

ADMINISTRATIVE AGREEMENT ON THE FEDERAL GAS TAX FUND

BETWEEN: **THE GOVERNMENT OF CANADA**, as represented by the President of the Queen's Privy Council for Canada, Minister of Infrastructure, Communities and Intergovernmental Affairs (“Canada”)

AND: **THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR**, as represented by the Minister of Municipal and Intergovernmental Affairs (“Newfoundland and Labrador”).

1. **PURPOSE**

This Administrative Agreement sets out the roles and responsibilities of Canada and Newfoundland and Labrador for the administration of the Gas Tax Fund (GTF).

2. **CONTEXT**

With this Administrative Agreement, Canada and Newfoundland and Labrador wish to help communities build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities, building on:

- The success of the First Agreement;
- Section 161 of the *Keeping Canada’s Economy and Jobs Growing Act*, S.C. 2011, c. 24, under which the Government of Canada makes up to \$2 billion per year available for allocation by the Government of Canada for the purpose of municipal, regional and First Nations infrastructure starting in 2014-2015;
- *Economic Action Plan 2013*, through which the Government of Canada announced a renewed GTF which included the indexation of the gas tax funding at two per cent per year, with increases to be applied in \$100 million increments (confirmed through section 161 of the *Keeping Canada’s Economy and Jobs Growing Act*, S.C. 2011, c. 24 as amended by section 233 of the *Economic Action Plan 2013 Act, No. 1*, S.C. 2013, c. 33);
- *Economic Action Plan 2013* which encouraged provinces, territories, cities and communities to support the use of apprentices in infrastructure projects receiving federal funding. Canada recognizes that Newfoundland and Labrador has developed and implemented its own initiatives with regards to the use of apprentices in infrastructure projects;
- *Economic Action Plan 2013*, through which the Government of Canada announced an expanded list of GTF eligible project categories and encouragement for asset management planning.

3. **PRINCIPLES**

Canada and Newfoundland and Labrador acknowledge that this Administrative Agreement is based on the following principles:

- a. **Principle 1 – Respect for jurisdiction:** The GTF was designed to leverage the strengths of each order of government and is based on the principle that each has areas of jurisdiction and is accountable to its population. Canada respects the jurisdiction of provinces and territories over municipal institutions.
- b. **Principle 2 – A flexible approach:** In recognition of the diversity of Canadian provinces, territories, regions and communities, the GTF recognizes the need for a flexible approach to program delivery. Wherever possible, the GTF aims to employ regionally adapted delivery mechanisms, including the leveraging of existing delivery mechanisms and reporting structures.
- c. **Principle 3 – Equity between jurisdictions:** The GTF recognizes the importance of

ensuring that the inter-provincial/territorial allocation is equitable while supporting meaningful infrastructure investments within the least populated jurisdictions.

- d. **Principle 4 – Long-term solutions:** The GTF provides predictable, long-term funding for communities, where communities choose projects locally and prioritize them according to their needs, while respecting the principle of incrementality as described in Section 4 of Annex B (Terms and Conditions) and not displacing current infrastructure investments.
- e. **Principle 5 – Transparency:** The GTF is administered via an open and transparent governance process which recognizes and communicates Canada's contribution to communities' infrastructure priorities and includes regular program evaluations and progress reporting to Canadians.

4. ANNEXES AND SCHEDULES

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

- Annex A: Definitions
- Annex B: Terms and conditions, including:
 - Schedule A: Ultimate Recipient Requirements
 - Schedule B: Eligible Project Categories
 - Schedule C: Eligible and Ineligible Expenditures
 - Schedule D: Reporting
 - Schedule E: Communications Protocol
 - Schedule F: Asset Management

5. DEFINITIONS

Unless defined elsewhere in this Administrative Agreement, capitalized words used throughout this Administrative Agreement are defined in Annex A (Definitions).

6. FEDERAL GAS TAX FUND

- 6.1 Any GTF funding that may be transferred by Canada to Newfoundland and Labrador, when transferred, will be administered by Newfoundland and Labrador in accordance with this Administrative Agreement, including the terms and conditions set out in Annex B (Terms and Conditions).
- 6.2 Any Unspent Funds, and any interest earned thereon, will be subject to the terms and conditions of this Administrative Agreement and will no longer be governed by the terms and conditions of the First Agreement.

7. OVERSIGHT COMMITTEE

- 7.1 A committee established by Canada and Newfoundland and Labrador (the "Oversight Committee"), will monitor the implementation of this Administrative Agreement, and will serve as the principal forum to address and resolve issues arising from the implementation of this Administrative Agreement.
- 7.2 The Oversight Committee will be co-chaired by two (2) members, one of whom is to be appointed by Canada, and designated as Federal Co-Chair, and one of whom is to be appointed by Newfoundland and Labrador, and designated as Provincial Co-Chair. Replacement members from either Canada or Newfoundland and Labrador may, from time to time, be appointed. Canada and Newfoundland and Labrador agree to keep each other informed in writing of new appointments.
- 7.3 The Co-Chairs will examine together any issue that arises, and will, in good faith and reasonably, attempt to resolve potential disputes.
- 7.4 Canada and Newfoundland and Labrador agree that, in addition to the requirements set out in Section 2.3 of Schedule E (Communications Protocol), any communications working group or subcommittee that is established by the Co-Chairs will report on the working group or subcommittee's plans and achievements on a frequency defined by the Oversight Committee Co-Chairs.
- 7.5 Up to two (2) representatives of Municipalities Newfoundland and Labrador (MNL) may, from time to time, attend meetings of the Oversight Committee, as observers, upon mutual

agreement of the Co-Chairs.

