

CANADA – ONTARIO
INFRASTRUCTURE FRAMEWORK AGREEMENT

This Agreement made as of July 24, 2008

BETWEEN

HER MAJESTY IN RIGHT OF CANADA, (“Canada”) represented by the Minister of Transport, Infrastructure and Communities,

AND:

HER MAJESTY IN RIGHT OF THE PROVINCE OF ONTARIO (“Ontario”) represented by the Minister of Energy and Infrastructure.

PREAMBLE

Canada and Ontario agree on the need for high-quality, modern public infrastructure that contributes to long-term economic growth, a clean environment and strong communities. They also agree on the need for long-term planning to strategically address infrastructure needs in priority areas, including water, wastewater, public transit, the core National Highway System, green energy, as well as priorities that enhance Ontario’s public infrastructure, such as infrastructure for small and northern communities.

Infrastructure was identified as one of the joint priorities of federal, provincial and territorial governments as part of restoring fiscal balance. Five key principles emerged from Canada’s 2006 fiscal balance consultations with the provinces and territories:

- Accountability through clarity of roles and responsibilities;
- Fiscal responsibility and budget transparency;
- Predictable, long-term fiscal arrangements;
- A competitive and efficient economic union; and
- Effective collaborative management of the federation.

The Government of Canada established the new \$33-billion Building Canada plan under Budget 2007 that is guided by these principles. The Building Canada plan includes a comprehensive and integrated suite of infrastructure initiatives, as follows:

- base funding in support of infrastructure for municipalities including the \$11.8 billion *Gas Tax Fund* (extended to 2013-14) and an estimated \$5.8 billion in *Goods and Services Tax Rebate*, which represents the benefit of raising the rebate from 57% to 100%;
- a \$2.275 billion provincial and territorial Base Funding initiative (“Base Funding”) to provide each jurisdiction with \$25 million per year over seven years; and
- program funds, including the \$8.8 billion *Building Canada Fund*, the \$2.1 billion *Gateways and Border Crossings Fund*; a \$1.25 billion *Public-Private Partnerships Fund*, and an additional \$410 million for the *Asia-Pacific Gateway and Corridor Initiative*, bringing the total federal investment to \$1 billion for that initiative.

Canada and Ontario will engage municipal leaders in the development and delivery of the Building Canada plan in Ontario. The Parties fully support the value of municipal participation, and will work with Ontario’s municipalities as represented by the Association of Municipalities of Ontario and the City of Toronto to address infrastructure needs in Ontario.

Canada acknowledges the general principle that funding in the Building Canada plan will not be used to meet federal funding commitments for previous Canada-Ontario infrastructure programs.

The Parties recognize that the existing Canada-Ontario infrastructure agreements will stand on their own, specifically with their respective authorities and terms and conditions, and are not affected by this Agreement.

1 INTERPRETATION

1.1 Definitions

In addition to the terms defined in the preamble and elsewhere in this Agreement, a capitalized term has the meaning given to it in this section:

“**Agreement**” means this framework agreement and all of its schedules;

“Alternative Financing and Procurement (AFP) project” means a project managed by Ontario Infrastructure Projects Corporation involving a transfer of risk to the private sector;

“Approved Project” means Public Infrastructure projects falling within the BCF Eligible Categories, and in the case of the Major Infrastructure Component, approved in accordance with subsection 3.3.5, and in the case of the Communities Component, approved in accordance with subsection 3.4.6;

“Base Funding” means the \$25 million amount to be provided to Ontario over seven years for Public Infrastructure initiatives in accordance with the Base Funding Agreement;

“Base Funding Agreement” means the funding agreement to be negotiated between Canada and Ontario in respect of Base Funding;

“Base Funding Eligible Initiatives” means those Public Infrastructure initiatives falling within a category identified in subsection 2.2 of Schedule A;

“BCF” means the Building Canada Fund, which includes the Major Infrastructure Component and the Communities Component;

“BCF Eligible Categories” means those categories identified in Subsection 1.3 of Schedule A and, for the purposes of subsection 3.5 of the Agreement, the categories described in subsection 3.5.2 and 3.5.3;

