**Minutes – Executive Policy Committee – January 18, 2006**

## REPORTS

**Minute No. 151 Federal Gas Tax Revenues - Funding Agreement between the Province of Manitoba and the City of Winnipeg**
**File FR-2**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the administrative recommendation and recommends to Council:

1. That the Chief Administrative Officer be authorized to finalize the terms and conditions of a Funding Agreement between the Province of Manitoba and the City of Winnipeg for Federal gas tax revenues.

2. A. That the City establish a Federal Gas Tax Revenue Reserve, in accordance with Section 289(1) of The City of Winnipeg Charter, dedicated for Federal Gas Tax Funds;

   B. That the reserve funds be spent on eligible wastewater and transit projects as specified in the Gas Tax Funding Agreement between Canada and Manitoba and in any supplementary agreement between Manitoba and Winnipeg; and

   C. That the appointment of the Fund Manager(s) for the Federal Gas Tax Revenue Reserve be delegated to the Chief Administrative Officer.

3. That the Proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor O'Shaughnessy,
That the administrative recommendation be concurred in and forwarded to Council.

Carried

## REPORT

**Re: Federal Gas Tax Revenues - Funding Agreement between the Province of Manitoba and the City of Winnipeg**

**For submission to:** **Executive Policy Committee**

**Original report signed by:** **Chief Administrative Officer**

**Report date:** January 9, 2006

**Recommendation(s):**

1. That the Chief Administrative Officer be authorized to finalize the terms and conditions of a Funding Agreement between the Province of Manitoba and the City of Winnipeg for Federal gas tax revenues.

2. a) That the City establish a Federal Gas Tax Revenue Reserve, in accordance with Section 289(1) of the City of Winnipeg Charter, dedicated for Federal Gas Tax Funds;
   b) That the reserve funds be spent on eligible wastewater and transit projects as specified in the Gas Tax Funding Agreement between Canada and Manitoba and in any supplementary agreement between Manitoba and Winnipeg; and
   c) That the appointment of the Fund Manager(s) for the Federal Gas Tax Revenue Reserve be delegated to the Chief Administrative Officer.

3. That the Proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

### REPORT SUMMARY

**Key Issues:**

The Federal Government and the Province of Manitoba have signed an agreement with respect to the transfer of Federal gas tax revenue to the Province. The Province of Manitoba will now enter Funding Agreements with each local government in Manitoba. The CAO requires the authority to negotiate the terms and conditions of the Funding Agreement between the Province of Manitoba and the City of Winnipeg and to establish a reserve fund for the federal gas tax revenues.

**Implications of the Recommendation(s):**

**General implications:**

| | |
|---|---|
| | **None** |
| X | **For the organization overall and/or for other departments** |
| X | **For the community and/or organizations external to the City of Winnipeg** |
| X | **Involves a multi-year contract** |

**Comment(s):**

Federal fuel tax revenues will provide approximately $101.3 million in additional revenue to the City of Winnipeg over 5 years. Additional funds will result in new capital spending which will have implications for several city departments and impacts in the community. A Funding Agreement with the Province with respect to these Federal funds will be in place for 10 years (while Federal funds under this Agreement will flow over 5 years, municipalities have 10 years to spend the money).

**Policy implications:**

| | |
|---|---|
| X | **No** |
| | **Yes** |

**Comment(s):**

**Environmental implications:**

| | |
|---|---|
| X | **No** |
| | **Yes** |

**Comment(s):** This report is requesting authority to enter into an agreement and to establish a reserve, therefore, the recommendations in this report do not have a direct impact on the environment. However, some of the projects to be funded by the federal gas tax funds may require environmental impact assessments. Projects will be approved through the City's capital budget process.

**Human Resources implications:**

| | |
|---|---|
| X | **No** |
| | **Yes** |

**Comment(s):** This report is requesting authority to enter into an agreement and to establish a reserve, therefore, the recommendations in this report do not have direct human resource implications. There may be some additional administrative costs associated with tracking and reporting on the use of the gas tax funds, however, the specific requirements are yet to be determined. Under the Canada-Manitoba Agreement, interest earned on the Federal gas tax funds can be used to cover administrative costs.

**Financial implications:**

| | |
|---|---|
| | **Within approved current and/or capital budget** |
| X | **Current and/or capital budget adjustment required** |

**Comment(s):**

The City's capital plan will reflect the new Federal revenues and associated projects. Council will approve the capital plan on an annual basis.

## REASON FOR THE REPORT:

The Federal Government and the Province of Manitoba have signed an agreement with respect to the transfer of Federal gas tax revenue to the Province. The Province of Manitoba will now enter Funding Agreements with each local government in Manitoba. The CAO requires the authority to negotiate the terms and conditions and finalize the details of the Funding Agreement between the Province of Manitoba and the City of Winnipeg.

## HISTORY:

At its meeting on April 21, 2004 Council adopted a motion requesting a new funding arrangement with the Federal and Provincial governments in order to address the infrastructure and service deficit facing the City of Winnipeg.

On December 4, 2004, the Federation of Canadian Municipalities announced its official position on a distribution formula for Federal fuel tax.

On February 1, 2005, the Federal Government announced $5 billion in federal gas tax funding over five years for cities and communities and the details of how the New Deal would be negotiated with each Provincial and territorial jurisdiction. This announcement detailed $167.3 million for Manitoba over 5 years.

On November 18, 2005, the Federal Government and the Province of Manitoba announced the signing of an agreement with respect to the transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities (2005-2015).

## DISCUSSION:

The Federal Government and the Province of Manitoba have signed an agreement with respect to the transfer of Federal gas tax revenue to the Province. A copy of the Canada-Manitoba agreement is provided in Appendix A.

The Province of Manitoba will now enter into Funding Agreements with each local government in Manitoba. The CAO requires the authority to negotiate the terms and conditions and finalize the details of the funding agreement between the Province of Manitoba and the City of Winnipeg.

The Funding Agreement between the Province of Manitoba and the City of Winnipeg (the Manitoba-City Agreement) will, in many respects, mirror the Canada-Manitoba Agreement. As such, it is recommended that the CAO be provided the authority to negotiate and finalize the details of the Manitoba-City Agreement within the parameters of the Canada-Manitoba agreement. The following highlights some of these key parameters:

- The City of Winnipeg will demonstrate incremental spending, over and above the base spending on its total capital program. While the specific methodology for determining base spending will be developed by the Oversight Committee (described below), base spending is defined in the Canada-Manitoba Agreement as the average of spending on Municipal Infrastructure for the five years preceding the Agreement.

- The City of Winnipeg will use federal gas tax funds for eligible wastewater and transit projects.

