

Original

Date of Agreement: **March 28, 2008**

CONTRIBUTION AGREEMENT

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA,
as represented by the Minister of Fisheries and Oceans

AND:

CANADIAN COAST GUARD AUXILIARY (CCGA) NATIONAL INC.,
a non-profit corporation incorporated under the *Canada Corporations Act*, Part II,
with head office at P.O. Box 2367, Station D, Ottawa, Ontario K1P 9Z9

Tel: 1 866 629-3292

Fax: (819) 557-0541

E-mail: vezinaf@videotron.ca



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CONTRIBUTION AGREEMENT

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA
 (“**Her Majesty**”), as represented by the Minister of Fisheries
 and Oceans

(the “**Minister**”)

AND:

CANADIAN COAST GUARD AUXILIARY NATIONAL INC., a non-
 profit corporation incorporated under the *Canada Corporations Act*, Part
 II, with head office at P.O. Box 2367, Station D, Ottawa, Ontario K1P 9Z9

(the “**National Auxiliary**”)

WHEREAS:

1. The Minister is responsible for the provision of the maritime component of the federal search and rescue program;
2. The National Auxiliary is responsible for national coordination and overall management of the five regional coast guard auxiliary corporations and their activities. Its responsibilities include fundraising, managing the insurance program, marketing, training standards, policy and administration. The National Auxiliary works closely with the Minister and other stakeholders on matters of common interest;
3. The National Auxiliary has requested financial assistance from the Minister towards the costs of carrying out its activities; and
4. The Minister wishes to contribute financial assistance to the National Auxiliary under the Canadian Coast Guard National Auxiliary Contribution Program.

THEREFORE, in consideration of the respective obligations set out below, the Parties agree as follows:

1.0 THE AGREEMENT

1.1 Entire Agreement

This Agreement is made pursuant to the Canadian Coast Guard Auxiliary Contribution Program, constitutes the entire agreement between the Parties and supersedes all previous documents, negotiations, arrangements, undertakings and understandings related to its subject matter.

1.2 Definitions

In this Agreement:

- (a) **“Agreement”** means this contribution agreement, including:
 - Schedule A: Activity Categories;
 - Schedule B: Eligible Costs;
 - Schedule C: Contribution Agreement Deadlines; and
 - Schedule D: CCGA National Insurance Program Requirementsas amended from time to time in accordance with this Agreement;
- (b) **“Annual Business Plan”** means the annual business plan of the National Auxiliary in accordance with Article 2.0;
- (c) **“Authorized Activity”** means an activity, within one of the categories listed in Schedule A, and which is either
 - (i) listed in the Annual Business Plan which has been approved by the Minister; or
 - (ii) otherwise authorized in writing by the Minister.
- (d) **“Auxiliarist or Member”** means a member of the National Auxiliary;
- (e) **“Auxiliary-Owned”** means assets owned by the National Auxiliary;
- (f) **“Canadian Coast Guard”** or **“CCG”** means the Canadian Coast Guard which is a Special Operating Agency of the Department of Fisheries and Oceans;
- (g) **“CCGA National Board of Directors”** means the board of directors of Canadian Coast Guard Auxiliary (National) Inc.;

- (h) “**Contribution**” means the financial assistance provided by the Minister, as described in Article 3.0;
- (i) “**Eligible Costs**” means those costs incurred and paid by the National Auxiliary with respect to the Authorized Activities, in accordance with Schedule B (Eligible Costs);
- (j) “**Fiscal Year**” means the 12-month period from April 1 to March 31;
- (k) “**JRCC**” means the Joint Rescue Coordination Centre(s) at Halifax, Nova Scotia, Trenton, Ontario and Victoria, British Columbia;
- (l) “**Minister**” means the Minister of Fisheries and Oceans, and includes any official of the Department of Fisheries and Oceans, including the Canadian Coast Guard, acting on behalf of the Minister;
- (m) “**MRSC**” means the Maritime Rescue Sub Centre in St. John’s, Newfoundland and Labrador and in Quebec City, Quebec;
- (n) “**National Guidelines**” means the National Guidelines of the Canadian Coast Guard National Auxiliary, 2008 Edition, as amended from time to time;
- (o) “**Regional Auxiliary Corporations**” means the Canadian Coast Guard Auxiliary (Pacific) Inc., Canadian Coast Guard Auxiliary “(Central & Arctic) Inc., Garde Côtière Auxiliaire Canadienne (Québec) Inc./Canadian Coast Guard Auxiliary (Quebec) Inc., Canadian Coast Guard Auxiliary (Maritimes) Inc., and Canadian Coast Guard Auxiliary (Newfoundland & Labrador) Inc.; and
- (m) “**SAR**” means maritime search and rescue, and more specifically the search for and provision of aid to persons, ships or other craft which are, or are feared to be in distress or imminent danger.

1.3 Effective Date and Term

This Agreement shall be effective on the day on which it has been signed by both Parties and, unless terminated earlier as provided in this Agreement, shall remain in effect until the later of:

- (a) March 31, 2013; and
- (b) the payment or repayment by both Parties of all amounts due under this Agreement.

The respective rights and obligations of the Parties with respect to overpayments, evaluation, audit, indemnification and default shall survive the expiry or early termination of this Agreement.

