

CANADA - ONTARIO

INFRASTRUCTURE PROGRAM AGREEMENT

Made this 20th day of October, 2000,

BETWEEN

THE GOVERNMENT OF CANADA (herein referred to as "Canada") represented by the President of the Treasury Board in her capacity as Minister responsible for Infrastructure and the Minister of Industry.

AND

THE GOVERNMENT OF THE PROVINCE OF ONTARIO (herein referred to as "Ontario") represented by the Deputy Premier and Minister of Finance.

WHEREAS the Government of Canada outlined in the 1999 Speech from the Throne a new vision of 21st Century infrastructure to improve the quality of life for Canadians and make a long-term contribution towards a dynamic economy;

AND WHEREAS Canada and Ontario agree that an Infrastructure program for the construction, renewal, expansion, or material enhancement of infrastructure throughout Canada will contribute to improving the quality of life for all Canadians and building the foundation for sustained long-term economic growth in the 21st century;

AND WHEREAS Canada and Ontario agree that local governments know the infrastructure needs that contribute most to the quality of life of communities in Canada;

AND WHEREAS Canada and Ontario agree that working in cooperation with local government and the private sector, to maximize the use of their resources and expertise, is to the benefit of Canadians;

AND WHEREAS Canada and Ontario agree that communication with the public will best serve Canadians' right to transparency, public accountability, and full information about the benefits of the Infrastructure program and the contribution of each party;

AND WHEREAS Canada is committed to co-operating with Ontario to provide services in both official languages and to support the development of official language minority communities;

AND WHEREAS the Governor in Council by Order in Council P.C. 2000-1613 has authorized the President of the Treasury Board in her capacity as Minister responsible for Infrastructure together with the Minister of Industry to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council has authorized the Deputy Premier and Minister of Finance to enter into this Agreement on behalf of Ontario;

THEREFORE, in accordance with the principles set out above, Canada and Ontario hereby agree as follows:

1 INTERPRETATION

Definitions

- 1.1 In this Agreement, unless the context requires otherwise,
- (a) "Agreement" means this agreement, together with Schedules A, B and C thereto;
 - (b) "Applicant" means an applicant for a contribution to a Project pursuant to the Infrastructure program, and Eligible Applicants and Non-eligible Applicants have the meanings assigned by section A.1.1 and A.1.2 of this Agreement;
 - (c) "Co-chairs" means the two Co-chairs of the Management Committee appointed under subsection 3.2, or their substitutes;
 - (d) "Eligible Costs" and "Ineligible Costs" have the meanings assigned by subsections A.1.6 and A.1.7;
 - (e) "Federal Implementing Minister" means the Minister of Industry and includes anyone authorized to act on the Minister's behalf;
 - (f) "Federal Ministers" means the Minister responsible for Infrastructure and the Federal Implementing Minister;
 - (g) "First Priority Projects" include Projects listed in subsection A.1.4;
 - (h) "Fiscal Year" means the period beginning April 1 of a year and ending March 31 of the following year;
 - (i) "Infrastructure" means publicly or privately owned fixed capital assets in Canada for public use or benefit;
 - (j) "Local Government" means a regional municipality, city, town, village, township and any other public authority responsible for delivering local services in Ontario if that authority is approved by the Management Committee;
 - (k) "Management Committee" has the meaning ascribed in section 3.1;
 - (l) "Ministers" means the Federal Ministers and the Provincial Minister;
 - (m) "Minister responsible for Infrastructure" means the President of the Treasury Board of Canada in her capacity as Minister responsible for Infrastructure and includes anyone authorized to act on the Minister's behalf;

- (n) "Project" means an Infrastructure project nominated or approved under this Agreement, and "Eligible Project" has the meaning assigned by subsection A.1.3 and A.1.4;
- (o) "Provincial Minister" means the Deputy Premier and Minister of Finance or any Provincial Minister subsequently charged with this responsibility, and includes anyone authorized to act on his/her behalf;
- (p) "Secondary Priority Projects" include Projects listed in paragraph A.1.4;
- (q) "Third Party" means any person, other than a Party or Applicant that is involved in a Project under the Infrastructure program.

- 1.2 Words in the singular include the plural, and words in the plural include the singular, as the context requires.
- 1.3 All Schedules to this Agreement form part of the Agreement.
- 1.4 Canada and Ontario are the Parties to this Agreement.
- 1.5 The purpose of this Agreement is to enable the Parties to undertake the Infrastructure program, by defining their roles and responsibilities, the processes and rules for managing and administering this Agreement, and the obligations and undertakings on the part of each Party.

2 PURPOSE, OBJECTIVES AND SCOPE

- 2.1 The purpose of the Infrastructure program is to improve urban and rural municipal infrastructure in Canada and Ontario. Infrastructure program objectives include improving Canadians' quality of life through investments that:
 - Enhance the quality of Canada's environment
 - Support long-term economic growth
 - Improve community infrastructure
 - Build 21st century infrastructure through best technologies, new approaches and best practices.
- 2.2 The scope of investments (as set out in Schedule A) supporting the objectives of the Infrastructure program include:
 - (a) as a first priority, green municipal infrastructure; and
 - (b) as secondary priorities, local transportation infrastructure, cultural and recreational infrastructure, infrastructure supporting tourism, rural and remote telecommunications, high-speed Internet access for local public institutions, and affordable housing.