8. DISPUTE RESOLUTION

- 8.1 Canada and Newfoundland and Labrador will work together to resolve any issues which may arise in relation to this Administrative Agreement.
- 8.2 It is understood that failure by Canada or Newfoundland and Labrador to meet the following requirements are of particular interest and will be addressed as a priority:
- a) requiring that Ultimate Recipients comply with Schedule B (Eligible Project Categories) and Schedule C (Eligible and Ineligible Expenditures) of Annex B (Terms and Conditions);
 - b) submitting an Annual Report to Canada by September 30th of each year and an Outcomes Report, as outlined in Schedule D (Reporting) of Annex B (Terms and Conditions);
 - c) conducting communications activities in accordance with the requirements outlined in Schedule E (Communications Protocol) of Annex B (Terms and Conditions).
- 8.3 An escalating dispute resolution approach would begin with an Oversight Committee discussion. Canada and Newfoundland and Labrador agree to use best efforts to resolve any issue or potential dispute within the Oversight Committee, in good faith and reasonably. Either Canada or Newfoundland and Labrador may bring forward, in writing, issues to the Oversight Committee for resolution.
- 8.4 The Co-Chairs will examine any issues together as soon as possible and in any event within 20 working days of the issue being brought forward to the Oversight Committee. In the event that the Co-Chairs cannot agree on a resolution, senior official-level discussions would begin within 90 working days.
- 8.5 Any issue that cannot be resolved by the Oversight Committee Co-Chairs or by senior officials will be submitted to the Canada and Newfoundland and Labrador Ministers for resolution, within a reasonable timeframe.
- 8.6 If the above mechanisms fail, it is understood that Canada and Newfoundland and Labrador will take all necessary actions to resolve issues.

9. AUDITS AND EVALUATION

- 9.1 Canada may request and Newfoundland and Labrador agrees to complete, and provide to Canada an audit of any one or more individual Eligible Projects. Newfoundland and Labrador will upon request share with Canada the results of any audit the province may conduct in relation to this Administrative Agreement.
- 9.2 Canada may, at its cost, complete a periodic evaluation of the GTF to review the relevance and performance (i.e. effectiveness, efficiency and economy) of the GTF. Newfoundland and Labrador will provide Canada with information on program performance and may be asked to participate in the evaluation process. The results of the evaluation will be publicly available.
- 9.3 Newfoundland and Labrador will keep proper and accurate accounts and records in respect of all Eligible Projects for at least six (6) years after completion of the Eligible Project and will, upon reasonable notice, make the individual project information available to Canada.
- 9.4 Sections 9.1 to 9.3 will remain in effect beyond the expiration or termination of this Administrative Agreement until such time as may be determined by Canada and Newfoundland and Labrador.

10. DURATION, TERMINATION, REVIEW AND AMENDMENT

- 10.1 This Administrative Agreement will be effective on April 1, 2014 and will be in effect until March 31, 2024 unless Canada and Newfoundland and Labrador agree to renew it. In the event where this Administrative Agreement is not renewed, any GTF funding and Unspent Funds, and any interest earned thereon held by Newfoundland and Labrador or Ultimate Recipients, that have not been expended on Eligible Projects as of March 31, 2024 will nevertheless continue to be subject to this Administrative Agreement until such time as may be determined by Canada and Newfoundland and Labrador.

- 10.2 This Administrative Agreement will be reviewed by Canada and Newfoundland and Labrador by March 31, 2018 and may be amended to incorporate changes, if any, agreed to by Canada and Newfoundland and Labrador.
- 10.3 This Administrative Agreement may be amended at any time in writing as agreed to by Canada and Newfoundland and Labrador.
- 10.4 This Administrative Agreement may be terminated at any time and for any reason by either Canada or Newfoundland and Labrador on two (2) years written notice. In the event where this Administrative Agreement is so terminated, any GTF funding and Unspent Funds, and any interest earned thereon held by Newfoundland and Labrador or Ultimate Recipients, that have not been expended on Eligible Projects as of the date of termination will nevertheless continue to be subject to this Administrative Agreement until such time as may be determined by Canada and Newfoundland and Labrador.
- 10.5 During the term of this Administrative Agreement, if a province or territory other than Newfoundland and Labrador negotiates an agreement (or any amendment to such an agreement) with Canada regarding the GTF, and if any provision of, or omission from, that agreement (or an amendment) is more favorable to that province or territory than what was negotiated with Newfoundland and Labrador, Canada agrees to give full consideration to amending the Administrative Agreement upon the request of Newfoundland and Labrador, and where reasonable to afford similar treatment to Newfoundland and Labrador.

11. CORRESPONDENCE

Any correspondence under this Administrative Agreement may be delivered in person, sent by electronic mail, sent by facsimile, or sent by mail addressed to:

Canada:
Assistant Deputy Minister
Program Operations
Infrastructure Canada
1100-180 Kent Street
Ottawa, ON K1P 0B6
Facsimile: (613) 960-9423

or to such other address or facsimile number or electronic address or addressed to such other person as Canada may, from time to time, designate in writing to Newfoundland and Labrador; and

Newfoundland and Labrador:
Assistant Deputy Minister
Municipal Support and Policy Branch
Department of Municipal and Intergovernmental Affairs
P.O. Box 8700
St. John's, NL A1B 4J6
Facsimile: (709) 729-4475

or such other address or facsimile number or electronic address or addressed to such other person as Newfoundland and Labrador may, from time to time, designate in writing to Canada.

12. COUNTERPART SIGNATURE

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

Signatures

CANADA

The Honourable Denis Lebel

Minister of Infrastructure, Communities and
Intergovernmental Affairs

NEWFOUNDLAND AND LABRADOR

The Honourable Clyde Jackman

Minister of Municipal and
Intergovernmental Affairs (Acting)

Date

Date

ANNEX A DEFINITIONS

“Administrative Agreement” means this *Canada-Newfoundland and Labrador Administrative Agreement on the Federal Gas Tax Fund*, including the Annexes and Schedules attached hereto.

