

CANADA-SASKATCHEWAN



**Government of
Saskatchewan**

AGREEMENT ON THE TRANSFER OF FEDERAL GAS TAX REVENUES

UNDER THE NEW DEAL FOR CITIES AND COMMUNITIES

2005-2015

This Agreement made as of August 23, 2005.

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

AND: **HER MAJESTY IN RIGHT OF THE PROVINCE OF SASKATCHEWAN** (“Saskatchewan”) represented by the Minister of Government Relations (“Provincial Minister”).

PREAMBLE

WHEREAS Canada and Saskatchewan and representatives of Municipalities wish to cooperate for the purpose of advancing the environmental, economic, cultural and social sustainability and prosperity of cities and communities in Saskatchewan.

WHEREAS the New Deal for Cities and Communities will engage governments, stakeholders and the citizens of Canada and Saskatchewan in purposeful partnerships, foster vibrant, creative, prosperous and sustainable cities and communities across Canada and enable Canadians to achieve a higher quality of life and standard of living.

WHEREAS Canada, Saskatchewan and municipal organizations in Saskatchewan recognize that communities need stable, reliable and predictable funding to manage the significant issues they face, and agree that all orders of governments must work together collaboratively to ensure that investment in communities is strategic, purposeful and forward-looking.

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

WHEREAS this Agreement includes specific provisions relating to 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 Saskatchewan may enter into separate agreements, including possible trilateral agreements, to support sustainability objectives.

WHEREAS Canada and Saskatchewan acknowledge that the Agreement is to be consistent with the principles adopted by the Government of Canada and with the Provincial/Territorial principles attached as Annex A and which were adopted collectively by the Ministers Responsible for Local Government in 2004.

WHEREAS the Parties wish to build upon the contributions that Saskatchewan, Municipalities, and Canada have made with respect to Infrastructure and to the environmental, economic, social and cultural sustainability of Saskatchewan communities.

WHEREAS the Lieutenant Governor in Council for Saskatchewan by Order-in-Council 649 - 2005 has authorized the Saskatchewan Minister for Government Relations to enter into this Agreement on behalf of Saskatchewan.

AND WHEREAS the Minister of State (Infrastructure and Communities) has authority to enter into this Agreement on behalf of Canada.

PRINCIPLES

The following principles will guide Canada and Saskatchewan in their actions with respect to this Agreement:

Respect for Jurisdiction: The parties will respect the jurisdiction of all orders of government, while recognizing the merit of inter-governmental cooperation to support the objectives of the New Deal for Cities and Communities.

A Flexible Approach: In recognition of the diversity of Canadian provinces, territories, cities and communities, Canada will adopt a flexible approach regarding the allocation of gas tax funds within Saskatchewan, the mechanism for delivering gas tax funds, the nature of municipal involvement, and the nature of provincial contributions.

Equity: Canada will treat provinces, territories, and regions equitably both with respect to the allocation of gas tax funds and in the broad context of the New Deal for Cities and Communities. Canada and Saskatchewan will commit to an equitable allocation of gas tax funds within Saskatchewan, recognizing the need to balance urban and rural needs, the need to encourage regional approaches, and to recognize different capacities of Municipalities.

Promote long term solutions: Canada and Saskatchewan will adopt a long-term focus for purposes of the Agreement in order to contribute to sustainable Saskatchewan cities and communities, including long-term, stable and predictable funding and ongoing collaboration.

Transparency: Activities under the Agreement will be undertaken in a spirit of consultation with affected parties, with open and transparent decision-making.

Accountability and Reporting: Canada and Saskatchewan commit to due diligence in the management of gas tax funding, to build upon existing delivery mechanisms in administering the Funds under this Agreement, and to full accountability and regular reporting to Canadians with respect to the use of Funds and achievement of Outcomes.

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

1 INTERPRETATION

1.1 Definitions

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

“Agreement” means this Canada-Saskatchewan agreement on the transfer of Funds, including the Schedules attached hereto.

“Annual Allocation and Expenditure Report” means the annual report to be delivered by Saskatchewan to Canada and more particularly described in Schedule D.

“Audit Report” means an audit report, prepared by Saskatchewan’s Provincial Auditor or by a qualified independent auditor who is a member of an accounting profession recognized under Saskatchewan legislation and more particularly described in Schedule D.

“Capacity Building Project” means a project involving activities that strengthen the ability of Municipalities to develop and implement integrated community sustainability strategies and more particularly described in Schedule A.

“Capital Investment Plan” means a capital investment plan approved by Municipal Council which describes anticipated investments in capital assets by a Municipality over a five year period, along with a rationale for the selection of these investments.

“Committee” means the New Deal Partnership Committee established under section 4.1 of this Agreement.

“Contract” means a Contract between either a Municipality, a controlled corporation of a Municipality as defined by the relevant municipal legislation, or a non-municipal entity and a Third Party whereby the latter agrees to contribute a product or service to an Eligible Project in return for financial consideration which may be claimed as an Eligible Cost.

“Eligible Costs” means those costs described in Schedule B, incurred in respect of “Eligible Projects”.

“Eligible Projects” means ESMI Projects and Capacity Building Projects.

“Environmentally Sustainable Municipal Infrastructure (ESMI) Projects” means Municipal Infrastructure projects that:

- a. improve the quality of the environment and contribute to reduced greenhouse gas emissions, clean water, or clean air; and
- b. fall within the category of projects described in Schedule A hereto.

“Federal Minister” means the Minister of State (Infrastructure and Communities) for Canada or such other federal Minister to whom Canada may assign responsibility for this Agreement.

“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 Saskatchewan and a Municipality pursuant to which Funds are paid to the Municipality.

“Funds” means the funds made available to Municipalities pursuant to this Agreement and includes any interest earned on the said Funds.

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

“Infrastructure” means publicly-owned capital assets in Saskatchewan for public use or benefit.

“Infrastructure Investment Plan” means a plan submitted to Saskatchewan by a Municipality which includes a description of the Eligible Projects for which the Municipality intends to use Funds and the Outcomes the Municipality expects to achieve as a result of the Eligible Projects.

“Infrastructure Programs” means the federal government 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 Infrastructure Canada Program.

“Ministers” means the Federal Minister and the Provincial Minister.

“Municipal Infrastructure” means Infrastructure owned by a Municipality or Municipalities, either directly or through a controlled corporation, or by a non-municipal entity provided that the Municipality or Municipalities have indicated through formal resolution of Municipal Council that the Infrastructure owned by a non-municipal entity provides direct service to the residents of the Municipality or Municipalities.

“Municipal Requirements” means the requirements described in Schedule C which apply to Municipalities as a condition of receiving Funds under this Agreement and which will be included in all Funding Agreements.

“Municipality” means a municipality as defined in The Interpretation Act, 1995 (Saskatchewan), or any equivalent successor legislation and includes the Saskatchewan portion of the city of Lloydminster.

“New Deal” means the New Deal for Cities and Communities, which is a strategy involving initiatives developed collaboratively by Canada, Saskatchewan, and Municipalities for the purpose of building economic, environmental, social and cultural sustainability of communities.

“Northern Municipality” means a municipality as defined in The Interpretation Act, 1995 (Saskatchewan), or any equivalent successor legislation.

“Outcomes” means cleaner water, cleaner air and greenhouse gas reduction.

“Outcomes Report” means the report to be delivered by Saskatchewan to Canada and made available to the public, which reports on Outcomes resulting from use of the Funds, using as a guide the indicators set out in Schedule E.

“Parties” means Canada and Saskatchewan.

“Provincial Minister” means the Saskatchewan Minister for Government Relations or such other provincial Minister to whom Saskatchewan may assign responsibility for this Agreement.

“Regional Benefit” means a regional environmental, economic, social or cultural benefit arising from an Eligible Project and which benefit is more particularly described in Schedule J.

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

1.2 Entire Agreement

This Agreement supersedes and invalidates all other commitments, representations and warranties relating to the subject matter hereof which may have been made by the Parties 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 and form part of this Agreement:

- 1.3.1 Schedule A: Eligible Project Categories
- 1.3.2 Schedule B: Eligible Municipal Costs
- 1.3.3 Schedule C: Municipal Requirements
- 1.3.4 Schedule D: Audit and Reporting
- 1.3.5 Schedule E: Outcome Indicators
- 1.3.6 Schedule F: Communications Protocol
- 1.3.7 Schedule G: Areas of Collaboration
- 1.3.8 Schedule H: Existing Saskatchewan and Municipal Contributions
- 1.3.9 Schedule I: Saskatchewan Approach to Enhancing Community Sustainability
- 1.3.10 Schedule J: Regional Benefit

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 Saskatchewan. 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 the Agreement is to:

- 2.1 Provide a joint framework for the transfer of Funds from Canada to Saskatchewan for administration and subsequent allocation to municipalities for the purpose of investment in environmentally sustainable municipal infrastructure and municipal capacity building projects.
- 2.2 Confirm the Parties commitment to the areas of further co-operation as set out in Schedule G, which may, following further agreement, be formalized through additional agreements parallel to this Agreement or appended as separate schedules hereto.

