

No. 104897

**DEPARTMENT OF TRANSPORT
MINISTERE DES TRANSPORTS**

SUBSIDY AGREEMENT
Between
THE GOVERNMENT OF CANADA
And
THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

Date of Authority - T.B. 747713, June 23, 1977

Date of Agreement - April 18th, 1977

Public Work Concerned - Surface Transportation

Description - Providing financial assistance to the Province in respect of the provision of ferry and coastal freight and passenger services in the waters of British Columbia.

Consideration - See reddendum clause.

Departmental Reference - File No. 3810-2

THIS SUBSIDY AGREEMENT made in duplicate this 13th day of April One Thousand Nine Hundred and Seventy-seven;

B E T W E E N:

THE GOVERNMENT OF CANADA represented herein by the Honourable Otto E. Lang Minister of Transport (hereinafter called "Canada"),

OF THE FIRST PART,

-and-

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA represented herein by the Honourable William R. Bennett, Premier of British Columbia after called the "Province),

OF THE SECOND PART.

WHEREAS:

A) Pursuant to the British Columbia Ferry Corporation Act, the Lieutenant Governor of the Province of British Columbia, by and with the advice and consent of the Executive Council, has ordered that a ferry subsidy be authorized in accordance with Order in Council No. 3614, dated 16 December, 1976; and

B) Canada is desirous of providing financial assistance to the Province in respect of the provision of ferry and coastal freight and passenger services in the waters of British Columbia; and

C) The Province agrees to assume sole responsibility for deciding which services should receive financial assistance and to provide all such future assistance.

NOW THEREFORE CANADA AND THE PROVINCE covenant and agree as follows:

1.

(1) Canada shall pay to the Province a subsidy of EIGHT MILLION DOLLARS (\$8,000,000) in the fiscal year commencing on the first day of April, 1977 and ending on the thirty-first day of March, 1978.

(2) In each subsequent fiscal year Canada Shall pay to the Province a subsidy in an amount equal to the previous years subsidy increased or decreased as the case may be, by the percentage difference between the Average Consumer Price Index for the two preceeding fiscal years as published by Statistics Canada for Vancouver, British Columbia.

(3) The aforementioned annual subsidy shall become due in four equal instalments payable quarterly on the last days of June, September, December and March in each fiscal year that this Agreement is in force; the first instalment becoming due and payable on the thirtieth day of June 1977.

(4) This Agreement shall be reviewed on the fifth anniversary of its execution and every fifth year thereafter, and at such time the appropriateness of the index used as a basis for calculating adjustments to the annual subsidy shall be reviewed by the Parties hereto.

2. The amount of the subsidy shall be based on the route mileage for two water links connecting the lower mainland of British Columbia with the southern portion of Vancouver Island and connecting the northern portion of Vancouver Island with the upper mainland of British Columbia respectively and shall, for the purpose of calculating the initial payment, consist of the Strait of Georgia crossing and Port Hardy to Prince Rupert link having a total route mileage for these purposes of 337 statute miles. It is further understood and agreed that the statute miles herein stated shall constitute the maximum mileage for the Purpose of this Agreement and that there may be downward adjustment in the statute mileage should the aforesaid terminals be changed but that no such change shall be made for at least two years from the date of the signing of this Agreement.

3. For the purpose of this Agreement any downward adjustment in the statute mileage shall result in a downward adjustment in the subsidy in direct proportion to the reduction in mileage in the fiscal year following the reduction.

4.

(1). The Province shall assume sole responsibility for the subsidization as may be required of ferry and coastal freight and passenger services in the waters of British Columbia including those services formerly and currently subsidized by Canada, and without limiting the generality of the foregoing shall assume sole financial responsibility for all residual subsidies resulting from;

a) The cancellation of the subsidy to Northland Shipping (1962) Co. Ltd.;

b) Interim subsidy to Coast Ferries Limited;

c) Subsidy to Nootka Sound Service Ltd.;

d) Subsidy to Kyuquot Freight Services Ltd.;

e) Subsidy to Ahousat Freight Services Ltd.;

it being further agreed that future provision of subsidies shall be entirely within the discretion of the Province.

(2) The Province agrees that in accepting the subsidy from Canada as provided herein for ferry and coastal freight and passenger service in British Columbia coastal waters that it will assure reasonable and adequate service and appropriate supervision thereof.

(3) The Province will place appropriate passenger vessels in service, as soon as reasonably possible, to give effective links where required on the coast between

communities and principal water and air services.

(4) This Agreement shall be reviewed on the fifth anniversary of its execution and every fifth year thereafter, and at such time the appropriateness of the index used as a basis for calculating adjustments to the annual subsidy shall be reviewed by the Parties hereto.

5. Canada shall be relieved of any and all obligations for the provision of subsidy or other financial assistance over and above the subsidy provided for in this Agreement.

6. Nothing in this Agreement shall be construed to obligate Canada to make payments until monies have been appropriated therefore by the Parliament of Canada.

7. (1) Canada and the Province agree to co-operate in the joint release of any announcements concerning the undertaking of this Agreement that provides due credit and recognition to Canada and the Province.

(2) The Province shall, at its own cost and expense provide public identification of federal financial participation in the ferry service in a form satisfactory to Canada.

8. This Agreement may not be amended except by an instrument in writing under the hands of duly authorized representatives of Canada and the Province respectively.

9. This Agreement shall terminate at such time as shall be agreed jointly by Canada and the Province.

10. No member of the House of Commons of Canada or the Legislative Assembly of British Columbia shall be admitted to any share or part of this Agreement or to any benefit arising therefrom.

IN WITNESS WHEREOF the Parties hereto have executed these presents the day and year first above written.

SIGNED, SEALED AND DELIVERED

in the presence of -

W.R. Bennett; Lang; other signatures illegible