2.0 ANNUAL BUSINESS PLAN

2.1 Content of Annual Business Plan

On or before February 15 of each year, the National Auxiliary shall provide to the Minister, for approval by the Minister, an Annual Business Plan for the upcoming Fiscal Year, which has been approved by the National Auxiliary's board of directors. The Annual Business Plan shall include:

- (a) an update of the current Fiscal Year's Eligible Costs incurred and paid up to December 31;
- (b) a description of the proposed Authorized Activities to be pursued during the upcoming Fiscal Year; and
- (c) the projected annual forecast of Eligible Costs for the upcoming Fiscal Year broken down into the categories set out in Schedule B (Eligible Costs).

2.2 Approval by Minister

The Annual Business Plan must be approved in writing by the Minister. Within 45 days of receiving the Annual Business Plan in accordance with Article 2.1, the Minister will advise the National Auxiliary of the results of the Minister's review, and whether or not the Annual Business Plan is approved.

2.3 Eligible Cost Variances

Following approval by the Minister of the Annual Business Plan, the National Auxiliary may adjust the allocation of the maximum annual amount of the Contribution among the categories of Eligible Costs. However, any proposed adjustment resulting in an increase or decrease of 10% or more (in aggregate) of the original approved amount for any category will require the prior written approval of the Minister.

2.4 Additional Reports

The National Auxiliary will submit additional reports on activities and expenditures as may be reasonably requested by the Minister.

3.0 THE CONTRIBUTION

3.1 Contribution

Subject to all the terms and conditions in this Agreement, the Minister will make a Contribution to the National Auxiliary for the reimbursement of Eligible Costs incurred by the National Auxiliary in carrying out the Authorized Activities.

3.2 Maximum Annual Amount

The maximum amount of the Contribution, in each Fiscal Year of this Agreement, from 2008-09 up to and including 2012-13, is the amount set out in the approved Annual Business Plan in respect of that Fiscal Year.

3.3 Appropriations and Departmental Funding Levels

Any payment by the Minister under this Agreement is subject to there being an appropriation for the Fiscal Year in which the payment is to be made. Payments may be cancelled or reduced in the event that departmental funding levels are reduced by Parliament, provided that the Minister will provide at least 60 days written notice to the National Auxiliary of any such proposed cancellation or reduction, and all Eligible Costs incurred by the National Auxiliary prior to the effective date of such cancellation or reduction will be reimbursed in accordance with this Agreement.

3.4 Stacking of Financial Assistance

- (a) Total federal, provincial and municipal government funding (“**Total Government Assistance**”) for the same Eligible Costs for any Authorized Activity to which the Minister has contributed funding will not exceed 100% of such Eligible Costs (the “**Stacking Limit**”).
- (b) The National Auxiliary confirms that no other federal, provincial or municipal government financial assistance in respect of the Eligible Costs has been requested or received. The National Auxiliary will advise the Minister promptly of any such assistance provided during the term of this Agreement, and the Minister reserves the right to reduce the Contribution by the amount of such additional Total Government Assistance. Any amount repayable by the National Auxiliary as a result of a reduction is due upon receipt of a notice to repay the amount, and is recoverable as a debt due to the Crown.

3.5 Fundraising

The Minister recognizes that the National Auxiliary is active in fundraising to expand its level of activity and service to Canadians, and that certain fundraising expenditures may be Eligible Costs reimbursable to the National Auxiliary under this Agreement. The amount of the Contribution to which the National Auxiliary is otherwise entitled will not be affected by money so raised by the National Auxiliary.

4.0 PAYMENT OF THE CONTRIBUTION

4.1 Claims for Reimbursement of Eligible Costs

- (a) The National Auxiliary will be reimbursed for Eligible Costs incurred based on itemized claims submitted. Claims must be accompanied by details of all costs being claimed, substantiated by such documents as may be required by the Minister.
- (b) The National Auxiliary shall submit claims on a periodic basis to the Minister for approval and payment. The Minister may request copies of invoices or any other appropriate documentation required to verify a claim.

4.2 Advance Payments

The Minister may, if satisfied that it is essential to the successful completion of the Authorized Activities, pay all or part of the Contribution, by issuing periodic advance payments as follows:

- (a) **Initial Advance**

An initial advance payment may be made based on the forecast of cash flow requirements for Eligible Costs to be incurred during the first advance period, as set out in the Annual Business Plan approved by the Minister.

- (b) **Subsequent Advances**

The Minister may advance additional funds on a quarterly basis on the request of the National Auxiliary and based on projected cash flow requirements for the relevant quarter.

- (c) **Statement of Account**

Each advance payment must be accounted for by the National Auxiliary, to the satisfaction of the Minister, within the delay set out in the chart below. The National Auxiliary shall provide a

statement of account, satisfactory to the Minister, of the Eligible Costs incurred and paid during the advance period.

In any Fiscal Year, no more than two (2) quarterly advances will be made without receiving a statement of account, satisfactory to the Minister, for the first of those two (2) quarterly advances. Where any statements of account are outstanding, the Minister may require the National Auxiliary to return current advanced funds, or refuse to make further advances until the situation is resolved, without prejudice to other remedies applicable under this Agreement.

For quarterly advances received in:

April
July
October
January

Statement of account due by:

August 31
November 30
February 15
May 15

(d) Deduction of Excess Amounts

If the amount of the advance payments exceeds the amount of the Contribution payable for that period, the Minister may deduct the excess amount from any subsequent advance by the Minister under this Agreement.