3 CONTRIBUTIONS AND COMMITMENTS

3.1 Contributions and Commitments by Canada

- 3.1.1 Canada's total contribution of Funds to Saskatchewan for administration and allocation in accordance with this agreement is as follows:

Fiscal year	Canada's Contribution
2005-2006	\$ 17,729,000
2006-2007	\$ 17,729,000
2007-2008	\$ 23,638,000
2008-2009	\$ 29,548,000
2009-2010	\$ 59,095,000
TOTAL	\$ 147,739,000

- 3.1.2 Canada will:

- 3.1.2.1 ensure that Funds under this Agreement are in addition to federal funding currently available to Saskatchewan and its Municipalities under Infrastructure Programs and intends to renew and extend the Canada

Strategic Infrastructure Fund, the Border Infrastructure Fund and the Municipal Rural Infrastructure Fund, as they expire;

3.1.2.2 discuss proposals from Saskatchewan through the process described in section 4.1 c) v) with respect to areas of collaboration under the New Deal;

3.1.2.3 provide Gas Tax funding to First Nations On Reserve communities in Saskatchewan in addition to the monies referred to in section 3.1.1 to address infrastructure priorities; and

3.1.2.4 assist, wherever appropriate, discussions between First Nations On Reserve and Municipalities in the planning and development of Infrastructure with potential for shared benefit.

3.2 Commitments by the Government of Saskatchewan

3.2.1 Saskatchewan agrees to administer and allocate to Municipalities Funds provided by Canada under this Agreement and for the purposes described in this Agreement and, in so doing, agrees to invite participation of representatives of Municipalities in decisions regarding the administration of the Funds.

3.2.2 Saskatchewan agrees to include, in all Funding Agreements, the Municipal Requirements referred to in Schedule C and other requirements necessary to ensure conditions of this Agreement are met and agrees to diligently enforce all terms and conditions of Funding Agreements.

3.2.3 The Parties acknowledge that the existing contributions by Saskatchewan and Municipalities to meeting Municipal Infrastructure needs, improving municipal capacity and encouraging community sustainability as described in Schedule H, provide a base from which to build toward the objectives of the New Deal. Saskatchewan agrees, subject to legislated appropriation, to build on these past actions by committing to:

- a) working horizontally within government and collaboratively with Municipalities toward achieving, by the end of the Agreement, demonstrable progress with respect to enhanced community sustainability, that incorporates economic, environmental, cultural and social dimensions and that involves the following:
 - i. recognition and acknowledgement of existing province-wide planning and policy initiatives related to community sustainability;
 - ii. new provincial government sustainability planning initiatives; and

- iii. the development of new initiatives for communities and/or regions to develop sustainability plans or strategies, including building on Funds designated for regional benefit as described in section 6.2.5 (details of Saskatchewan's intended approach regarding the above elements are further described in Schedule I).
 - b) implementing measures that assist Municipalities in building capacity for sustainability planning and that encourage cooperation among Municipalities in delivering Municipal Infrastructure and other services;
 - c) supporting and reinforcing New Deal objectives related to environmental, economic, social and cultural sustainability through the Urban Development Agreements for Regina and Saskatoon that provide a strategic context for collective action and an ongoing mechanism for tripartite collaboration;
 - d) evolving and strengthening the partnership among federal, provincial and municipal levels of government envisioned by the New Deal, including federal participation at the Municipal Forum regarding New Deal initiatives and areas for further collaboration; and
 - e) encouraging collaboration among Municipalities and, wherever appropriate, assisting discussions between Municipalities and First Nations On Reserve in the planning and development of Infrastructure with potential for shared benefits.
- 3.2.4 Saskatchewan agrees that Funds provided by Canada are to be incremental to Saskatchewan Infrastructure funding available to Municipalities and further agrees that Funds provided by Canada are to be incremental to Infrastructure expenditures by Municipalities from their own sources. Funding for Saskatchewan programs is subject to legislated appropriations.

Funds provided by Canada are defined to be incremental for purposes of this Agreement when the following spending conditions exist for Saskatchewan and Municipalities:

- a) average annual capital funding by Saskatchewan for municipal infrastructure in the five Fiscal Years beginning with 2005-06 and ending with 2009-10 is no less than average annual capital funding in the five (5) Fiscal Years immediately preceding the 2005-06 Fiscal Year;
- b) average annual capital expenditure by Municipalities from their own sources on Municipal Infrastructure in the five (5) municipal fiscal years beginning with 2005 and ending with 2009 for:
 - i. the City of Regina;

- ii. the City of Saskatoon; and
- iii. an agglomeration of all other Municipalities with a population of more than two thousand (2000) people

is no less than average annual capital expenditure on Municipal Infrastructure by Regina, Saskatoon, and the agglomeration, as applicable, from their own sources in the five (5) municipal fiscal years immediately preceding 2005.

4 NEW DEAL PARTNERSHIP COMMITTEE

4.1 Establishment and Duties

Upon execution of this Agreement, the Federal and Provincial Ministers shall each appoint one official, with the Federal Minister's appointee to serve as the Federal Co-chair and the Provincial Minister's appointee to serve as the Provincial Co-chair, of a New Deal Partnership Committee. The Co-chairs shall appoint representatives from municipal associations and Municipalities and may appoint additional federal and provincial officials to serve on the New Deal Partnership Committee.

The Committee shall:

- a) be responsible for the collaborative development of New Deal directions and initiatives beyond the GTF which contribute effectively to community sustainability in Saskatchewan;
- b) monitor the overall strategic implementation of the Agreement;
- c) coordinate the development of a plan for the next phases of the New Deal for Saskatchewan including:
 - i. developing further elements of the New Deal for Saskatchewan cities and communities;
 - ii. working in a coordinated and complementary manner with city and community strategic and policy initiatives already underway, including those in the Urban Development Agreements for Regina and Saskatoon;
 - iii. encouraging inter-governmental cooperation in priority setting and program delivery;
 - iv. responding to directions and initiatives arising from sustainability planning activities referred to under section 3.2.3 a) of this Agreement; and
 - v. addressing those areas of collaboration identified in Schedule G to this Agreement.
- d) identify initiatives which:
 - i. Saskatchewan may choose to advance to the Saskatchewan Municipal Forum for consideration; or

- ii. may be advanced to Ministers, municipal organizations, Municipalities, First Nations and other groups affected by the initiatives.
- e) make recommendations to Ministers with respect to the use of Funds referred to in subsections 6.2.9 and 6.3.4 of this Agreement.

4.2 Committee Rules and Procedures

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

5 PAYMENTS

5.1 Provided there is no default under section 8.2 of this Agreement, Canada's annual contribution, as set out in section 3.1.1, will be paid to Saskatchewan for deposit in the account referred to in section 6.4.1 in equal semi-annual payments as follows:

- i. the first payment will be made not later than July 1st of each Fiscal Year; and
- ii. the second payment will be made not later than November 1st of each Fiscal Year.

In respect of the first Fiscal Year of this Agreement, payment shall be made in full no later than November 1, 2005.

5.2 Appropriations

A payment due by Canada hereunder is conditional on a legislated appropriation for the GTF in respect of the Fiscal Year for which payment is due and, in the case of the first Fiscal Year of this Agreement, legislated appropriation according to *The Budget Implementation Act, 2005*.

5.3 Limit on Use of Canada's Funds

- 5.3.1 Municipalities may use Funds to pay up to 100% of Eligible Costs of an Eligible Project. However, if a Municipality is receiving money under an Infrastructure Program for an Eligible Project to which the Municipality wishes to apply Funds, the maximum federal contribution limitation set out in any Infrastructure Program contribution agreement made in respect of that Eligible Project shall continue to apply.
- 5.3.2 Saskatchewan shall not use the allocation and payment of Funds to a Municipality as the Saskatchewan contribution under contribution agreements under existing Infrastructure Programs.

5.4 Disposal of Eligible Projects

To the extent that Saskatchewan receives a repayment of all or a portion of a contribution pursuant to the operation of item 11 of Schedule C, Saskatchewan shall immediately pay the said amount to Canada or redirect the amount for Eligible Projects consistent with sections 6.2.1 and 6.2.2.