- In light of federal gas tax funds now being available for eligible wastewater and transit projects, the City of Winnipeg will be able to choose to increase City funding to other priority areas within the definition of municipal infrastructure, such as the renewal and repair of roads and bridges.

- The City of Winnipeg will receive approximately $101.3 million over 5 years based on the distribution formula defined in the Canada-Manitoba agreement; i.e., all funds in the first two fiscal years will be allocated on a per capita basis to Manitoba municipalities and in the final three years, 90% of funds will be allocated on a per capita basis and 10% will be allocated to transit communities (Winnipeg, Brandon, Thompson and Flin Flon) on per capita basis.

- The City of Winnipeg will receive funds up front and reporting requirements will be developed by the Oversight Committee so as to, as much as possible, recognize existing planning and reporting mechanisms (Plan Winnipeg, capital plan, audited financial statements, etc.) and minimize new reporting/administrative costs.

- The City of Winnipeg will establish a separate reserve dedicated for federal gas tax funds (as per recommendation #2 in this report).

- The City of Winnipeg will be duly represented on the Oversight Committee to monitor the implementation of the agreement and co-ordinate and discuss the next phases of the New Deal for Winnipeg.

Again, more specific parameters for the Manitoba-City Funding Agreement can be gleaned from the detailed Canada-Manitoba Agreement provided in Appendix A.

Once the Manitoba-City Funding Agreement is in place, Council will make decisions with respect to priority projects through the annual capital planning process.

## Financial Impact Statement

**Date:** January 11, 2006

**Project Name:**

Federal Gas Tax Revenues

**First Year of Program:**

| | 0 | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ - | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:**

A final agreement will result in approximately $101.3 million in Federal gas tax revenue for the City of Winnipeg over the next 5 years.

(Orig. signed by C. Rempel for R. Abeyskera)

**IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:**

Corporate Finance, Corporate Services (Legal Services).

**THIS REPORT SUBMITTED BY:**

CAO Secretariat
Division: Strategic Management
Prepared by: Connie Walker, Manager, Strategic Management Division
File #:

# CANADA – MANITOBA




# AGREEMENT ON THE TRANSFER OF FEDERAL GAS TAX REVENUES UNDER

# THE NEW DEAL FOR CITIES AND COMMUNITIES 2005- 2015

This Agreement made as of November 18, 2005,

**BETWEEN:** **HER MAJESTY IN RIGHT OF CANADA** ("Canada"), represented by the Minister of State (Infrastructure and Communities) ("Federal Minister")

**AND:** **HER MAJESTY IN RIGHT OF THE PROVINCE OF MANITOBA** ("Manitoba"), represented by the Minister of Intergovernmental Affairs and Trade ("Provincial Minister")

**PREAMBLE**

**WHEREAS** Canada and Manitoba wish to cooperate in making a transformative difference in the sustainability and future prosperity of cities and communities in Manitoba, and for Canada's future.

**WHEREAS** The New Deal for Cities and Communities will engage governments and stakeholders in purposeful partnerships, foster sustainable cities and communities across Canada, and enable all Canadians to achieve a higher quality of life and standard of living.

**WHEREAS** Canada and Manitoba have agreed to cooperate under the New Deal for Cities and Communities, which is based on a long-term vision of sustainability and which integrates four interdependent dimensions: economic, environmental, social and cultural.

**WHEREAS** the Government of Canada's Budget 2005 outlined an intent to provide provinces and territories an amount equivalent to a portion of the federal excise tax on gasoline.

**WHEREAS** this Agreement includes the specific provisions on the Gas Tax for Environmentally Sustainable Municipal Infrastructure to primarily support environmental sustainability objectives under a New Deal for Cities and Communities.

**WHEREAS** this Agreement reflects the scope of expected areas of cooperation under a New Deal for Cities and Communities and for which Canada and Manitoba may enter into separate agreements, including possible trilateral agreements, to support sustainability objectives.

**PRINCIPLES**

The Government of Canada and the Government of Manitoba acknowledge that this Agreement has been negotiated with the regard to the following principles:

a. **Principle 1 – Respect for jurisdiction**: Canada and Manitoba respect the roles of all orders of government and recognize merit of partnerships across all levels of government to support cities and communities.

b. **Principle 2 – A flexible approach**: In recognition of the diversity of Canadian provinces and territories, First Nations, regions, cities and communities, Canada and Manitoba agree to a funding allocation formula and delivery mechanism that meet the specific needs of Local Governments.

c. **Principle 3 – Equity between provinces and territories**: Canada is committed to treating provinces, territories and First Nations equitably by ensuring that the inter-provincial/territorial allocation is as close as possible to a per capita basis while respecting the need to have an adjustment for the smallest jurisdictions.

d. **Principle 4 – Promote long-term solutions**: Canada will make a 5-year financial commitment with the gas tax but negotiate 10-year gas tax agreements, with a clause for a review after four years.

e. **Principle 5 – Transparency**: Canada and Manitoba commit to putting in place an open and transparent governance process for the purposes of implementing this Agreement.

f. **Principle 6 – Regular reporting to Canadians**: Canada will use federal mechanisms to report on outcomes through the New Deal. Manitoba will employ its own mechanism for reporting within its jurisdiction.

**NOW THEREFORE**, in accordance with the principles set out above, Canada and Manitoba hereby agree as follows.

## 1. INTERPRETATION

### 1.1 Definitions

A capitalized term has the meaning given to it in this section unless the context clearly dictates otherwise.

"**Agreement**" means this Canada – Manitoba Agreement on the Transfer of Federal Gas Tax Revenue under the New Deal for Cities and Communities.

"**Annual Expenditure Report**" means the annual report to be prepared and delivered by Manitoba to Canada, more particularly described in Schedule D.

"**Audit Report**" means an audit report prepared by the Manitoba Auditor General or a provincially-licensed auditor, more particularly described in Schedule D.

"**Base Amount**" means the average of spending on Municipal Infrastructure for the five years preceding the Agreement (March 1999 - April 2004).

"**Capacity Building Projects**" means projects and activities that strengthen the ability of Local Governments to develop and implement integrated community sustainability plans, as more particularly described in Schedule A.

**"Capital Investment Plan"** means a document created through a public process, with approval from locally-elected officials, providing a detailed understanding, including a rationale, of anticipated investments into tangible capital assets that are considered "priorities".

"**ESMI Projects**" means Municipal Infrastructure projects that:

(i) improve the quality of the environment and contribute to reduced green house gas emissions, clean water, or clean air; and

(ii) fall within the category of projects described in Schedule A hereto.

"**Eligible Costs**" means those costs, described in Schedule B, incurred in respect of Eligible Projects.

"**Eligible Projects**" means ESMI Projects and Capacity Building Projects, more particularly described in Schedule A.

