

CANADA – NORTHWEST TERRITORIES



**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 10, 2005,

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

AND: **THE GOVERNMENT OF THE NORTHWEST TERRITORIES** (“Northwest Territories”) represented by the Minister of Municipal and Community Affairs (“Territorial Minister”).

PREAMBLE

WHEREAS Canada and Northwest Territories wish to cooperate in making a transformative difference in the sustainability and future prosperity of cities and communities in Northwest Territories 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 Northwest Territories 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 Northwest Territories may enter into separate agreements, including possible trilateral agreements, to support sustainability objectives.

AND WHEREAS The Northwest Territories Executive Council, on October 27, 2005, authorized the Minister of Municipal and Community Affairs to enter into, on behalf of the Government of the Northwest Territories, a multi-year agreement with Infrastructure Canada, the Government of Canada, for the Gas Tax Fund Program.

Principles

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

- a. **Principle 1 – Respect for jurisdiction:** Respect for the jurisdiction of Northwest Territories over municipal institutions. The desire to recognize Canada’s contribution wherein it meets the specific needs of cities and communities in Northwest Territories. The commitment of Canada and Northwest Territories to recognize the merit of partnerships across all levels of government to support the New Deal.
- b. **Principle 2 – A flexible approach:** A flexible approach regarding the intra-jurisdictional allocation and the delivery mechanism to be used by Northwest Territories to flow money to Local Governments, the nature of Local Government involvement and the nature of the Territorial contribution.
- c. **Principle 3 – Equity between provinces and territories:** 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:** The principle that Canada is making a 5-year financial commitment with the gas tax but negotiating 10-year gas tax agreements, with a clause for a review after four years.
- e. **Principle 5 – Transparency:** The commitment to put in place an open and transparent governance process for the purposes of implementing this agreement and selecting projects for funding. This process will also include, among other things, a commitment to the development of performance indicators, evaluations and regular reporting to be incorporated in the *Financial and Audit Reporting Standards* established by the Minister of Municipal and Community Affairs.
- f. **Principle 6 – Regular reporting to Canadians:** Canada will use federal mechanisms to report on outcomes through the New Deal. Northwest Territories will employ its own mechanism for reporting within its jurisdiction.

NOW THEREFORE, in accordance with the principles set out above, Canada and Northwest Territories 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 – Northwest Territories agreement on the transfer of Funds.

“Annual Expenditure Report” means the annual report to be prepared and delivered by Northwest Territories to Canada, more particularly described in Schedule D.

“Audit Report” means an audit report prepared, at Northwest Territories’ cost, by the Northwest Territories auditor general or other territorial licensed auditor, more particularly described in Schedule D.

“Base Amount” means the average annual amount budgeted by the Government of the Northwest Territories for spending on Community Public Infrastructure between 2001/2002 and 2005/2006, the said annual amount being equal to \$15 million. Base Amount also refers to the average annual amount budgeted by a Local Government during the same period.

“Budget Address” means the annual speech delivered by the Northwest Territories’ Minister of Finance, summarizing the highlights of the *Appropriation Act, 2005-2006*.

“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 and administrative process, with approval from locally-elected officials, providing a detailed understanding and documentation of the condition of existing Community Public Infrastructure and the anticipated investments into Community Public Infrastructure that are considered “priorities” along with a rationale for their priorities.

“Community Public Infrastructure” – means tangible capital assets in the Northwest Territories, primarily for public use and benefit, required by a Local Government to support the delivery of municipal programs and services in a sustainable manner.

“ESMI Projects” mean environmentally sustainable municipal infrastructure that refers to that subset of Community Public Infrastructure that meets these criteria:

- (i) improve the quality of the environment by contributing to reduced greenhouse gas emissions, cleaner water or cleaner 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 Capacity Building Projects and ESMI Projects.

“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 located 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 Government of the Northwest Territories’ Department of Municipal and Community Affairs (MACA), where MACA is responsible for the physical development of Community Public Infrastructure lying within the jurisdiction of the Local Government, pursuant to its Establishment Policy, dated March 6, 1998, and amendments thereto; and the Local Government agrees that MACA should be the recipient.

Federal and provincial/territorial entities in the form of departments, corporations and agencies are not eligible recipients, except as set out above.

“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 Northwest Territories 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.

“GNWT New Deal” means the policy initiatives announced in the February 2005 Northwest Territories Budget Address, designed to expand on commitments in the Government of the Northwest Territories June 2004 Strategic Plan to support greater community autonomy through negotiation of new arrangements with community governments.

“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” or **“ICSPs”** mean 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, as more particularly described in Schedule H hereto.

“Local Government” means a corporation established under or continued by the *Charter Communities Act*, S.N.W.T. 2003, c. 22, s. 1, the *Cities, Towns and Villages Act*, S.N.W.T. 2003, c. 22, s. 2, the *Hamlets Act*, S.N.W.T. 2003, c. 22, s. 3, *Tlicho Community Government Act*, S.N.W.T 2005, or the *Settlements Act*, R.S.N.W.T. 1988, c. S-9, or any First Nations Council which is the community governing authority recognized by the Minister of Municipal and Community Affairs as the prime public authority responsible for the provision of municipal services pursuant to Section 4 of the *Municipal and Community Affairs Establishment Policy*, revised March 6, 1998, and amendments thereto.