6 ALLOCATIONS TO MUNICIPALITIES, USE OF FUNDS, & DELIVERY MECHANISM

6.1 Allocation to Municipalities

6.1.1 Each Municipality will be allocated, on a conditional basis, shares of annual Fund contributions by Canada shown in section 3.1.1 of this Agreement; with such annual shares to be calculated by dividing the Municipality's 2001 Statistics Canada Census population by the total 2001 Census population for all Municipalities and multiplying the resulting quotient by each Fiscal Year amount shown in section 3.1.1 of this Agreement.

6.1.2 Federal and Provincial Co-Chairs, after consulting with the New Deal Partnership Committee, may make adjustments to allocations to Municipalities which in the opinion of the Co-Chairs are necessary to reflect such events as the establishment of new municipalities, the merging of two or more municipalities, or other structural changes in municipalities.

6.1.3 Before determining Fund allocations to Municipalities, Saskatchewan may deduct from Canada's Fund contributions such amounts as Canada may approve for the purpose of paying Saskatchewan's administrative costs mentioned in section 6.4.3.

6.2 Use of Funds:

6.2.1 Funds shall be used only for Eligible Projects identified in Schedule A and solely in respect of Eligible Costs identified in Schedule B.

6.2.2 Twenty percent of each Municipality's total allocation for the period beginning with Fiscal Year 2005-06 and ending with Fiscal Year 2009-10 is to be used for Eligible Projects that produce Regional Benefit; notwithstanding, a Municipality is not required to use any portion of its allocation during the first two Fiscal Years of this Agreement for Eligible Projects producing Regional Benefit. The percentage of each Municipality's allocation for each Fiscal Year to be used for Eligible Projects producing Regional Benefit will be reviewed as part of the evaluation described in section 7.3 of this Agreement.

How Municipalities Access Funds:

6.2.3 In order to receive its Funds, a Municipality shall submit to Saskatchewan an Infrastructure Investment Plan with respect to the use of Funds which includes the following information:

- a) summary description of Eligible Projects for which the Municipality intends to use Funds;
- b) the Infrastructure investment categories of the Eligible Projects; and
- c) the Outcomes and outputs the Municipality expects will result from the use of Funds.

6.2.4 Infrastructure Investment Plans submitted by Regina and Saskatoon are to include the following additional information:

- a) the proposed method the Municipality will use for measuring the Outcomes which the Municipality expects will result from the use of Funds;
- b) a general description of how the use of Funds will contribute to environmental and other sustainability efforts of the Municipality; and
- c) for any use of Funds on the roads and bridges category of Schedule A, the appropriate documentation of the impact on sustainability outcomes in a format approved by the New Deal Partnership Committee.

6.2.5 For the purpose of receiving the portion of its Funds mentioned in subsection 6.2.2, a Municipality may demonstrate, in its submission of an Infrastructure Investment Plan to Saskatchewan, that the required minimum of twenty percent of its allocation of Funds produces Regional Benefit for Municipalities based on one of the following:

- a) demonstrating that its own Eligible Projects benefit the residents of other Municipalities;
- b) participating along with other Municipalities in Eligible Projects that benefit residents of a collection of Municipalities; or
- c) participating along with other Municipalities in joint Capacity Building Projects.

The conditions under which an Eligible Project produces Regional Benefit for purposes of this subsection are further described in Schedule J to this Agreement.

- 6.2.6 If Saskatchewan and the Municipality agree that the Municipality's Infrastructure Investment Plan meets the eligibility requirements under this Agreement, Saskatchewan agrees to enter into a Funding Agreement with the Municipality with respect to the Eligible Projects described in the Municipality's Infrastructure Investment Plan.
- 6.2.7 A Municipality shall use Funds that come available to it each Fiscal Year only for the purpose of paying for Eligible Costs incurred with respect to the Eligible Projects identified in its Funding Agreement with Saskatchewan.

Multi-Year Commitments:

- 6.2.8 A Municipality may establish access to all or any of the five years of its allocation of Funds under a single Infrastructure Investment Plan submitted to and accepted by Saskatchewan; however, allocations will be paid by Saskatchewan to the Municipality in installments as Funds are made available each year by Canada to Saskatchewan and according to the terms and conditions of the Municipality's Funding Agreement.

Accumulation of Fund Allocations:

- 6.2.9 A Municipality may accumulate its annual Funds allocations up until March 31, 2008, at which time, if an Infrastructure Investment Plan has not been submitted by the Municipality, Ministers may, after receiving the Committee's advice, redirect the Municipality's allocation for use by other Municipalities for Eligible Projects described in sections 6.2.1 and 6.2.2.
- 6.2.10 Funds accumulated by Municipalities are to be held in the account set up by Saskatchewan under section 6.4.1 of this Agreement for the purpose of holding Funds pending payment to Municipalities.

6.3 Payment Installments and Adjustments

- 6.3.1 Subject to the Municipality meeting the terms and conditions of its Funding Agreement, Saskatchewan agrees to pay the Municipality its Funds allocation for each Fiscal Year beyond 2005-06 in two equal semi-annual payments, with each payment to be received by the Municipality no later than sixty (60) days from the date upon which Saskatchewan receives Canada's semi-annual Fund payments.
- 6.3.2 Saskatchewan agrees to pay each Municipality its 2005-06 Fiscal Year Fund allocation within:
- a) sixty (60) days from the date a Funding Agreement is signed; or
 - b) sixty (60) days from the date Saskatchewan receives Funds from Canada;

whichever is later.

A payment due by Saskatchewan hereunder is conditional on receiving Funds from Canada.

6.3.3 Any payment to a Municipality of a Fund allocation beyond Fiscal Year 2005-06 will be reduced by the positive difference ($A - B$), where:

- A = the cumulative total (for the current and previous Fiscal Years) of Funds payments made to the Municipality; and
- B = the cumulative total (for the current and previous Fiscal Years) of Eligible Costs incurred by the Municipality for Eligible Projects.

6.3.4 Funds which a Municipality is eligible to receive under this Agreement and that have not been triggered for payment by March 31, 2010 under provisions 6.3.1 to 6.3.3 may be redirected by Ministers, after receiving advice from the Committee, to alternate uses by Municipalities that meet the requirements of subsections 6.2.1 and 6.2.2.

6.4 Delivery and Administration

6.4.1 Saskatchewan agrees to deposit Canada's Funds into a separate account, pending payment to Municipalities in accordance with the terms of this Agreement, and agrees to ensure that all Funds deposited into that account are invested in accordance with its applicable legislation.

It is understood and agreed that Saskatchewan is providing its assistance in the administration and allocation of Funds being made available by Canada to Municipalities pursuant to this Agreement and that Saskatchewan has no beneficial interest to the extent of any amounts approved to be paid and deducted pursuant to sections 6.1.3 and 6.4.3.

6.4.2 Saskatchewan agrees to pay Funds to Municipalities solely for Eligible Projects and solely for the purpose of paying Eligible Costs as described in Schedule B.

6.4.3 All administration costs of Saskatchewan in respect of the implementation and management of this Agreement shall be for the account of Saskatchewan, provided that Funds may be used by Saskatchewan to pay the administrative costs incurred by Saskatchewan in the delivery of the Funds or in fulfilling the reporting and audit requirements set out below in section 7, provided that Saskatchewan submits in advance, for review and acceptance by Canada, a business case justifying such use of Funds.

6.4.4 Interest earned on Funds held by Saskatchewan shall be deposited to the account referred to in section 6.4.1 and shall be used only for the purpose of making

payments to Municipalities or for paying administrative costs incurred by Saskatchewan in the delivery of Funds or in fulfilling the reporting and audit requirements set out below in Section 7, if approved pursuant to 6.4.3 above.

7 REPORTING, AUDITS AND EVALUATION

7.1 Reporting

7.1.1 Saskatchewan agrees to:

- a) prepare and deliver to Canada no later than September 30 of each year, in respect of the prior Fiscal Year, an Annual Allocation and Expenditure Report; and
- b) prepare and make public no later than September 30, 2009, an Outcomes Report.

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 report that may be made public.

7.2 Audits

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

7.2.2 Saskatchewan agrees to keep summary statements of Eligible Costs incurred by Municipalities to implement Eligible Projects under this Agreement for at least three years after termination of the Agreement.

7.2.3 Saskatchewan agrees to ensure that Municipalities will keep proper and accurate accounts and records, including invoices, statements, receipts and vouchers in respect of all Eligible Projects using Funds for at least three years after termination of this Agreement and, upon reasonable notice, make them available to Saskatchewan or Canada for inspection or audit.

7.2.4 Canada may request and Saskatchewan agrees to complete and provide to Canada an audit of any one or more individual Eligible Projects.