3 ROLES AND RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE

Establishment and Membership

- 3.1 A Management Committee shall be established to administer and manage this Agreement. The Management Committee shall consist of two Federal Members (to be appointed by the Minister responsible for Infrastructure) and two Provincial Members (to be appointed by the Provincial Minister). The Management Committee shall continue to exist and operate for as long as necessary to meet the requirements of the Agreement.
- 3.2 The Management Committee shall be headed by two Co-chairs, a Federal Co-chair (appointed by the Minister responsible for Infrastructure from the two Federal Members), and a Provincial Co-chair (appointed by the Provincial Minister from the two Provincial Members). In the case of a Co-chair's absence or inability to act, the Federal Member not appointed as Co-chair shall act as the substitute for the Federal Co-chair and the Provincial Member not appointed as Co-chair shall act as the substitute for the Provincial Co-chair.

Internal Rules of the Management Committee

- 3.3 The Management Committee shall meet at such places and on such dates as may be agreed by the Co-chairs or their substitutes. The Co-chairs may alter the timetable to meet the demands on the Management Committee. A quorum for all meetings of the Management Committee shall be the two Co-chairs or their respective substitutes.
- 3.4 The Management Committee shall establish sub-committees (including the membership of the subcommittees) as required from time to time to carry out this Agreement.
- 3.5 The Management Committee shall establish all rules and procedures with respect to its own meetings and meetings of sub-committees of the Management Committee, including rules for the conduct of meetings and decision-making where the members are not physically present.
- 3.6 The Management Committee shall develop, where appropriate, and in a timely manner, administrative guidelines for the application, assessment, approval, reporting, implementation and evaluation processes of Projects.
- 3.7 The Management Committee shall establish integrated administrative arrangements to support the administration of this Agreement, including the sharing of information about applications and proposed Projects.

Project Review, Selection and Approval

- 3.8 The Project application and review process shall include the following steps:
 - (a) All applications for infrastructure funding from Local Governments in Ontario shall be forwarded to Ontario. The Provincial Co-chair shall

inform the Federal Co-chair, on an ongoing basis, of applications received.

- (b) The Management Committee shall make a preliminary determination as to whether projects are consistent with Schedule A of this Agreement and with the terms and conditions of Ontario's infrastructure programs and as to whether a project may be eligible for funding under this Agreement.
- (c) For those projects that are determined to be eligible under 3.8 (b), the Federal Co-chair shall provide Ontario with comments in advance of their consideration by the Executive Council of Ontario.
- (d) The federal Co-chair's comments under 3.8 (c) shall be considered by Ontario in determining which projects Ontario will nominate.

3.9 After a Project has been nominated by the Ontario Co-chair under subsection 3.8 (d) of this Agreement, the Management Committee shall:

- (a) ensure that Project applications (i) are consistent with the objectives and investment targets of the Infrastructure program, (ii) meet the eligibility criteria, and are ranked appropriately, according to the criteria set out in Schedule A, (iii) are structured so that any ongoing operating costs are borne by the Applicant or a Third Party and (iv) are supported by a business case;
- (b) ensure that environmental assessments of Projects to be funded under this Agreement have been completed in accordance with the requirements of the applicable environmental legislation of Canada and Ontario;
- (c) make a recommendation about approval (i) in respect of all Projects nominated pursuant to this Agreement, and (ii) in respect of any material changes to the scope of a Project approved pursuant to this Agreement;
- (d) ensure that any Project approval decision is made before April 1, 2005, and that no Project is approved if its expected completion date extends beyond March 31, 2006;
- (e) consider amendments to Projects (other than changes in scope approved under paragraph c)), provided they are submitted to the Management Committee no later than March 31, 2007;
- (f) ensure that all contracts awarded for the implementation of a Project incorporate the relevant provisions of this Agreement.

Decisions

3.10 The decisions, approvals and recommendations of the Management Committee will be made or given upon agreement by the Co-chairs. The signatures of both Co-chairs shall be sufficient verification, for the purposes of this Agreement, of any such decision, recommendation or approval by the Management

Committee. Decisions of the Management Committee can be acted upon only if agreed by the Co-chairs. Decisions under this Agreement shall be issued by a joint letter to the Applicant signed by both Co-chairs.