“Ministers” means the federal Minister and the Northwest Territories Minister.

“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.

“Northwest Territories Association of Communities” or **“NWTAC”** means the association that represents the interests of Northwest Territory Communities, registered under the *Northwest Territories Societies Act*.

“Outcomes Report” means the report to be delivered by Northwest Territories to Canada and made available to the public, which reports on the outputs and outcomes of the use of the Funds, using the indicators set out in Schedule E.

“Parties” means Canada and Northwest Territories.

“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.

“Trail” means a planned or series of linked routes or pathways within community boundaries which are suitable for active transportation within the community, including walking, biking, and other non-motorized means; but does not include wilderness trails, or trails designed solely for recreational purposes.

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- Description of Eligible Project Categories

Schedule B- Eligible Costs

Schedule C- Eligible Recipient Requirements

Schedule D- Reporting and Audits

Schedule E- Outcome Indicators

Schedule F- Communications Protocol

Schedule G- Areas of Collaboration

Schedule H- Integrated Community Sustainability Plans

Schedule I- Eligible Recipients

Schedule J - Allocation to Eligible Recipients

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 Northwest Territories. 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

The purpose of this Agreement is to:

- a) provide a joint framework for the transfer of Funds to Northwest Territories for investment in Environmentally Sustainable Municipal Infrastructure within all of the 33 communities across the Northwest Territories, as set out in Schedule I of this Agreement;
- b) achieve outcomes using the indicators set out in Schedule E of this Agreement that will result in improved quality of life through shared national objectives to preserve the integrity of the natural environment;
- c) confirm the Parties' commitment to the areas of further co-operation as set out in Schedule G herein, which may, following further agreement, be formalized through additional agreements parallel to this Agreement or appended as separate schedules hereto.

3. COMMITMENTS BY THE PARTIES

3.1 Commitments by the Government of Canada:

Canada will:

- a) honour any existing funding agreement with the Northwest Territories in respect of Infrastructure Programs, in accordance with its terms.

- b) ensure that the funding under this Agreement provides additional revenues for Local Governments rather than displacing other federal infrastructure funding; and intends 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 Northwest Territories other proposals from Northwest Territories regarding the New Deal.
- d) encourage partnerships and inter-community and intra-community collaborations on Eligible Projects.

3.2 Northwest Territories Commitments

The Northwest Territories, both in its Strategic Plan and its 2005 Budget Address, has recognized the need to partner with Local Governments to find creative solutions to meeting their infrastructure needs. In the Budget Address, the Government of the Northwest Territories announced increased resources to address the infrastructure deficit faced by local governments in the Northwest Territories.

In addition, the Budget Address noted "that our initiatives will complement emerging proposals by Canada to provide new funding to community governments for infrastructure development through initiatives such as the Municipal Rural Infrastructure Fund and gas tax funding".

Northwest Territories agrees that it will:

- a) ensure that over the period of April 1, 2005 to March 31, 2010 the Funds are incremental to its average annual capital spending on Community Public Infrastructure and that of Local Governments and will not be less than their respective Base Amounts. Funding for NWT programs is subject to legislative appropriations.
- b) not reduce, eliminate or claw back any Community Public Infrastructure funding which is currently being made available to Eligible Recipients by Northwest Territories except in the case where there is a significant drop in NWT revenue generation.
- c) ensure that each Local Government complete, prior to the third (3rd) year of this Agreement, a Capital Investment Plan.

- d) 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.
- e) over the life of the Agreement, ensure the development and implementation of Integrated Community Sustainability Plans at the community level appropriate to Northwest Territories as outlined in Schedule H of this Agreement and make them available to the public. Pursuant to this schedule, these ICSPs will guide all community infrastructure investments in the Northwest Territories once adopted.
- f) ensure that prior to March 31, 2010, all Local Governments have adopted the accounting standards of the Public Sector Accounting Board.
- g) ensure Local Governments do not reduce or clawback any capital infrastructure funding which is currently being made available for infrastructure, except in the case where there is a significant drop in local government revenue generation.
- h) the Government of the Northwest Territories will amend its Financial and Audit Reporting Standards to incorporate audit and reporting requirements within this Agreement into Local Government annual audits and will compile those reports to a single document to be forwarded to Canada.
- i) provide incremental or new territorial funding (using the five-year aggregate measure identified in 3.2 part (a)).
- j) put into effect legislative or regulatory changes to existing territorial legislation and regulations that permit Local Governments to: (i) generate more revenue;(ii) enhance cost-recovery for water and waste-treatment infrastructure and/or (iii) more easily access private-sector funding for the construction of Community Public Infrastructure.
- k) sustain processes by which Local Governments are given a greater voice in territorial decision making on issues affecting Local Governments.
- l) improve the efficiency of the delivery of territorial programs and

services to Local Governments.

- m) support Local Governments, by way of funding or other resources, in preparing Integrated Community Sustainability Plans.

4. OVERSIGHT COMMITTEE

4.1 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 Territorial Minister, and designated as Territorial Co-Chairperson. In addition to the two co-chairs, the Oversight Committee will be comprised of:

- i. one additional representative from the Northwest Territories;
- ii. one additional representative from Canada;
- iii. one representative of the Northwest Territories Association of Communities (NWTAC) appointed by the NWTAC president (observer).