7.2.5 Saskatchewan agrees to share with Canada the results of any compliance or performance audit carried out beyond the Audit Report that examines the use of Funds.

7.3 Evaluation

- 7.3.1 No later than March 31, 2009, Canada and Saskatchewan shall complete a joint evaluation of the expenditures of Funds under this Agreement, the results of which will be made public. The Parties shall seek the input of Municipalities, or representatives thereof, as the Parties deem appropriate.
- 7.3.2 At a minimum, the evaluation will address issues related to achievement of the purpose of this Agreement, the use of Funds under the Agreement, commitments described in section 3 of this Agreement, the effectiveness of the funding arrangements described in sections 5 and 6 of this Agreement, the use of updated Statistics Canada Census of Population figures for purposes of section 6.1, and the effectiveness of the communications protocol in Schedule F of this Agreement.
- 7.3.3 The Parties agree to cooperate with respect to the above noted evaluation, the costs of which will be shared by the Parties, and to jointly design the evaluation framework.
- 7.3.4 In addition to the foregoing, no later than June 30, 2009, Canada will, at its cost, complete a national evaluation, incorporating the results of the joint bilateral evaluation described above. Canada will share the results of this national evaluation with Saskatchewan prior to its completion.

8 DISPUTE RESOLUTION, DEFAULT AND REMEDIES

8.1 Dispute Resolution

The Parties agree to keep each other informed of any disagreement or contentious issue. Such issues that cannot be resolved by the Federal and Provincial Co-Chairs may be brought to the Committee for review and discussion. Any issue that cannot be resolved after receiving input from the Committee will be submitted to Ministers for resolution.

8.2 Events of Default Declared by Canada

- 8.2.1 Canada may declare that an event of default has occurred if Saskatchewan has:
 - a) not complied with any condition, undertaking or material term in this Agreement;
 - b) failed to deliver an Annual Allocation and Expenditure Report, Audit Report, or Outcomes Report; or
 - c) delivered an Annual Allocation and Expenditure Report or Audit Report that discloses non-compliance by either Saskatchewan or by a Municipality.

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

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

8.3 Remedies

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

- a) in the case of a default under 8.2.1 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;
- b) in the case of any other default, suspend its obligation to pay Funds pending Canada's satisfaction that the default has been cured.

In the event of default being declared by Canada, Saskatchewan's obligation to make payments to Municipalities pursuant to this Agreement is suspended beyond any Funds on hand.

8.4 Events of Default Declared by Saskatchewan

Saskatchewan may declare an event of default has occurred if Canada has failed to comply with any condition, undertaking or material term in this Agreement.

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

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

8.5 Indemnity

Saskatchewan agrees to indemnify and save harmless Canada, its 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:

- a) all Eligible Projects;
- b) the performance of this Agreement or the breach of any term or condition of this Agreement by Saskatchewan, 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 by a Municipality, 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 willful or negligent act or omission of Saskatchewan or a Municipality, 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.

9 TERM OF THE AGREEMENT

9.1 Term

This Agreement shall commence on August 23, 2005 and shall expire on March 31, 2015.

9.2 Renewal

The Parties agree to a review of the terms and conditions of this Agreement within four (4) years of the signing of this Agreement.

9.3 Termination

Either Party may terminate this Agreement by serving a minimum of two Fiscal Years' notice to the other Party.

10 COMMUNICATIONS

The Parties hereby agree to follow the terms of the communications protocol described in Schedule F to this Agreement.

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 3.2.2, 5.3, 5.4, 6.2, 7.1, 7.2, 7.3, 8.4, 10, 11.4, and Item 9 of Schedule C will survive the expiry or early termination of this Agreement and any other section 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 Saskatchewan.

11.4 Debts Due to Canada

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

11.5 No Benefit

No member of the House of Commons, the Senate of Canada or the Legislative Assembly of Saskatchewan 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 Saskatchewan or between Canada 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 Municipality receiving Funds 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 Saskatchewan will take reasonable steps to ensure that all Funding Agreements and Contracts 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

Saskatchewan 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, Saskatchewan warrants that no remuneration based on a percentage of Canada's contribution will be paid to a lobbyist.

11.13 The Parties acknowledge that each is subject to its own privacy and access to information obligations.

11.14 Amendments to the Agreement

Where 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, Saskatchewan may ask Canada to agree to amend this Agreement so that taken as a whole it affords similar treatment to Saskatchewan as the other agreement affords to the other province or territory. If Canada agrees an amendment is required to afford similar treatment to Saskatchewan, this Agreement may be amended by written agreement of the Ministers.

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

11.15 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

Email: laroche.yazmine@infrastructure.gc.ca

Any notice to Saskatchewan will be addressed to:

Deputy Minister
Saskatchewan Government Relations
1510 - 1855 Victoria Avenue
Regina, Saskatchewan
S4P 3V7

Facsimile: (306) 787-1987

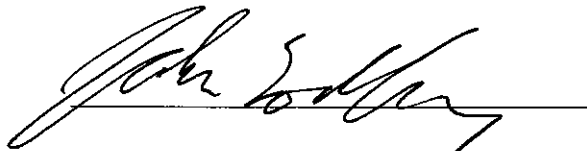
Email: hbrooks@gr.gov.sk.ca

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

SIGNATURES

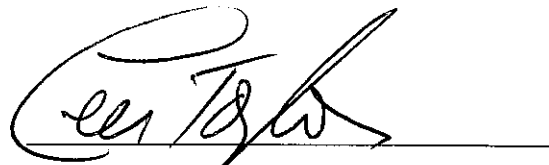
This Agreement has been executed on behalf of Canada by the Minister of State (Infrastructure and Communities), and on behalf of Saskatchewan by the Minister of Government Relations.

GOVERNMENT OF CANADA
Original Signed By:

A handwritten signature in black ink, appearing to read "John G. ...", written over a horizontal line.

Minister of State (Infrastructure and
Communities)

GOVERNMENT OF SASKATCHEWAN
Original Signed By:

A handwritten signature in black ink, appearing to read "Cen ...", written over a horizontal line.

Minister of Government Relations

WITNESSED BY:

A handwritten signature in black ink, appearing to read "Don Schlosser", written over a horizontal line.

Don Schlosser
President
Saskatchewan Urban Municipalities
Association

A handwritten signature in black ink, appearing to read "Neal Hardy", written over a horizontal line.

Neal Hardy
President
Saskatchewan Association of
Rural Municipalities

SCHEDULE A: Eligible Project Categories

This Schedule describes ESMI investment and Capacity Building categories that Municipalities may use Gas Tax Funds for in accordance with section 6.2.1 of the Agreement.

1. ESMI Eligible Projects include:

a) In the Public Transit Infrastructure Category:

- i) Rapid Transit: fixed capital assets and rolling stock (includes light rail, heavy rail additions, subways, ferries, transit stations, park and ride facilities, grade separated bus lanes and rail lines);
- ii) Transit Buses: bus rolling stock, transit bus stations;
- iii) Intelligent Transport System (ITS) and Transit Priority Capital Investments:
 - ITS technologies to improve transit communications equipment, priority signaling, passenger and traffic information and transit operations;
 - Capital investments, such as transit queue-jumpers and High Occupancy Vehicle (HOV) lanes.
- iv) Public transit facilities including garages, maintenance facilities, and terminals; and
- v) Infrastructure and tangible assets associated with public transit for persons with disabilities.

b) In the Water Infrastructure Category:

- i) Drinking water supply and storage systems, drinking water treatment systems, and drinking water distribution systems (including water meters);
- ii) Regional systems relating to items mentioned in i) above; and
- iii) Infrastructure related to source water protection for municipal water supply systems.

c) In the Wastewater Infrastructure Category:

- i) Sanitary sewer systems and separate storm water systems; and
- ii) Flood proofing infrastructure, wastewater and storm water collection and treatment systems, including infrastructure to prevent cross contamination in water supply systems.

d) In the Solid Waste Infrastructure Category:

- i) Waste Diversion: material recovery facilities, organics management, collection depots, waste disposal landfills, and thermal treatment facilities; and
- ii) Regional waste management systems relating to items mentioned in i) above.

e) In the Community Energy Systems Category:

- i) For renewable energy infrastructure including combined heat and power (CHP), cogeneration and district energy, and distribution of thermal energy using a pipeline distribution system.
- ii) For Municipalities other than Regina and Saskatoon, energy conserving infrastructure, including retro-fits to facilities (heating, lighting, etc.), restoration to reduce energy use, and infrastructure to improve interior/exterior air quality; and
- iii) For Northern Municipalities, municipally owned Municipal Infrastructure associated with the extension of natural gas service.

f) In the Local Roads and Bridges Category:

- i) Local roads, arterial roads, heavy haul/high volume roads, regional roads, bridges, tunnels; provided these are under municipal jurisdiction and enhance environmental sustainability outcomes;
- ii) ITS capital investments including technologies to improve passenger and traffic information, incident management and rescue systems; and
- iii) Active transportation infrastructure, including bike lanes and walking paths.