“Building Canada Plan” means the Government of Canada’s new \$33-billion Building Canada plan established under Budget 2007;

“Community” means an entity with a population of less than 100,000 that has the legal status of a local government pursuant to provincial legislation in Ontario, including public sector bodies that are established by or under provincial statute or by regulation for unincorporated areas;

“Communities Component” means the infrastructure funding component under the BCF dedicated to funding projects located in Communities, described in subsection 3.4 of this Agreement;

“Communities Component Contribution Agreement” means the contribution agreement for the Communities Component to be negotiated between Canada, and Ontario;

“Eligible Costs” means project costs eligible for funding pursuant to Treasury Board approvals;

“Eligible Recipients” means, in the case of the Major Infrastructure Component, the Communities Component and the Base Funding, the recipients identified in subsections 1.1, 1.2 and 2.1, respectively, in Schedule A;

“Federal Minister” means the Minister of Transport, Infrastructure and Communities, in his capacity as minister responsible for infrastructure;

“Fiscal Year” means the period beginning April 1 of a year and ending March 31 of the following year;

“IFC” means the Infrastructure Framework Committee created pursuant to section 7 hereof;

“Local and Community Priority Categories” means the project categories described in Subsection 1.3.2 of Schedule A hereto;

“Local Government” means a single-tier, lower-tier or upper-tier municipality, established by or under Ontario provincial statute;

“Major Infrastructure Component” means the infrastructure funding component further described in subsection 3.3 of this Agreement;

“Ministers” means the Federal Minister and the Provincial Minister and any successor ministers vested with jurisdiction over the matters contemplated herein;

“National Priority Categories” means the project categories described in subsection 1.3.1 of Schedule A hereto;

“Ontario Infrastructure Plan” means a plan, as may be amended from time to time, that outlines the province’s long-term vision and approach to managing Public Infrastructure, an overview of which is attached as Schedule B;

“Party” means Canada or Ontario and **“Parties”** means both Canada and Ontario;

“Project Agreements” means contribution agreements, containing such terms and conditions that Canada may require, made between Canada and the applicable Eligible Recipient, and such other parties, as the case may be, in respect of projects to which Canada will contribute under the Major Infrastructure Component;

“Provincial Minister” means the Minister of Energy and Infrastructure;

“Public Infrastructure” means publicly or privately-owned fixed capital assets in Canada for public use or benefit;

“P3” means a cooperative venture between the public and private sectors for the provision of Public Infrastructure.

1.2 Duration or Term of Agreement

This Agreement will be effective as of the date it is signed by both Parties and shall terminate on March 31, 2015.

1.3 Schedules

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

- a) Schedule A – Eligible Recipients and Categories under the BCF and the Base Funding;
- b) Schedule B – Overview of the Ontario Infrastructure Plan - ReNew Ontario;
- c) Schedule C – Communications Protocol; and,
- d) Schedule D – Transportation Principles.

2 PURPOSE OF THE AGREEMENT

2.1 General Statement

The purpose of this Agreement is to provide a comprehensive and flexible approach to coordinate the implementation of the Building Canada plan in Ontario. Under this Agreement, Canada and Ontario will promote accountability by providing Canadians with regular public reporting on the implementation and outcomes of the Building Canada plan in Ontario.

2.2 Specific Objectives and Funding

2.2.1 Objectives

The Parties also wish to:

- a) confirm the amount Canada will make available for Public Infrastructure projects in Ontario under the BCF, the Base Funding, and the Gas Tax Fund;
- b) set out the eligible project categories and cost-sharing provisions under the BCF and the Base Funding;
- c) establish the funding amount that each Party will make available to the Communities Component;

- d) establish the IFC that will carry out the duties set out below in section 7; and
- e) coordinate efforts to communicate and report regularly to Canadians on the implementation and outcomes of the Building Canada plan.

2.2.2 Individual Agreements

Canada will deliver its funding pursuant to Project Agreements, the Communities Component Contribution Agreement, the Base Funding Agreement, and the Gas Tax Fund Agreement.