The Parties recognize the need for an integrated approach for infrastructure programs, and their administration, which addresses the particular circumstances of the territory. Any committee established under Infrastructure Programs may include representation from NWTAC, if appropriate.

The Oversight Committee shall:

- a) provide a greater degree of coordination and coherence across all Community Infrastructure Programs, and lead ultimately to better outcomes and efficiencies in program delivery in the Northwest Territories.
- b) promote an effective shared vision for the overall administration, governance and general policy guidelines for Infrastructure Programs, and future infrastructure investments in the NWT. This Committee will complement existing governance arrangements, and respect individual program terms and conditions.
- c) monitor the overall strategic implementation of the Agreement.
- d) co-ordinate the development of a plan for the next phases of Canada’s

New Deal for Northwest Territories including:

- i. developing further elements of the New Deal for Northwest Territories Cities and Communities;
- ii. encouraging inter-governmental cooperation in priority setting and program delivery;
- iii. responding to sustainability planning outcomes

4.2 The Oversight Committee may establish:

- a) rules and procedures with respect to the conduct of meetings and making of decisions, for both the Oversight Committee and for the technical committees as outlined in c);
- b) rules and procedures for dispute resolution for the technical committees outlined in c).
 - I. Should a technical committee be unable to resolve an issue, they have 60 days from the time they meet to settle the issue, otherwise the technical committee must bring the issue to the Oversight Committee for resolution, as identified in Section 8.1.
- c) one or more technical committee's, chaired by the Northwest Territories, that will be subcommittees to the Oversight Committee.
 - I. Technical committees may consist of representatives from the NWTAC, other non-member communities, and other Federal and/or Territorial departments as appropriate
 - II. Technical Committees may be established for, but not limited to, the following purposes:
 - a. advising on the administration of funds to Local Governments in accordance with the terms of this Agreement
 - b. advising on the administration of the capacity building fund
 - c. evaluating the implementation of the Agreement

4.3 Enhanced partnership with municipal organisations

- a) The Parties agree to draw upon the knowledge and experience of Local Governments, where appropriate, and to work together to put in place the following mechanisms:
 - i. Government of the Northwest Territories will update the Northwest Territories Association of Communities (NWTAC) on the implementation of the Agreement on a bi-annual basis, including at NWTAC's annual general meetings and at NWTAC's board

- meetings, as appropriate; and
- ii. Government of the Northwest Territories will update and consult with communities that are not represented by the NWTAC as part of the annual capital planning process and, eventually, the integrated community sustainability planning process, as set out in Section 3.2 (e).

5. CONTRIBUTION PROVISIONS

5.1 Allocation to Northwest Territories

Canada’s total contribution to Northwest Territories is as follows:

| Fiscal year | Canada’s Contribution |
|--------------------|------------------------------|
| 2005-2006 | \$ 4.5 million |
| 2006-2007 | \$ 4.5 million |
| 2007-2008 | \$ 6.0 million |
| 2008-2009 | \$ 7.5 million |
| 2009-2010 | \$ 15.0 million |
| TOTAL | \$ 37.5 million |

5.2 Payment

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

- 5.2.1 the first payment will be made not later than July 1 of each Fiscal Year set out above in subsection 5.1.
- 5.2.2 the second semi annual payment will be made not later than November 1 of each Fiscal Year.

In respect of the first Fiscal Year of this Agreement, payment of Canada’s semi annual contributions shall be made within 60 days upon the signing of this agreement.

5.3 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.

5.4 Limit on Canada's Financial Commitments

- (i) 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 funding agreement made in respect of that Eligible Project shall continue to apply.
- (ii) Without prior written approval of Canada, Northwest Territories may not use the payment of Funds to an Eligible Recipient as Northwest Territories contribution under funding agreements under existing Infrastructure Programs.

5.5 Disposal of Eligible Projects

To the extent that Northwest Territories receives a repayment of all or a portion of a contribution pursuant to the operation of Paragraph 12 of Schedule C, Northwest Territories shall immediately pay the said amount to Canada.

5.6 Contracting

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.

6. ALLOCATION TO MUNICIPALITIES, DELIVERY MECHANISM AND USE OF FUNDS

6.1 Allocation to Municipalities

The GTF shall be allocated on the following basis:

6.1.1 Base Allocation Fund (32% per schedule J)

Each Local Government shall, subject to Section 6.2, receive a base allocation equal to 1% of the net annual Northwest Territories allocation, as outlined in Schedule J.

6.1.2 Per Capita Allocation Fund (65% per schedule J)

Each Local Government shall, subject to Section 6.2, receive a per capita allocation of the remaining net annual Northwest Territories allocation as outlined in Schedule J.

6.1.3 Capacity Building Fund (2% per schedule J)

An amount equal 2% of the annual Northwest Territories allocation shall be set aside to promote collaboration, knowledge and integrated planning. The mechanics of this fund shall be determined by the Oversight Committee as appropriate to the Northwest Territories by no later than June 30, 2006.

6.1.4 Administration (Up to 1% per schedule J)

An amount not to exceed 1% of the annual Northwest Territories allocation shall be retained by the Northwest Territories for all administration costs as outlined in Section 6.3.