Responsibility for Administering the Agreement and Other Related Responsibilities

- 3.11 The Management Committee shall be responsible for the administration and management of this Agreement, and without limiting the generality of the foregoing, shall:
- (a) ensure the implementation of the Communications Protocol, the Audit Framework, and other provisions of this Agreement;
 - (b) carry out any other duties, powers and functions specified elsewhere in this Agreement or as may be assigned to the Management Committee by the Ministers to accomplish the Purpose of this Agreement;
 - (c) provide annual audit plans and reports, and such other reports as necessary to the Ministers.
- 3.12 The Minister responsible for Infrastructure and the Provincial Minister shall establish one or more Federal-Provincial Local Government committees on Infrastructure for the purpose of consulting Local Governments on program design, program implementation and communications. The committee(s) will include local government representation from the Association of Municipalities of Ontario and other local government representation as appropriate. The committee(s) shall meet at a minimum biannually.

4 PROJECT IMPLEMENTATION

- 4.1 It shall be the responsibility of Ontario to ensure that all Projects approved under the terms of this Agreement are implemented.
- 4.2 The Parties shall comply with, and ensure that the Applicant and any Third Party complies with, all applicable environmental legislation of Canada and Ontario in the implementation of any Project under this Agreement. The Parties will cooperate to ensure an efficient and timely environmental assessment process.

5 CONTRACT PROCEDURES

- 5.1 All contracts to be entered into by Ontario or by any Applicant, with a Third Party for the implementation of a Project shall be awarded and administered in accordance with the administrative, management and contract procedures within Ontario.
- 5.2 All contracts entered into pursuant to Section 5.1 shall be consistent with and shall incorporate the relevant provisions of this Agreement and (without limiting the foregoing) Ontario shall ensure that such contracts include the following provisions:

- (a) proper and accurate accounts and records shall be maintained with respect to the Project;
- (b) the Parties and any member of the Management Committee, or their designates, shall be permitted, at all reasonable times, to inspect the terms of the contract and any records and accounts respecting the Project;
- (c) all applicable labour, environmental and human rights legislation shall be complied with;
- (d) the Third Party shall be solely responsible for and shall save harmless and indemnify Canada, Ontario and their Ministers, officers, employees and agents from and against all claims, liabilities, and demands of any kind with respect to any injury to persons (including, without limitation, death), damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from (i) the Project; (ii) the performance of the contract or the breach of any term or condition of the contract by the Third Party or its officers, employees or agents; (iii) the on-going operation, maintenance and repair of the Project; or (iv) any omission or any wilful or negligent act of the Third Party or its officers, employees or agents;
- (e) Applicants and Third Parties who are dissatisfied with decisions of the Parties affecting their Project may, in addition to any other remedy, lodge a complaint with the Management Committee;
- (f) Nothing in this Agreement shall be construed as authorizing any Third Party to contract for or to incur any obligation on behalf of either Party or to act as agent for either Party.

5.3 Upon the completion of any Project, Ontario, the Applicant or any Third party to whom is assigned the on-going responsibility for such Project shall take over full responsibility for that Project's operation, maintenance and repair, except where Canada and Ontario have specifically agreed otherwise.

6 FINANCIAL PROVISIONS

- 6.1 Subject to the terms and conditions of this Agreement and subject to the express condition that there be an appropriation by the Parliament of Canada for the funds necessary for the Fiscal Year in which they are required, the total contribution by Canada under this Agreement shall not exceed \$680,723,000.
- 6.2 The contribution by Canada with respect to any one Project shall not exceed one third (1/3) of the total Eligible Costs approved for that Project, except as otherwise provided in subsection 6.3 of this Agreement.
- 6.3 Canada may fund more than one-third (1/3) of the Eligible Costs of a specific Project provided that, at the end of each Fiscal Year, Canada's share of Eligible

Costs for all Projects approved under this Agreement does not exceed one-third (1/3).

- 6.4 Canada will match Ontario's proposed contribution to the Eligible Costs of a specific Project, provided that the Federal Co-chair indicated agreement to do so for that Project as part of Canada's position under paragraph 3.8.
- 6.5 Ontario, the Applicant and any Third Party may not receive funding from any other federal sources for any Project approved pursuant to this Agreement.
- 6.6 Each Party, in accordance with the terms and conditions of this Agreement (and the Applicant, where applicable and at the demand of Ontario), shall be responsible for contributing their share of the Eligible Costs of a Project approved and implemented under this Agreement.

7 PAYMENT PROCEDURES

- 7.1 Payments by Canada shall be promptly made to Ontario on the basis of progress claims setting out the costs actually incurred and paid for the Project, submitted in a form and verified in a manner satisfactory to Canada.
- 7.2 In order to assist with the interim financing of any Project, Canada may make interim payments to Ontario, in accordance with the Treasury Board of Canada's *Policy on Transfer Payments*, towards Canada's share of claims submitted, where those claims are based on estimates, certified by a senior officer of Ontario, of costs actually incurred by Ontario.
- 7.3 Ontario shall account for each interim payment by submitting to Canada, within ninety (90) days after such payment by Canada, a detailed statement of the Eligible Costs actually incurred and paid, verified in a manner satisfactory to Canada. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually paid by Ontario shall be promptly adjusted between the Parties.
- 7.4 Notwithstanding anything in subsection 7.2, Ontario shall not be entitled to any interim payment in a subsequent Fiscal Year until all such payments received by Ontario in a previous Fiscal Year have been repaid or accounted for in a manner satisfactory to Canada.
- 7.5 Canada shall reimburse Ontario, from the funds allocated in subsection 6.1, up to 1% of that amount for the salaries and other employment benefits of any employee of Ontario engaged solely and specifically for the purpose of implementation of this Agreement through integrated administrative arrangements, as well as other operating costs actually incurred, as determined and approved by the Management Committee.
- 7.6 No claim shall be paid by the Parties unless it is received on or before March 31 of the year following the Fiscal Year in which the Eligible Cost is incurred and in all circumstances, no later than March 31, 2007.