"**Eligible Recipient**" means:

(i) a Local Government or its duly authorized agent (including its wholly-owned corporation);

(ii) a non-municipal entity, on the condition that the Local Government where the proposed Eligible Project would be housed has indicated support for the Eligible Project through a formal resolution of the Local Government's council. A non-municipal entity includes:

- for-profit organizations (such as P3), or
- non-governmental organizations, or
- not-for-profit organizations.

(iii) "The minister" as defined in the *Northern Affairs Act* (Manitoba) C.C.S.M., c.N100 when exercising the powers of a municipality in respect of local services under the said Act, and any other public authority responsible for delivering local services in Manitoba if that authority has been given the said responsibility by statute, provided that if the Eligible Project is within the boundaries of a Local Government, the Local Government has indicated support for the Eligible Project through a formal resolution of the Local Government's council.

Except as set out in (iii) above, federal and provincial entities in the form of departments, corporations and agencies are not eligible recipients.

**"Eligible Recipient Requirement"** means those requirements described in Schedule C hereto.

"**Fiscal year**" means the period beginning April 1 of a year and ending March 31 of the following year.

"**Funding Agreement**" means an agreement made between Manitoba and an Eligible Recipient pursuant to which Funds are paid to the Eligible Recipient.

"**Funds**" means the funds made available pursuant to this Agreement and includes any interest earned on the said Funds.

**"GTF"** means the Gas Tax Fund Transfer Payment Program, pursuant to which this Agreement is entered into.

"**Infrastructure Programs**" means Canada's infrastructure programs in existence at the time of the execution of this Agreement, including the Canada Strategic Infrastructure Fund, the Border Infrastructure Fund, the Municipal Rural Infrastructure Fund and the Infrastructure Canada Program.

"**Integrated Community Sustainability Plans**" means a long-term plan, developed in consultation with community members, that provides direction for the community to realize sustainability objectives it has for the environmental, cultural, social and economic dimensions of its identity. The form and content of the Integrated Community Sustainability Plan will be developed by the Oversight Committee.

"**Local Government**" means a municipality or local government district as defined in the *Interpretation Act* (Manitoba) C.C.S.M., c.180, or an incorporated community as defined in the *Northern Affairs Act* (Manitoba) C.C.S.M., c.N100.

"**Ministers**" means the federal Minister and the Manitoba Minister.

"**Municipal Infrastructure**" means tangible capital assets in Manitoba primarily for public use or benefit owned by an Eligible Recipient.

"**New Deal**" and "**New Deal for Cities and Communities**" refers to the federal initiative to enhance Government of Canada commitments to advancing local sustainability on four major themes: economic, environmental, social and cultural.

"**Outcomes Report**" means the report to be delivered by Manitoba to Canada and made available to the public, which reports on the outputs and outcomes of the use of the Funds, more particularly set out in Schedule E.

"**Parties**" means Canada and Manitoba.

"**SIMSI**" means Infrastructure Canada's Shared Information Management System for Infrastructure.

"**Third Party**" means any person, other than a party to this Agreement, that participates in the implementation of an Eligible Project.

**1.2 Entire Agreement**

This Agreement supersedes and invalidates all other commitments, representations and warranties relating to the subject matter hereof, which the Parties may have made either orally or in writing prior to the date hereof, and all of which will become null and void from the date this Agreement is signed.

**1.3 Schedules**

The following schedules are attached to form part of this Agreement:

Schedule A- Eligible Project Categories

Schedule B- Eligible Costs

Schedule C- Eligible Recipient Requirements

Schedule D- Reporting and Audits

Schedule E- Outcomes and Outputs

Schedule F- Communications Protocol

**1.4 Precedence**

In the event of a conflict, the part of this Agreement that precedes the signatures of the Parties will take precedence over the Schedules.

**1.5 Accounting Principles**

All accounting terms not otherwise defined herein have the meanings assigned to them; all calculations will be made, and all financial data to be submitted will be prepared, in accordance with the generally accepted accounting principles (GAAP) in effect in Canada and in Manitoba. GAAP will include, without limitation, those principles approved or

recommended from time to time by the Canadian Institute of Chartered Accountants, or any successor institute, applied on a consistent basis.

## 2. PURPOSE

### 2.1 Purpose of the Agreement

The purpose of this Agreement is to:

a) outline a joint framework for the transfer of Funds to Manitoba, the purpose of which is to provide Manitoba's Local Governments with stable, reliable and predictable funding for environmentally sustainable infrastructure purposes;

b) to support the sustainability and prosperity of cities and communities in Manitoba, and to acknowledge the need for collaboration on other issues that affect Manitoba's cities and communities.

## 3. CANADA'S COMMITMENTS

Canada will:

a) honour any existing contribution agreement with Manitoba in respect of Infrastructure Programs, in accordance with its terms.

b) ensure that the funding under this Agreement provides additional funding for Local Governments rather than displacing other federal infrastructure funding; and intend to renew and extend the Canada Strategic Infrastructure Fund, the Border Infrastructure Fund and the Municipal Rural Infrastructure Fund as they expire.

c) discuss with Manitoba other proposals regarding the New Deal.

d) invest Gas Tax funding in First Nations On Reserve communities in Manitoba to address their infrastructure priorities.

e) encourage inter-municipal and municipal-First Nations reserve collaborations on Eligible Projects.

## 4. MANITOBA'S COMMITMENTS 4.1

**Existing Commitments**

Manitoba makes significant commitments to the capital and operating sustainability of Local Governments, including the following:

a) to support local infrastructure investment, Manitoba has created the Building Manitoba Fund that provides sustained and increased funding through grants equivalent to formulas of provincial revenue from income tax and fuel taxes.

b) to support local community development priorities, Manitoba provides grants equivalent to formulas of provincial revenues from Video Lottery Terminals and Winnipeg's Casinos.

c) to provide a flexible and supportive legislative framework, Manitoba has recently enhanced the *City of Winnipeg Charter*, The *Municipal Act*, The *Municipal Revenue Act*, The *Local Elections Authority Act*, and the *Planning Act*.

d) to ensure municipalities are given a greater voice in decision making, Manitoba recently introduced the Capital Region Partnership Act, and established the model Rural and Northern Local Consultative Committee for infrastructure.

**4.2 Further General Commitments**

Further, Manitoba agrees that it will:

a) ensure that over the period of April 1, 2005, to March 31, 2015, Funds are applied to support Municipal Infrastructure as already committed under section 67.2 of Manitoba's *Gas Tax Accountability Act*.

b) ensure that Funds are incremental to provincial infrastructure funding available to Local Governments. Not reduce, eliminate or clawback any gas tax funding to Local Governments.

c) provide a funding increase of 8% in 2005/06 to Manitoba municipalities through the creation the Building Manitoba Fund.

d) where Manitoba is an Eligible Recipient, Manitoba shall not be required to execute a Funding Agreement but agrees to be bound by the applicable Eligible Recipient Requirements set out in Schedule C.