2.2.3 Allocations

Subject to the terms of this Agreement, to the agreements noted above in subsection 2.2.2, and to Parliament making the necessary appropriations, Canada’s contributions for Public Infrastructure initiatives in Ontario under the BCF, the Base Funding Agreement, and the extension of the Gas Tax Fund Agreement will be as follows:

Program	Funding Amount
Building Canada Fund	\$3,096.94 million
Base Funding	\$175.00 million
Gas Tax Fund	\$2,987.06 million
TOTAL	\$6,259.00 million

3 BUILDING CANADA FUND

3.1 Objective

Through the BCF, significant investments will be made to build, enhance and modernize Public Infrastructure in Ontario and across Canada. BCF projects will foster economic growth, support a cleaner environment, or promote stronger and safer communities.

3.2 General Provisions

3.2.1 Confirmation of amount available in Ontario

The total amount of funding Canada will make available under the BCF in Ontario will be \$3,096.94 million over seven years, between 2007-08 and 2013-14, subject to Parliament appropriating necessary funding.

3.2.2 Eligible Projects and Eligible Recipients

Canada’s funding pursuant to the BCF will be made to Eligible Recipients and be applied to the construction, renewal or material enhancement of Approved Projects. For greater certainty, construction, renewal, or material enhancement of Approved Projects include the creation of new infrastructure assets or the betterment of existing assets that

significantly improve the quality or useful life of Public Infrastructure. Any changes with respect to the agreement concerning the Eligible Recipients or criteria to define the Categories in Schedule A require the approval of both Canada and Ontario.

3.3 Major Infrastructure Component

3.3.1 Total Funding by Canada

Of the amount made available by Canada for the BCF in Ontario, the Parties agree that \$2,734.94 million will be applied to Approved Projects under the Major Infrastructure Component.

3.3.2 Focus of Projects under the Major Infrastructure Component

The intent of the Major Infrastructure Component is to fund Public Infrastructure projects that have a national or regional impact and projects that generate significant benefits in terms of a growing economy, a cleaner environment or stronger communities. The Parties expect that the majority of funding under the Major Infrastructure Component will be directed at projects that have a minimum total Eligible Costs of \$30 million.

3.3.3 Clarification of Eligibility

Eligible Recipients of funding under the Major Infrastructure Component are set out in section 1.1 of Schedule A. This means that projects under the Major Infrastructure Component may be located in communities of less than 100,000 and may involve the participation of more than one municipality and of First Nations.

3.3.4 Cost-sharing and Stacking

Federal funding from all sources cannot exceed fifty percent (50%) of the Eligible Costs of an Approved Project owned by the public sector or not-for-profit organizations and twenty five percent (25%) of the Eligible Costs of an Approved Project owned by for-profit private sector organizations. For projects involving a local or regional government, the Parties expect that level of government to provide funding for a minimum of one-third of the Eligible Costs.

Canada and Ontario agree to allow flexible project funding options to accommodate their respective fiscal plans, subject to their respective Treasury Board policies and approvals. Such cost-sharing arrangements will be detailed in contribution agreements for specific projects. In the case of AFP/P3 projects, Canada and Ontario will work together to examine cash-flow options on a case-by-case basis, to accommodate the requirements of these projects.

3.3.5 Project Approvals

Both the Federal and Provincial IFC Co-Chairs will present and discuss priorities for infrastructure funding under the Major Infrastructure Component. While a large number of projects considered by the Co-Chairs are to be projects identified by Ontario, the Parties will endeavor to present an integrated and consolidated view that includes both federal and provincial priorities for funding under this Component. Priorities presented by the Provincial Co-Chair for consideration will be consistent with Ontario's Infrastructure Plan, while Canada's funding priorities will be guided by its intention to further the Building Canada Fund program objectives and to focus two-thirds of overall funding under this component on National Priority Categories. Each Co-Chair will recommend projects to be considered as a priority for funding to his or her respective Minister. The Federal Minister will approve funding provided by Canada for projects to be funded under the Major Infrastructure Component of the BCF. The Provincial Minister will approve funding provided by Ontario for projects to be funded under the Major Infrastructure Component of the BCF. All projects involving joint funding require the approval of both Ministers. Prior to approval of funding, each Party may conduct its own due diligence review of the project and the Parties agree to cooperate in any project review, including the sharing of relevant studies, information and data.