- 7.7 The Management Committee shall not consider cost overruns on Projects approved under this Agreement, other than in exceptional circumstances where
- (a) the entity implementing the Project informs the Management Committee as soon as it becomes aware that a cost overrun is probable;
 - (b) the Management Committee approves the inclusion of the cost overrun as justifiable; and
 - (c) funds are available to cover the cost overrun.

8 AUDIT AND INSPECTION

- 8.1 Canada and Ontario shall ensure that proper and accurate accounts and records are maintained with respect to each Project undertaken pursuant to this Agreement and shall, upon reasonable notice, make such accounts and records available for inspection.
- 8.2 Accounts and records shall be maintained for a period of at least three years after the final settlement of accounts with respect to a Project.
- 8.3 Each of the Parties may inspect the amounts of all claims in respect of any Project implemented under this Agreement and the accounts and records related thereto. Any discrepancy between the amounts paid by any of the Parties and the amount payable under this Agreement shall be promptly adjusted between the Parties.
- 8.4 Each of the Parties will provide to any member of the Management Committee on request all information in its custody and under its control that would indicate whether a Project has actually been undertaken or completed, the benefits achieved, and the costs incurred with respect thereto.
- 8.5 The Management Committee shall ensure that the expenditures incurred under the Agreement are audited annually in accordance with the Audit Framework attached hereto as Schedule "B".

9 PROGRAM EVALUATION

- 9.1 Canada and Ontario agree to co-operate with respect to evaluations of the Infrastructure Program.
- 9.2 Canada shall undertake an interim national evaluation of the Infrastructure program within the twelve months following March 31, 2003 and a final national evaluation no later than twelve months after March 31, 2006. Costs associated with the national evaluation shall be borne by Canada.
- 9.3 Ontario may carry out an evaluation of Projects undertaken pursuant to this Agreement, with costs to be borne by Ontario.
- 9.4 The Management Committee may choose to undertake an evaluation of the Projects approved in Ontario pursuant to this Agreement on a shared cost basis

and shall approve the terms of reference for such an evaluation before it is undertaken, including a budget for the evaluation.

- 9.5 Each Party will provide the other with all relevant information as may reasonably be required to undertake such evaluations.

10 COMMUNICATIONS

- 10.1 Canada and Ontario hereby agree to undertake the development and delivery of a Communication Plan for the term of this Agreement which will enhance opportunities for appropriate, continuous and consistent recognition for co-operative activities under this Agreement. The mechanisms thereof are specified in the Communications Protocol, Schedule "C" to this Agreement.

11 INFORMATION MANAGEMENT SYSTEM

- 11.1 Canada will develop a national Shared Information Management System for Infrastructure (SIMSI) to support the delivery of the Infrastructure program by providing on-line Project registration, approval, monitoring, and reporting capabilities. Costs associated with the design, development, implementation and maintenance of the system will be borne by Canada.
- 11.2 Should the Parties agree to co-operate on information management in the implementation of this Agreement, the Parties will enter into a mutually acceptable memorandum of understanding governing the manner by which, and the purposes for which, SIMSI will be used as it relates to carrying out the terms of the Agreement.
- 11.3 The Management Committee shall determine the manner of use and purposes for which SIMSI will be used, as they relate to the carrying out of the terms of the Agreement. Canada will not disclose project-specific information elsewhere without seeking Ontario's prior approval.

12 GENERAL

- 12.1 This Agreement will be effective as of October 25, 2000 and will terminate on March 31, 2007.
- 12.2 Canada shall provide to Ontario copies of executed agreements or amendments thereto dealing with the Infrastructure program entered into with other provinces and territories.
- 12.3 Where Canada and Ontario agree, provisions from the agreements or amendments in subsection 12.2 may be substituted or added to this Agreement.
- 12.4 Canada and Ontario will agree upon the date on which provisions substituted or added in the agreement under subsection 12.3 shall take effect.
- 12.5 This Agreement may be amended from time to time on written agreement of the Federal Ministers and the Provincial Minister. It is expressly agreed and

understood, however, that any amendment to Section 2, Section 6 or subsection 12.1 (termination) will require approval by the Governor in Council.