“Annual Report” means the duly completed annual report to be prepared and delivered by Newfoundland and Labrador to Canada, as described in Schedule D (Reporting).

“Asset Management Plans” means documents that support integrated, lifecycle approaches to effective stewardship of infrastructure assets in order to maximize benefits, and manage risk. Plans can include:

- an inventory of assets;
- the condition of infrastructure;
- level of service or risk assessment;
- a cost analysis;
- community priority setting;
- financial planning.

“Capital Investment Plan” means a project application in a format acceptable to Newfoundland and Labrador supported through a resolution of the Local Government council.

“Contract” means an agreement between an Ultimate Recipient and a Third Party whereby the latter agrees to supply goods or service or a public work in return for financial consideration and in compliance with the Newfoundland and Labrador *Public Tender Act*.

“Eligible Expenditures” means those expenditures described as eligible in Schedule C (Eligible and Ineligible Expenditures).

“Eligible Projects” means projects as described in Schedule B (Eligible Project Categories).

“First Agreement” means the agreement for the transfer of federal gas tax revenues entered into on August 1, 2006 by the Government of Canada and the Government of Newfoundland and Labrador, as amended on July 28, 2008 and August 6, 2009, with an expiry date of March 31, 2015.

“GTF” means the Gas Tax Fund, a program established by the Government of Canada setting out the terms and conditions for the administration of funding that may be provided by Canada to recipients under section 161 of the *Keeping Canada’s Economy and Jobs Growing Act*, S.C. 2011, c. 24 as amended by section 233 of the *Economic Action Plan 2013 Act, No. 1*, S.C. 2013, c. 33, or any other source of funding as determined by Canada.

“Ineligible Expenditures” means those expenditures described as ineligible in Schedule C (Eligible and Ineligible Expenditures).

“Infrastructure” means municipal or regional, publicly or privately owned, tangible capital assets primarily for public use or benefit in Newfoundland and Labrador.

“Local Government” means a city, town or region pursuant to the *Municipalities Act*, 1999, R.S.N.L. 1999, c. M-24; the City of St. John's pursuant to the *City of St. John's Act*, R.S.N.L. 1990, c. C-17; the City of Corner Brook pursuant to the *City of Corner Brook Act*, R.S.N.L. 1990 c.C-15; the City of Mount Pearl pursuant to the *City of Mount Pearl Act*, R.S.N.L. 1990, c.C-16; a Regional Service Board pursuant to the *Regional Service Boards Act*, 2012 SNL2012 and an Inuit Community Government established in respect of an Inuit Community under the Labrador Inuit Constitution pursuant to subsection 17.3.3(b) of the Labrador Inuit Land Claims Agreement.

“Outcomes Report” means the report to be delivered by March 31, 2018 and again by March 31, 2023 to Canada which reports on how GTF investments are supporting progress towards achieving the program benefits, more specifically described in Schedule D (Reporting).

“Oversight Committee” means the Committee established under Section 7 of this Administrative Agreement.

“Regional Allocation” means the portion of any GTF funding that is allocated according to the parameters set out in Section 1.1.2 of Annex B, Terms and Conditions.

“Third Party” means any person or legal entity, other than Canada, Newfoundland and Labrador or an Ultimate Recipient, who participates in the implementation of an Eligible Project by means of a Contract.

“Ultimate Recipient” means:

- i. a Local Government or its agent (including its wholly owned corporation);
- ii. a non-municipal entity on the condition that the Local Government has indicated support for the Eligible Project through a formal resolution of its council. A non-municipal entity includes:
 - for profit organizations;
 - not-for-profit organizations; and,
 - non-governmental organizations.
- iii. Newfoundland and Labrador entities in the form of departments, corporations and agencies where they provide core municipal services in municipalities; and in the unincorporated areas of Newfoundland and Labrador. For greater clarity, providing core municipal services includes the provision of Infrastructure and capacity building projects.

“Unspent Funds” means the amount reported as unspent by Newfoundland and Labrador and by Eligible Recipients (as defined under the First Agreement) in the 2013-14 Annual Expenditure Report (as defined under the First Agreement).

**ANNEX B
TERMS AND CONDITIONS**

1. ALLOCATION FORMULA

1.1 Any GTF funding received from Canada under this Administrative Agreement will be distributed as follows:

1.1.1 Municipal Allocations

- a. Newfoundland and Labrador will allocate 68.91% of any GTF funding that it may receive over the lifetime of this agreement to Municipal Allocations. Of this, Newfoundland and Labrador will allocate equally to each Local Government, excluding Regional Service Boards, 10% as a base amount. The remaining 90% will be allocated to Local Governments, excluding Regional Service Boards, on a per capita basis.
- b. For the period from 2014 to 2019, Newfoundland and Labrador will rely on the final figures published in the Statistics Canada Census of 2011 to determine the per capita basis of its allocation under the Municipal Allocations. For the period from 2020 to 2024, Newfoundland and Labrador will rely on the final figures published in the Statistics Canada Census of 2016 to determine its allocation to Ultimate Recipient.

1.1.2 Provincial Waste Management Strategy

Newfoundland and Labrador will allocate 28.49% of any GTF funding that it may receive from Canada over the lifetime of this Administrative Agreement to the Newfoundland and Labrador Provincial Waste Management Strategy that was initiated under the First Agreement.

1.1.3 Provincial Water and Wastewater Initiative

Newfoundland and Labrador will allocate 1.43% of any GTF funding that it may receive from Canada over the lifetime of this Administrative Agreement to Local Governments on an application basis to carry out Eligible Projects in the Eligible Project Categories (Schedule B) of drinking water and wastewater.

