Hydro-Québec and as indicated on the name plate of each installed turbine-generator shall be payable to the James Bay Crees and the Inuit of Québec on account of the second \$75,000,000 one year after each turbine-generator has been in commercial operation and yearly thereafter until full payment of the said second \$75,000,000. The James Bay Energy Corporation and/or Hydro-Québec shall notify the payees which are to receive the compensation on behalf of the James Bay Crees and the Inuit of Québec of the date each of such turbine-generators enters into commercial operation.

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JBNQA, par 25.1.10  
A. corr.

**25.1.11** The determination of when a turbine-generator becomes a commercial operation shall be established according to the present accounting principles of the James Bay Energy Corporation and/or Hydro-Québec.

**25.1.12** The payments on account of the second \$75,000,000 determined in accordance with paragraph 25.1.10 of this Sub-Section shall be, with respect to all turbine-generators installed in the Territory and north of the 49<sup>th</sup> parallel of latitude after the execution of the Agreement and which have entered into commercial operation, payable quarterly on the 31<sup>st</sup> of March, the 30<sup>th</sup> of June, the 30<sup>th</sup> of September and the 31<sup>st</sup> of December, as follows :

- a) The payment to be made on the 31<sup>st</sup> of March shall include the sum payable for all such turbine-generators that have entered into commercial operation in January, February and March of all previous years since the execution of the Agreement;
- b) the payment to be made on the 30<sup>th</sup> of June shall include the sum payable for all such turbine-generators that have entered into commercial operation in April, May and June of all previous years since the execution of the Agreement;
- c) the payment to be made on the 30<sup>th</sup> of September shall include the sum payable for all such turbine-generators that have entered into commercial operation in July, August and September of all previous years since the execution of the Agreement;
- d) the payment to be made on the 31<sup>st</sup> of December shall include the sum payable for all such turbine-generators that have entered into commercial operation in October, November and December of all previous years since the execution of the Agreement.

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JBNQA, par 25.1.12  
A. corr.

**25.1.13** The payments on account of the second \$75,000,000 to be made pursuant to paragraphs 25.1.10 and 25.1.12 of this Sub-Section shall be paid in full within the following periods :

- a) No later than the 31<sup>st</sup> of December 1996 if only Le Complexe La Grande 1975 or part thereof is constructed; or
- b) If at any time after a period of 12½ years from the date of the first payment and prior to the 31<sup>st</sup> of December 1996 at least 5,000 megawatts of installed generating capacity other than Le Complexe La Grande 1975, exclusive of Laforge-I (LA-I) and Eastmain-I (EM-I), is installed in the Territory and north of the 49<sup>th</sup> parallel of latitude and if such installed generating capacity has been in commercial operation for a period of more than one year, then any balance of the second \$75,000,000 will become payable at the next payment date.

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JBNQA, par. 25.1.13  
A. corr.

**25.1.14** Notwithstanding paragraph 25.1.7, in the event that no turbine-generator has been put into commercial operation in the Territory and north of the 49<sup>th</sup> parallel of latitude between the date of the execution of the Agreement and the 31<sup>st</sup> of December 1986, Québec shall pay the second \$75,000,000 or any part thereof otherwise payable by the James Bay Energy Corporation and/or Hydro-Québec in ten equal annual payments payable on the 31<sup>st</sup> of December of each year commencing on the 31<sup>st</sup> of December 1987. In such event, the James Bay Energy Corporation and Hydro-Québec shall be released of their obligation to pay the second \$75,000,000 otherwise payable in virtue of the preceding paragraphs 25.1.7 through 25.1.13.

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JBNQA, par. 25.1.14  
A. corr.

**25.1.15** The James Bay Crees shall receive an additional sum arrived at by multiplying \$150,000,000 by the fraction obtained by dividing 200 by the aggregate number of persons eligible under paragraphs 3.2.1 a) and 3.2.4.

Canada and Québec and/or a corporation designated by Québec shall be responsible for said additional sum to the James Bay Crees in the same proportions and in the same manner as is provided in this Sub Section for the payment of the first \$75,000,000, and the payment of such additional sum by each of Canada and Québec shall be made by adding to their respective payments of the first \$75,000,000, the whole of Canada's and one half of Québec's proportion of such additional payment, and Québec shall pay the other half of its proportion of such additional payment at the same time and in the same manner as the payment of the second \$75,000,000.

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JBNQA, par. 25.1.15  
A. corr.

**25.1.16** The Inuit of Québec shall receive from Canada for the Inuit of Port Burwell an additional sum arrived at by multiplying \$150,000,000 by the fraction obtained by dividing 85 by the aggregate number of persons eligible under paragraphs 3.2.1 a) and 3.2.4.