- 12.6 No member of the House of Commons or of the Senate of Canada or of the Legislative Assembly of Ontario shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement or to any benefit arising therefrom.
- 12.7 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 Applicant 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 Ontario shall take reasonable steps to ensure any agreement between Ontario and an Applicant or a Third Party contains a provision to that effect.
- 12.8 All property including patents, copyrights and other intellectual property and any revenue acquired as a result of the work performed under any Projects shall be disposed of, licensed or otherwise dealt with as the Management Committee may from time to time determine.
- 12.9 Notwithstanding any other provision of this Agreement, all obligations of Canada incurred by virtue of this Agreement shall be subject to the Financial Administration Act (Canada).
- 12.10 Notwithstanding any other provision of this Agreement, all obligations of Ontario incurred by virtue of this Agreement shall be subject to The Financial Administration Act (Ontario).

13 DISPUTE AVOIDANCE

- 13.1 The Parties will keep each other informed, by way of exchange of information within the Management Committee, of potentially contentious issues, and will attempt to resolve such issues at the Management Committee level.
- 13.2 When an issue arises that is not resolved at the Management Committee level, the Federal Co-chair or the Provincial Co-chair may give notice in writing to the other Co-chair, calling for a meeting of the Co-chairs 14 days after the notice is given. The Co-chairs may agree to hold the meeting at an earlier date. The notice will describe the point in issue and will include factual information material to the issue.
- 13.3 If the Co-chairs fail to meet within the 14 day period, or if they meet but are unable to resolve the issue to their mutual satisfaction within 7 days of the meeting, either Co-chair may give notice to the other that the issue remains outstanding, and whether it is considered breach of an essential element of the Agreement.
- 13.4 If substantially the same issue arises again, in respect of the same Project or a different Project, either Co-chair may give notice to the other that the issue is outstanding, without following the procedures in sections 13.3 and 13.4 above.

- 13.5 Except as provided below, where there is a dispute, the Infrastructure program will continue to operate in all other respects.
- 13.6 Where notice has been given under subsection 13.3 or 13.4 that the issue remains outstanding, the Co-chairs will submit the issue to Ministers responsible for the Agreement.
- 13.7 Any dispute arising from contracts entered into pursuant to section 5.1 of this Agreement shall be submitted to and determined by the court having jurisdiction and governing said contracts.

This Agreement has been executed on behalf of Canada by the President of the Treasury Board in her capacity as Minister responsible for Infrastructure and the Minister of Industry and on behalf of Ontario by the Deputy Premier and Minister of Finance.

GOVERNMENT OF ONTARIO

GOVERNMENT OF CANADA

Original signed by

Original signed by

Ernie Eves

Lucienne Robillard

Deputy Premier and Minister of Finance

President of the Treasury Board and
Minister responsible for Infrastructure

Brian Tobin

Minister of Industry

CANADA - ONTARIO
INFRASTRUCTURE PROGRAM AGREEMENT
PROJECT REVIEW AND SELECTION FRAMEWORK

A.1 ELIGIBILITY AND SCREENING CRITERIA

Eligible Applicants

A.1.1 Eligible Applicants are:

- (a) Any Local Government proposing an Infrastructure Project; and
- (b) Any Local Government or body corporate (whether public or private) whose Project is nominated by Canada or Ontario. Nomination under this provision is for Projects that are strategic, cross-regional or multiparty in nature, with significant regional, environmental or economic benefits.

Non-Eligible Applicants

A.1.2 Departments, Ministries and Agencies of Canada or Ontario, departmental corporations or Crown corporations owned or controlled by Canada or Ontario, are not Eligible Applicants.

Eligible Projects

A.1.3 Eligible Projects must be a construction, renewal, expansion, or material enhancement of Infrastructure for public use or benefit. For purposes of this Agreement, transit vehicles powered by alternative fuels shall be deemed to be fixed capital assets.

A.1.4 The types of Infrastructure Projects that meet/support the objectives of the Agreement include but are not limited to the following:

- (a) First Priority Projects

Green Municipal Infrastructure, including water and wastewater systems, water management, storm water management, solid waste management and recycling, capital expenditures to retrofit or improve the energy efficiency of buildings and facilities owned by Local Governments.

- (b) Secondary Priority Projects

- Local transportation infrastructure, such as urban transit, including subway systems, commuter rail, light rail, and transit buses using

alternative fuels; roads, bridges, tunnels, intelligent transportation systems technology, and public wharves, docks, piers and terminals.

- Cultural and recreational facilities, such as local museums, designated local heritage sites, other cultural assets such as art galleries, performing arts facilities, cultural/community centres, recreational and sports facilities, and libraries.
- Infrastructure supporting tourism, such as basic municipal infrastructure to support or provide access to tourist facilities, major public attractions, convention or trade centres, and exhibition buildings.
- Rural and remote telecommunications such as fibre optic or copper cable, radio or satellite links in rural areas.
- High-speed Internet access for local public institutions such as schools, museums, and libraries, community centres or municipal buildings.
- Affordable housing: construction of rental housing, including related infrastructure such as site preparation and utility extensions, that would rent at, or below, average market rental rates in a particular community and would therefore be affordable to moderate income households, as defined by the Canada Mortgage and Housing Corporation.

