

Chapter 19: Capital Transfers

Part 19.1 Payment of Capital Transfer

19.1.1 Canada shall make capital transfer payments to a Designated Inuit Organization in accordance with schedule 19-A.

Part 19.2 Negotiation Loan Payment

19.2.1 The Nunatsiavut Government shall make negotiation loan repayments to Canada in accordance with schedule 19-B.

19.2.2 The Nunatsiavut Government may make any payment due under section 19.2.1 from permitted funds. In this section "permitted funds" means any funds available to the Nunatsiavut Government from time to time other than amounts:

- (a) that are received by the Nunatsiavut Government pursuant to sections 23.5.1 and 23.6.1; or
- (b) that are borrowed by the Nunatsiavut Government against security granted directly or indirectly against amounts payable to the Nunatsiavut Government pursuant to chapter 19 or 23.

19.2.3 If the Nunatsiavut Government is in uncured default of any amount past due under section 19.2.1, Canada may deduct such amount from any payment to be made under section 19.1.1 plus accrued interest at a rate that is the same as the 14-year amortized Consolidated Revenue Fund Lending Rate utilized in the calculation of the provisional schedule of payments set out in schedule 19-A, less 0.125 percent, compounded annually.

19.2.4 Notwithstanding section 19.2.1, the Nunatsiavut Government may, at its option, repay or accelerate the repayment of the outstanding negotiation loan amounts without bonus or penalty, at its option, such that the present value of the remaining negotiation loan repayments under schedule 19-B remains the same when calculated using a discount rate that is the same as the 14-year amortized Consolidated Revenue Fund Lending Rate utilized in the calculation of the provisional schedule of payments set out in schedule 19-A, less 0.125 percent.

19.2.5 Except as provided in this part, terms and conditions of the negotiation loans shall be unaffected.

Part 19.3 Loans Against Capital Transfer

19.3.1 At any time after three years from the Effective Date, the Designated Inuit Organization may request a loan from Canada against the then unpaid balance of the Capital Transfer.

- 19.3.2 If Canada agrees to consider the request, the Minister of Finance, representing Canada, and the Designated Inuit Organization shall negotiate the amount and terms and conditions of the loan.
- 19.3.3 The Minister of Finance is authorized to consider a request and to grant a loan, on terms and conditions as agreed, up to the amount requested, if the Minister of Finance is satisfied that:
- (a) the loan is intended for the social or economic development of Inuit;
 - (b) in any year, the unpaid balance of the Capital Transfer is sufficient to cover the total of all outstanding loan payments and interest required of the Designated Inuit Organization;
 - (c) the terms and conditions of the loan, including the amount of the loan, the timing and amount of repayments, and the interest rate:
 - (i) are consistent with Government of Canada policies and practices for granting loans; and
 - (ii) enable the Minister of Finance to manage public disbursements and ensure fiscal constraint; and
 - (d) the amount of the loan to be paid is available for that purpose from the applicable Parliamentary appropriation.
- 19.3.4 A condition of any loan made under this part shall be that the Designated Inuit Organization pay the amount that would reduce the outstanding balance of the negotiation loan repayments referred to in section 19.2.1 as at the time of the loan by the same proportion as the amount loaned under this part bears to the unpaid balance, as at the time of the loan, of the payments referred to in section 19.2.4. The amount may be paid at any time during the term of the loan and shall be credited against the last payments in schedule 19-B.

Schedule 19-A: Provisional Capital Transfer Payments Schedule

<u>Date</u>	<u>Payments*</u>
On the Effective Date	\$26,993,679
On the first anniversary of the Effective Date	\$26,993,679
On the second anniversary of the Effective Date	\$20,245,259
On the third anniversary of the Effective Date	\$20,245,259
On the fourth anniversary of the Effective Date	\$13,496,840
On the fifth anniversary of the Effective Date	\$13,496,840
On the sixth anniversary of the Effective Date	\$13,496,840
On the seventh anniversary of the Effective Date	\$6,748,420
On the eighth anniversary of the Effective Date	\$6,748,420
On the ninth anniversary of the Effective Date	\$6,748,420
On the tenth anniversary of the Effective Date	\$6,748,420
On the eleventh anniversary of the Effective Date	\$6,748,420
On the twelfth anniversary of the Effective Date	\$6,748,420
On the thirteenth anniversary of the Effective Date	\$6,748,420
On the fourteenth anniversary of the Effective Date	\$6,748,420

*Final payment amounts will be calculated in accordance with the following notes.