6.2 Delivery Mechanism

The following criteria must be met in order to initiate the flow of allocations referred to in Sections 6.1.1 and 6.1.2:

(a) Local Governments that are Eligible Recipients

- i. A motion or resolution of the Local Government's elected council shall be forwarded to the Oversight Committee outlining the Eligible Recipient's commitment to provide an ICSP, which includes a 5-year capital investment plan, in accordance with Schedule C; and
- ii. Eligible Recipients shall enter into a Funding Agreement with MACA that will specify the details regarding the flow of funding and the recipient's commitments as outlined in schedule C.

(b) Northwest Territories as Eligible Recipient

- i. Where MACA is managing the Community Public Infrastructure on behalf of a Local Government's, the individual Local Government's allocations as calculated pursuant to sections 6.1.1 and 6.1.2 shall be aggregated. The

aggregated funds shall be allocated on a project-by-project basis for the Local Government, subject to schedule A, as identified in the Government of the Northwest Territories' Municipal and Community Affairs departmental capital planning process.

- ii. The Government of the Northwest Territories – Municipal and Community Affairs departmental capital planning process includes consultation with each affected Local Government council and will identify projects that are recommended for funding utilizing GTF.
- iii. Northwest Territories shall obtain and forward to the Oversight Committee a copy of the Main Estimates, which includes MACA's capital plan, as approved by the Northwest Territories Legislative Assembly.

6.2.2 The following criteria must be met in order to continue the flow of allocations referred to in sections 6.1.1 and 6.1.2 beyond March 31, 2007, or a date established by the Oversight Committee:

- a) Develop and submit a Local Government council approved Capital Investment Plan to the Oversight Committee. This plan, which will form part of the ICSP, shall be utilized to guide all future infrastructure investment.
- b) Develop and adopt a Local Government council approved ICSP, as identified in Schedule H in this Agreement.

6.2.3 Capacity Building Fund

The Oversight Committee shall establish a technical committee to determine the structure and delivery mechanisms used to flow allocations to Eligible Recipients as appropriate to the Northwest Territories. These delivery mechanisms will be established by June 30, 2006.

6.3 Use of Funds

- a) Northwest Territories shall ensure Eligible Recipients keep proper and separate accounts and records of revenues and expenditures related to GTF.
- b) Eligible Recipients may retain unexpended Funds and associated interest to be used towards future eligible costs of Eligible Projects in accordance with Schedule C of this Agreement.
- c) Northwest Territories shall record Canada's contribution into a separate

and distinct account, pending payment to Eligible Recipients in accordance with the terms of this Agreement.

- d) Northwest Territories shall pay Funds to Eligible Recipients solely for Eligible Projects identified in Schedule A and solely in respect of Eligible Costs identified in Schedule B.
- e) Northwest Territories shall monitor the account, uses and retention of Funds via the community annual audited financial statements, the form and contents of which must be in accordance with the Financial Audit Reporting Standards set by the Minister of Municipal and Community Affairs, Government of the Northwest Territories.
- f) All administration costs of Northwest Territories in respect of the implementation and management of this Agreement shall be for the account of the Northwest Territories provided that Funds are used by Northwest Territories to pay the administrative costs incurred by Northwest Territories in the delivery of Funds or in fulfilling the reporting and audit requirements set out below in Section 7 provided that Northwest Territories has submitted a business case study in conformance with clause 6.3 (g), below.
- g) Canada will provide to the Northwest Territories upfront, an amount not to exceed 1% of the annual Northwest Territories allocation for administration costs. The Northwest Territories must hold the Funds in trust until they have submitted a business case and the business case has been approved by the Oversight Committee. If Northwest Territories exceeds the 1% annual amount, the Northwest Territories will be responsible for paying the remainder. If the Northwest Territories administrative costs fall below the 1% annual amount, the Northwest Territories will distribute the remainder to communities under the Base Allocation Fund or the Per Capita Allocation Fund. If the Northwest Territories spends any Funds set aside for administrative costs prior to approval from the Oversight Committee, the Northwest Territories must pay back the exact amount spent.
- h) Upon review of the agreement in the fourth year, the adequacy of the 1% administration holdback will be reviewed with the option to reduce this limit, not increase it. If administration costs are reduced below 1%, Northwest Territories will equally distribute the remainder to communities under the Base Allocation Fund or the Per Capita Allocation Fund.

6.4 Agreement with Eligible Recipient

Northwest Territories shall include the Eligible Recipient Requirements in all Funding Agreements, and shall enforce all terms and conditions of the Funding Agreements, including the Eligible Recipient Requirements.

7. REPORTING, AUDITS AND EVALUATION

7.1 Reporting

7.1.1 Northwest Territories will, at its cost:

- 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 and make its best efforts to provide an interim, unaudited version of the Annual Expenditure Report by June 30 of each Fiscal Year; and
- b) prepare, publish and disseminate to the public, by no later than September 30, 2009, and periodically thereafter, an Outcomes Report;

7.1.2 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.

7.2 Audits

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

7.2.2 Northwest Territories shall ensure that proper and accurate accounts and records, including invoices, statements, receipts and vouchers in respect of all Eligible Projects that receive Funds, are kept for at least three (3) years after termination of this Agreement and will, upon reasonable notice, make them available or cause the Eligible Recipient to make them available to Canada for inspection or audit.

7.2.3 Upon Canada's request, the Northwest Territories shall complete, at its cost, and provide to Canada an audit of any one or more individual Eligible Projects.