1.1.4 Administrative Expenses

In accordance with Section 5 (Administration Expenses) of Annex B (Terms and Conditions), Newfoundland and Labrador may allocate up to 1.17% of any GTF funding that it may receive from Canada over the lifetime of this Administrative Agreement, and may, subject to Canada's approval, apply a portion of interest earned on any GTF funding received from Canada to Administrative Expenses as per Section 1.4 (Allocation Formula).

1.2 All Unspent Funds held by Newfoundland and Labrador that were allocated by Newfoundland and Labrador to Eligible Recipients (as defined under the First Agreement), including Unspent Funds withheld by Newfoundland and Labrador, will remain allocated to those Eligible Recipients.

1.3 Unspent Funds held by Newfoundland and Labrador representing funding and/or interest set aside by Newfoundland and Labrador for administrative expenses in the First Agreement will be distributed as follows:

- a. Newfoundland and Labrador, acting as Ultimate Recipient, may apply a portion of these Unspent Funds to capacity building projects subject to Canada's review and approval of a plan (Delivery Mechanism, section 2.7); and
- b. To Local Governments in accordance with Section 1.1.1 (Municipal Allocations) for Eligible Projects, including those in support of asset management planning.

1.4 Interest earned on any GTF funding received from Canada under this Administrative Agreement will be allocated to:

- a. Local Governments in accordance with Section 1.1.1 (Municipal Allocations) and may be used for Eligible Projects including but not limited to capacity building projects in support of Asset Management Plans; and/or

- b. Newfoundland and Labrador, acting as Ultimate Recipient on behalf of Local Governments, for capacity building projects in support of Asset Management Plans subject to Canada's review and approval of a plan (Delivery Mechanism, section 2.7); and/or
 - c. Newfoundland and Labrador for administrative expenses subject to Canada's approval of a business case pursuant to Section 5 (Administrative Expenses).
- 1.5 Newfoundland and Labrador agrees to provide to Canada, upon request, a table detailing the Ultimate Recipient allocations and will promptly provide to Canada updates to the table upon any revision to the allocations to Local Governments under Section 1.1.1 (Municipal Allocations).

2 DELIVERY MECHANISM

- 2.1 Subject to the provisions of Section 1.2 and 1.1.1 (Municipal Allocations), Newfoundland and Labrador will allocate directly to Local Governments, excluding Regional Service Boards, a portion of any GTF funding that may be transferred to it from Canada annually,
- 2.1.1 Newfoundland and Labrador will enter into an agreement with each Local Government, and will require Ultimate Recipients to comply with the Ultimate Recipient requirements as outlined in Schedule A of this Administrative Agreement, and to submit to it a Capital Investment Plan.
 - 2.1.2 Newfoundland and Labrador will review and consider Capital Investment Plans, and will confirm the eligibility of a range of Eligible Projects included therein.
 - 2.1.3 Local Governments will decide which Eligible Projects will receive GTF funding in accordance with the Ultimate Recipient's allocation. Local Governments may spend their GTF allocation in the year received, accumulate the allocation for use by March 31, 2024 or obtain a loan from a financial institution to undertake Eligible Projects provided the loan and interest charges are paid by March 31, 2024.
 - 2.1.4 Local Government will inform Newfoundland and Labrador of proposed changes, including cancellations, of any Eligible Project that receive GTF funding.
- 2.2 Subject to the provision of Section 1.1.2 (Provincial Waste Management Strategy), Newfoundland and Labrador will allocate GTF funding to Eligible Projects based on regional needs and regional priorities. Regional Service Boards, acting as Ultimate Recipients, will enter into an Agreement with Newfoundland and Labrador and will receive allocations on a project-by-project basis.
- 2.3 Subject to the provision of Section 1.1.3 (Provincial Water and Wastewater Initiative), Newfoundland and Labrador will allocate GTF funding to Eligible Projects based on applications received. Ultimate Recipients, will enter into an Agreement with Newfoundland and Labrador and will receive funding on a project-by-project basis.
- 2.4 Newfoundland and Labrador may develop and implement capacity building projects of regional and provincial scope, acting as Ultimate Recipient. These Eligible Projects will assist all Local Governments to improve asset management and asset management planning objectives, in accordance with Section 1.3 a (Allocation Formula) above.
- 2.5 Any GTF funding that may be received by Newfoundland and Labrador from Canada may be withheld by Newfoundland and Labrador until such time as Ultimate Recipients address and correct, to the satisfaction of Newfoundland and Labrador, matters of non-compliance.
- 2.6 If during the term of this Administrative Agreement an Ultimate Recipient ceases to be a Local Government, or for any other reason, this Administrative Agreement may be reviewed by Canada and Newfoundland and Labrador, and may be amended at any time in accordance with Section 10 (Duration, Termination, Review and Amendment).
- 2.7 Newfoundland and Labrador agrees to present to Canada a detailed plan of the proposed Capacity Building initiatives it, acting as an Ultimate Recipient, proposes to undertake on behalf of Local Governments. The plan will be submitted to Canada no later than December 31, 2014, and will include details of the projects to which Newfoundland and Labrador proposes applying GTF funding set aside for eligible Capacity Building projects in the Allocation Formula (Sections 1.3 and 1.4). Canada will review and approve the plan, prior to allocating any GTF funding for this purpose.