4.3 Supporting Documents

The National Auxiliary acknowledges that this Agreement represents a significant investment of public funds and that all disbursements are subject to an appropriate level of public accountability. All claims and reports provided by the National Auxiliary under this Agreement will be substantiated by such documents, records and information as may be requested by the Minister, including invoices or any other documentation required to verify the expenditures and other information included in the claims and reports. The Minister will have no obligation to make any payment of the Contribution unless all requested information and supporting documentation has been provided.

4.4 Excess Annual Funding

At the end of each Fiscal Year, any Contribution funds paid to the National Auxiliary which exceed the funding requirement for that Fiscal Year shall be dealt with as follows:

- (a) an amount not exceeding the anticipated requirements for Eligible Costs to be incurred in April of the next Fiscal Year may be retained by the National Auxiliary and applied to those Eligible Costs, and accounted for in the same way as any other advance;
- (b) any additional amount shall be returned to the Receiver General for Canada on or before May 15 in the next Fiscal Year; and
- (c) on the expiry or early termination of this Agreement, the National Auxiliary shall return excess contribution funds to the Receiver General for Canada by May 15 in the next Fiscal Year or within the delay set out in Article 14.0 (Early Termination), as applicable.

4.5 Overpayments

Any overpayment of the Contribution, including disallowed expenses or unexpended balances shall be repaid by the National Auxiliary promptly and no later than thirty (30) days from notice by the Minister (the “**due date**”), together with interest from the due date, in accordance with the *Interest and Administrative Charges Regulations* under the Financial Administration Act. Any such amount is a debt due to Her Majesty in right of Canada and is recoverable as such.

5.0 REPORTING REQUIREMENTS

5.1 Annual Contribution Report

- (a) On or before June 30 of each year, the National Auxiliary shall provide to the Minister a complete report (the “**Annual Contribution Report**”), satisfactory to the Minister, on the Authorized Activities approved for the preceding Fiscal Year, including those set out in the Annual Business Plan approved by the Minister. The Annual Contribution Report shall include an accounting of all Eligible Costs incurred and paid in respect of each Authorized Activity.
- (b) The Annual Contribution Report shall also include the following information, in respect of each of the five Regional Auxiliary Corporations, in respect of the preceding calendar year:
 - (a) Number of members
 - (b) Number of vessels
 - (c) Number of taskings
 - (d) Number of members trained in each specific Auxiliary activity
 - (e) Number and type of each training activity
 - (f) Number of junior members
 - (g) Total value of vessels in the region
 - (h) Number of community-based vessels

- (i) Number of vessels owned by the Auxiliary
- (j) Total volunteer hours for SAR operations
- (k) Total vessel hours
- (l) Total hours for training activities
- (m) Total hours for other activities, including administration, patrols, meetings, and organization; and
- (n) Total hours for fundraising activities.

5.2 Periodic Statistical Reports

The National Auxiliary will provide any statistical reports on the activities funded, which may be requested from time to time by the Minister.

6.0 CCGA NATIONAL INSURANCE PROGRAM

6.1 Insurance Program

The National Auxiliary shall manage the CCGA National Insurance Program.

6.2 Required Insurance

(a) The National Auxiliary shall maintain the insurance described in Schedule D (CCGA National Insurance Program Requirements), during the period April 1, 2008 to and including March 31, 2013, or earlier date of termination of this Agreement, as provided in this Agreement.

(b) The National Auxiliary shall consult with the Minister with respect to the insurance prior to entering into insurance arrangements with an insurer, to ensure that the interests of Her Majesty are adequately protected.

6.3 Certificate of Insurance and Reports

The National Auxiliary shall ensure that a certificate of insurance confirming the required coverage is provided to the Minister each year, during the term of this Agreement, and shall provide copies to the Minister of any claims, statistical information or reports provided to the insurer from time to time.

7.0 SPECIAL PROVISIONS

7.1 Safe Practices

The National Auxiliary shall take steps to ensure that safe practices are followed by the Regional Auxiliary Corporations and their members while engaged in Authorized Activities under this Agreement or authorized activities under the contribution agreements between the Minister and each of the Regional Auxiliary Corporations. The Minister will cooperate with the National Auxiliary in the establishment of such practices.

7.2 Obligation to Decline Unsafe Activity

The National Auxiliary shall take steps to ensure that all Regional Auxiliary Corporations and their members are aware that they must not participate in any activity under this Agreement if the activity is beyond the safe capability of the Regional Auxiliary Corporation vessel or its crew, and that the JRCC and MRSC must be notified immediately of any such occurrence.

7.3 Absolute Prohibitions

(a) Absolute Prohibition on Diving

The National Auxiliary shall take steps to ensure that all Regional take steps to ensure that all Regional Auxiliary Corporations and their members are aware that they Auxiliary Corporations and their members are aware that they are not permitted, under this Agreement, to engage in any type of diving activity including but not limited to rescue diving, recovery diving and investigative diving.

(b) Absolute Prohibition on Firing of Pyrotechnic Distress Flares for Demonstration Purposes

The National Auxiliary shall take steps to ensure that all Regional Auxiliary Corporations and their members are aware that they are not permitted, under this Agreement, to use live flares in conducting pyrotechnic distress flare demonstrations.

(c) Absolute Prohibition on Being Hoisted into Helicopters During Training

The National Auxiliary shall take steps to ensure that all Regional Auxiliary Corporations and their members are aware that they are not permitted, under this Agreement, to be hoisted into helicopters during training exercises.

(d) Notice in Writing to all Members

The National Auxiliary shall ensure that all Regional Auxiliary Corporations and their members are advised in writing of these prohibited activities set out in this section 7.3, and that any member who participates in any such activity will be doing so at their own risk and outside the terms and conditions of this Agreement and therefore will not be covered by the CCGA National Insurance Program policies.