7.2.4 Northwest Territories 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.

7.3 Evaluation

- 7.3.1 No later than March 31, 2009, Canada and Northwest Territories 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, in the form the Parties deem appropriate.
- 7.3.2 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 5 and 6 of this Agreement, and the effectiveness of the communications protocol described in Schedule F.
- 7.3.3 The Parties shall cooperate on the evaluation, and shall share the costs. Canada shall consult with Northwest Territories on the design of the evaluation framework.
- 7.3.4 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 the Northwest Territories, prior to its completion.

8. DISPUTE RESOLUTION, DEFAULT, REMEDIES AND INDEMNITY

8.1 Dispute Resolution

The Parties shall keep each other informed of any disagreement or contentious issue. Disagreements or contentious issues will be resolved by the Technical Committee in accordance with their roles and responsibilities as described in section 4.4 of this Agreement. Where disagreements or contentious issues cannot be resolved by the Technical Committees, the issue 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

Canada may declare that an event of default has occurred if Northwest Territories 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 either Northwest Territories under this Agreement or an Eligible Recipient; or

- C) delivered an Annual Expenditure Report or Audit Report that disclosed non-compliance by either Northwest Territories or an Eligible Recipient.

Canada will not declare that an event of default has occurred until it has consulted with Northwest Territories and given written notice to it of the occurrence.

Within 30 days of receipt of the notice, Northwest Territories shall either correct the condition or event, or demonstrate, to the satisfaction of Canada, that it has taken such steps as are necessary correct the condition, and if possible, correct the condition or event within the 30-day period.

8.3 Remedies

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, terminate or suspend its obligation to pay 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 Funds pending Canada's satisfaction that the default has been cured.

8.4 Indemnity

Northwest Territories shall at all times 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 or 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 Northwest Territories, 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 Northwest Territories or an Eligible Recipient or third party and their respective employees, officers or agents;

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

9. TERM OF AGREEMENT AND RENEWAL

9.1 Term

This Agreement shall commence on November 10, 2005 and shall expire on March 31, 2015 (10 years). Either Party may terminate this Agreement on two (2) years written notice.

9.2 Review

Following the completion of the evaluation described in Subsection 7.3.1 above, the Parties may elect to amend the Agreement, as appropriate.

10. COMMUNICATIONS

The Parties shall 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 3.2 d), 5.4, 5.5, 7, 8.3, 8.4, 10 and 11.4, 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 Northwest Territories.

11.4 Debts Due to Canada

Any amount owed to Canada under this Agreement will constitute a debt due to Canada, which Northwest Territories 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 Northwest Territories or between Canada, Northwest Territories 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 Northwest Territories 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

Northwest Territories 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 Northwest Territories 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, Northwest Territories may ask Canada to agree to amend this Agreement so that, taken as a whole, it affords similar treatment to Northwest Territories as the other agreement affords to the other province or territory.

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

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

Facsimile: (613) 952-4978

Any notice to Northwest Territories will be addressed to:

Deputy Minister, Municipal and Community Affairs
Government of Northwest Territories
6th Floor, Northwest Tower, 5201-50th Avenue
Box 1320
Yellowknife (Northwest Territories)
X1A 2L9

Facsimile: (867) 873-0309

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 the Minister of State (Northern Development), and on behalf of Northwest Territories by the Minister of Municipal and Community Affairs.

GOVERNMENT OF CANADA
Original signed by:

GOVERNMENT OF NORTHWEST
TERRITORIES
Original signed by:

Minister of State (Infrastructure and
Communities)

Minister of Municipal and Community Affairs
Northwest Territories

GOVERNMENT OF CANADA
Original signed by:

Minister of State (Northern Development)

Witnessed by:

Mayor Gordon Van Tighem
President
Northwest Territories Association of
Communities

SCHEDULE A- Eligible Project Categories

1) ESMI Projects under this Agreement include the following:

a) Water, e.g.:

Drinking water supply; drinking water purification and treatment systems; drinking water distribution systems (piped and trucked systems); water metering systems.

b) Wastewater, e.g.:

Wastewater systems including sanitary and combined sewer systems; separate stormwater systems, trucked collection, and wastewater treatment/disposal systems.

c) Solid waste, e.g.:

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

d) Community Energy Systems, e.g.:

- 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;
- iii) use of proven technology to incorporate “alternative” energy sources (wind, geothermal, biomass, sun, tide, waste heat recovery, etc.) for Community Public Infrastructure, recognizing that only the energy efficient components of such projects are eligible.

e) Active Transportation Infrastructure, e.g.:

- i. bike lanes, walking trails and associated infrastructure within communities designed to support a modal shift away from the use of private vehicles.
- ii. public transit, including establishment of transit services for seniors and physically challenged residents.
- iii. creation and rehabilitation of local roads and bridges where it can be demonstrated that the establishment of a road or bridge effectively reduces vehicular traffic. Such projects will be subject to approval by the Oversight Committee

- iv. dust Control, including the capital rehabilitation of unpaved local roads utilizing dust control technology (such as Chipseal) so long as it contributes to achieving the outcomes identified in Schedule E of this Agreement, including cleaner air and cleaner water with no offsetting environmental degradation.

f) Capacity Building, e.g.:

- i) collaboration: building partnerships and strategic alliances; participation; and consultation and outreach; training of local people to run and manage their own infrastructure.
- ii) knowledge: use of new technology; research; monitoring and evaluation; solid waste site decommissioning studies; training of local people to run and manage their own infrastructure.
- iii) integration: planning; ICSPs; Capital Investment Plans; community energy plans, and capital investment plans within ICSPs; project management by or on behalf of Local Governments or a regional level, as appropriate to the Northwest Territories, 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 each funding agreement, will be all direct costs which are, in 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 or renovating Community Public Infrastructure 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, licenses, monitoring, and follow-up programs as required by the regulatory agencies and environmental legislation, including engineering costs required for the closure and post closure of solid waste sites; and
- d) the costs related to strengthening the ability of Local Governments to develop Integrated Community Sustainability Plans, including Capital Investment Plans and community energy plans including, but not limited to, consultation, development, implementation, training, evaluation and reporting.