4.2.1 With respect to all Local Governments in Manitoba, Manitoba agrees that it will:

a) ensure through the Funding Agreement that each Local Government, where an Eligible Project is situated, complete, prior to the fourth (4th) year of this Agreement, a Capital Investment Plan. The form and content of these plans will be developed by the Oversight Committee within nine months of the signing of this Agreement.

b) include the Eligible Recipient Requirements in any Funding Agreement, and enforce all terms and conditions of Funding Agreements in a diligent and timely manner, and seek remedies from non-compliant Eligible Recipients.

c) ensure through the Funding Agreement prior to the fourth (4th) year of this Agreement, the development of Integrated Community Sustainability Plans, either by a Local Government or at some appropriate higher level appropriate to Manitoba. The form and content of these plans will be developed by the Oversight Committee within nine months of the signing of this agreement.

d) ensure that prior to March 31, 2010, all Municipalities use the generally accepted accounting principles (GAAP).

e) ensure through the Funding Agreement, that over the period of April 1, 2005, to March 31, 2010, Local Governments capital spending on Municipal Infrastructure will not fall below its Base Amount. The methodology for calculating the Base Amount will be developed by the Oversight Committee.

f) provide a voice for Local Governments through equal representation on the Oversight Committee.

**4.3 Reporting**

Manitoba will at no cost to Canada:

a) prepare and deliver to Canada, no later than September 30 of each Fiscal Year in respect of the prior Fiscal Year, an Annual Expenditure Report for all the Eligible Recipients that receive Funds, and make its best efforts to provide an interim, unaudited version of the Annual Expenditure Report by June 30 of each Fiscal Year;

b) prepare, publish and disseminate to the public, by no later than September 30, 2009, and periodically thereafter, an Outcomes Report for all the Eligible Recipients that receive Funds; and

c) Canada may incorporate all or any part or parts of the said reports into any report that Canada may prepare for its own purposes, including any reports that may be made public.

**4.4 Audits**

4.4.1 Annual Expenditure Reports will be accompanied by an Audit Report.

4.4.2 Manitoba agrees to require Eligible Recipients to keep proper and accurate accounts and records, in respect of all Eligible Projects that receive Funds, for at least three (3) years after termination of this Agreement and will, upon reasonable notice, make them available or cause the applicable Eligible Recipient to make them available to Canada for inspection or audit.

4.4.3 Canada may request and Manitoba agrees to provide to Canada, at no cost to Canada, an audit of any one or more individual Eligible Projects. Manitoba will share with Canada the results of any compliance or performance audit that they may carry out beyond the Audit Report that examines the use of Funds to a specific extent.

**4.5 Evaluation**

4.5.1 No later than March 31, 2009, Canada and Manitoba shall complete a joint formative evaluation of the program set out in this Agreement, the results of which will be made public. The Parties shall seek the input of Eligible Recipients, or representatives thereof, as the Parties deem appropriate.

4.5.2 At a minimum, the evaluation will address the issues related to achievement of the objectives of this Agreement, the use of funding, the effectiveness of the funding approach, described in sections 6 and 7 of this Agreement, and he effectiveness of the communications protocol, described in Schedule F.

4.5.3 In addition to the foregoing, no later than June 30, 2009, Canada will, at its cost, complete a national evaluation incorporating the results of the joint bilateral evaluations described above. Canada will share the results of this national evaluation with Manitoba prior to its completion.

**5. OVERSIGHT COMMITTEE**

**5.1 Establishment and Duties**

Upon execution of this Agreement, the Ministers shall promptly establish a Committee (the "Oversight Committee") to be co-chaired by two members – one of whom is to be appointed by the Federal Minister and designated as Federal Co-Chairperson, and one of

whom is to be appointed by the Provincial Minister and designated as Provincial Co-Chairperson. This Committee shall:

a) in addition to the co-chairs, consist of two representatives from the Association of Manitoba Municipalities, two representatives from the City of Winnipeg, and an additional representative from the provincial and federal governments;

b) establish procedures and monitor the overall strategic implementation of the Agreement, including:
   a. development of a template for Capital Investment Plans;
   b. development of a guidance model for Integrated Community Sustainability Plans;
   c. development of direction on the calculation of Base Amount; and
   d. development of the detailed Funding Agreement template for Local Governments.

c) co-ordinate and discuss the next phases of the federal New Deal for Manitoba, including:
   i. developing further ideas for the federal New Deal for Manitoba Cities and Communities;
   ii. encouraging inter-governmental cooperation in priority setting and program delivery;
   iii. responding to sustainability planning outcomes;
   iv. other activities as determined.

The Oversight Committee may also choose to establish one or more technical or management committees, and establish rules and procedures with respect to its meetings and those of any sub-committee it may create, including rules of conduct of meetings and the making of decisions.

## 6. CONTRIBUTION PROVISIONS

### 6.1 Allocation to Manitoba

Canada's total contribution to Manitoba is as follows:

| Fiscal year | Canada's Contribution |
|---|---|
| 2003-2006 | $20,070,000 million |
| 2006-2007 | $20,070,000 million |
| 2007-2008 | $26,760,000 million |
| 2008-2009 | $33,450,000 million |
| 2009-2010 | $66,900,000 million |
| TOTAL | $167,250,000 million |

**6.2 Payment**

Provided there is no default under the terms of Section 8.2 of this Agreement, Canada's contribution will be paid to Manitoba in semi-annual payments, as follows:

a) a payment to Manitoba will be made not later than July 1st of each Fiscal Year, set out above in subsection 6.1.;

b) a second payment to Manitoba will be made not later than November 1 of each Fiscal Year.

For Year 2005-2006, Canada's contribution will be paid to Manitoba, in one single payment within 30 days of the signature of this Agreement.

**6.3 Appropriations**

A payment due by Canada hereunder is conditional on a legislated appropriation for the GTF for the Fiscal Year in which the payment is due.

**6.4 Limit on Canada's Financial Commitments**

a) Eligible Recipients may use Funds to pay up to 100% of Eligible Costs of an Eligible Project. However, to the extent an Eligible Recipient is receiving money under an Infrastructure Program in respect of an Eligible Project to which the Eligible Recipient wishes to apply Funds, the maximum federal contribution limitation set out in any Infrastructure Program contribution agreement made in respect of that Eligible Project shall continue to apply, unless otherwise agreed upon by Canada and Manitoba.

b) Without prior written approval of Canada, Manitoba may not use the payment of Funds by Manitoba, once received from Canada, to an Eligible Recipient as the Manitoba contribution under contribution agreements under existing Infrastructure Programs.