Canada shall pay to the Inuit of Québec for the benefit of the Inuit of Port Burwell the said additional sum in the same manner as is provided in this Sub Section for the payment of the first \$75,000,000 by adding to the proportion of the first \$75,000,000 payable to the Inuit of Québec the said additional sum.

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JBNQA, par. 25.1.16  
A. corr.

## SCHEDULE 1 TO SUB SECTION 25.1

First \$75,000,00

Period of payment - 10 years

Québec : \$42,250,000

Canada : \$32,750,000

Percentage -Québec : 56.333%

Canada : 43.667%

Date	Québec		Total
	\$	\$	\$
	11 266 600	8 733 400	20 000 000
	9 013 280	6 986 720	16 000 000
	7 886 620	6 113 380	14 000 000
	3 943 310	3 056 690	7 000 000
	1 689 990	1 310 010	3 000 000
	1 689 990	1 310 010	3 000 000
	1 689 990	1 310 010	3 000 000
	1 689 990	1 310 010	3 000 000
	1 689 990	1 310 010	3 000 000
	1 690 240	1 309 760	3 000 000
	42 250 000	32 750 000	75 000 000

JBNQA, subs. 25.1

A. corr.

**25.2 Compensation for future development**

**25.2.1** The James Bay Crees and the Inuit of Québec forever and absolutely renounce any and all claims, if any, past, present or future, against Québec with respect to royalties, mining duties, taxes or equivalent or similar benefits and revenues, derived and resulting from development and exploitation in the Territory.

**25.2.2** In full and final consideration of the absolute renunciation by the James Bay Crees and Inuit of Québec in the preceding paragraph, Québec shall pay to the James Bay Crees and the Inuit of Québec, in the proportions determined pursuant to the provisions of Sub-Section 25.4 and in the manner hereinafter set forth, an additional sum of \$75,000,000 hereinafter referred to as the third \$75,000,000.

JBNQA, par. 25.2.2

A. corr.

**25.2.3** Québec shall pay to the legal entities referred to in Sections 26 and 27 the third \$75,000,000 by way of the issuance and delivery over a four-year period of \$75,000,000 aggregate principal amount of Province of Québec debentures to be issued in five (5) series of \$15,000,000 each. Each series shall be dated as of November 1, in each of the years 1975, 1976, 1977, 1978 and 1979, shall mature twenty (20) years from November 1, 1975, 1976, 1977, 1978 and 1979, respectively, shall bear interest from

November 1, 1975, 1976, 1977, 1978 and 1979, respectively, notwithstanding their actual date of issue, and shall have the following characteristics :

- a) The debentures shall be direct obligations of the Province of Québec and a charge as to principal and interest on the consolidated revenue fund of the Province.
- b) Each holder of debentures so issued may elect that all or part of the debentures of each series held by it mature at par on the tenth or fifteenth anniversary dates of each respective issue upon not less than six (6) months nor more than twelve (12) months prior notice in each case.
- c) Principal and half-yearly interest in arrears shall be payable in lawful money of Canada.
- d) The debentures will be issued in fully registered form in the usual denominations of Québec debentures.
- e) The debentures shall not be transferable, except as between the James Bay Crees and the Inuit of Québec and/or their respective legal entities referred to in Sections 26 and 27. Notwithstanding the foregoing, the registered holder may assign payment of the principal on the debentures before maturity jointly to the registered holder and to a chartered bank or caisse populaire.
- f) The debentures shall not be redeemable by Québec prior to maturity and no sinking fund shall be created for their payment.

In all other respects the debentures will contain all the usual features of long-term public issues of Québec debentures made on the Canadian market.

JBNQA, par. 25.2.3  
A. corr.

**25.2.4** The rate of interest on each series of debentures shall be equal to the yield on the date of each series (November 1, 1975, 1976, 1977, 1978 and 1979) of similar issues of Québec debentures made on the Canadian market. Such rate shall be determined by a designated representative of the Department of Finance of Québec in consultation with one designated representative from each of the James Bay Crees and the Inuit of Québec.

**25.2.5** The debentures issued as provided above shall be delivered without cost to the legal entities referred to in Sections 26 and 27.

**25.2.6** Delivery of any series of debentures to be dated prior to the Agreement coming into force shall be made within thirty (30) days of the date of such coming into force of the Agreement with accrued interest if the delivery is made subsequent to an interest payment date and interest on any accrued interest from the date of such interest payment date.

### 25.3 Taxation

**25.3.1** The Governments of Canada and Québec shall recommend to the Parliament of Canada and the Québec National Assembly, respectively, as part of the proposed legislation that will incorporate and confirm the provisions of the Agreement, that the total amount of \$150,000,000 as monetary compensation referred to in Sub-section 25.1, the sum of \$75,000,000 referred to in Sub-section 25.2, and the additional sums referred to in paragraphs 25.1.15 and 25.1.16, to be paid to the James Bay Crees and the Inuit of Québec, shall be exempt from all forms of taxation in respect of the said capital amounts and, more particularly, that the James Bay Crees and the Inuit of Québec or the legal entities which shall receive said capital amounts on behalf of the James Bay Crees or the Inuit of Québec shall not be required to include in the calculation of their income under the Income Tax Act of Canada and the Taxation Act of

Québec any portion of the said capital amounts as income or as capital gains. The present paragraph shall not preclude the application of any exemptions under the laws of general application.