Non-eligible Projects

A.1.5 Projects dealing mainly with assets owned by Canada or Ontario are not eligible projects, except where those assets are of a type normally owned or operated by municipalities, or for local use and benefit as determined by the Management Committee.

Eligible Costs

A.1.6 Eligible Costs mean all direct costs properly and reasonably incurred and paid solely and specifically by an Applicant or Third Party, which are invoiced against a contract for goods and/or services necessary for the due implementation of a Project, including:

- (a) the capital costs (as defined and determined by the Generally Accepted Accounting Principles which are in effect in Canada, including those published in the handbook of the Canadian Institute of Chartered Accountants) of acquiring, constructing or renovating a fixed capital asset;
- (b) the salaries, fees, remuneration paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake the design, engineering, manufacturing or construction of an Eligible Project and related facilities and structures, where applicable;

- (c) any other costs which are incurred and paid in the implementation of a Project that are approved in advance by the Management Committee; and
- (d) communications costs (as specified in Schedule C) that are approved in advance by the Management Committee.

Ineligible Costs

A.1.7 Project costs related to the following are not eligible:

- (a) services or works normally provided by an Applicant or any other agency of an Applicant in the course of implementing a Project;
- (b) the salaries and other employment benefits of any employees, overhead costs as well as other direct or indirect operating or administrative costs of an Applicant and more specifically these costs as related to planning, engineering, architecture, supervision, management and other services provided by an Applicant's permanent staff;
- (c) feasibility and planning studies other than costs for those studies specifically approved by the Management Committee pursuant to section A.1.6(c);
- (d) provincial sales tax and the Goods and Services Tax for which the Applicant or a Third Party is eligible for a tax rebate and all other costs eligible for rebates;
- (e) the purchase of lands or any interest therein;
- (f) leasing land, buildings, equipment and other facilities other than capital leases for such property specifically approved by the Management Committee pursuant to section A.1.6(a);
- (g) contributions or commitments in kind; and
- (h) the general/periodic repair or maintenance of a roadway and related structures or an existing facility and/or equipment therein.

Project Statement and Supporting Documentation

A.1.8 An Applicant must submit a Project statement demonstrating the following:

- (a) how the proposed Project is situated within, and advances, the relevant Local Government's development plan(s);
- (b) how the proposed Project contributes to environmental, economic, community and innovation objectives specified in this Agreement;
- (c) how the financial support of Canada and Ontario is required to enable the implementation, enhance the scope, or accelerate the timing of the proposed Project;

- (d) how the Applicant intends to comply with the applicable environmental assessment requirements of the Agreement;
- (e) that the proposed Project uses the best available, economically feasible, technology; and
- (f) such other information that the Management Committee may request.

A.1.9 With respect to paragraph A.1.1 (a), an Applicant must provide evidence that a Project proposal has been duly authorized or endorsed by a resolution of its Council, Board of Directors or other governing body. The Applicant must also provide evidence of its commitment to pay its share of the Eligible Costs and ongoing operating costs of the Project.

A.1.10 With respect to paragraph A.1.1. (b), an Applicant must provide evidence that a Project proposal has been duly authorized or endorsed, (i) in the case of a Local Government, by its Council, or (ii) in the case of a body corporate (public or private), by its Council, Board of Directors, or other governing body and by the Council of the municipality or municipalities that will benefit from the Infrastructure Project. The Applicant must also provide evidence of its commitment to pay its share of the Eligible Costs and ongoing operating costs of the Project.

A.2 RANKING CRITERIA

A.2.1 The Management Committee will assign a ranking to First Priority Projects and Secondary Priority Projects taking into account the number of the following criteria satisfied by a particular Project:

- (a) Enhancement of the quality of the environment by
 - Improving water quality
 - Improving air quality
 - Improving water and waste water management
 - Improving solid waste management
 - More efficient energy use
- (b) Support of long-term economic growth by
 - Increasing economic opportunity in communities
 - Safer and more efficient movement of people and goods
 - Increasing access to the new economy through improved telecommunications for local public institutions or remote and rural areas
 - Increasing tourism opportunities
- (c) Improvement of community infrastructure by

- Increasing community public safety and environmental health
 - Increasing supply of affordable housing
 - Supporting Canadian heritage and culture
 - Increasing access to local recreational facilities
 - Supporting the development of English and French linguistic minority communities
- (d) Building 21st century infrastructure through encouraging best technologies, new approaches and best practises by
- Encouraging innovation
 - Encouraging the use of new approaches and best practices
 - Encouraging more efficient use of existing infrastructure
 - Promoting partnership contributions.