7.4 National Auxiliary Membership Conditions

The National Auxiliary shall ensure that all its Members are enrolled and continue to be enrolled only in accordance with the terms and conditions of this Agreement, and the terms and conditions of the membership agreement between the Member and the National Auxiliary, to the extent that they are not inconsistent with this Agreement.

7.5 Use of Canadian Coast Guard National Auxiliary Name and Insignia

The National Auxiliary shall ensure that its Members only use the “Canadian Coast Guard National Auxiliary” name and identification insignia when engaged in Authorized Activities, and in such manner that will avoid discrediting the National Auxiliary, the Canadian Coast Guard or the Government of Canada.

7.6 Governing Authorities

The National Auxiliary shall ensure that all of its activities and affairs under this Agreement are conducted in accordance with:

- (a) the terms and conditions of this Agreement;
- (b) all applicable laws and regulations;
- (c) the National Guidelines, provided that in the event of any inconsistency between the National Guidelines and the provisions of this Agreement, the provisions of this Agreement shall govern; and
- (d) any rules, regulations or by-laws adopted by the National Auxiliary provided that they are compatible with all of the foregoing.

7.7 Equipment and Surplus Assets

- (a) Any surplus assets, the cost of which was greater than \$1,000, to which the Minister has contributed under this Agreement, may only be disposed of by the National Auxiliary in accordance with the terms approved by the Minister.

- (b) At the Minister's discretion and under exceptional circumstances, the Minister may, make available equipment to support the National Auxiliary in Authorized Activities. The provision of any equipment shall be in accordance with the applicable legislation and policies, including the *Public Property Loan Regulations*, enacted under the *Financial Administration Act*.

8.0 RECORDS AND AUDIT REQUIREMENTS

8.1 Annual Financial Statements

On or before September 30 of each year during the term of this Agreement, the National Auxiliary shall provide the Minister with a copy of its annual audited financial statements with respect to the immediately preceding Fiscal Year, which includes all Contribution funds and are presented in conformity with Canadian generally accepted accounting principles.

8.2 The Minister's Right to Audit Accounts and Records

- (a) The National Auxiliary shall retain all books, records and accounts relating to Eligible Costs for which the National Auxiliary has been reimbursed under this Agreement, for a period of five (5) years after the expiry or termination of this Agreement.
- (b) The National Auxiliary shall preserve and make available for audit and examination by the Minister or the Minister's representatives the books, accounts, records and information necessary to ensure compliance with the terms and conditions of this Agreement. The Minister will have the right to conduct such additional audits at the Minister's expense as may be considered necessary using audit staff selected by the Minister.
- (c) The Minister shall be entitled to take copies in paper and electronic form and extracts from such books, records and accounts, at the Minister's expense, and the National Auxiliary shall provide the Minister with any information as may be requested to complete the audit. Expenses incurred by the National Auxiliary for overtime and salaries required for the audit will be Eligible Costs pursuant to this Agreement.
- (d) The Minister will consult with the National Auxiliary before conducting any audits, to coordinate the timing and resources required, and will review the draft audit report with the National Auxiliary before it is finalized.

- (e) Any discrepancies identified by audit or otherwise shall be promptly adjusted between the parties, including reimbursement of any contribution made by the Minister, which was not used in accordance with this Agreement.

8.3 Access to Premises

The National Auxiliary will provide the Minister or the Minister's representatives reasonable access to the National Auxiliary's premises to inspect and assess the implementation of this Agreement or any element thereof and supply promptly on request such data as the Minister may reasonably require for statistical or evaluation purposes.

9.0 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS:

9.1 Power and Authority

The National Auxiliary represents and warrants that it is duly incorporated and validly existing and in good standing under the laws of Canada and has the power and authority to carry on its business, to hold property, and to enter into this Agreement and undertakes to take all necessary action to maintain itself in good standing and to preserve its legal capacity during the term of this Agreement.

9.2 Authorized Signatories

The National Auxiliary represents and warrants that the signatories to this Agreement have been duly authorized to execute and deliver this Agreement on its behalf.

9.3 Binding Obligations

The National Auxiliary represents and warrants that the execution, delivery and performance of this Agreement have been duly and validly authorized and when executed and delivered will constitute a legal, valid and binding obligation of the National Auxiliary enforceable in accordance with its terms.

9.4 No Pending Suits or Actions

The National Auxiliary warrants that it is under no obligation or prohibition, nor is it subject to or threatened by any actions, suits or proceedings which could or would prevent compliance with this Agreement and undertakes to advise the Minister forthwith of any such occurrence during the term of this Agreement.

10.0 NOTICES

All notices, reports, and other communications under this Agreement shall be in writing and shall be delivered in the case of the Minister, to:

Director General, Maritime Services
Canadian Coast Guard
200 Kent Street
Ottawa, ON
K1A 0E6
Tel: (613) 990-5608
Fax : (613) 996-8902
E-mail: vermettem@dfo-mpo.gc.ca

And in the case of the National Auxiliary to:

Canadian Coast Guard Auxiliary (National) Inc.
President, CCGA National
PO Box 2367, Station D
Ottawa, Ontario
K1P 9Z9
Tel: (866) 629-3292
Fax: (819) 557-0541
E-mail: vezinaf@videotron.ca

or to such other address that either Party may designate by notice to the other.