### 6.5 Disposal of Eligible Projects

To the extent that Manitoba receives a repayment of all or a portion of a contribution pursuant to the operation of Paragraph 13 of Schedule C, Manitoba shall immediately pay the said amount to Canada.

### 6.6 Contracting

Manitoba agrees to require, through a Funding Agreement with Eligible Recipients, that all contracts for the supply of services or materials to Eligible Projects will be awarded in a way that is transparent, competitive, and consistent with value for money principles.

## 7 ALLOCATION TO MUNICIPALITIES, DELIVERY MECHANISM AND USE OF FUNDS

### 7.1 Allocation to Municipalities

The following allocation formula shall apply to Funds contributed by Canada under this Agreement:

(i.) the Funds paid in the two (2) Fiscal Years of 2005/06 and 2006/07 shall be allocated to all Eligible Recipients on a per capita basis.

(ii.) ninety percent (90%) of the Funds paid in the three Fiscal Years of 2007/08, 2008/09 and 2009/10 shall be allocated to all Eligible Recipients on a per capita basis.

(iii.) ten percent (10%) of the Funds paid in the three Fiscal Years of 2007/08, 2008/09 and 2009/10 shall be allocated to the transit communities of Winnipeg, Brandon Thompson and Flin Flon on a per capita basis.

At the end of 2009/2010, Canada will consult with Manitoba, the AMM and Winnipeg on the allocation formula for any future gas tax funds.

### 7.2 Use of Funds

Manitoba agrees that it shall deposit Canada's contribution into a separate and distinct account, pending payment to Eligible Recipients, in accordance with the terms of this Agreement.

Manitoba agrees to pay Funds to Eligible Recipients solely for Eligible Projects identified in Schedule A, and solely in respect of Eligible Costs identified in Schedule B. In the case of Funds paid to Winnipeg, Flin Flon, Brandon and Thompson as set out in 7.1 (iii), Winnipeg, Flin Flon, Brandon and Thompson may only use those Funds for public transit Eligible Projects, as identified in Section 1a)

of Schedule A.

Canada and Manitoba recognize the need for capacity to effectively implement and manage federal funds as described and required under this Agreement.

All administration costs of Manitoba, in respect of the implementation and management of this Agreement in 2005/06, shall be for the account of Manitoba. All administration costs of Manitoba throughout the length of this Agreement, in respect of drawing and conveying of payments to eligible recipients, shall be for the account of Manitoba.

With the prior written approval of Canada, and upon the recommendation of the Oversight Committee, Funds may be used by Manitoba to pay the administrative costs incurred by Manitoba for the reporting and audit requirements herein. Manitoba shall submit a business case in advance of any request for reimbursement of administrative costs.

**7.3 Agreement with Eligible Recipient**

Manitoba agrees to include in all Funding Agreements the Eligible Recipient Requirements, and agrees to enforce all terms and conditions of the Funding Agreement, including the Eligible Recipient Requirements. Manitoba further agrees that it will not advance Funds unless the Eligible Recipient has executed a Funding Agreement, except in the case that Manitoba is an Eligible Recipient.

**8. DISPUTE RESOLUTION, DEFAULT AND REMEDIES 8.1**

**Dispute Resolution**

The Parties agree to keep each other informed of any disagreement or contentious issue. Disagreements or contentious issues that cannot be resolved at the bureaucratic level will be brought to the Oversight Committee for review, discussion and resolution. Any issue that cannot be resolved at the Oversight Committee will be submitted to Ministers for resolution.

**8.2 Events of Default**

8.2.1 Canada may declare that an event of default has occurred if Manitoba has:

a) not complied with any condition, undertaking or material term in the Agreement; or
b) failed to deliver an Annual Expenditure Report, Audit Report or the Outcomes Report, when required by this Agreement;

c) delivered an Annual Expenditure Report, or Audit Report that disclosed non-compliance by Manitoba or an Eligible Recipient.

Canada will not declare that an event of default has occurred unless it has consulted with Manitoba, as appropriate, and given notice of the occurrence, which in Canada's opinion constitutes an event of default.

Manitoba, within 30 days of receipt of the notice, shall either correct the condition or event, or demonstrate, to the satisfaction of Canada, that it has taken such steps as are necessary to correct the condition.

8.2.2 Manitoba may declare an event of default has occurred if Canada has:

a) not complied with any condition, undertaking or material term in the Agreement; or

b) failed to deliver federal gas tax revenues to Manitoba, as specified in Section 6.1 of this Agreement.

Manitoba will not declare that an event of default has occurred unless it has consulted with Canada and given notice to Canada of the occurrence, which in Manitoba's opinion constitutes an event of default. Canada will, within 30 days of receipt of the notice, either correct the condition or event, or demonstrate, to the satisfaction of Manitoba, that it has taken such steps as are necessary to correct the situation.

**8.3 Remedies**

a) If Canada declares that an event of default has occurred, after 30 days of declaration, it may immediately exercise one or more of the following remedies:

i) in the case of a default under subsection 8.2 a) above, suspend or terminate its obligation to pay all or a portion of Funds. If Canada suspends payment, it may pay suspended Funds if Canada is satisfied that the default has been cured;

ii) in the case of any other default, suspend its obligation to pay all or a portion of Funds pending Canada's satisfaction that the default has been cured.

b) If Manitoba declares that an event of default has occurred, after 30 days of declaration, it may suspend or terminate its obligations under the terms of this Agreement, and if suspended, Manitoba may resume its obligations when satisfied the default has been cured.

**8.4 Indemnity**

Manitoba agrees at all times to indemnify and save harmless Canada, its officers, servants, employees or agents from and against all claims and demands, losses, costs, damages, actions, suits or other proceedings by whomsoever brought or prosecuted in any manner based upon, or occasioned by any injury to persons, damage to, loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:

a) all Eligible Projects;

b) the performance of this Agreement, or the breach of any term or condition of this Agreement by Manitoba, its officers, employees and agents, or by a third party, its officers, employees or agents;

c) the performance of a Funding Agreement, or the breach of any term or condition of a Funding Agreement by an Eligible Recipient, its officers, employees and agents, or by a third party, its officers, employees or agents;

d) the design, construction, operation, maintenance and repair of any part of an Eligible Project; and

e) any omission, or other wilful or negligent act of Manitoba, an Eligible Recipient or a third party and their respective employees, officers or agents;

except to the extent to which such claims, demands, losses, costs, damages, actions, suits or other proceedings relate to the act or negligence of an officer, employee or agent of Canada in performance of his or her duties.