3.3.6 Project Agreements

Canada's contribution under the Major Infrastructure Component will be made pursuant to Project Agreements. In order to facilitate the negotiation of Project Agreements, the Parties will, in future, append as schedules to this Agreement, terms and conditions in respect of provisions such as audit, evaluation and reporting that will apply to all Project Agreements, unless otherwise agreed to by the Parties.

3.3.7 Consideration of P3 or AFP Option

The Parties recognize that P3s and AFPs can further the public interest by providing access to private sector financing, innovation and expertise and by ensuring a suitable allocation of risk between the private and public sectors. To ensure the appropriate use of P3s and AFPs, all Eligible Recipients seeking funding under the Major Infrastructure Component, for which the federal government's contribution would be equal to or exceed \$50 million must demonstrate, to the satisfaction of the Federal Minister, that the option of undertaking the project as a P3 or AFP has been fully considered. An interim P3 Screen has been established by the Federal Minister to facilitate this requirement. Additional guidance will be provided once PPP Canada Inc. has been established. The federal government agrees to provide Ontario with an opportunity to comment on the revised P3 Screen developed by PPP Canada Inc. (and any subsequent revisions) prior to its federal Treasury Board approval and/or finalization. The Parties agree that the P3 or AFP component of a project involving provincial or municipal infrastructure funded under the Building Canada Plan in Ontario, except for federally-owned assets and projects funded through the federal gas tax or GST rebates, will be managed and procured by Infrastructure Ontario, unless otherwise determined by Ontario, or Ontario

declines to identify an AFP delivery agent. Ontario will consult with the relevant municipality on AFP project delivery prior to making its determination.

3.4 Communities Component

3.4.1 Total Funding by Canada

Of the amount made available by Canada for the BCF in Ontario, the Parties agree that \$362 million will be applied to Approved Projects under the Communities Component. The Parties may jointly decide to increase the funding allocated to the Communities Component during the term of the Agreement, subject to retaining sufficient funding in the Major Infrastructure Component for projects already approved by the Federal and Provincial Ministers. The distribution of funding to the Communities Component shall remain at no less than \$362 million. Any adjustments of this nature, if they take place, will require approval from the Provincial and Federal Ministers.

3.4.2 Contribution by Ontario

Notwithstanding subsection 3.4.1, Canada's total contribution under the Communities Component, the details of which will be set out in the Communities Component Contribution Agreement, will not exceed Ontario's total contribution to Approved Projects under the Communities Component.

3.4.3 Communities Component Contribution Agreement

Canada's contribution under the Communities Component will be made pursuant to a Communities Component Contribution Agreement to be negotiated between Canada and Ontario. Canada's contribution under the Communities Component will be paid to Ontario. Ontario, in turn, will provide the federal contribution to an Eligible Recipient pursuant to a separate agreement to be entered into by Ontario and the Eligible Recipient. The Communities Component Contribution Agreement will set out the relevant terms and conditions to be included in Ontario's agreement with the Eligible Recipient.

3.4.4 Governance

The Communities Component Contribution Agreement will be overseen by a subcommittee of the IFC to be appointed from the Parties' senior officials and that will also include observers from the Association of Municipalities of Ontario. The Communities Component Contribution Agreement will describe the roles and responsibilities of the subcommittee.

3.4.5 Cost-sharing and Stacking

Federal funding from all sources cannot exceed one-third (1/3) of the Eligible Costs of all Approved Projects under the Communities Component. For an individual Approved Project, federal funding from all sources cannot exceed one-half (1/2) of its Eligible Costs. For an individual Approved Project owned by the for-profit private sector, federal funding from all sources cannot exceed one-quarter (1/4) of its Eligible Costs.