Any such communication is deemed to have been received:

- (a) on the day of delivery, if hand delivered;
- (b) when the other party acknowledges receipt, if sent by courier, registered mail, fax or e-mail.

11.0 INDEMNIFICATION

The National Auxiliary shall indemnify and save harmless Her Majesty the Queen in right of Canada, Her ministers, officers, employees and agents from and against all claims, demands, costs (including legal costs), losses, damages, actions, suits and proceedings, by whomsoever brought or prosecuted, caused by or related to any act or omission of the National Auxiliary, its Members, directors, officers, employees, agents, contractors, or anyone for whom the National Auxiliary is responsible in law, in carrying out this Agreement.

12.0 DISPUTE RESOLUTION

In the event of any dispute in connection with or arising out of this Agreement, the Parties shall use their best efforts to settle any such dispute. If the Parties fail to reach an agreement within a period of thirty (30) days or such greater period as may be mutually agreed upon after such dispute arises, then the Parties may agree to refer the dispute to mediation or arbitration.

13.0 DEFAULT AND RECOVERY

13.1 Acts of Default

Any failure by the National Auxiliary to satisfy a material term, condition, or undertaking of this Agreement shall constitute an act of default, entitling the Minister, acting reasonably to:

- (a) suspend or terminate any obligation of the Minister to contribute to Eligible Costs including any obligation to pay any amount owing prior to the date of such suspension or termination; or
- (b) require the National Auxiliary to repay all or part of the Contribution forthwith upon demand, as a debt due to Her Majesty the Queen in Right of Canada, which may be recovered as such.

13.2 Remedy Period

Before exercising any remedy referred to in the previous section, the Minister will give written notice to the National Auxiliary of the condition or event which constitutes an event of default and the National Auxiliary will have a period of thirty (30) days following receipt of the notice to demonstrate to the satisfaction of the Minister that it has either corrected the condition or event complained of or demonstrated that it has taken such steps as are necessary to correct the condition or event and so notified the Minister.

14.0 EARLY TERMINATION

Either Party may terminate this Agreement at any time by written notice of intent to terminate delivered to the other Party not less than ninety (90) days prior to termination. Within 90 days following the termination, the National Auxiliary shall provide to the Minister all outstanding reports and documentation, a final Annual Contribution Report for the Fiscal Year or portion thereof ending on the termination day, in accordance with this Agreement, and the Parties shall make any necessary payments or repayments of the Contribution as may be required.

15.0 GENERAL CONDITIONS

15.1 Amendment and Waiver

No amendment of this Agreement or waiver of its terms shall have any force or effect unless made in writing and signed by both Parties.

15.2 Prohibition on Assignment

Neither this Agreement, nor any part of this Agreement, nor any amount payable under this Agreement shall be assigned by the National Auxiliary without the prior written consent of the Minister.

15.3 Compliance with Laws

The National Auxiliary will comply with all federal, provincial and municipal laws governing the National Auxiliary and the Authorized Activities, including but not limited to statutes, regulations, by-laws and ordinances.

15.4 House of Commons and Senate

No member of the House of Commons or the Senate, either directly or indirectly, shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom.

15.5 No Conflict of Interest

The National Auxiliary represents and warrants that no individual for whom the post-employment provisions of the *Conflict of Interest and Post-Employment Code for Public Office Holders or the Values and Ethics code for the Public Service* apply, will derive a direct benefit from this Agreement unless that individual is in compliance with the applicable post-employment provisions.

15.6 No Gifts or Inducements

The National Auxiliary represents and warrants that it has not, nor has any person acting on its behalf, offered or promised to any official or employee of Her Majesty, for or with a view to obtaining this Agreement, any bribe, gift or other inducement.

15.7 No Contingency Fee

The National Auxiliary represents and warrants that it has not nor has any person on its behalf employed any person to solicit this Agreement for a commission, contingency fee or any other consideration dependent upon the execution of this Agreement.

15.8 Relationship of the Parties

This Agreement is a contribution agreement only, not a contract for services or employment, and nothing in this Agreement, or the parties' relationship or actions is intended to create, nor shall be construed as creating, a partnership, employment or agency relationship between them. The National Auxiliary shall not make any representations to that effect, and shall indemnify and save harmless Her Majesty the Queen in right of Canada, Her ministers, officers, employees and agents, in respect of any claims arising from failure to comply with the foregoing.

15.9 Successors and Assigns

This Agreement is binding on the parties and their successors and permitted assigns.

15.10 Severability

Any provision of this Agreement, or part thereof, prohibited by law or otherwise invalid or ineffective will be ineffective only to the extent of such prohibition or ineffectiveness and will be severable.

15.11 Long Term Obligations

The National Auxiliary will have no claim against Her Majesty the Queen in right of Canada related to any loan, capital lease or long-term obligation it enters into in relation to this Agreement.

15.12 Lobbyist Registration

The National Auxiliary confirms that any person lobbying on its behalf in respect of this Agreement and required to be registered pursuant to the *Lobbyist Registration Act*, R.S.C. 1985, c. 44 (4th supp.) is so registered.

15.13 Official Languages

The National Auxiliary shall wherever warranted and whenever possible provide National Auxiliary services in both official languages.

15.14 Governing Law

This Agreement shall be governed by the laws in force in the province of Ontario, and the laws of Canada applicable therein. The National Auxiliary shall continue to produce its public service announcements and videos in both official languages and make available in both official languages all documents for public distribution (including its website if any), and those distribution to its Members.