Notes for Finalizing Schedule 19-A

1. These notes will not form part of the Agreement. The purpose of these notes is to enable the Parties to calculate the amounts to be shown in the provisional schedule of payments under schedule 19-A and the amounts for the final schedule of payments.

2. In these notes:
- “FDDIPI” means the Final Domestic Demand Implicit Price Index for Canada published by Statistics Canada; and
- “Transition Date” means the date that is 15 months after the signature of the Agreement.
3. The provisional schedule of payments is calculated such that:
- the provisional schedule will provide for a first payment on the Effective Date and subsequent payments on each anniversary date;
 - the present value of the amounts listed in the provisional schedule will equal \$140.0 million multiplied by the FDDIPI for the first quarter of 2003 and by dividing the resulting product by the value of the FDDIPI for the second quarter of 1997; and
 - the present value referred to in note 3(b) is calculated using as a discount rate 4.755 percent, which is the 14-year amortized Consolidated Revenue Fund Lending Rate that the Minister of Finance for Canada has approved for August 2003, less 0.125 percent.
4. The final schedule of payments will be calculated prior to Effective Date by multiplying each amount in the provisional schedule of payments by the value of the FDDIPI for the latest quarter available at that date or the value of FDDIPI for the quarter that includes the Transition Date, whichever is less, and by dividing the resulting product by the value of the latest available FDDIPI for the first quarter of 2003.
5. If the period between the signature of the Agreement and the Effective Date exceeds 15 months, each amount in the provisional schedule will be adjusted by multiplying the resulting amount in note 4 by
- $$(1 + DR)^Y \times (1 + [DR \times d/365])$$
- where “DR” is the same discount rate described in note 3(c),
 where “Y” is the number of complete years between the Transition Date and the Effective Date, and
 where “d” is the number of days in any partial year between the Transition Date and the Effective Date.
6. The final schedule of payments will be incorporated into the Agreement immediately prior to the Effective Date.

Schedule 19-B: Repayment of Loan Amounts

<u>Date*</u>	<u>Payments**</u>
On the Effective Date	\$4,632,385
On the first anniversary of the Effective Date	\$4,632,385
On the second anniversary of the Effective Date	\$4,632,385
On the third anniversary of the Effective Date	\$4,632,385
On the fourth anniversary of the Effective Date	\$4,632,385
On the fifth anniversary of the Effective Date	\$4,632,385
On the sixth anniversary of the Effective Date	\$4,632,385
On the seventh anniversary of the Effective Date	\$4,632,385
On the eighth anniversary of the Effective Date	\$4,632,385
On the ninth anniversary of the Effective Date	\$4,632,385
On the tenth anniversary of the Effective Date	\$4,632,385
On the eleventh anniversary of the Effective Date	\$4,632,385
On the twelfth anniversary of the Effective Date	\$4,632,385
On the thirteenth anniversary of the Effective Date	\$4,632,385
On the fourteenth anniversary of the Effective Date	\$4,632,385

* May be adjusted so as to be in advance of the anniversary date so as to account for the application of section 19.2.2.

** Provisional amounts based on estimated total outstanding loans and accrued interest up to September 1, 2005 of \$51,213,505. Final payment amounts will be calculated in accordance with the following notes.

Notes to Finalize Schedule 19-B

1. These notes will not form part of the Agreement. The purpose of these notes is to enable the Parties to calculate the amounts for the final schedule of loan repayments.
2. The final schedule of loan repayment amounts will be calculated prior to the Effective Date such that:
 - (a) the present value of the amounts listed in the final schedule will equal the total outstanding amount of negotiation loans (principal plus accrued interest) as at the Effective Date of the Agreement;
 - (b) the present value referred to in note 2(a) will be calculated using as a discount rate 4.755 percent, which is the 14 year amortized Consolidated Revenue Fund Lending Rate that the Minister of Finance for Canada for August 2003, less 0.125 percent;
 - (c) in any year, the unpaid balance of the Capital Transfer must be sufficient to cover the total of all outstanding loan repayment amounts and applicable interest charges.
3. The final schedule of loan repayments amounts will be incorporated into the Agreement immediately prior to the Effective Date.