3 USE AND RECORDING OF FUNDS

- 3.1 Newfoundland and Labrador will require that any GTF funding that may be transferred to it by Canada, Unspent Funds, and any interest earned thereon, are used solely in accordance with the terms and conditions set out in this Administrative Agreement.
- 3.2 Newfoundland and Labrador will require that any GTF funding that may be transferred to it by Canada, Unspent Funds, and any interest earned thereon is used by Ultimate Recipients in accordance with this Administrative Agreement and specifically to Schedule A (Ultimate Recipient Requirements).
- 3.3 Pending payment to Ultimate Recipients in accordance with the terms and conditions of this Administrative Agreement, Newfoundland and Labrador will record into a separate and distinct account any GTF funding it may receive from Canada and any interest earned thereon.
- 3.4 Any GTF funding that may be transferred by Canada to Newfoundland and Labrador will be treated as federal funds with respect to other federal infrastructure programs.

4 INCREMENTALITY

Any GTF funding that Newfoundland and Labrador may receive from Canada is not intended to replace or displace existing sources of funding for Local Government tangible capital expenditures.

For the purposes of this Administrative Agreement tangible capital expenditure for the provincial and all Local Governments in aggregate, will not be less than either the lesser of: an average \$2.76 million annually, or \$27.6 million in total municipal and provincial expenditures over the ten year term of this Administrative Agreement.

5 ADMINISTRATION EXPENSES

Upon review and acceptance by Canada of a detailed five-year business case, which must be submitted by April 1, 2015, Newfoundland and Labrador may apply a portion of any funding it may receive from Canada for administrative expenses related to program delivery and implementation of this Administrative Agreement, including ICSP coordination, expenditures associated with communication activities such as public project announcements and signage. The five-year business case will cover the period ending on March 31, 2019.

6 ELIGIBLE PROJECT CATEGORIES

Eligible Project categories under the GTF will continue to include: public transit, local roads and bridges, wastewater, water, solid waste and community energy infrastructure and non-capital investments in capacity building initiatives. As announced in *Economic Action Plan 2013*, new eligible project categories have been added to include highways, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband and connectivity, brownfield redevelopment, culture, tourism, sport, and recreation infrastructure. Schedule B (Eligible Project Categories) provides further details regarding Eligible Project categories.

7 ELIGIBLE EXPENDITURES

Eligible Expenditures are those associated with: the acquiring, planning, designing, constructing, or renovating a tangible capital asset; the strengthening of the ability of Local Governments to improve local and regional planning and asset management as well as joint federal communication activities and federal signage. Schedule C (Eligible and Ineligible Expenditures) sets out specific requirements for eligible and ineligible expenditures.

8 REPORTING

Newfoundland and Labrador will provide to Canada an Annual Report reporting on expenditures as well as project-level information. Furthermore, Newfoundland and Labrador will provide to Canada periodic Outcomes Reports indicating progress and results of the GTF in order to demonstrate overall GTF progress toward the national objectives. Schedule D (Reporting) sets out specific reporting requirements.

9 COMMUNICATIONS

This Administrative Agreement formalizes clear requirements to support federal communications objectives. Schedule E (Communications Protocol) sets out specific communications requirements, including:

- providing upfront project information on an annual basis for communications purposes;
- including the federal government in local project communications; and
- installing federal project signs.

10. ASSET MANAGEMENT

Asset management will be undertaken in accordance with the approach agreed upon between Canada and Newfoundland and Labrador, as set out in Schedule F (Asset Management), and Newfoundland and Labrador will report to Canada on progress made in asset management, as set out in Schedule D (Reporting).

SCHEDULE A - Ultimate Recipient Requirements

Ultimate Recipients will be required to:

1. Be responsible for the completion of each Eligible Project in accordance with Schedule B (Eligible Project Categories) and Schedule C (Eligible and Ineligible Expenditures).
2. Comply with all Ultimate Recipient requirements outlined in Schedule E (Communications Protocol).
3. Develop and/or implement asset management in accordance with Schedule F (Asset Management).
4. Invest, in a distinct account, GTF funding it receives from the Newfoundland and Labrador in advance of it paying Eligible Expenditures.
5. With respect to Contracts, award and manage all Contracts in accordance with their relevant policies and procedures and, if applicable, in accordance with the Newfoundland and Labrador *Public Tender Act*, the Agreement on Internal Trade and applicable international trade agreements, and all other applicable laws.
6. Invest into Eligible Projects, any revenue that is generated from the sale, lease, encumbrance or other disposal of an asset resulting from an Eligible Project where such disposal takes place within five (5) years of the date of completion of the Eligible Project.
7. Allow Canada reasonable and timely access to all of its documentation, records and accounts and those of their respective agents or Third Parties related to the use of GTF funding and Unspent Funds, and any interest earned thereon, and all other relevant information and documentation requested by Canada or its designated representatives for the purposes of audit, evaluation, and ensuring compliance with this Administrative Agreement.
8. Keep proper and accurate accounts and records in respect of all Eligible Projects for at least six (6) years after completion of the Eligible Project and, upon reasonable notice, make them available to Canada.
9. Agree their actions do not 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 the Ultimate Recipient, or between Canada and a Third Party.
10. Agree that they do not represent themselves, including in any agreement with a Third Party, as a partner, employee or agent of Canada.
11. Agree that no current or former public servant or public office holder to whom any post-employment, ethics and conflict of interest legislation, guidelines, codes or policies of Canada applies will derive direct benefit from GTF funding, Unspent Funds, and interest earned thereon, unless the provision or receipt of such benefits is in compliance with such legislation, guidelines, policies or codes.