IN WITNESS WHEREOF, the Parties have executed this Agreement in THREE originals through their duly authorized representatives.

**CANADIAN COAST
GUARD AUXILIARY
(NATIONAL) INC.**

**HER MAJESTY THE QUEEN IN
RIGHT OF CANADA, as
represented by the Minister of
Fisheries and Oceans**

Per: _____
(Malcolm Dunderdale)
President

Per: _____
(Michel Vermette)
**Director General, Maritime
Services**
Canadian Coast Guard

Witness:
Print Name: _____

Per: _____

Date: March 28, 2008

Date: March 28, 2008

SCHEDULE “A”

ACTIVITY CATEGORIES

The following categories of activities may be approved as “Authorized Activities” under this Agreement: see definition of “Authorized Activity” in section 1.2(c)

Administration

Attend CCGA meetings and approved meetings of other organizations
Travel to CCGA meetings
Conference attendance
Administration/organizational activities
Awards and recognition activities
Public relations and promotion
Fundraising activities
Data gathering
Participation in International Search and Rescue (ISAR) Competition activities
Participation in national and regional SAR competitions
Participation in training exercises

SAR Prevention

SAR prevention activities such as presentations, staffing booths at boat shows, and demonstrations of SAR equipment;
Conference attendance

Insurance

Negotiate and purchase insurance policies at competitive rates
Collect and report on annual renewal data from Regional Auxiliary Corporations and National Auxiliary
Provide information to Members and Regional Auxiliary Corporations and their members, on insurance coverage; prepare frequently asked questions and answers
Advise Members and Regional Auxiliary Corporations and their members of coverage and changes through newsletters, e-mails etc.
Oversee claims process, and assist Regional Auxiliary Corporations with difficult claims
Obtain coverage information and clarification from broker
Distribute insurance certificates to Members and Regional Auxiliary Corporations and their members

Other

Any other activities authorized in writing by the Minister

SCHEDULE “B”**ELIGIBLE COSTS****1.0 ELIGIBLE COSTS**

Costs eligible for reimbursement are the following reasonable and properly itemized costs incurred by the National Auxiliary in respect of Authorized Activities. All costs incurred by the National Auxiliary for non-authorized activities shall be the sole responsibility of the National Auxiliary.

1.1 Administration Costs

Office and stationery supplies and materials
Rental of office space
Purchase and rental of office equipment and furniture
Ongoing operating and maintenance costs of office equipment
Purchase and rental of computers, computer software and computer equipment
Repair and upgrading of computer equipment and software
Consultant fees
Legal fees and audit costs
Meeting room rental
Trademark and copyright fees
Translation
Purchase and leasing of automobiles as described in approved Annual Business Plans
Automobile registration and inspection for automobiles owned by the National Auxiliary
Automobile fuel and maintenance for automobiles owned or leased by the National Auxiliary
Bank fees and charges
Conference fees
Storage and warehousing
Uniform insignia and vessel pennants
Photographic supplies and equipment
Postage and courier services
Internet and communications services, including telephone services, long distance fees
Marketing, advertising services, printing services
GST, PST and HST except to the extent that these taxes are eligible for reimbursement or exemption.

1.2 Employee Costs

Salaries and Wages
Benefits

1.3 CCGA National Insurance Program Costs

Insurance premiums
deductibles payable by the National Auxiliary or its Members
under the CCGA National Insurance Program

1.4 Training Costs

Training course fees
Training activity expenses
Instructor fees
Costs of approved curriculum development
Purchase and rental of training aids and training equipment
ISAR Competition expenses
Training travel expenses

1.5 Membership Costs

Newsletter production expenses
Awards, gifts and recognition program expenses
Annual general meeting expenses
Board of directors meeting expenses
Executive meeting expenses
Other meeting costs

1.6 SAR Prevention Costs

Costs of demonstration equipment
Conference attendance

1.7 Travel Costs

Travel and expenses for Authorized Activities will be reimbursed in accordance with the *Treasury Board Travel Directive* in effect when the expenses are incurred. Travel claims, in the form provided by the Minister, and supported by satisfactory invoices and receipts, must be completed and retained by the Auxiliary for verification pursuant to Article 4.0 (Payment of the Contribution) of this Agreement.

International Travel

All international travel must be pre-approved in writing by the Minister. On or before February 15 each year, the National Auxiliary will submit a proposed plan for international travel in the next Fiscal Year, including the rationale for each trip, to the Minister for approval. All other international travel not approved in the plan must be pre-approved in writing by the Minister before reimbursement will be made.

1.8 Hospitality Costs

It is recognized that the National Auxiliary is required to host regional and international functions and that hospitality costs may be incurred. The National Auxiliary shall respect the maximum hospitality allowances as indicated in the *Treasury Board Secretariat (TBS) Hospitality Policy*. The costs of alcoholic beverages are not eligible for reimbursement under this Agreement. All hospitality must be pre-approved in writing by the Minister.

1.9 Other Costs

- (a) Costs associated with the negotiation of this Agreement and any amendments to it;
- (b) The costs of maintaining the National Auxiliary in good standing under the Canada Corporations Act, and any amendments to its articles of incorporation and other governing documents required in order to comply with this Agreement;
- (c) The costs associated with preparing and negotiating the Annual Business Plans;
- (d) Communications costs, in accordance with the approved Annual Business Plans;
- (e) The national identity insignia which may include members' badges, lapel pins, crests and shoulder flashes, vessel pennants and such other identification which may be approved by the National Auxiliary and the Minister; and
- (f) The costs of conducting any other activities approved in writing by the Minister.