3.4.6 Project Selection

All projects under the Communities Component will be selected jointly by the Parties through a competitive, application-based process in accordance with joint criteria to be set out in the Communities Component Contribution Agreement. Such criteria will include the requirement that all Approved Projects fall under one of the BCF Eligible Categories. All applications under the Communities Component must be endorsed, in writing, by the appropriate order of government.

3.5 Research, Planning and Best Practices

3.5.1 Objective

The promotion of research, planning, capacity building, and the development and sharing of best practices will play an important role in improving the construction, operation and maintenance of Public Infrastructure, as well as supporting improved information on the state of Public Infrastructure, the sustainable life cycle management of Public Infrastructure assets and the development of effective strategies to address our Public Infrastructure needs.

3.5.2 Major Infrastructure Component

Canada will make available up to \$27,349,400, representing up to one percent (1%) of the federal funding available, set out in subsection 3.3.1, to Eligible Recipients under the Major Infrastructure Component, in accordance with the terms of subsection 3.3 above, to share up to fifty percent (50%) of Eligible Costs for research, knowledge, planning, feasibility and other studies related to infrastructure in Ontario. Canada and Ontario will negotiate (a) subsequent funding agreement(s) to address how funding for research, knowledge, planning, feasibility and other studies will be delivered to Eligible Recipients, selected jointly by Canada and Ontario.

3.5.3 Communities Component

Canada will make available up to \$3,620,000, representing up to one percent (1%)] of the federal funding set out in subsection 3.4.1, to Eligible Recipients under the Communities Component, in accordance with the terms of subsection 3.4 above, to share up to fifty percent (50%) of Eligible Costs for research, knowledge, planning, capacity-building, feasibility and other studies related to infrastructure in Ontario. The Parties will be jointly responsible for determining the best use of funding after discussion of potential uses with the IFC.

4 BASE FUNDING

4.1 Objective

Recognizing that an investment approach that is flexible and responsive will assist in addressing the diverse Public Infrastructure needs across Canada, the Base Funding will complement other initiatives under the Building Canada plan by providing annual support over seven years for Public Infrastructure projects in Ontario.

4.2 Amount Available for Ontario

The amount Canada will make available for Public Infrastructure initiatives in Ontario under the Base Funding will be \$25 million per year, from 2007-08 through to 2013-14, for a total of one \$175 million subject to Parliament appropriating the necessary funding. Canada's funding pursuant to the Base Funding will be paid to Ontario.

4.3 Eligible Initiatives and Eligible Recipients

Canada's funding pursuant to the Base Funding will be paid to Ontario for use by Eligible Recipients and be applied to the construction, renewal, material enhancement or safety-related rehabilitation of Base Funding Eligible Initiatives as described in subsection 2.2 of Schedule A, which will be proposed solely by Ontario and agreed to by Canada pursuant to the terms of the Base Funding Agreement.

4.4 Cost-Sharing and Stacking

The maximum federal share of the total Eligible Costs of all Base Funding Eligible Initiatives in any Fiscal Year under the Base Funding will be one-half (1/2). Where Ontario seeks to fund an initiative jointly from the Base Funding and another federal program(s), the cost-sharing provisions and limitations of that other federal program(s) will also apply.

4.5 Base Funding Agreement

Canada's contribution under Base Funding will be made pursuant to a Canada-Ontario Base Funding Agreement to be negotiated between the Parties, following federal Treasury Board approval.

5 GAS TAX FUND

5.1 Gas Tax Fund Agreement

In partnership with the Association of Municipalities of Ontario and the City of Toronto, the Parties intend to amend the *Canada-Ontario-Association of Municipalities of Ontario-City of Toronto Agreement For the Transfer of Federal Gas Tax Revenues* to reflect the additional funding for this program identified in Budget 2007 set out above in subsection 2.2.3. Following Canada's program evaluation of the Gas Tax Fund, to be completed by 2009, the Parties agree to consider further amending the Gas Tax Fund agreement extension from 2010 to 2014 to address the results of the program evaluation.