12. Agree that they will not, at any time, hold the Government of Canada, its officers, servants, employees or agents responsible for any claims or losses of any kind that they, Third Parties or any other person or entity may suffer in relation to any matter related to GTF funding or an Eligible Project and that they will, at all times, compensate the Government of Canada, its officers, servants, employees and agents for any claims or losses of any kind that any of them may suffer in relation to any matter related to GTF funding or an Eligible Project.
13. Continue to use the Integrated Community Sustainability Plans (ICSPs) that were initiated and developed under the First Agreement.
14. Provide to Newfoundland and Labrador the required applications, forms, plans, and reports or other documentation, in a format acceptable to Newfoundland and Labrador, including outstanding reports and ICSPs and Outcomes Reports committed to under the First Agreement.
15. Submit a Capital Investment Plan to Newfoundland and Labrador for proposed Eligible Projects before construction is initiated.
16. Submit to Newfoundland and Labrador an Ultimate Recipient annual expenditure report in a format prescribed by Newfoundland and Labrador on or before the date determined by Newfoundland and Labrador.
17. Work with Newfoundland and Labrador to resolve any non-compliance issues in a timely manner to the satisfaction of Newfoundland and Labrador.
18. Where it chooses to invest any GTF funding it may receive, invest in accordance with the Newfoundland and Labrador *Municipalities Act*, 1999, R.S.N.L. 1999, c. M-24; the *City of St. John's Act*, R.S.N.L. 1990, c. C-17; the *City of Corner Brook Act*, R.S.N.L. 1990 c.C-15; the *City of Mount Pearl Act*, R.S.N.L. 1990, c.C-16; the *Regional Service Boards Act*, 2012 SNL2012, or any other applicable legislation or regulation.
19. Ultimate Recipients must complete Eligible Projects in accordance with Newfoundland and Labrador's *Municipalities Act*, 1999, as amended, or any successor legislation. These projects must be completed using the latest revision of the Municipal Water, Sewer and Road Specifications as published by the Province of Newfoundland and Labrador, Department of Municipal and Intergovernmental Affairs.
20. Agree that the above requirements which, by their nature, should extend beyond the expiration or termination of this Administrative Agreement will extend beyond such expiration or termination.

SCHEDULE B - Eligible Project Categories

Eligible Projects include investments in Infrastructure for its construction, renewal or material enhancement in each of the following categories:

1. Local roads and bridges – roads, bridges and active transportation infrastructure (active transportation refers to investments that support active methods of travel. This can include: cycling lanes and paths, sidewalks, hiking and walking trails).
2. Highways – highway infrastructure.
3. Short-sea shipping – infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean.
4. Short-line rail – railway related infrastructure for carriage of passengers or freight.
5. Regional and local airports – airport-related infrastructure (excludes the National Airport System).
6. Broadband connectivity – infrastructure that provides affordable and sustainable access to broadband for residents, businesses, and/or institutions in Canadian communities.
7. Public transit – infrastructure that supports a shared passenger transport system which is available for public use.
8. Drinking water – infrastructure that supports drinking water conservation, collection, treatment and distribution systems.
9. Wastewater – infrastructure that supports wastewater and storm water collection, treatment and management systems.
10. Solid waste – infrastructure that supports solid waste management systems including the collection, diversion and disposal of recyclables, compostable materials and garbage.
11. Community energy systems – infrastructure that generates or increases the efficient usage of energy.
12. Brownfield Redevelopment – remediation or decontamination and redevelopment of a brownfield site within municipal boundaries, where the redevelopment includes:
 - the construction of public infrastructure as identified in the context of any other category under the GTF, and/or;
 - the construction of municipal use public parks and publicly-owned social housing.
13. Sport Infrastructure – amateur sport infrastructure (excludes facilities, including arenas, which would be used as the home of professional sports teams or major junior hockey teams (e.g. Junior A)).
14. Recreational Infrastructure – recreational facilities or networks.
15. Cultural Infrastructure – infrastructure that supports arts, humanities, and heritage.
16. Tourism Infrastructure – infrastructure that attract travelers for recreation, leisure, business or other purposes.
17. Disaster mitigation – infrastructure that reduces or eliminates long-term impacts and risks associated with natural disasters.
18. Capacity building – includes investments related to strengthening the ability of Local Governments to develop long-term planning practices.

Note: Investments in health infrastructure (hospitals, convalescent and senior centres) are not eligible.

SCHEDULE C - Eligible and Ineligible Expenditures

1. Eligible Expenditures

1.1 Eligible Expenditures of Ultimate Recipients will be limited to the following:

- a) the expenditures associated with acquiring, planning, designing, constructing or renovating a tangible capital asset, as defined by Generally Accepted Accounting Principles (GAAP), including emergency generators, and any related debt financing charges specifically identified with that asset;
- b) for capacity building category only, the expenditures related to strengthening the ability of Local Governments to improve local and regional planning including Capital Investment Plans, municipal plans, integrated community sustainability plans, life-cycle cost assessments, and Asset Management Plans. The expenditures could include developing and implementing:
 - i. studies, strategies, or systems related to asset management, which may include software acquisition and implementation;
 - ii. training directly related to asset management planning; and,
 - iii. long-term infrastructure plans.
- c) the expenditures directly associated with joint communication activities and with federal project signage for GTF-funded projects.

1.2 Employee and Equipment Costs: The incremental costs of the Ultimate Recipient's employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

- a) the Ultimate Recipient is able to demonstrate that it is not economically feasible to tender a contract;
- b) the employee or equipment is engaged 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 Newfoundland and Labrador, or when Newfoundland and Labrador is acting as the Ultimate Recipient, is approved in advance and in writing by Canada.

1.3 Administration expenses of Newfoundland and Labrador related to program delivery and implementation of this Administrative Agreement, in accordance with Section 5 (Administration Expenses) of Annex B (Terms and Conditions).