2. Capacity Building Projects include:

- i) Collaboration: building partnerships, strategic alliances, participation, consultation and outreach;
- ii) Knowledge: use of new technology, research, monitoring and evaluation, including for example:
 - research into sustainable models for infrastructure, such as regional water supply, regional sewage treatment, regional solid waste management, and environmentally responsible regional road systems;
 - water quality monitoring and evaluation, drinking water source protection; and

- training for operation and maintenance of Infrastructure.
- iii) Integration: integrated sustainability planning, Infrastructure planning, policy development and implementation (e.g. environmental management systems, life cycle assessment, area road and transportation planning including short line railways, water supply system planning, wastewater system planning, solid waste management planning, watershed planning, community energy planning).

SCHEDULE B: Eligible Municipal Costs

This Schedule describes the Eligible Costs Municipalities may use Funds for with respect to Eligible Projects:

1. Eligible Costs are all direct costs properly and reasonably incurred and paid by a Municipality 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 a tangible capital asset and any debt financing charges related thereto;
 - b) the fees paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake the surveying, design, engineering, manufacturing or construction of a Project Infrastructure asset and related facilities and structures;
 - c) the costs of environmental assessments, monitoring and follow-up programs as required either by federal or provincial environmental assessment legislation; and
 - d) the fees paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake planning, management, research, monitoring, evaluation, training, consultation, outreach, facilitation, policy development and program implementation relating to Municipal Capacity Building Projects, development of community sustainability strategies or plans integrated across the economic, environmental, social and cultural pillars of the New Deal.
2. The incremental costs of the Municipality's employees or equipment may be included in its Eligible Costs of a Project, or a part thereof, if the Municipality complies with the policy for self-tendering as established by Saskatchewan, which includes:
 - a) the Municipality must obtain written approval of Saskatchewan to self-tender prior to the formal approval of the Eligible Project;
 - b) the Municipality must tender the Eligible Project;
 - c) the Municipality's employees or equipment must actually perform work that would otherwise have been the subject of a contract; and
 - d) the Municipality may not, under any circumstances, award the work to itself if it has not submitted the lowest valid tender as determined by industry standards.
3. Administration Costs: Only that portion of Funds representing interest earned may be used to pay for administration costs.

4. Costs related to the following items are ineligible costs:
- a) Eligible Project costs incurred prior to April 1, 2005;
 - b) services or work that, in the opinion of Saskatchewan, are normally provided by the Municipality or a related party;
 - c) salaries and or other employment benefits of any employees of the Municipality, except for as indicated in section 2 of this Schedule;
 - d) a Municipality's overhead costs, its direct or indirect operating or administration costs, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff;
 - e) costs of feasibility and planning studies for individual Eligible Projects;
 - f) taxes for which the Municipality 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) costs of leasing of equipment by the Municipality except as indicated in section 2 of this Schedule;
 - i) routine repair and maintenance costs;
 - j) legal fees;
 - k) audit and evaluation costs; and
 - l) administrative costs incurred as a result of implementing this Agreement except as indicated in section 3 of this Schedule.

SCHEDULE C – Municipal Requirements

This Schedule contains Municipal Requirements that apply to Municipalities as a condition of receiving Funds. Saskatchewan agrees to include these Municipal Requirements in all Funding Agreements. The Municipal Requirements include:

1. Keep proper and accurate accounts and records, including invoices, statements, receipts and vouchers in respect of all Eligible Projects for which Funds are received, for at least three (3) years after termination of this Agreement and, upon reasonable notice, provide access to Canada or Saskatchewan to the accounts and records.
2. Be responsible for the complete, diligent and timely implementation and completion of the Eligible Projects.
3. Acknowledge that Saskatchewan may hold back Funds if the Municipality defaults with respect to provisions of its Funding Agreement.
4. Comply with the Communications Protocol in Schedule F.
5. Comply with all legislated environmental assessment requirements and commit that no Funds will be expended on Eligible Projects until all environmental assessment legislation requirements have been met.
6. Implement all mitigation measures identified in any environmental assessment of an Eligible Project.
7. Use Funds only for the purpose of paying for Eligible Costs incurred with respect to Eligible Projects identified in the Funding Agreement.
8. Provide a separate accounting for the Funds received by the Municipality.
9. If Funds are paid by Saskatchewan to a Municipality in advance of the Municipality incurring Eligible Costs, invest such Funds in accordance with provincial legislation respecting investments by Municipalities.
10. Ensure that any earnings on Funds invested are used only for the purpose of paying for Eligible Costs incurred with respect to Eligible Projects.
11. (a) Retain title to, and ownership of, the Municipal Infrastructure resulting from the eligible project for at least ten (10) years after project completion.

(b) In the event that, at any time within ten (10) years from the date of completion of the Project, the Municipal Infrastructure resulting from an Eligible Project, any asset constructed, rehabilitated or improved, in whole or in part with Funds contributed under the terms of this Agreement, is sold, leased, encumbered or otherwise disposed of other than to Canada, Saskatchewan, a Crown corporation of Saskatchewan, another

Municipality or Municipalities, or a corporation controlled by Municipality or Municipalities, the Municipality in receipt of Funds hereby undertakes to repay Saskatchewan, on demand, a proportionate amount of the Funds contributed by Saskatchewan on behalf of Canada as follows:

- Infrastructure disposed of within 2 years of Eligible Project completion: Municipality repays 100% of the Funds;
- Infrastructure disposed of between 2 and 5 years of Eligible Project completion: Municipality repays 55% of the Funds; and
- Infrastructure disposed of between 5 and 10 years of Eligible Project completion: Municipality repays 10% of the Funds.

The Municipality agrees to notify Saskatchewan in writing as soon as practicable of any transaction triggering the above-mentioned repayment.

Ministers may, after receiving advice from the Committee, redirect Funds returned to Saskatchewan by a Municipality to an alternate use by Municipalities that meets the eligibility requirements of sections 6.2.1 and 6.2.2 of the Agreement.

12. If the Municipality has a population greater than 5000, prepare a five-year Capital Investment Plan by the end of the fourth year of this Agreement.
13. Ensure that:
 - a. all Contracts for supply of services and material to an Eligible Project (“Contracts”) will be awarded and managed in accordance with the Municipality’s relevant policies, procedures and resolutions, a copy of which will be provided to Saskatchewan in advance of Saskatchewan making payments to the Municipality; and
 - b. Contracts will be awarded in a way that is transparent, competitive and consistent with value for money principles.
14. If the Municipality has a population of more than 2000, upon Saskatchewan’s request, provide to Saskatchewan information on the Municipality’s capital expenditures on Municipal Infrastructure for purposes of subsections 3.2.4 of the Agreement.
15. Agree that the Municipality 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 Municipality wishes to apply Funds, the maximum federal contribution limit set out in any Infrastructure Program contribution agreement made in respect of that Eligible Project shall continue to apply and Funds paid to the Municipality shall be deemed to be a federal contribution under the said contribution agreement.
16. Provide the information necessary for Saskatchewan to report to Canada as required under section 7 of the Agreement and pursuant to Schedule D: Audit and Reporting.

Note to Schedule:

Saskatchewan Municipalities are already required to adopt Public Sector Accounting Board rules, so this requirement has not been included in the Municipal Requirements.

SCHEDULE D: Audit and Reporting

1 Reporting

1.1 Annual Allocation and Expenditure Report

1.1.1 The Annual Allocation and Expenditure Report will report on:

- the amounts received from Canada under this Agreement;
- the amounts paid to Municipalities;
- the amounts received from Canada for future payment to Municipalities;
- amounts paid by Municipalities in aggregate for Eligible Projects;
- amounts held at year end by Municipalities in aggregate to be paid for Eligible Projects;
- interest earned on funds held by Saskatchewan for payment to Municipalities; and
- any amounts spent on administration as a result of an approval by Canada under section 6.4.3 of the Agreement.

1.1.2 The Annual Allocation and Expenditure Report will indicate, in a narrative, the progress made on Saskatchewan's commitments and contributions mentioned in section 3.2 of this Agreement.

1.1.3 The Annual Allocation and Expenditure Report will also include a listing of all Eligible Projects that have been approved for funding, indicating the location, investment category, amount and identity of all sources of funding, nature of the investment and expected Outcomes and outputs as identified in Schedule E.