1.1 Employee and Equipment Costs

In the case of Eligible Recipients that are in remote locations, as defined by the Oversight Committee, 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 the Northwest Territories

1.2 Administration Costs

That portion of Funds representing interest earned may be used to pay for Eligible Project costs and administration costs related to Eligible Projects.

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 Northwest Territories, 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) An 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

A. Local Governments as Eligible Recipients shall:

1. complete, prior to March 31, 2007, or a date to be established by the Oversight Committee in consultation with the Local Government, a Capital Investment Plan;
2. over the life of the Agreement, shall develop and implement an Integrated Community Sustainability Plan, which will include a Capital Investment Plan, either by itself or as part of some higher level of agglomeration appropriate to the Northwest Territories.
3. prior to March 31, 2010, adopt and use the accounting standards of the Public Sector Accounting Board.
4. ensure that the Funds will result in net incremental capital spending on Community Public Infrastructure.
5. permit Canada reasonable access to all records relating to all Eligible Projects that have received Funds.
6. be responsible for the complete, diligent and timely implementation and completion of the Eligible Project.
7. acknowledge that Northwest Territories may hold back Funds if the Eligible Recipient is in default under the Funding Agreement.
8. comply, as necessary, with the communications protocol set out in Schedule F.
9. comply with all legislated environmental assessment requirements and agree that no Funds will be committed towards the construction and post-construction phases of an Eligible Project until all required environmental assessment requirements have been satisfied.
10. implement all mitigation measures identified in any environmental assessment of the Eligible Project.
11. if Funds are paid by Northwest Territories to the Eligible Recipient in advance of the Eligible Recipient incurring and paying Eligible Costs, invest such Funds in accordance with the *Charter Communities Act*, S.N.W.T. 2003, c. 22, s. 1, the *Cities, Towns and Villages Act*, S.N.W.T. 2003, c. 22, s. 2, the *Hamlets Act*, S.N.W.T. 2003, c. 22, s. 3, *Tlicho Community Government Act*, S.N.W.T. 2005, or the *Settlements Act*, R.S.N.W.T. 1988, c. S-9. In the case of any First Nations

Council, which is the community governing authority recognized by the Minister of Municipal and Community Affairs as the prime public authority responsible for the provision of municipal services pursuant to Section 4 of the Municipal and Community Affairs *Establishment Policy*, revised March 6, 1998, invest such Funds in accordance with Financial Audit and Reporting Standards, and any other conditions set out in the Funding Agreements. Further, if such advanced funds are not committed by the Eligible Recipient in respect of Eligible Costs in accordance with its Capital Investment Plan by 2010 Northwest Territories shall withhold further payment of Funds to the Eligible Recipient.

12. (a) unless otherwise agreed to by Canada and the Northwest Territories, the Eligible Recipient will retain title to, and ownership of, the Community Public 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, a Local Government, or a Crown corporation or some other public agent retaining the asset for the purpose of providing programs and services relating to Community Public Infrastructure of Northwest Territories that is the latter's agent for the purpose of implementing this Agreement, the Eligible Recipient shall repay Northwest Territories (to be remitted by Northwest Territories to Canada) 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% |

13. award and manage all contracts for the supply of services and/or material to the Eligible Project ("Contracts") in accordance with Section 5.6 of this Agreement.
14. ensure that over the period of April 1, 2005, to March 31, 2010, the Local Government's capital spending will not fall below it's Base Amount, except as a

result of major unanticipated shifts in revenues. This exception must be approved in advance and in writing by the Oversight Committee.

15. the Eligible Recipient acknowledges that it may use Funds to pay up to 100% of Eligible Costs of an Eligible Project, unless the Eligible Project has also been allocated funding from another federal Infrastructure Program which states a maximum federal contribution limitation.
16. indemnify and save harmless Canada and Northwest Territories, their officers, servants, employees or agents from and against all claims and demands, loss, 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 or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:
 - i) all Eligible Projects;
 - ii) the performance of this Agreement or the breach of any term or condition of this Agreement by the Parties, its officers, employees and agents, or by a third party and any of its officer, employees, servants or agents;
 - iii) the performance of a Funding Agreement or the breach of any term or condition of the Funding Agreement by the Parties, its officers, employees and agents, or by a third party and any of its officer, employees, servants or agents;
 - iv) the design, construction, operation, maintenance and repair of any part of an Eligible Project; and
 - v) any omission or other wilful or negligent act of the Parties or Eligible Recipient or third party and their respective employees, officers, servants or agents.