2. Ineligible Expenditures

The following are deemed Ineligible Expenditures:

- a) project expenditures incurred before April 1, 2005;
- b) project expenditures incurred before April 1, 2014 for the following investment categories:
 - i. highways;
 - ii. regional and local airports;
 - iii. short-line rail;
 - iv. short-sea shipping;
 - v. disaster mitigation;
 - vi. broadband connectivity;
 - vii. brownfield redevelopment;
 - viii. cultural infrastructure;
 - ix. tourism infrastructure;
 - x. sport infrastructure; and
 - xi. recreational infrastructure.
- c) the cost of leasing of equipment by the Ultimate Recipient, any overhead costs, including salaries and other employment benefits of any employees of the Ultimate Recipient, its direct or indirect operating or administrative costs of Ultimate Recipients, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Expenditures above;
- d) taxes for which the Ultimate Recipient is eligible for a tax rebate and all other costs eligible for rebates;
- e) purchase of land or any interest therein, and related costs;
- f) legal fees; and
- g) routine repair and maintenance costs.

SCHEDULE D - Reporting

Reporting requirements under the GTF consist of an Annual Report and an Outcomes Report which will be submitted to Canada for review and acceptance. The reporting year is April 1 to March 31, however, the Annual Report may include information in respect of Eligible Projects related to Ultimate Recipients with a year-end other than March 31.

Newfoundland and Labrador will require Ultimate Recipients to report on a December 31 year-end unless otherwise agreed to by Newfoundland and Labrador.

1. Annual Report

By September 30 of each year, Newfoundland and Labrador will provide to Canada an Annual Report in an electronic format deemed acceptable by Canada consisting of the following:

1.1 Financial Report Table

The financial report table will be submitted in accordance with the following template.

Annual Report Financial Table	Annual	Cumulative
	20xx - 20xx	2014 - 20xx
Newfoundland and Labrador in aggregate		
Opening Balance ¹	\$xxx	
Received from Canada	\$xxx	\$xxx
Interest Earned	\$xxx.	\$xxx
Administrative Cost	(\$xxx)	(\$xxx)
Transferred to Ultimate Recipients	(\$xxx)	(\$xxx)
Closing Balance of unspent funds	\$xxx	
Ultimate Recipients in aggregate		
Opening Balance ²	\$xxx	
Received from Newfoundland and Labrador	\$xxx	\$xxx
Interest Earned	\$xxx	\$xxx
Spent on Eligible Projects	(\$xxx)	(\$xxx)
Closing Balance of unspent funds	\$xxx	

1.2 Audit Based Attestation

Newfoundland and Labrador will provide to Canada Annual Reports that have been attested to (i.e., verified as accurate) by the Departmental Comptroller of the Department of Municipal and Intergovernmental Affairs, or other senior official delegated in writing by Newfoundland and Labrador, as to:

- a) the accuracy of the information submitted in the Financial Report Table; and
- b) that GTF funding and Unspent Funds, and any interest earned thereon were expended for the purposes intended.

Newfoundland and Labrador will require Ultimate Recipients to submit to it, independently audited annual expenditure reports in a manner and format prescribed by

¹ For the 2014-2015 Annual Report this means the amount reported as unspent by Newfoundland and Labrador in the 2013-2014 Annual Expenditure Report (as defined under the First Agreement).

² For the 2014-2015 Annual Report this means the amount reported as unspent by Eligible Recipients (as defined under the First Agreement) in the 2013-2014 Annual Expenditure Report (as defined under the First Agreement).

Newfoundland and Labrador.

1.3 Project List

Newfoundland and Labrador will maintain, and provide to Canada a project list submitted in accordance with the following template.

Annual Report - GTF Project List Template

Project ID	Ultimate Recipient	Project Title	Project Description	Investment category	Total Project Cost	Funds (GTF) Spent	Completed (Yes/No)

2. Outcomes Report

By March 31, 2018 and March 31, 2023, the Newfoundland and Labrador will provide to Canada and make publicly available, an Outcomes Report that will report in aggregate on the degree to which investments are supporting the progress in Newfoundland and Labrador towards achieving the following program benefits:

- a) Beneficial impacts on communities of completed Eligible Projects;
- b) Enhanced impact of GTF as a predictable source of funding including incrementality as described in Section 4 of Annex B (Terms and Conditions); and
- c) Progress made on improving Local Government planning and asset management.

The Outcomes Report will present performance data and a narrative on how each program benefit is being met. Performance measurement methodology in respect of each program benefit will be approved by the Oversight Committee Co-Chairs.

SCHEDULE E- Communications Protocol

1 Purpose

- 1.1. The provisions of this Communications Protocol apply to all communications activities related to any GTF funding, including allocations, and Eligible Projects funded under this Administrative Agreement. Communications activities may include, but are not limited to, public or media events, news releases, reports, web articles, blogs, project signs, digital signs, publications, success stories and vignettes, photo compilations, videos, advertising campaigns, awareness campaigns, editorials, awards programs, and multi-media products.
- 1.2. Through collaboration, Canada and Newfoundland and Labrador agree to work to ensure clarity and consistency in the communications activities meant for the public.

2 Joint communications approach

- 2.1. Canada and Newfoundland and Labrador agree to work in collaboration to develop a joint communications approach that identifies guiding principles, including those related to the provision of upfront project information, project signage, and planned communications activities throughout the year. This joint communications approach will have the objective of ensuring that communications activities undertaken each calendar year communicate a mix of Eligible Project types from both large and small communities, span the full calendar year and use a wide range of communications mediums.
- 2.2. Canada and Newfoundland and Labrador agree that the initial annual joint communications approach will be finalized and approved by the Oversight Committee Co-Chairs within 60 working days following the inaugural meeting of the Oversight Committee.
- 2.3. Canada and Newfoundland and Labrador agree that achievements under the joint communications approach will be reported to the Oversight Committee once a year, or more frequently as requested by the Oversight Committee.
- 2.4. Canada and Newfoundland and Labrador agree to assess the effectiveness of the joint communications approach on an annual basis and, as required, update and propose modifications to the joint communications approach. Any modifications will be brought to the Oversight Committee Co-Chairs for approval.