1.1.4 In the case of Municipalities with a year end other than March 31, and with the prior approval of Saskatchewan, the Annual Report may include information in respect of Eligible Projects related to that Municipality to the year end of that Municipality.

1.2 Outcomes Report

1.2.1 The Outcomes Report will report on cumulative investments made with Gas Tax Funds, including the degree to which the investments have contributed to cleaner air, cleaner water and greenhouse gas reduction.

1.2.2 The Outcomes Report will use as a guide the Outcome Indicators in Schedule E as well as other indicators Canada and Saskatchewan may develop subsequent to the signing of this Agreement.

2 Audit Report

- 2.1 The Audit Report, which includes the results of financial and compliance audits, will provide an opinion as to whether all of the financial information contained in the Annual Allocation and Expenditure Report is accurate and complete and whether or not Saskatchewan has complied with all material provisions of this Agreement.

SCHEDULE E: Outcome Indicators

The effectiveness of Fund use under the Agreement will be measured using a set of core indicators linked to the Outcomes and outputs. Canada and Saskatchewan agree to work jointly with Municipalities to identify specific indicators consistent in principle with those outlined below for the purpose of assessing progress toward the Outcomes and outputs.

Outcomes

1. *Reduced Greenhouse Gas Emissions*

Basic Indicator: Total annual emission of greenhouse gases or energy use per capita.

2. *Cleaner Air*

Basic Indicator: Average daily 8-hour maximum ozone exposure as measured by the Air Quality Trend Indicator.

Other Indicator: Reduction in wet or dry acid deposition resulting from the transformation of sulphur dioxide and nitrogen oxides into dry or moist secondary pollutants.

3. *Cleaner Water*

Basic Indicator: Freshwater Quality Indicator based on Canadian Council of Ministers of Environment water quality index.

Outputs

1. *Public Transit Infrastructure*

Indicators: Ridership per capita in the service catchment area.

2. *Water Infrastructure*

Indicators: Litres of potable water, daily consumption, access to potable water.

3. *Wastewater Infrastructure*

Indicators: water loss, use of chemical treatments, changes in effluent quality.

4. *Solid Waste Management Infrastructure*

Indicators: tonnes of solid waste produced, solid waste recycled and composted.

5. *Local Roads and Bridges*

Indicators: improved fuel economy, reduction in greenhouse gas emissions, contribution to compact cities.

6. *Community Energy Systems*

Indicators: energy produced by environmentally friendly community energy systems. For Northern Municipalities, the replacement of propane, fuel oil and electricity consumption.

7. *Capacity Building*

Indicators: population living in communities with sustainability plans or strategies.

SCHEDULE F: Communications Protocol

Canada and Saskatchewan agree that transparency and public accountability in government operations are essential and are best served by provision of full information about the costs and 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 Municipalities under this Agreement and the New Deal. Communications activities may include but are not limited to public events, speeches, press releases, websites, advertising, promotional material or signage.

The Parties agrees that:

1. Signing of this Agreement will be marked by a public event/media availability. This event will be developed cooperatively by officials from Canada, Saskatchewan, and Saskatchewan municipal associations.
2. In addition to joint communications activities, Canada, Saskatchewan and municipal associations may develop individual communications products and activities around their respective commitments to the New Deal.

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 Saskatchewan for allocation to Municipalities within its jurisdiction.
2. It will make regular announcements, on a city or regional basis, of projects that have benefited from federal gas tax investments. 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.

The Government of Saskatchewan agrees that:

1. All communications referring to Eligible Projects funded under this Agreement will clearly acknowledge the contributions of Canada.
2. All communications materials referring to the sharing of federal gas tax Funds with Municipalities will recognize that this initiative forms part of the New Deal through the use of the Canada wordmark and tagline.
3. Funding Agreements will include the provisions included in this Protocol, particularly that:

- a. All communications referring to projects funded under this Agreement will clearly recognize Canada's investments.
 - b. Municipalities will ensure permanent signage at the location of Eligible Projects receiving investments under this Agreement, prominently identifying the Government of Canada's investment and including the Canada wordmark. Where there is no fixed location for signage, such as a transit vehicle, a prominent marker will recognize the Government of Canada's contribution. All signage/plaques will be located in such a way as to be clearly visible to users, visitors and/or passersby.
4. Saskatchewan will report regularly to the public on the Outcomes of the investments entered into under this Agreement, including through the Outcome Report described in section 7 of this Agreement.

General

1. The timing of public events shall be sufficient to allow for all orders of government to plan their involvement. Parties shall provide a minimum of 21 days notice of an event or announcement.
2. Unless otherwise arranged, the Parties shall each pay their own costs associated with their communications activities.
3. The Parties agree that they and Municipalities and/or their municipal associations will each receive appropriate recognition in joint communications materials.
4. Joint communications material and signage will reflect Government of Canada communications policy, including the *Official Languages Act*, and federal-provincial/territorial identity graphics guidelines.
5. The New Deal Partnership Committee shall establish a Communications Sub-Committee consisting of communications representatives from each of the Parties and appropriate representatives of Municipalities to provide advice and support on communications matters and to determine the mechanisms for such communications.

Assessment

Communication results will be assessed as part of the joint evaluation process set out in section 7 of the Agreement.

SCHEDULE G: Areas of Collaboration

The Parties acknowledge that the New Deal is intended to foster collaboration and new relationships that:

- a) strengthen the long-term economic, environmental, social and cultural sustainability and capacity of Saskatchewan communities;
- b) encourage community and regional sustainability planning; and
- c) identify problem areas, policies and programs that would benefit from federal, provincial, and/or municipal cooperation, coordination and collective action.

The New Deal Partnership Committee will examine specific policy areas where Canada, Saskatchewan and/or Municipalities can collaborate to build sustainable communities. These include, but are not limited to, the following areas, organized according to the sustainability pillars of the New Deal for Cities and Communities.

Specific to short line railways, Canada and Saskatchewan agree to consult with municipal representatives before November 1, 2005 for the purpose of considering whether to include municipally owned short line railway assets in rural Saskatchewan among the Eligible Project categories described in Schedule A, but Canada is not obliged to make any such amendment.

1. Economic Sustainability:

- a) Encouraging collaboration to overcome obstacles to development of regional infrastructure (water and wastewater, solid waste, primary road corridors, shortline railways, extension of natural gas service in northern Saskatchewan), including opportunities for First Nations and non-First Nations to jointly develop regional infrastructure.
- b) Using targeted immigration to fuel social and economic growth, address issues such as labour shortages, and increase the population of the province.

2. Environmental Sustainability:

- a) Addressing the Kyoto Accord, contaminated site cleanup and the adaptive reuse of brownfields.
- b) Regional initiatives aimed at multi-material waste management and stewardship.
- c) Green technology innovations in support of sustainable community growth.

3. Social Sustainability:

- a) Increasing Aboriginal participation in the economy, improving Aboriginal/non-Aboriginal relations, and addressing urban Aboriginal issues.
- b) Innovative strategies to address affordable housing and inner city issues.
- c) Settlement assistance and other adjustment measures for new immigrants.

4. Cultural Sustainability:

- a) Strengthening access to recreational and cultural infrastructure in communities.

Capacity Building and Other Areas:

- a) The role of tripartite agreements to deal with sustainability issues for specific communities or groups of communities;
- b) Potential for greater horizontal coordination among federal, provincial and municipal programs, policies and entities; and
- c) Municipal capacity building, skill development and training in areas such as leadership development and sustainability planning.

Funding for New Deal initiatives in any of the above or other areas beyond the Gas Tax would be the subject of separate parallel agreements or amendments to this Agreement.

SCHEDULE H: Existing Saskatchewan and Municipal Contributions

The Government of Saskatchewan and the Municipalities of Saskatchewan have recognized the importance of achieving sustainability for its cities and communities and have taken certain steps to achieve this end. The Parties recognize these activities as a base upon which to further build sustainability for Saskatchewan communities.