**9 TERM OF AGREEMENT AND RENEWAL 9.1**

**Term**

This Agreement shall commence on November 18, 2005, and shall expire on March 31, 2015. Any Party may terminate this Agreement on two (2) years written notice.

**9.2 Review**

Following the completion of the evaluation described in Subsection 4.5.1 above, the Parties may elect to amend the Agreement, as appropriate.

## 10 COMMUNICATIONS

The Parties hereby agree to follow the terms of the Communications Protocol, set out in Schedule F hereto.

## 11 MISCELLANEOUS

### 11.1 Binding Obligations

Each Party declares to the other that the signing and execution of this Agreement was duly and validly authorized, and that each has incurred a legal and valid obligation in accordance with the terms and conditions of the Agreement.

### 11.2 Survival

The Parties' rights and obligations set out in Sections 4.2 d), 4.2.1 a) - e), 4.3, 4.4, 4.5, 6.4, 6.5, 7.3, 8.3, 8.4, 10, 11.4 and Schedule C will survive the expiry or early termination of this Agreement, and any other section or Schedule, which is required to give effect to the termination or to its consequences, shall survive the termination or early termination of this Agreement.

### 11.3 Governing law

This Agreement is governed by the laws applicable in Manitoba.

### 11.4 Debts Due to Canada

Any amount owed to Canada under this Agreement will constitute a debt due to Canada, which Manitoba will reimburse forthwith, on demand, to Canada.

### 11.5 No Benefit

No member of the House of Commons or of the Senate of Canada will be admitted to any share or part of any Contract made pursuant to this Agreement or to any benefit arising therefrom.

**11.6 No Agency**

It is understood, recognized and agreed that no provision of this Agreement and no action by the Parties will establish, or be deemed to establish, a partnership, joint venture, principal-agent relationship, or employer-employee relationship in any way or for any purpose whatsoever between Canada and Manitoba, or between Canada, Manitoba and a Third Party.

**11.7 No Authority to Represent**

Nothing in this Agreement is to be construed as authorizing one Party to contract for or to incur any obligation on behalf of the other, or to act as agent for the other. Nothing in this Agreement is to be construed as authorizing any Recipient or any Third Party to contract for or to incur any obligation on behalf of either Party, or to act as agent for either Party, and Manitoba will take reasonable steps to ensure that all Funding Agreements contain provisions to that effect.

**11.8 Counterpart Signature**

This Agreement may be signed in counterpart and the signed copies will, when attached, constitute an original Agreement.

**11.9 Values and Ethics Code**

No person governed by the post-employment ethics and conflict of interest guidelines of Canada will derive a direct benefit from this Agreement, unless that person complies with the applicable provisions.

**11.10 Severability**

If for any reason a provision of this Agreement that is not a fundamental term is found to be or becomes invalid or unenforceable, in whole or in part, it will be deemed to be severable and will be deleted from this Agreement, but all the other terms and conditions of this Agreement will continue to be valid and enforceable.

**11.11 Waiver**

A Party may waive any right under this Agreement only in writing; and any tolerance or indulgence demonstrated by that Party will not constitute waiver of such right. Unless a

waiver is executed in writing, that Party will be entitled to seek any remedy that it may have under this Agreement or under the law.

**11.12 Lobbyists and Agent Fees**

Manitoba warrants that any person who lobbies, or has lobbied on its behalf, to obtain funding or any benefit under this Agreement, and who is subject to the *Lobbyists Registration Act (Canada)*, is registered accordingly. Furthermore, Manitoba warrants that no remuneration based on a percentage of Canada's contribution will be paid to a lobbyist.

11.13 **Amendments to the Agreement**

If Canada concludes an agreement for similar purposes with any other province or territory of Canada, and that agreement taken as a whole is materially different from this Agreement, Manitoba may ask Canada to agree to amend this Agreement so that, taken as a whole, it affords similar treatment to Manitoba as the other agreement affords to the other province or territory.

Upon the written request of Manitoba, Canada will negotiate the amendment of this Agreement to include Winnipeg as a direct recipient. Any such amendment will be subject to Canada and Manitoba agreeing upon the terms and conditions of the amendment, and, in the case of Canada, specific cabinet and treasury board approval of the amendment. Failing which this Agreement will remain valid and enforceable, without amendment.

Additionally, this Agreement may be amended from time to time on written agreement of the signatories.

11.14 **Notice**

Any notice, information or document provided for under this Agreement will be effectively given if delivered or sent by letter, postage or other charges prepaid, or by facsimile or email. Any notice that is delivered will have been received on delivery; and any notice mailed will be deemed to have been received eight (8) calendar days after being mailed.

Any notice to Canada must be sent to:

Assistant Deputy Minister
Cities and Communities
Infrastructure Canada
90 Sparks Street
Ottawa (Ontario)
K1P 5B4

Any notice to Manitoba will be addressed to:

Deputy Minister
Manitoba Intergovernmental Affairs and Trade
309 Legislative Building
450 Broadway
Winnipeg (Manitoba)
R3C 0V8

Each Party may change the address that it has stipulated by notifying in writing the other party of the new address.

**SIGNATURES**

This Agreement has been executed on behalf of Canada by the Minister of State (Infrastructure and Communities), and on behalf of Manitoba by the Minister of Intergovernmental Affairs and Trade.

| | |
|---|---|
| GOVERNMENT OF CANADA<br>Original signed by: | GOVERNMENT OF MANITOBA<br>Original signed by: |
| Minister of State (Infrastructure and Communities) | Minister of Intergovernmental Affairs and Trade |

**SCHEDULE A- Eligible Project Categories**

1) **ESMI Projects include the following:** a)

Public transit:

i. Rapid Transit: tangible capital assets and rolling stock (includes light rail, heavy rail additions, subways, ferries, transit stations, park and ride facilities, grade separated bus lanes and rail lines);
ii. Transit Buses: bus rolling stock, transit bus stations;
iii. Intelligent Transport System (ITS) and Transit Priority Capital Investments;
iv. ITS technologies to improve transit priority signalling, passenger and traffic information, and transit operations;
v. Capital investments, such as transit queue-jumpers and High Occupancy Vehicle (HOV) lanes
vi. Para transit: rolling stock, fixed capital assets and systems
vii. Related capital infrastructure: bus-loading bays, road rehabilitation for bus-only lanes.
viii. Active transportation infrastructure (e.g., bike lanes).

b) Water:

Drinking water supply; drinking water purification and treatment systems; drinking water distribution systems; water metering systems.

c) Wastewater:

Wastewater systems, including sanitary and combined sewer systems; and separate stormwater systems.

a) Solid waste:

Waste diversion; material recovery facilities; organics management; collection depots; waste disposal landfills; thermal treatment and landfill gas recuperation.

b) Community Energy Systems:

i. Cogeneration or combined heat and power projects (where heat and power are produced through a single process);
ii. District heating and cooling projects, where heat (or cooling) is distributed to more than one building.

c) Active transportation infrastructure (e.g., bike lanes), local roads, bridges and tunnels for Local Governments that are outside Winnipeg, that enhance sustainability outcomes.