A.3 EXPENDITURE/INVESTMENT TARGETS

- A.3.1 A Minimum of 40% of the total approved costs for all Projects will be devoted to First Priority Projects.
- A.3.2 A minimum of 15% of the total approved costs for all Projects will be devoted to Projects in rural communities. (This percentage is based on Statistics Canada data for *the Rural and Small Town Canada* population of Ontario according to the 1996 Census, being the population outside the commuting zone of larger urban centres. This percentage will be used over the life of the Infrastructure program.)
- A.3.3 The above investment targets are not mutually exclusive.
- A.3.4 Projects nominated by Canada and Ontario pursuant to paragraph A.1.1 (b) will be limited to a maximum of 20% of the total approved costs for all Projects.

A.4 NOTIONAL SPENDING PROFILE

A.4.1 The total contribution by Canada under this Agreement will be notionally allocated as follows:

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	TOTAL
\$30,040,000	\$114,097,000	\$132,080,000	\$132,700,000	\$135,972,000	\$135,834,000	\$680,723,000

A.4.2 Should any of the above annual allocations not be expended in a Fiscal Year, subject to subsection 6.1, Canada will provide the lapsed amounts in a subsequent Fiscal Year.

CANADA - ONTARIO
INFRASTRUCTURE PROGRAM AGREEMENT
AUDIT FRAMEWORK

B.1 PURPOSE

B.1.1 The purpose of the audit framework is to provide independent and objective assurances that:

- The management framework is appropriate, provides due consideration to risk assessment and management, and ensures compliance with the terms and conditions of this Agreement;
- The funds are spent for the purposes intended and with due regard to economy, efficiency and effectiveness;
- Applicants comply with their environmental obligations or conditions attached to the approval of their Projects; and
- Appropriate systems and procedures are in place to collect relevant, reliable information on the results of the Infrastructure program for evaluation purposes.

B.2 AUDIT OBJECTIVES

B.2.1 The key objectives of audits to be conducted pursuant to the Agreement are to:

- Assess the overall management and administration of the Infrastructure program;
- Determine whether funds were expended for the purposes intended and with due regard to economy, efficiency and effectiveness, by examining payment approval processes, including nature and extent of supporting documentation, accuracy of claim information and evidence of proper authorizations and such other due diligence reviews as appropriate;
- Evaluate Project compliance with appropriate environmental legislation and regulations, including screening, assessment and follow-up processes (Note: while the focus is primarily on appropriateness of the environmental management system and compliance, there may be instances where an independent environmental audit is required);
- Ensure that Project and Infrastructure program information and monitoring processes and systems are sufficient for the identification, capture, validation and the monitoring of achievement of intended benefits; and
- Ensure that prompt and timely corrective action is taken on audit findings.

B.3 ROLES AND RESPONSIBILITIES

- B.3.1 Governance of the audit function will be the responsibility of the Management Committee. The Management Committee will ensure resources are set aside for audits; establish annual audit plans; oversee the conduct of audits and the reporting of audit results; and ensure that prompt and timely corrective action is taken in response to audit findings, including the recovery of funds if applicable.
- B.3.2 The Management Committee will submit to Ministers a copy of their annual audit plans, the annual audit reports and a report on the corrective action taken if applicable.

B.4 AUDIT PLAN

- B.4.1 The Management Committee will ensure that an annual audit plan is developed that includes the following elements:

(a) Interjurisdictional Collaboration

The Management Committee, in developing the audit plan, will adopt a collaborative approach to planning and conducting audits in order to avoid unnecessary duplication or overlap in audit activities and to build on existing audits where possible.

(b) Scope of Audit Activities

The audit plan will describe the scope of audit activity to be undertaken each year. Audit plans are to be developed based on a risk management approach and should specify:

- the audit objectives to be addressed in audits to be carried out that year;
- the numbers of Projects of various sizes and scope to be audited;
- the nature of the risks or issues that are to be the focus of audits; and
- the reporting of audit results.

(c) Timing and Reporting of Audits

The annual audit plan should indicate the proposed time frame for starting and completing audits and for the reporting of audit findings. Pursuant to the review policies of the Treasury Board of Canada and the Management Board of Ontario, the Management Committee will be responsible for ensuring that all audit and review results are accessible to the public in a manner consistent with the above-mentioned policy.

(d) Methodology

The annual audit plan should outline the methodologies to be used for each audit, including the use of audits being carried out as part of the audit plans of Canada, Ontario or the Applicant.

(e) Level of Resources

The annual audit plan should specify the level of resources – financial and human – to be allocated to the conduct and management of audits and the share of these resources to be provided by the Parties.

(f) Audit Standards

All audits to be carried out under this Agreement are to be carried out according to accepted national or federal government audit standards for the specific type of audit to be carried out. The applicable standards include the Generally Accepted Auditing Standards and Standards for Assurance Engagements issued by the Canadian Institute of Chartered Accountants.

B.5 PROJECT INFORMATION

- B.5.1 The Management Committee shall ensure that all Project eligibility, selection, implementation and management, and performance monitoring data and information required for auditing a Project is collected and made accessible to auditors.