Government of Saskatchewan

Government of Saskatchewan activities include:

- a. enacting *The Cities Act* and *The Municipalities Act*, new legislation for cities, rural and smaller urban municipalities that enhances local autonomy and public accountability;
- b. increasing revenue sharing funding to municipalities by 54% since 2002, along with the commitment to continue to improve revenue sharing for municipalities;
- c. addressing critical municipal infrastructure issues by participating in the federal Strategic Infrastructure Fund, Municipal Rural Infrastructure Fund, and initiating the provincial Safe Drinking Water Strategy and Northern Water and Sewer Strategy;
- d. implementing changes to planning legislation to provide planning authorities with greater flexibility, autonomy and accountability and establish statements of provincial interests that ensure sustainable utilization of natural, cultural and heritage resources;
- e. developing a more effective environment for provincial-municipal relations including the establishment of the Municipal Forum through which the province and municipal sectors can collectively address common priorities;
- f. creating and implementing a rural strategy for successful and sustainable rural development including establishing a Department of Rural Development to promote rural economic growth;
- g. commitment to building a green and prosperous economy by creating a positive climate for economic growth in an environmentally responsible way;
- h. supporting new research, innovation and partnerships in community sustainability through initiatives such as Communities of Tomorrow and investments in the province's two universities;
- i. building municipal capacity by enhancing local governance and administration learning opportunities (e.g. training in strategic planning, leadership, and

economic development) through the Municipal Leadership Development Program; and

- j. ensuring more sustainable financial and management practices related to municipal government accounting and municipal public utilities (e.g. waterworks capital plans).

Municipalities of Saskatchewan

Activities of Municipalities in Saskatchewan are fundamental to the sustainability of Saskatchewan communities. Aside from participating and responding to many of the provincially-based activities noted above, a few examples of recent municipal activities in this regard include:

- a. the adoption by communities of regional approaches to infrastructure such as sewer, water and landfill infrastructure;
- b. regional planning by Municipalities under *The Planning and Development Act*;
- c. the adoption of sustainability principles such as the “compact city” form that increases the efficiency of infrastructure, reduces travel time and greenhouse gases (GHG) emissions, and supports cultural and social quality of life;
- d. adoption by many communities of user pay principles for certain utility services, which promotes such objectives as water conservation and financial viability of utility services;
- e. support to initiatives for recycling, reuse and reduction of materials such as scrap tires and paper products, including regional approaches for these initiatives;
- f. participation by communities in efforts to reduce GHG emissions as part of Partners for Climate Control, including initiatives such as natural gas vehicles, energy retrofit of major buildings, and street lighting efficiencies;
- g. initiatives such as methane gas recovery at landfills as a heating source; and
- h. Saskatchewan Association of Rural Municipalities’ Clearing the Path Program, an initiative involving rural and urban municipal governments, the Province and industry, to examine the municipal system for impediments to economic development and to initiate changes to remove the impediments.

SCHEDULE I:

Saskatchewan Approach to Enhancing Community Sustainability

Saskatchewan proposes the following three elements to advance and achieve sustainability planning appropriate for the Saskatchewan circumstance over the course of the New Deal agreement:

- 1. Acknowledgement of existing province-wide sustainability planning initiatives;**
- 2. New provincial government sustainability planning initiatives; and**
- 3. New local government sustainability planning initiatives.**

1. Acknowledgement of existing province-wide sustainability planning initiatives

Description: This element acknowledges province-wide policy and planning initiatives that have been underway in Saskatchewan that contain elements of, and can be considered to contribute to, community sustainability and sustainability planning. Examples of these initiatives include:

- **ACRE - Action Committee on Rural Economy** - Key infrastructure and sustainability objectives include:
 - promotion and support of a regional approach to infrastructure development;
 - provision of a necessary level of certainty in basic infrastructure, economic and social infrastructure and amenities to attract people, industry and business; and
 - development of rural infrastructure that is supportive of a provincial economic development strategy and sectors with significant economic development potential.
- **SARM's Clearing the Path (CTP)** – The Final Report recommended:
 - establishment of a province-wide primary road corridor system;
 - sector specific planning commissions, standards, bylaws and priorities; and
 - inter-municipal economic development revenue and cost sharing agreements.
- **Safe Drinking Water Strategy** - This existing strategy includes various components such as infrastructure development; watershed management; legislative requirements relating to standards, reporting, and transparency; new mandate for SaskWater Corporation; and regional pipelines:
 - key goals revolve around ensuring/improving the safety, capacity, and physical and financial sustainability of waterworks systems, operations and staff; and
 - municipalities submitting applications to the Canada-Saskatchewan Municipal Rural Infrastructure Fund program must include a long-term sustainability plan and commit to implement it if projects are approved.
- **Provincial Green Strategy/Green & Prosperous Economy** – This strategy is still under development, but some key directions include:
 - energy efficiency, waste reduction, conservation, management and stewardship;
 - development of green technology and green power; and
 - sustainable community initiatives, community based eco-efficiency initiatives.
- **Sustainable Energy Strategy** - In an effort to balance two key corporate commitments: environmental stewardship and the obligation to provide a safe, reliable and affordable source

of electricity, SaskPower is pursuing a Green Power Portfolio, a strategy to ensure that all of Saskatchewan's new electricity needs until 2010 are met from environmentally friendly sources, whose operations do not add to greenhouse gas emissions or require new generation facilities. This strategy involves:

- Wind power - SaskPower has built the Cypress Wind Power Facility and announced that 150 megawatts of zero emission power – enough to serve 73,000 homes – will be available by the end of 2005.
 - Energy conservation pilot projects with rural Saskatchewan communities, small-scale hydro, distributed generation projects and the Environmentally Preferred Power program.
 - Participation, with Saskatchewan Environment, in the creation of a Forest Carbon Reserve – the first forest sequestration project in Canada to be nationally certified.
- **Climate Change Program** - Saskatchewan has established a climate change program that is undertaking projects in the key areas of: public education; energy conservation and alternative energy; research and development of new energy technology; and agricultural soil and forest carbon dioxide sinks. Some major climate change activities related to community sustainability and occurring in municipalities, include:
- Climate Change Saskatchewan - a public education/outreach hub supported by Saskatchewan and Canada to create greater awareness and understanding on how climate change affects us and how we can reduce its impact. It is also actively promoting the “One-Tonne Challenge” in Saskatchewan by providing information on government programs that support this initiative.
 - Office of Energy Conservation – it is undertaking energy conservation initiatives to reduce energy costs for Saskatchewan residents, businesses, and farmers.
 - Enhanced Fire Management and Forest Protection Funding - a fire prevention, awareness and suppression campaign has been implemented to reduce the number and impact of wild fires.
 - Municipal Energy Program - a Memorandum of Understanding was signed on December 9, 2004, between the Office of Energy Conservation, Saskatchewan Research Council, Saskatchewan Property Management Corporation, Saskatchewan Association of Urban Municipalities, and Saskatchewan Association of Rural Municipalities for municipalities to participate in a program to reduce the capital cost of purchasing energy-efficient lights and ballasts for municipal buildings.
 - Saskatchewan Housing Corporation’s (SHC) EcoPlan - initiatives intended to reduce energy consumption within the province’s Senior Social Housing and SHC-owned housing portfolio by 10% by 2007. In addition, SHC provides an energy efficiency grant under the Neighbourhood Home Ownership Program, and has implemented minimum energy efficiency standards for housing delivered under the Centenary Affordable Housing Program.
 - Saskatchewan Government New Building Initiative - an initiative funded by the federal Office of Energy Efficiency and the Saskatchewan Office of Energy Conservation to reduce energy consumption in all new government buildings to a level of energy efficiency that must be a minimum of 25% better than the Model National Energy Code for Buildings (1997).

- Government Building Retrofits - Saskatchewan Property Management has completed a five-year energy retrofit project involving 50 of the 70 Provincial Government buildings it manages and over the next three years, will be implementing energy upgrades on a significant number of the remaining buildings towards its goal of reducing energy use by 20%.
- Communities of Tomorrow Project - Funding has been provided to design and build a house, which will use only 10% of the energy and 50% of the water of a conventional home.
- **Area Transportation Planning Committees (ATPCs)** – 11 ATPCs define the future of transportation infrastructure in their respective areas and have negotiated agreements with Department of Highways and Transportation (DHT) to ensure integration of area needs and goals into DHT's operations and its policy planning processes.
- **Regional Waste Management Authorities (RWMAs)** – 9 RWMAs have been established in Saskatchewan and currently provide municipalities with options and strategies to share costs and create efficiencies regarding waste management.
- **Regional Economic Development Authorities (REDAs)** – Many of the 28 REDAs and their five northern equivalents – the Regional Development Corporations (RDCs), are involved in coordinating and planning for infrastructure needs and for other economic development needs in their respective regions.
- **Planning Districts** – District planning provides a mechanism under *The Planning and Development Act, 1983* for inter-municipal planning that has been traditionally used to address urban fringe development and environmental sustainability as well as other planning issues. Recent applications of this mechanism include the Great Sand Hills Planning District Commission which is dealing with the broader issues of biophysical and socio-economic concerns of this unique region of the province where there is a strong need to balance long-term sustainable environmental and economic development activity.