6 ONTARIO INFRASTRUCTURE PLAN

6.1 Objective

The Parties agree on the importance of long-term planning to better address Public Infrastructure priorities. Planning plays a vital role in the sound and effective management of our Public Infrastructure, given the long-term nature of infrastructure investments, the challenges of managing assets throughout their lifecycle and constructing new infrastructure in response to continued growth. Long-term plans can serve as a critical tool to identify priorities as well as develop integrated strategies that address competing pressures in a predictable and manageable way.

6.2 Ontario Infrastructure Plan

Both Parties recognize the importance of long-term planning to better address Public Infrastructure priorities.

In May 2005, Ontario launched ReNew Ontario, a five-year infrastructure investment plan. The Parties agree that ReNew Ontario and any successor infrastructure plan, provides the necessary framework to guide decisions under the Building Canada plan. A brief description of ReNew Ontario is provided in Schedule B. Ontario is in the process of developing a new, long-term infrastructure plan as a successor to ReNew Ontario.

7 INFRASTRUCTURE FRAMEWORK COMMITTEE

7.1 Establishment of IFC

The Parties hereby establish the IFC to facilitate improved cooperation and coordination between the Parties regarding Public Infrastructure initiatives in Ontario.

7.2 Members

Each Party will, within 60 days of the date of this Agreement, appoint one person to be a Co-Chair of the IFC. The Co-Chairs will be the only voting members of the IFC and a quorum for a meeting of the IFC shall exist only when both Co-Chairs are present. The Co-Chairs may jointly agree to invite representatives of other federal, provincial or municipal entities to participate in meetings of the IFC as observers. If a Co-Chair is absent, he or she may designate an individual, in writing, to substitute for him or her.

7.3 Role and Mandate of the IFC

The IFC will act as the forum where the Parties can bring forward their Public Infrastructure priorities and issues generally, reflecting the integrated views of their respective governments, and as they relate to the BCF and Base Funding. The IFC will assist in ensuring that there is collaborative and meaningful discussion between Canada and Ontario. The IFC will help facilitate the coordination of horizontal infrastructure issues related to federal Public Infrastructure programming. As such, the mandate of the Committee will include, but not be limited to:

- a) acting as the principal forum to discuss and coordinate issues and priorities relating to federal funding of Public Infrastructure in Ontario;
- b) overseeing the progress and status of Public Infrastructure programs under the Building Canada plan;
- c) where appropriate, directing project proposals to other suitable federal funding programs;
- d) developing and implementing a common reporting framework pursuant to subsection 8.1;
- e) reviewing priorities and discussing projects of interest to be funded under the Major Infrastructure Component;
- f) reviewing proposals for funding related to research, knowledge, planning and feasibility and other studies as outlined in subsection 3.5;
- g) establishing sub-committees as needed, which can include municipal observers as represented by the Association of Municipalities of Ontario and the City of Toronto;
- h) negotiating and recommending to Ministers additional schedules to address common requirements applying to all funding agreements (i.e., audit, evaluation, etc.) to be appended to this Agreement; and

- i) other duties as may be assigned by the Parties.

7.4 Decisions of the Committee

Decisions of the Committee must be unanimous and recorded in writing.

7.5 Meetings and Administrative Matters

The IFC will:

- a) meet at least once each calendar year. No more than twelve (12) months shall pass between IFC meetings;
- b) keep minutes of meetings which shall be approved and signed as a true record at the following IFC meeting;
- c) establish rules and procedures with respect to its meetings and those of its sub-committees, including rules for the conduct of meetings and the making of decisions;
- d) establish a fixed location where this Agreement will be administered, and maintain it until the Committee's activities have concluded; and
- e) ensure that all documents needed for the proper administration of this Agreement are prepared and retained at the location.

7.6 Duration

The IFC will exist until its activities, including any final reports, have been completed.

7.7 Records

7.7.1 Record Keeping

The Parties agree that proper and accurate accounts and records related to this Agreement will be maintained for a period of six (6) years following the termination of this Agreement, and that they are available to the Parties for inspection at all reasonable times.