2.0 INELIGIBLE EXPENDITURES

The following expenditures are not eligible for reimbursement under this Agreement:

The portion of Provincial Sales Tax (PST) and Goods and Services Tax (GST) or Harmonized Sales Tax (HST) which is eligible for reimbursement or exemption

Construction or purchase (including capital leasing) of capital assets, including vessels or aircraft, but excluding vehicles

Purchase of land

Construction or purchase of buildings

Construction or purchase of docks, piers or jetties

Maintenance of any equipment not acquired under this Agreement, including equipment acquired under the NIF program

Purchase of SAR equipment

Purchase of National Auxiliary uniforms

Expenditures related to any prohibited activities.

SCHEDULE “C”

CONTRIBUTION AGREEMENT ANNUAL DEADLINES

- Feb. 15** - Annual Business Plan for upcoming Fiscal Year due.
- Statement of account and report for period of April 1 – December 31 due
- International travel plans due.
- March 31** - Insurance renewal statistics and information due.
- May 15** - Year end statement of account due.
- Excess funding owing to Receiver General for Canada due.
- June 30** - Annual Contribution Report due
- Sept. 30** - Annual audited financial statement due.

SCHEDULE "D"**CCGA NATIONAL INSURANCE PROGRAM REQUIREMENTS****1.0 Insurance Coverage**

Insurance in the names of the National Auxiliary and the Regional Auxiliary Corporations and their respective Members, to provide coverage during or in connection with the implementation of the Contribution Agreements between the Minister and (i) the National Auxiliary and (ii) each of the Regional Auxiliary Corporations, as described below for amounts set out below, and which amounts shall be reviewed and established annually by the Minister and the National Auxiliary:

1.1 Marine Hull insurance

1. Hull and Machinery insurance covering the Auxiliary Vessels, their equipment and appurtenances for an amount of not less than the agreed value of the Auxiliary Vessels.

Hull and Machinery insurance for all Auxiliary Vessels which are commercial vessels and commercial fishing vessels, to a per occurrence limit not less than \$3,000,000 and for all other vessels to a per occurrence limit not less than \$1,200,000, except for non-owned vessels to a per occurrence limit not less than \$250,000;

Coverage must conform to the American Institute Hull Clauses (June 2, 1977) or an agreed equivalent.

2. The policy must include the following endorsements:
 - (a) Waiver of Subrogation Rights: Auxiliary's Insurer to waive all rights of subrogation against Canada as represented by the Department of Fisheries & Oceans and Transport Canada for any and all loss of or damage to the Auxiliary Vessels, however caused.
 - (b) Notice of Cancellation: The Insurer to provide the Auxiliary and the Department of Fisheries & Oceans thirty (30) days written notice of cancellation

1.2 Marine Liability insurance

1. The Auxiliary must obtain Protection & Indemnity (P&I) insurance that must include excess collision liability and pollution liability. The insurance must be placed with a member of the International Group of Protection & Indemnity Associations or with a fixed market in an amount of not less than the limits determined by the *Marine Liability Act*, S.C. 2001, c. 6. Coverage must include crew liability, if it is not covered by Worker's Compensation as detailed in paragraph (2.) below.
2. The Auxiliary must obtain Worker's Compensation insurance covering all employees engaged in the implementation of the Contribution Agreements in accordance with the statutory requirements of the Territory or Province or state of nationality, domicile, employment, having jurisdiction over such employees. If the Auxiliary is assessed any additional levy, extra assessment or super-assessment by a Worker's Compensation Board, as a result of an accident causing injury or death to an employee of the Auxiliary or due to unsafe working conditions, then such levy or assessment must be paid by the Auxiliary at its sole cost.
3. The Protection and Indemnity insurance policy must include the following:
 - (a) Additional Named Insured: Her Majesty the Queen in Right of Canada, as represented by the Minister of Fisheries and Oceans is added as an additional named insured, but only with respect to liability arising out of the performance of the Contribution Agreements by the Auxiliaries and their Members. The interest of Canada as additional named insured should read as follows: Her Majesty the Queen in right of Canada, as represented the Minister of Fisheries and Oceans
 - (b) Waiver of Subrogation Rights: Auxiliary's Insurer to waive all rights of subrogation against Her Majesty the Queen in right of Canada for any and all loss of or damage to the Auxiliary Vessels however caused.
 - (c) Notice of Cancellation: The Insurer will provide the Auxiliary and the Minister of Fisheries and Oceans thirty (30) days written notice of cancellation.