2) Winnipeg has indicated that:

Funds will result in net incremental capital spending on Municipal Infrastructure:

i. invest the Funds solely in respect of Eligible Projects in wastewater and transit, as outlined in this Schedule, and only in respect of Eligible Costs, as outlined in Schedule B.
ii. Winnipeg City Council may also choose to increase city funding to other priority areas within the definition of municipal infrastructure, such as the renewal and repair of Winnipeg roads and bridges.

3) Capacity Building includes the following activities:

i. Collaboration: building partnerships and strategic alliances; participation; and consultation and outreach;

ii. Knowledge: use of new technology; research; and monitoring and evaluation;

iii. Integration: planning, policy development and implementation (e.g., environmental management systems, life cycle assessment).

## SCHEDULE B- Eligible Costs

**Eligible Costs**

1. Project Costs

Eligible costs, as specified in this Agreement, will be all direct costs which are, in Manitoba and Canada's opinion, properly and reasonably incurred and paid by an Eligible Recipient under a contract for goods and services necessary for the implementation of an Eligible Project. Eligible costs may include only the following:

a) the capital costs of acquiring, constructing, renovating or rehabilitating a tangible capital asset, and any debt financing charges related thereto;

b) the fees paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake the surveying, design, engineering, manufacturing or construction of a project infrastructure asset, and related facilities and structures;

c) the costs of environmental assessments, monitoring and follow-up programs, as required by the *Canadian Environmental Assessment Act*, or a provincial equivalent;

d) the costs related to strengthening the ability of Local Governments to develop Integrated Community Sustainability Plans.

1.1 Employee and Equipment Costs

In the case of Eligible Recipients that are remote Local Governments, the out-of-pocket costs (not overhead) related to employees or equipment may be included in its eligible costs under the following conditions.

a) the Eligible Recipient has determined that it is not economically feasible to tender a contract;
b) employees or equipment are employed directly in respect of the work that would have been the subject of the contract; and
c) the arrangement is approved in advance and in writing by Manitoba.

1.2 Administration Costs

That portion of Funds representing interest earned may be used to pay for administration costs.

**Ineligible Costs**

Costs related to the following items are ineligible costs:

a) Eligible Project costs incurred before April 1, 2005;
b) services or works that, in the opinion of Manitoba, are normally provided by the Eligible Recipient or a related party;
c) salaries and other employment benefits of any employees of the community applicant, except as indicated in Section 1.1;
d) Eligible Recipient's overhead costs, its direct or indirect operating or administrative costs, and, more specifically, its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its applicant's staff;
e) costs of feasibility and planning studies for individual Eligible Projects;
f) taxes for which the Eligible Recipient is eligible for a tax rebate and all other costs eligible for rebates;
g) costs of land or any interest therein, and related costs;
h) cost of leasing of equipment by the Local Government, except as indicated in Section 1.1 above;
i) routine repair and maintenance costs;
j) legal fees;
k) administrative costs incurred as a result of implementing this Agreement, subject to 1.2 above; and

l) audit and evaluation costs.

## SCHEDULE C- Eligible Recipient Requirements

Eligible Recipients shall:

1. complete, prior to the fifth year of this Agreement, a Capital Investment Plan. The form and contents of these plans will be developed by the Oversight Committee.

2. over the life of the Agreement, where the Eligible Recipient is a Local Government, develop an Integrated Community Sustainability Plan, either by itself or as part of some higher level of agglomeration. The form and contents of these plans will be developed by the Oversight Committee.

3. commit that the Funds will result in net incremental capital spending on Municipal Infrastructure.

4. ensure the continued use of the generally accepted accounting principles (GAAP).

5. ensure that over the period of April 1, 2005, to March 31, 2010, a Local Government's capital spending on Municipal Infrastructure will not fall below its Base Amount. The methodology for calculating the Base Amount will be developed by the Oversight Committee.

6. permit Canada reasonable access to all records relating to all Eligible Projects that have received Funds.

7. be responsible for the complete, diligent and timely implementation and completion of the Eligible Project.

8. acknowledge that Manitoba or Canada, as the case may be, may hold back Funds if the Eligible Recipient is in default under the Funding Agreement.

9. comply, as necessary, with the Communications Protocol set out in Schedule F.

10. comply with all legislated environmental assessment requirements, and agree that no Funds will be committed to an Eligible Project until all required environmental assessment requirements have been satisfied.

11. implement all mitigation measures identified in any environmental assessment of the Eligible Project.

12. if Funds are paid by Manitoba to the Eligible Recipient in advance of the Eligible Recipient incurring and paying Eligible Costs, invest such Funds in a special account.

Further, if such advanced funds are not paid by the Eligible Recipient, in respect of Eligible Costs, within five (5) years of the advance payment, Manitoba shall withhold further payment of Funds to the Eligible Recipient.

13. (a) retain title to, and ownership of, the Municipal Infrastructure resulting from the Eligible Project for at least ten (10) years after Project completion.

(b) if, at any time within ten (10) years from the date of completion of the Eligible Project, the Eligible Recipient sells, leases, encumbers or otherwise disposes of, directly or indirectly, any asset constructed, rehabilitated or improved, in whole or in part, with Funds contributed by Canada under the terms of this Agreement, other than to Canada, Manitoba, a Local Government or a Crown corporation of Manitoba that is the latter's agent for the purpose of implementing this agreement, the Eligible Recipient shall repay Manitoba, on demand, a proportionate amount of the Funds contributed by Canada, as follows:

| Where Eligible Project asset is sold, leased, encumbered or disposed of: | Repayment of contribution (in current dollars) |
|---|---|
| Within 2 Years after Eligible Project completion | 100% |
| Between 2 and 5 Years after Eligible Project completion | 55% |
| Between 5 and 10 Years after Eligible Project completion | 10% |

14. a) award and manage all contracts for the supply of services and/or material to the Eligible Project ("Contracts") in accordance with the Eligible Recipient's own policies and procedures, and

b) award Contracts in a manner that is transparent, competitive and consistent with value for money principles.

15. acknowledge that it may use Funds to pay up to 100% of Eligible Costs of an Eligible Project, provided that to the extent it is receiving money under an Infrastructure Program, in respect of an Eligible Project to which the Eligible Recipient wishes to apply Funds, the maximum federal contribution limitation set out in any Infrastructure Program contribution agreement made in respect of that Eligible Project shall continue to apply, and Funds paid to the Eligible Recipient shall be deemed to be a federal contribution under the said contribution agreement.