7.7.2 Information Management and Sharing

The Parties agree to jointly support the IFC in the administration of this Agreement, including the timely production and sharing of information about projects, proposals, applications, recipients, financial matters and other information.

8 REPORTING AND COMMUNICATIONS

8.1 Reporting

The Parties agree to develop and implement a framework for reporting to the public on the outcomes and results achieved from Public Infrastructure investments in Ontario across the range of federal Public Infrastructure programs. The reporting framework will be developed within 12 months of the signing of this Agreement. The Parties agree on the need for a reporting framework that reflects Canada and Ontario's accountability to both their citizens and their respective legislatures.

The Parties agree that any funding agreement signed by the Parties pursuant to the Building Canada plan will include provisions to ensure that outcomes and results of all investments under the Building Canada plan form part of the above reporting framework. To ensure an efficient reporting framework that reflects the needs of Canada, and Ontario and its communities and avoids duplication, the Parties agree to develop a reporting framework that builds upon existing reporting practices, such as the outcome reporting framework being developed for the Federal Gas Tax program.

8.2 Communications

The Parties agree to implement the Communications Protocol set out in Schedule C hereto.

9 DISPUTE RESOLUTION

9.1 Dispute Resolution

The Parties agree to keep each other informed of any disagreement or contentious issue, by notifying the IFC, which will attempt to resolve it.

9.2 Referral

Any disagreement or contentious issue that cannot be resolved by the IFC will be submitted to the Ministers for resolution.

10 GENERAL (MISCELLANEOUS)

10.1 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.

10.2 Counterpart Signature

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

10.3 Amendment

This Agreement may only be amended on written agreement of the Ministers.

10.4 Addresses & Notices

All correspondence and notices to Canada will be addressed to:

Assistant Deputy Minister, Policy and Communications
Infrastructure Canada
606-90 Sparks Street
Ottawa, Ontario
K1P 5B4

All correspondences and notices to Ontario will be addressed to:

Assistant Deputy Minister, Infrastructure Policy and Planning Division
Ministry of Energy and Infrastructure
Frost Building South, 6th Floor
7 Queen's Park Crescent
Toronto, Ontario
M7A 1Y7

Canada and Ontario may send any written notice by any pre-paid method, including regular or registered mail, courier or facsimile. Notice will be considered as received upon delivery by the courier, or one day after being sent by facsimile or five (5) calendar days after being mailed.

SIGNATURES:

HER MAJESTY IN RIGHT OF CANADA

HER MAJESTY IN RIGHT OF
THE PROVINCE OF ONTARIO

Original signed by:

Original signed by:

Minister of Transport, Infrastructure and
Communities

Minister of Energy and Infrastructure

Date: _____

Date: _____

SCHEDULE A
ELIGIBLE RECIPIENTS AND CATEGORIES

1 BUILDING CANADA FUND

1.1 Eligible Recipients for the Major Infrastructure Component

The following are Eligible Recipients for the purposes of the Major Infrastructure Component. This can include situations where the Eligible Recipients apply individually or join together with other Eligible Recipients:

- a) Ontario, a Local government, or a group of Local Governments. First Nations are eligible if they are part of a group including at least one Local Government;
- b) A public sector body that is established by or under provincial statute or by regulation or is wholly owned by a province, Local Government, or group of Local Governments; and
- c) Private sector body, either alone or in partnership with Ontario, a Local Government or a public sector body described in (b).

1.2 Eligible Recipients for the Communities Component

The following are Eligible Recipients for the purposes of the Communities Component. This can include situations where the Eligible Recipients apply individually or join together with other Eligible Recipients:

- a) A Local government, or a group of Local Governments. First Nations are eligible if they are part of a group including at least one Local Government;
- b) A provincial entity, including the province of Ontario, that provides municipal-type services to communities, as defined by provincial statute;
- c) A public sector body that is established by or under provincial statute or by regulation or is wholly owned by a Local Government or group of Local Governments and which provides municipal sector services in a given area;
- d) A private sector body, whose application is supported by a Local Government.