1.3 Commercial General Liability

1. The Auxiliary must obtain Commercial General Liability insurance, and maintain it in force throughout the duration of the Agreement, in an amount usual for an Agreement of this nature, but for not less than \$15,000,000 per accident or occurrence and in the annual aggregate.
2. The Commercial General Liability policy must include the following:
 - (a) Additional Named Insured: Canada is added as an additional named insured, but only with respect to liability arising out of the implementation of the Contribution Agreements by the Auxiliaries and their Members. The interest of Canada should read as follows: Her Majesty the Queen in right of Canada, as represented by the Minister of Fisheries and Oceans.
 - (b) Bodily Injury and Property Damage to third parties arising out of the operations of the Auxiliaries and their Members.
 - (c) Products and Completed Operations: Coverage for bodily injury or property damage arising out of goods or products manufactured, sold, handled, or distributed by the Auxiliaries and their Members and/or arising out of operations that have been completed by the Auxiliaries and their Members.
 - (d) Personal Injury: While not limited to, the coverage must include Violation of Privacy, Libel and Slander, False Arrest, Detention or Imprisonment and Defamation of Character.
 - (e) Cross Liability/Separation of Insureds: Without increasing the limit of liability, the policy must protect all insured parties to the full extent of coverage provided. Further, the policy must apply to each Insured in the same manner and to the same extent as if a separate policy had been issued to each.
 - (f) Blanket Contractual Liability: The policy must, on a blanket basis or by specific reference to the Agreement, extend to assumed liabilities with respect to contractual provisions.
 - (g) Employees and Volunteers must be included as Additional Named Insured.
 - (h) Employers' Liability (or confirmation that all employees are covered by Worker's compensation (WSIB) or similar program)

- (i) Broad Form Property Damage including Completed Operations: Expands the Property Damage coverage to include certain losses that would otherwise be excluded by the standard care, custody or control exclusion found in a standard policy.
- (j) Notice of Cancellation: The Insurer will provide the Auxiliary and the Department of Fisheries and Oceans thirty (30) days written notice of policy cancellation.
- (k) Non-Owned Automobile Liability - Coverage for suits against the Auxiliary resulting from the use of hired or non-owned vehicles.
- (l) Litigation Rights: Pursuant to subsection 5(d) of the *Department of Justice Act*, S.C. 1993, c. J-2, s.1, if a suit is instituted for or against Canada which the Insurer would, but for this clause, have the right to pursue or defend on behalf of Canada as an Additional Named Insured under the insurance policy, the Insurer must promptly contact the Attorney General of Canada to agree on the legal strategies by sending a letter, by registered mail or by courier, with an acknowledgement of receipt. For the province of Quebec, send to:

Director Business Law Directorate,
Quebec Regional Office (Ottawa),
Department of Justice,
284 Wellington Street, Room SAT-6042,
Ottawa, Ontario, K1A 0H8

A copy of the letter must be sent to the Auxiliary and Canada. Canada reserves the right to co-defend any action brought against Canada. All expenses incurred by Canada to co-defend such actions will be at Canada's expense. If Canada decides to co-defend any action brought against it, and Canada does not agree to a proposed settlement agreed to by the Auxiliary's insurer and the plaintiff(s) that would result in the settlement or dismissal of the action against Canada, then Canada will be responsible to the Auxiliary's insurer for any difference between the proposed settlement amount and the amount finally awarded or paid to the plaintiffs (inclusive of costs and interest) on behalf of Canada.

1.4 Automobile Liability Insurance

1. Automobile Liability insurance in an amount usual for an Agreement of this nature, but for not less than \$2,000,000 per accident or occurrence.
2. Automobile liability insurance to a per accident combined single limit not less than \$12,000,000;
3. The policy must include the following:
 - (a) Third Party Liability - \$2,000,000 Minimum Limit per Accident or Occurrence
 - (b) Accident Benefits - all jurisdictional statutes
 - (c) Uninsured Motorist Protection
 - (d) Notice of Cancellation: The Insurer will provide the Auxiliary and the Minister of Fisheries and Oceans thirty (30) days written notice of cancellation.
 - e) OPCF/SEF/QEF #3 - Drive Government Automobiles Endorsement

1.5 Comprehensive Crime insurance

1. Comprehensive Crime (Fidelity) insurance on a Blanket basis in an amount as listed below:
 - (a) Insuring Agreement I: Employee Dishonesty (Form A) in an amount of not less than \$100,000 covering all employees of the Auxiliary. Such Fidelity Insurance must contain a "Third-Party Extension" or "Client Coverage" extending such coverage to Canada with respect to the risks associated with this agreement.
 - (b) Agreement II/III: Money & Securities Loss Inside Premises/Outside Premises in an amount not less than \$2,500;
2. The Comprehensive Crime insurance must include the following:
 - (a) Notice of Cancellation: The Insurer will provide the Auxiliary and the Minister of Fisheries and Oceans thirty (30) days written notice of policy cancellation.

1.6 Accidental Death and Dismemberment

1. Accidental Death and Dismemberment insurance to a maximum Principal Sum not less than \$1,500,000 per person (subject to an aggregate limit not less than \$20,000,000 if coverage without an aggregate limit is not available at commercially reasonable cost) including scheduled accident benefit amounts for temporary or permanent disability;

1.7 Director's and Officer's Liability

1. Director's and Officer's Liability insurance, in an amount usual for an Agreement of this nature, but, in any case, for a limit of liability not less than \$5,000,000 per loss and \$5,000,000 in the aggregate.
2. If this is a claims made policy and the duration of the Agreement exceeds the policy term; in the event of cancellation or non-renewal of the policy, an Extended Claims Reporting Endorsement, minimum twelve (12) months, must be secured
3. The following endorsement must be included:

Notice of Cancellation or Amendment: The Insurer will to provide the Auxiliary and the Minister of Fisheries and Oceans thirty (30) days written notice of cancellation.

Any additional insurance required by agreement of the Minister and the National Auxiliary.

1.8 Insurance Deductibles

1. The amount of the deductible applicable to the insurance policy or policies, or applicable under any insurance policy coverage, shall be an Eligible Cost reimbursable by the Minister in accordance with this Agreement, and on production by the National Auxiliary of written confirmation by the underwriter, insurance agent or insurance broker that the loss falls within the insured coverage.