CANADA - ONTARIO
INFRASTRUCTURE PROGRAM AGREEMENT
COMMUNICATIONS PROTOCOL

C.1 GENERAL

- C.1.1 Canada and Ontario agree to undertake joint communications activities and products that will enhance opportunities for open, transparent, effective and pro-active communications with Canadians through appropriate, continuous and consistent public information activities that recognise the contribution of the Parties and the Applicants under this Agreement.
- C.1.2 The mechanisms for such communications and public information activities and products shall be determined by the Management Committee which may establish a Communications Sub-committee to provide it with advice and support on such matters. The sub-committee shall be comprised of at least one federal representative and one provincial representative.
- C.1.3 All public information material in relation to this Agreement shall be in both official languages and indicate that Projects are being implemented pursuant to this Agreement. All such material shall fairly reflect the contribution of the Parties and the Applicants. This includes ensuring equal recognition and prominence where words, logos, symbols and other types of identification are incorporated into materials.
- C.1.4 All public information material or signage related to the Infrastructure program shall be produced in accordance with the Federal Identity Program and Government of Ontario identity program.

C.2 COMMUNICATING WITH APPLICANTS

- C.2.1 All written communications with Applicants including Project approval notifications and other related information shall be prepared on letterhead specifically identifying the Canada – Ontario Infrastructure program. Project approval notifications shall be signed by both Co-chairs.
- C.2.2 All public information material related to calls for tendering shall clearly and prominently indicate that the Project is funded pursuant to this Agreement.

C.3 COMMUNICATING WITH THE PUBLIC

Public Information Products

- C.3.1 The Management Committee may develop information kits, brochures, public reports, and web site material to inform potential Applicants and the public about the Infrastructure program.

News Release

- C.3.2 The Parties shall issue a joint news release when this Agreement is signed. The Parties shall issue joint news releases after the approval of individual Projects. In all such news releases, the Parties and the Applicant shall receive equal prominence. The Parties shall mutually agree on the use of quotes from the designated representatives of Canada, Ontario or the Applicant in the news releases.

News Conferences

- C.3.3 Canada and Ontario agree to hold news conferences at the request of either Party. The requestor shall provide at least 14 days notice of such a news conference. The Federal Ministers and the Provincial Minister, or a designated representative of either Party, will participate in such news conferences to take place at a mutually agreed date and location.

Public Announcements, Official Events or Ceremonies

- C.3.4 An official ceremony shall be held when this Agreement is signed. No public announcement of a Project under this Agreement shall be made by either Party or an Applicant without the prior consent of the Management Committee.
- C.3.5 Canada shall receive at least 14 days notice of any proposed public announcement or official ceremony related to a Project approved under this Agreement. The Federal Ministers, or a designated representative of the Federal Ministers, shall participate in such announcements or ceremonies, to take place at a mutually agreed date and location.
- C.3.6 The Parties shall co-operate in the organization of announcements or ceremonies and a mutually agreed-upon protocol for order of precedence shall be followed. Messages and public statements for such events should be mutually agreed upon. The Management Committee, following the advice of the Communications Sub-committee may recommend special events and ceremonies be held where and when appropriate.

Signage

- C.3.7 The Management Committee shall ensure that the Applicant provides and installs temporary signage at a prominent location where there is visible activity related to an approved Project, indicating that the Project is an Infrastructure

Canada – Ontario Project, and bearing any other such message approved by the Management Committee.

- C.3.8 Design, wording and specifications of joint signs shall reflect the participation of Canada and Ontario, and must be approved by the Management Committee. Wording in both official languages, designs, and logos should be of same size and occupy the same amount of space. Signs shall have appropriate space indicating participation by the Applicant, if requested.
- C.3.9 The Management Committee shall issue specifications for signs and timeframes for their installation. Temporary signs must be removed within 90 days of Project completion.
- C.3.10 Canada and Ontario may provide and install, upon completion of Projects, where feasible, a plaque or permanent sign bearing an appropriate inscription. The design, wording and specifications of such permanent signs shall be in accordance with subsections C.1.4 and C.3.8 and must be approved by the Management Committee.

Advertising

- C.3.11 Either Party may organise an advertising or public information campaign related to the Infrastructure program, however, it shall inform the other Party at least 14 days before it is launched of the contents of the messages.

C.4 COST SHARING

- C.4.1 Unless otherwise agreed by the Management Committee, Canada and Ontario will each assume half the costs associated with the development and delivery of communications products and activities. This would apply to literature, letterheads, media distribution, organisation of joint special events, translation and other material, as established by both parties.
- C.4.2 Costs associated with any public announcement and official ceremony incurred by the Applicant shall be Eligible Costs. Other costs incurred by the Parties to organise such events would be borne by the Parties using an equitable cost-sharing formula.
- C.4.3 Costs associated with any temporary or permanent signage incurred by the Applicant shall be Eligible Costs. If such costs are incurred by the Parties they would be borne by the Parties using an equitable cost-sharing formula.