B. Northwest Territories as an Eligible Recipient shall:

1. over the life of the Agreement, support the development and implementation of Integrated Community Sustainability Plans, which will include Capital Investment Plans. This includes the following:
 - a. an ICSP template to be used by all Eligible Recipients that are Local Governments.
 - b. develop and implement an ICSP for the Local Governments where MACA is responsible for the physical development of Community Public Infrastructure lying within the jurisdiction of the Local Government.
2. ensure that the Funds will result in net incremental capital spending on Community Public Infrastructure.

3. permit Canada reasonable access to all records relating to all Eligible Projects that have received Funds.
4. be responsible for the complete, diligent and timely implementation and completion of the Eligible Project.
5. comply with all legislated environmental assessment requirements and agree that no Funds will be committed to the construction and post-construction phases of an Eligible Project until all required environmental assessment requirements have been satisfied.
6. implement all mitigation measures identified in any environmental assessment of the Eligible Project.
7. a) Retain title to, and ownership of, the Community Public 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 Northwest Territories or the applicable Local Government 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, a Local Government, or a Crown corporation of Northwest Territories that is the latter's agent for the purpose of implementing this agreement, the Northwest Territory shall repay Canada on demand, (as per section 5.5 of this Agreement), 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% |

- c) Northwest Territories agrees to advise Canada in writing, 120 days in advance and at any time during the ten (10) years following the completion of an Eligible Project, if any asset constructed, rehabilitated or improved in whole or in part with Funds is transferred to a local government, sold, discharged or alienated in any way other than to Canada.

8. a) Award and manage all contracts for the supply of services and/or material to the Eligible Project (“Contracts”) in accordance with its relevant policies and procedures; and award and manage all contracts for the supply of services and/or material to the Eligible Project (“Contracts”) in accordance with Section 5.6 of this Agreement.

Northwest Territories acknowledges 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 funding agreement made in respect of that Eligible Project shall continue to apply, and Funds paid to Northwest Territories shall be deemed to be a federal contribution under the said funding agreement.

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
 - Paid to Eligible Recipients
 - Received from Canada for future payments to Eligible Recipients
 - Paid by Eligible Recipients in aggregate for Eligible Projects
 - Held at year end by Eligible Recipients in aggregate to be paid for Eligible Projects
- 1.1.2 The Annual Expenditure Report will also indicate in a narrative the progress that Northwest Territories has made in meeting its commitments and contributions under this Agreement.
- 1.1.3 The Annual Expenditure Report will also include a listing of all Eligible Projects that have received funding, indicating the location, investment category, amount and identity of all sources of funding, nature of the investment and expected outcomes, as identified in Schedule E. Northwest Territories will be encouraged to use SIMSI.
- 1.1.4 In the case of Eligible Recipients with a year-end other than March 31, and with the prior approval of Northwest Territories, the Annual Report may include information in respect of Eligible Projects related to that Eligible Recipient to the year-end of that Eligible Recipient.

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, reduced GHG emissions, or other positive environmental impacts or outcomes.

2 Audit Report

As identified in Section 3.2, the Government of the Northwest Territories will amend its Financial and Audit Reporting Standards to incorporate audit and reporting requirements within this Agreement into Local Government annual audits

and will compile those reports to a single document to be forwarded to Canada.

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 Northwest Territories has complied with all material provisions of this Agreement.

SCHEDULE D, Continued

Annual Expenditure Report – Template Reporting Format for Funding Flows

| | Annual | Cumulative |
|--|------------------------------------|---|
| | 01/04/20xx – 31/03/20xy | Date of signing – 31/03/20xy |
| Northwest Territories | | |
| Opening balance of unspent funding | | xxx |
| Received from Canada | xx | xxx |
| Transferred to Eligible Recipients | (xx) | (xxx) |
| Closing balance of unspent funding | | xxx |
| Local Government in aggregate | | |
| Opening balance of unspent funding | | xxx |
| Received from territory | xx | xxx |
| Spent on Eligible Projects | (xx) | (xxx) |
| Closing balance of unspent funding | | xxx |
| Northwest Territories as an Eligible Recipient in aggregate | | |
| Opening balance of unspent funding | | xxx |
| Received from territory | xx | xxx |
| Spent on Eligible Projects | (xx) | (xxx) |
| Closing balance of unspent funding | | xxx |

SCHEDULE E- Outcome Indicators

The Parties, through the Oversight Committee, will agree, within one year of signing this Agreement, to indicators and outcomes to measure results towards achieving cleaner air, cleaner water and lowering green house gas emissions. These indicators and outcomes may include:

Outcomes:

- a) Northwest Territories communities have access to a secure supply of high-quality drinking water.

Indicators:

- Number of communities that meet Canadian Drinking Water Guidelines
- Number of boil water advisories
- Number of communities with water licenses and best management practices

- b) Northwest Territories communities enjoy a high standard of air quality

Indicators:

- Per cent of total kilometers of community roads that have dust control mechanisms
- Reduction in kilometers required to travel to essential services as a result of road or bridge development
- Reduction in vehicular traffic with an increase in non-vehicular trail use during peak hours

- c) Northwest Territories residents participate in active transportation to avoid greenhouse gas emissions.