2. New Provincial Sustainability Planning Initiatives

Description: In addition to the initiatives that have been undertaken in Saskatchewan related to sustainability, the Province also commits to undertaking new initiatives that contribute to, and contain elements of, planning for sustainability. These initiatives, like those listed above, would guide the legislation, regulations and policies of provincial government departments and agencies and some would also be fundamental in providing direction and guidance to municipalities for community and economic development, planning, and infrastructure development. These include:

- **Development of *Statements of Provincial Interest* pursuant to planning legislation**
 - These statements will establish the general interests of the province in the management of provincial resources and infrastructure, provide a planning framework to guide municipal decision-making, and complement the mandates and objectives of other provincial departments and agencies with an interest in community and land use planning.

- Potential areas of provincial interest include: agricultural lands, biodiversity and environmentally significant and sensitive areas, cultural heritage, forests, public safety, housing, mineral and petroleum resources, transportation and infrastructure, and water resources and quality. Potential interest statements would focus on the principles of:
 - strengthening communities and supporting economic development;
 - safeguarding public health and safety;
 - ensuring the integrity of provincial infrastructure;
 - conserving natural, cultural, heritage, and archaeological resources;
 - protecting the environment and maintaining biodiversity;
 - ensuring sustainable utilisation of and appropriate access to natural resources; and
 - safeguarding personal rights in the community planning process.
- **Development of Multi-material Waste Management Stewardship Program**
 - Saskatchewan Environment is pursuing the development and implementation of a viable and sustainable multi-material stewardship program by 2006-07. This program will provide sustainable funding for the recycling of commodities such as paper, plastics, glass and tin; and will contribute to the sustainability of RWMA operations by removing from them the financial burden of recycling these materials. The multi-material program would be designed similar to existing stewardship programs (i.e., used oil, scrap tire, pesticide and beverage containers).
- **Reform of Municipal Planning Legislation:**
 - Government Relations is undertaking a two-phase review of *The Planning and Development Act, 1983* to do the following:
 - provide approving authorities with greater flexibility, autonomy and accountability consistent with the principles of *The Cities Act* (10 cities are approving authorities);
 - streamline public notice requirements and planning processes, provide greater administrative flexibility, and maintain transparency and public participation;
 - improve the planning system to support economic and community development;
 - provide effective mechanisms for municipal planning for all municipalities;
 - complete implementation of the Safe Drinking Water Strategy, including amending *The Subdivision Regulations* in support of the Safe Drinking Water Strategy;
 - address recommendations of ACRE, CTP and other initiatives; and
 - amend *The Dedicated Lands Regulations* to provide the cities that are approving authorities with more flexibility in the use of municipal reserves and public and private partnerships for the sustainable development of integrated multi-use facilities.

3. New local government sustainability planning initiatives

Description: The third element to enhancing community sustainability and advancing sustainability planning is the development of new initiatives and incentives for communities and/or regions to develop sustainability plans or strategies. Approaches to be considered include:

- Making use of existing provisions in *The Planning and Development Act, 1983* that provide discretionary authority for municipalities to adopt a 'Development Plan'. About 51% of Saskatchewan municipalities have community plans, but these are primarily zoning or land use bylaws as opposed to development plans that can provide a broader and more proactive framework for sustainable development (see next page).

The Planning and Development Act, 1983

55(1) A development plan may contain statements of policy with respect to:

- the development and use of land in the municipality;
- the conservation and improvement of the physical environment;
- the development of municipal utility, transportation and communication systems;
- the provision of municipal services and facilities, such as: sewage collection, treatment and disposal; water supply and distribution; educational and cultural facilities; recreational facilities, parks, playgrounds and open spaces; fire and police facilities; housing; transit....
- the management and preservation of agricultural land and activities, forested areas, natural and wildlife areas and water storage areas;
- the fringe areas of cities, towns, villages, hamlets or other developed areas;
- the location and creation of new communities;
- the use and conservation of energy;
- residential development, neighbourhood renewal, rehabilitation and improvement
- co-ordination of municipal programs relating to development;
- guidelines for land use control measures.

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- The mechanisms currently in place under Section 55 of *The Planning and Development Act, 1983* to include stronger policy development with respect to sustainability are permissive in nature. Municipalities should be encouraged to develop sustainable development policies as part of their development plan adoption or review process and to ensure that the provisions are consistent with provincial interests respecting sustainable development.
 - Alternatively or in addition to the above, consideration should be given in the next phase of *The Planning and Development Act, 1983* review to update the language under the development plan provisions to better outline and articulate the need to adopt sustainable development provisions and reflect the regional/sector emphasis. An example of this is seen in *BC's Local Government Act* regional growth strategy provisions and is consistent with the current direction in our province to move toward sector specific planning commissions who will deal on a wider municipal basis with a focus on a specific development interest as a means of providing direction to long-term sustainable growth in Saskatchewan.
 - The resultant 'plans' or strategies should be complementary to federal and provincial government department's initiatives in designing, implementing and evaluating specific programs and policies and better assist in reviewing project/funding applications under existing programs.

SCHEDULE J: Regional Benefit

For a portion of each Municipality's allocation, in addition to contributing to the Outcomes and being within the Infrastructure categories described in Schedule A, the Funds are required to produce Regional Benefit. Further to section 6.2.2 and 6.2.5 of the Agreement, this Schedule further describes the circumstances for which Eligible Projects are accepted as producing Regional Benefit.

An Eligible Project proposed by a Municipality has Regional Benefit if neighboring Municipalities receive demonstrable environmental, economic, social, cultural or recreational benefits from the Project Infrastructure (i.e., the Project must contribute to the Outcomes, but the Regional Benefit may arise for reasons other than the Outcomes). Evidence of Regional Benefit may include items such as those listed below but is not limited to the following items:

- a) Other Municipalities share the Eligible Project costs.
- b) The Eligible Project Infrastructure is owned and/or operated jointly with neighboring Municipalities.
- c) There are existing or planned service agreements in place with neighboring Municipalities with respect to the use of, or access to, the Eligible Project Infrastructure.
- d) residents of neighboring Municipalities already regularly use, or will in the future regularly use, the Eligible Project Infrastructure.
- e) the Eligible Project Infrastructure has resulted from a joint planning process involving neighboring Municipalities.
- f) Neighboring Municipalities provide in-kind contributions to the Eligible Project or participate in some other contributory way.
- g) With respect to Capacity Building Projects, neighboring Municipalities will participate jointly with respect to activities described in Item 2 of Schedule A.

For Projects where Regional Benefit cannot be documented through cash contributions, service agreements, regional sustainability plans, or records of Infrastructure use, the Infrastructure Investment Plan and letters/resolutions stating support for the Eligible Project by neighboring Municipalities are acceptable evidence of Regional Benefit, provided that these include sufficient rationale to support the existence of a Regional Benefit as described in a) to g) above.

Regional Benefit may arise as a result of benefits from the Eligible Project for First Nations. All references to neighboring Municipalities in this Schedule also apply to First Nations.

Annex A – Provincial/Territorial New Deal Principles

PRINCIPLES UNDERLYING FEDERAL GOVERNMENT INITIATIVES REGARDING MUNICIPALITIES

**PROVINCIAL AND TERRITORIAL MEETING OF MINISTERS RESPONSIBLE FOR
LOCAL GOVERNMENT, QUÉBEC CITY - SEPTEMBER 16-17, 2004**

Respect for provincial and territorial fields of jurisdiction

Federal government initiatives must respect provincial and territorial jurisdiction over municipal matters and their legislative authority in this realm. In this spirit:

- Programs stemming from federal initiatives in respect of the municipalities must be covered by federal and provincial-territorial agreements that should:
 - respect provincial and territorial priorities; and
 - ensure that the projects and programs stemming from the federal government initiative are subject to the approval of the provinces and territories concerned.
- It is incumbent upon the provinces and territories to determine individually the appropriate type of consultation with their municipalities.
- Agreements and fiscal arrangements between the federal government and the provinces and territories in respect of federal initiatives and programs must be transparent as regards all of the provinces and territories.
- Federal initiatives must recognize the different needs of and specific conditions in each province and territory and be flexible and adaptable.
- Federal government initiatives and programs likely to concern the municipalities should be elaborated and planned following consultation and in agreement with the provinces and territories.

Funding

- Any federal funding likely to concern the municipalities must be stable, ongoing and thus reflect a commitment to achieving long-term solutions.
- Provinces/territories and municipalities will not be expected to sustain federal initiatives over the long term without federal funding.
- Federal initiatives will not pressure provinces/territories to divert financial resources from current priorities or allocate their resources to areas that are not priorities of provinces/territories.

- Federal initiatives will not create expectation of new revenues from provinces/territories to municipalities.
- Federal initiatives and program relating to municipalities will be available to all provinces and territories.

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