JBNQA, par. 25.3.1  
A. corr.

## 25.4 Formula for division of compensation between the James Bay Crees and the Inuit of Québec

**25.4.1** The monetary compensation payable to the James Bay Crees and the Inuit of Québec under this Section of the Agreement shall be divided between said parties as follows :

- a) The James Bay Crees shall receive such percentage of the said sum that is arrived at by multiplying by 100 the fraction obtained by dividing the total number of persons eligible under sub-paragraph 3.2.1 a) by the aggregate number of persons eligible under sub-paragraph 3.2.1 a) and paragraph 3.2.4.
- b) The Inuit of Québec shall receive such percentage of the said sum that is arrived at by multiplying by 100 the fraction obtained by dividing the total number of persons eligible under paragraph 3.2.4 by the aggregate number of persons eligible under sub-paragraph 3.2.1 a) and paragraph 3.2.4.

**25.4.2** For the purposes of making payments until the final number of eligible James Bay Crees and Inuit of Québec have been determined as set forth in sub-paragraphs 25.4.1 a) and 25.4.1 b) payments to the James Bay Crees and the Inuit of Québec or their designated payees shall be made as follows :

- a) For the period from execution of the Agreement through October 31, 1977, the James Bay Crees shall receive sixty percent (60%) and the Inuit of Québec forty percent (40%).
- b) Commencing November 1, 1977, after the final number of eligible James Bay Crees and Inuit of Québec have been determined, the scheduled payment against the first \$75,000,000 due January 1, 1978 and the issue on November 1, 1977 of Québec debentures against the compensation for future development shall be so adjusted between the James Bay Crees and the Inuit of Québec so that all payments made pursuant to the provisions of this Section prior to said dates will be equal to the ratio set forth in sub-paragraphs 25.4.1 a) and 25.4.1 b).
- c) Commencing with the payment due January 1, 1979 against the first \$75,000,000 and with the issue of Québec debentures on November 1, 1978 all subsequent payments scheduled under this Section shall be divided between the James Bay Crees and the Inuit of Québec in the proportions determined according to sub-paragraphs 25.4.1 a) and 25.4.1 b).

JBNQA, par. 25.4.2  
A. corr.

## 25.5 Cost of negotiations

Québec shall pay to the James Bay Crees and the Inuit of Québec as compensation in respect to the cost of the negotiations the following amounts :

The James Bay Crees \$2.2 million

The Inuit of Québec \$1.3 million

The said amounts shall be paid to the legal entities provided for in Sections 26 and 27 immediately upon the Agreement coming into force.

## 25.6 Financing during the transitional period

**25.6.1** Notwithstanding the provisions of paragraph 2.9.4, Québec undertakes that forthwith upon the execution of the Agreement it will advance \$5,500,000 of Québec's portion of \$11,266,600 of the first

payment on account of the first \$75,000,000 to be made pursuant to Sub-section 25.1 in the form of loans to the interested Native parties for the benefit of the James Bay Crees and the Inuit of Québec to permit the said parties to participate in and act in consequence of the Transitional Measures provided for in Section 2. In consequence, Québec shall deposit in trust pursuant to paragraph 2.9.4 only the sum of \$5,66,000 in respect of the first payment by Québec on account of the first \$75,000,000.

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JBNQA, par. 25.6.1  
A. corr.

**25.6.2** The loans contemplated by paragraph 25.6.1 shall be for the following amounts :

The James Bay Crees \$3.3 million

The Inuit of Québec \$2.2 million

**25.6.3** The loans provided for in paragraph 25.6.2 shall bear no interest. However, when computing interest to be paid by Québec pursuant to the provisions of paragraph 25.1.6, the amount of the said loans made pursuant to paragraph 25.6.1 shall be deducted from the portions of the first \$75,000,000. becoming payable by Québec during the transitional period as of the dates of the said loans.

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JBNQA, par 25.6.3  
A. corr.

**25.6.4** The James Bay Crees and the Inuit of Québec shall repay their respective loans to Québec upon the Agreement coming into force and concurrently with Québec paying to the James Bay Crees and the Inuit of Québec the amounts due under the provisions of Sub-Sections 25.1 and 25.2 and the cost of negotiations provided for in Sub-Section 25.5.

In case the Agreement does not come into force, the said loans shall be forgiven.

**25.6.5** The parties agree to execute any documents required to give effect to this Sub Section.