Indicators:

- Kilometers of developed non-vehicular trails (e.g.: walking trails, biking trails)
- Increase in people who walk or bike to work or school (work with the Northwest Territories Recreation and Parks Association or the Northwest Territories Bureau of Statistics)

- d) Northwest Territories communities are energy efficient

Indicators:

- Number of communities with energy efficient plans
- Additional indicators as determined between the Northwest Territories and the Arctic Energy Alliance

- e) Northwest Territories communities manage solid waste and wastewater in a

manner that preserves the integrity of the natural environment

Indicators:

- Number of solid waste sites that comply with PSAB decommissioning requirements
- Reduction in amount of appliances, old vehicles and oil barrels at dumps
- Improved quality of life through improved solid waste management

SCHEDULE F- Communications Protocol

Canada and Northwest Territories 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 Northwest Territories, and will provide for municipal involvement and media participation.
2. in addition to joint communications activities, Canada and Northwest Territories 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 Northwest Territories for allocation to municipalities 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 7 of this Agreement.

Northwest Territories 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. Northwest Territories' Funding Agreements will include the provisions included in 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, a sign will be placed in an appropriately fixed location in the community to recognize 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.
 - c. Northwest Territories will host on their website an area for details regarding Eligible Recipients and Eligible Projects funded under this program.

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-territorial identity graphics guidelines.

Assessment

Communication results will be assessed as part of the evaluation process set out in Section 7.3.2 of the Agreement.

SCHEDULE G – Areas of Collaboration

Further areas of collaboration between Canada and Northwest Territories include:

- capacity building for labour market development and retention (ie: stable pool of Senior Administrative Officers and community staff)
- develop planning guidelines on Community Public Infrastructure impacts of resource development activities
- transit
- Yellowknife By-Pass Road
- development of recreational infrastructure at the community level that promotes cultural and social sustainability
- best practices and related expertise in innovation and acquisition of infrastructure (ie: P3 approaches relevant in remote areas)
- remediation of Contaminated Sites within Local Government boundaries.

SCHEDULE H – Integrated Community Sustainability Plans

By March 31, 2007, Canada and Northwest Territories, through the Oversight Committee, will have worked out a template on Integrated Community Sustainability Plans appropriate to the Northwest Territories, and a methodology for the development and implementation, which will incorporate, but not be limited to, Capital Investment Plans and community energy plans as pillars of sustainability. Such a template may build upon existing community or regional processes where they already exist.

By March 31, 2010, all Local Governments will have developed and adopted their own ICSPs.

SCHEDULE I - Local Governments as Eligible Recipients

| Community Name | Status |
|-------------------|-----------------------------------|
| Yellowknife | City |
| Fort Smith | Town |
| Hay River | Town |
| Inuvik | Town |
| Norman Wells | Town |
| Fort Simpson | Village |
| Aklavik | Hamlet |
| Fort Liard | Hamlet |
| Fort McPherson | Hamlet |
| Fort Providence | Hamlet |
| Holman | Hamlet |
| Paulatuk | Hamlet |
| Sachs Harbour | Hamlet |
| Tuktoyaktuk | Hamlet |
| Tulita | Hamlet |
| Behchoko | Tlicho Community |
| Gameti | Tlicho Community |
| Wekweeti | Tlicho Community |
| Wha Ti | Tlicho Community |
| Deline | Charter Community |
| K'asho Got'ine | Charter Community |
| Tsiigehtchic | Charter Community |
| Colville Lake | Settlement |
| Enterprise | Settlement |
| Fort Resolution | Settlement |
| Dettah | First Nation Designated Authority |
| Hay River Reserve | First Nation Designated Authority |
| Jean Marie River | First Nation Designated Authority |
| Kakisa | First Nation Designated Authority |
| Lutsel k'e | First Nation Designated Authority |
| Nahanni Butte | First Nation Designated Authority |
| Trout Lake | First Nation Designated Authority |
| Wrigley | First Nation Designated Authority |

Note: Includes changes to community name or status as a result of self-government negotiations (i.e. successor governments – subject to meeting the definition of local government).

SCHEDULE J - Allocations to Eligible Recipients

| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|----------------------------------|------------------|------------------|------------------|------------------|-------------------|
| Annual NWT Allocation | 4,500,000 | 4,500,000 | 6,000,000 | 7,500,000 | 15,000,000 |
| Less: 1% Administration Costs | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| 2% Capacity Building Fund | 90,000 | 90,000 | 120,000 | 150,000 | 300,000 |
| Net Annual NWT Allocation | 4,335,000 | 4,335,000 | 5,805,000 | 7,275,000 | 14,625,000 |
| Total Base Allocation Fund (1%) | 1,430,550 | 1,430,550 | 1,915,650 | 2,400,750 | 4,826,250 |
| Total Per Capita | 2,904,450 | 2,904,450 | 3,889,350 | 4,874,250 | 9,798,750 |
| Net Annual NWT Allocation | 4,335,000 | 4,335,000 | 5,805,000 | 7,275,000 | 14,625,000 |

- 1) The NWT Bureau of Statistics does not separately report population numbers for communities with populations of 50 or less, therefore, Kakisa has been assigned a population of 50.

- 2) MACA-managed infrastructure represents the aggregate of individual community allocations for which MACA is responsible for the physical development of infrastructure within those communities.

- 3) As communities take on responsibility for infrastructure acquisitions, their individual community allocation will be forwarded directly to the community, thereby decreasing the MACA-managed Infrastructure amount.

- 4) Northwest Territories' Bureau of Statistics' 2004 population estimates shall be used to determine the per capita allocations over the initial five years, and shall be subject to review in year 4.