16. Indemnify and save harmless Canada, its officers, servants, employees or agents from and against all claims and demands, losses, costs, damages, actions, suits or other proceedings by whomsoever brought or prosecuted in any manner based upon, or occasioned by any injury to persons, damage to, loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:

a) all Eligible Projects;

b) the performance of this Agreement, or the breach of any term or condition of this Agreement by Manitoba, its officers, employees and agents, or by a Third Party, its officers, employees or agents;

c) the performance of a Funding Agreement, or the breach of any term or condition of a Funding Agreement by an Eligible Recipient, its officers, employees and agents, or by a Third Party, its officers, employees or agents;

d) the design, construction, operation, maintenance and repair of any part of an Eligible Project; and

e) any omission or other wilful or negligent act of Manitoba, an Eligible Recipient or a Third Party and their respective employees, officers or agents.

17. where Manitoba is an Eligible Recipient, Manitoba will comply with, and be subject to, all terms and conditions set out in this Schedule.

## SCHEDULE D – Reporting and Audits

### 1. Reporting

### 1.1 Annual Expenditure Report

1.1.1 The Annual Expenditure Report will report on:
- the amounts received from Canada under this Agreement;
- the amounts paid to Eligible Recipients;
- the amounts received from Canada for future payments to Eligible Recipients;
- amounts paid by Eligible Recipients in aggregate for eligible investments;
- amounts held at year end by Eligible Recipients in aggregate to be paid for eligible investments.

1.1.2 The Annual Expenditure Report will also include a listing of all Eligible Projects that have been approved for funding, indicating the location, investment category, amount and identity of all sources of funding, nature of the investment and expected outcomes.

1.1.3 In the case of Eligible Recipients with a year end other than March 31st, and with the prior approval of Manitoba, the Annual Report may include information, in respect to Eligible Projects related to that Eligible Recipient, to the year end of that Eligible Recipient.

1.1.4 Manitoba will make its best efforts to provide an interim, unaudited version of the Annual Expenditure Report by June 30th of each Fiscal Year.

**1.2 Outcomes Report**

The Outcomes Report will report on the cumulative investments made, including information on the degree to which these investments have actually contributed to the objectives of cleaner air, cleaner water and reduced GHG emissions.

**1.3 Audit Report**

The Audit Report, which includes the results of financial and compliance audits, will provide an opinion as to whether all of the information contained in the Annual Expenditure Report is complete and accurate, and whether Manitoba has complied with all material provisions of this Agreement.

## SCHEDULE D
## Annual Expenditure Report – Template Reporting Format for Funding Flows

| | Annual | Cumulative |
|---|---|---|
| | **01/04/20xx-31/03/20xy** | **Date of signing – 31/03/20xy** |
| Manitoba | | |
| Opening balance of unspent funding | | **xxx** |
| Received from Canada | **xx** | **xxx** |
| Transferred to Eligible Receipients | **(xx)** | **(xxx)** |
| Closing balance of unspent funding | | **xxx** |
| | | |
| Eligible Recipients in aggregate | | |
| Opening balance of unspent funding | | **xxx** |
| Received from province | **Xx** | **xxx** |
| Spent on eligible projects | **(xx)** | **(xxx)** |
| Closing balance of unspent funding | | **xxx** |

## SCHEDULE E – Outcomes and Outputs

The impact of the use of the Funds will be measured through a set of core indicators linked to the following Outcomes and Outputs:

Outcomes:

a) Cleaner Air
b) Cleaner Water
c) Lower GHGs

Outputs:

a) Community Energy Systems
b) Public Transit Infrastructure
c) Water Infrastructure
d) Wastewater Infrastructure
e) Solid Waste Infrastructure
f) Local Roads and Bridges
g) Capacity Building

## SCHEDULE F – Communications Protocol

The Parties agree that Canadians have a right to transparency and public accountability, which is best-served by full information about the benefits of the New Deal for Cities and Communities.

This Communications Protocol establishes the principles and practices that will guide all announcements and events related to this Agreement, funding to Eligible Recipients under this Agreement and the New Deal. Communications activities may include, without limitation, major public events or announcements, or communications products such as speeches, press releases, websites, advertising, promotional material or signage.

**The Parties agrees that:**

1. a public event will mark the signing of this Agreement. This event will be developed by communications officials from Canada and Manitoba, and will provide for municipal involvement and media participation.

2. in addition to joint communications activities, Canada and Manitoba may include messaging in their own communications products and activities around their commitment to the New Deal, and other initiatives and investments in cities and communities.

**The Government of Canada agrees that:**

1. it will make periodic announcements through public events, press releases and/or other mechanisms of the transfer of federal gas tax revenues to Manitoba for allocation to Eligible Recipients within its jurisdiction.

2. it will make regular announcements, on a city, community or regional basis, of projects that have benefited from federal gas tax funds. Key milestones may be marked by public events, press releases and/or other mechanisms.

3. it will report regularly to the public on the outcomes of the investments entered into under this Agreement, including through the Treasury Board Secretariat Canada's Annual Performance Report, and through the National Evaluation described in Section 4 of this Agreement.

**Manitoba agrees that:**

1. all communications referring to projects funded under this Agreement will clearly acknowledge the contributions made by Canada.

2. all communications materials referring to the sharing of federal gas tax revenues

with Eligible Recipients will recognize that this initiative forms part of the New Deal through the use of the Canada wordmark and of a tagline.

3. Manitoba's Funding Agreements with municipalities will include the provisions included this Protocol, particularly that:

    a. all communications by the Eligible Recipient referring to projects funded under this Agreement will clearly recognize Canada's investments.
    b. Eligible Recipients will ensure permanent signage at the location of projects receiving investments under this Agreement, prominently identifying the Government of Canada's investment and including the Canada wordmark. Where there is no fixed location for signage, such as a transit vehicle, a prominent marker will recognize the Government of Canada's contribution. All signage/plaques will be located in such a way as to be clearly visible to users, visitors and/or passersby.

**General**

1. The timing of public events shall be sufficient to allow for all orders of government to plan their involvement. Either Party shall provide a minimum of 21 days notice of an event or announcement.

2. The Parties agree that they and Eligible Recipients will each receive appropriate recognition in joint communications materials.

3. Joint communications material and signage will reflect Government of Canada communications policy, including the *Official Languages Act*, and federal-provincial identity graphics guidelines.

**Assessment**

Communication results will be assessed as part of the evaluation process set out in Section 4.5.2 of the Agreement.