3 Inform Canada on allocation and intended use of GTF funding for communications planning purposes

- 3.1. Newfoundland and Labrador agrees to provide to Canada upfront information on planned Eligible Projects and Eligible Projects in progress on an annual basis, prior to the construction season. Canada and Newfoundland and Labrador will agree, in the joint communications approach, on the date this information will be provided. The information will include, at a minimum:

Ultimate Recipient name; Eligible Project name; Eligible Project category, a brief but meaningful Eligible Project description; total amount of GTF funds being used toward the Eligible Project; and anticipated start date.

- 3.2. Canada and Newfoundland and Labrador agree that the above information will be delivered to Canada in an electronic format deemed acceptable by Canada. This information will only be used for communications planning purposes and not for program reporting purposes.
- 3.3. Canada and Newfoundland and Labrador agree that the joint communication approach will define a mechanism to ensure the most up-to-date Eligible Project information is available to Canada to support media events and announcements for Eligible Projects.

4 Project signage

- 4.1. Canada, Newfoundland and Labrador and Ultimate Recipients may each have a sign recognizing their contribution to Eligible Projects.
- 4.2. At Canada's request, Newfoundland and Labrador or Ultimate Recipients will install a federal sign to recognize federal funding at Eligible Project site(s). Federal sign design,

content, and installation guidelines will be provided by Canada and included in the joint communications approach.

- 4.3 Where Newfoundland and Labrador or an Ultimate Recipient decides to install a permanent plaque or other suitable marker with respect to an Eligible Project, it must recognize the federal contribution to the Eligible Project(s) and be approved by Canada.
- 4.4 Newfoundland and Labrador or the Ultimate Recipient is responsible for the production and installation of Eligible Project signage, or as otherwise agreed upon.
- 4.5 Newfoundland and Labrador agrees to inform Canada of signage installations on a basis mutually agreed upon in the joint communications approach.

5 Media events and Announcements for Eligible Projects

- 5.1 Canada and Newfoundland and Labrador agree to have regular announcements of Eligible Projects that are benefiting from GTF funding that may be provided by Canada. Key milestones may be marked by public events, news releases and/or other mechanisms.
- 5.2 Media events include, but are not limited to, news conferences, public announcements, official events or ceremonies, and news releases.
- 5.3 Canada, Newfoundland and Labrador or an Ultimate Recipient may request a media event.
- 5.4 Media events related to Eligible Projects will not occur without the prior knowledge of Canada, Newfoundland and Labrador and the Ultimate Recipient.
- 5.5 The requester of a media event will provide at least 15 working days' notice to other parties of their intention to undertake such an event. The event will take place at a mutually agreed date and location. Canada, Newfoundland and Labrador and the Ultimate Recipient will have the opportunity to participate in such events through a designated representative. Each party and the Ultimate Recipient will choose their own designated representative.
- 5.6 The conduct of all joint media events and products will follow the *Table of Precedence for Canada* as outlined at www.pch.gc.ca/pgm/ceem-cced/prtcl/precedence-eng.cfm.
- 5.7 All joint communications material related to media events must be approved by Canada and recognize the funding of the parties.
- 5.8 All joint communications material must reflect Canada's policy on official languages and the federal identity program.

6 Program communications

- 6.1 Canada, Newfoundland and Labrador and Ultimate Recipients may include messaging in their own communications products and activities with regard to the GTF.
- 6.2 The party undertaking these activities will provide the opportunity for the other parties to participate, where appropriate, and will recognize the funding of all contributors.
- 6.3 Canada and Newfoundland and Labrador agree that they will not unreasonably restrict the other parties from using, for their own purposes, public communications products related to the GTF prepared by Canada, Newfoundland and Labrador or Ultimate Recipients, or, if web-based, from linking to it.
- 6.4 Notwithstanding Section 5 (Communications Protocol), Canada retains the right to meet its obligations to communicate information to Canadians about the GTF and the use of funding through communications products and activities.

7 Operational Communications

- 7.1 Newfoundland and Labrador or the Ultimate Recipient is solely responsible for operational communications with respect to Eligible Projects, including but not limited to, calls for tender, construction, and public safety notices. Operational communications as described above are not subject to the federal official language policy.

7.2 Canada, Newfoundland and Labrador or the Ultimate Recipient will share information promptly with the other parties to this Administrative Agreement should significant emerging media or stakeholder issues relating to an Eligible Project arise. Canada and Newfoundland and Labrador will advise Ultimate Recipients, when appropriate, about media inquiries received concerning an Eligible Project.

8 Communicating Success Stories

Newfoundland and Labrador agrees to facilitate communications between Canada and Ultimate Recipients for the purposes of collaborating on communications activities and products including but not limited to Eligible Project success stories, Eligible Project vignettes, and Eligible Project start-to-finish features.

9 Advertising campaigns

Recognizing that advertising can be an effective means of communicating with the public, Canada, Newfoundland and Labrador or an Ultimate Recipient may, at their own cost, organize an advertising or public information campaign related to the GTF or Eligible Projects. However, such a campaign must respect the provisions of this Administrative Agreement. In the event of such a campaign, the sponsoring party or Ultimate Recipient agrees to inform the other parties of its intention, and to inform them no less than 21 working days prior to the campaign launch.

SCHEDULE F – Asset Management

Newfoundland and Labrador will develop a template and/or guidelines for Local Governments to use or adapt in making improvements to their asset management, asset management planning, and as appropriate the development and implementation of Asset Management Plans.

In accordance with Schedule D (Reporting), Newfoundland and Labrador will report on progress made towards improving Local Government planning and asset management, as well as progress made by Newfoundland and Labrador when acting as a Ultimate Recipient, as part of the Outcomes Report due to Canada in 2018 and in 2023.