1.3 BCF Eligible Categories

The following are eligible categories of investment, for Public Infrastructure projects under the Major Infrastructure Component and Communities Component. In the case of

the Communities Component, eligible projects must be located in Communities having a population less than 100,000.

1.3.1 National Priority Categories

- a) Water Infrastructure
- b) Wastewater Infrastructure
- c) Public Transit Infrastructure
- d) Core National Highway System Infrastructure
- e) Green Energy Infrastructure

1.3.2 Local and Community Priority Categories

- a) Disaster Mitigation Infrastructure
- b) Solid Waste Management Infrastructure
- c) Brownfield Redevelopment Infrastructure
- d) Cultural Infrastructure
- e) Sports Infrastructure
- f) Connectivity and Broadband Infrastructure
- g) Local Road Infrastructure
- h) Short-line Rail Infrastructure
- i) Short Sea Shipping Infrastructure
- j) Tourism Infrastructure
- k) Regional and Local Airport Infrastructure

2 BASE FUNDING

2.1 Eligible Recipients

The following are Eligible Recipients for Base Funding :

- a) Ontario or a Local Government;
- b) A public sector body that is established by or under provincial statute or by regulation or is wholly owned by Ontario or a municipality; and
- c) A private sector body, either alone or in partnership with Ontario, or a Local Government or a public sector body, described in (b).

2.2 Eligible Categories

The following are eligible categories of investment for Public Infrastructure initiatives proposed under the Base Funding:

- a) National Priorities (described above in 1.3.1 of this Schedule)
- b) Local and Community Priorities (described above in 1.3.2 of this Schedule)
- c) Non-Core National Highway System Infrastructure
- d) Safety-related rehabilitation under National Priorities and Local and Community Priorities

SCHEDULE B
OVERVIEW OF THE ONTARIO INFRASTRUCTURE PLAN
“RENEW ONTARIO”

A Five-Year Infrastructure Investment Plan

Public Infrastructure is essential to the people of Ontario and critical to the competitiveness of our economy, the quality of life we enjoy and the delivery of public services.

In May 2005, the Ontario government released a five-year infrastructure investment plan, Renew Ontario, which establishes a vision for the renewal of Ontario’s public infrastructure.

ReNew Ontario is a \$30-billion plan that directs infrastructure investments to key public policy priorities – health care, education and economic prosperity.

The plan includes major improvements in the way the province’s infrastructure investments are planned and managed:

- A longer planning horizon for infrastructure investments;
- Better co-ordination with co-investors in the broader public sector – federal and municipal governments and public agencies such as universities school boards and hospitals – to establish a common set of priorities and towards a common set of outcomes;
- Rigorous application of the principles of the Ontario government’s infrastructure planning, financing and procurement framework, Building a Better Tomorrow;
- The introduction of Alternative Financing and Procurement for large, complex infrastructure projects, resulting in better project management and the use of private-sector financing;
- New accounting policies to capitalize and amortize capital assets over their useful lives; and
- Better integration of infrastructure investment with growth policy.

Some highlights of the ReNew Ontario plan include:

- Hospitals – more than \$5-billion for health care projects by 2010;

- Investments in schools, universities and colleges totaling \$10-billion by 2010;
- Transportation investments valued at more than \$11-billion by 2010;
- New affordable housing investments of more than \$600 million by 2010;
- Updating justice sector infrastructure with investments of \$1-billion by 2010;
- Investments in water and wastewater systems in partnership with federal and municipal governments; and
- Investing in Northern Ontario and rural communities to support economic development and public health and safety;

SCHEDULE C COMMUNICATIONS PROTOCOL

1. SCOPE

1.1 The communications provisions of this Agreement apply to all Building Canada Fund (BCF) Agreements and the Base Funding Agreement. These provisions are designed to be consistent with the communication protocol in the existing Gas Tax Fund Agreement. However, where such provisions are deemed to be in conflict, the communications provisions of this Agreement shall supersede any applicable requirements set out in the existing Gas Tax Fund Agreement.

1.2 Ontario and other recipients of funding under the BCF or the Base Funding Agreement (referred to collectively as “recipients” in this schedule) will be required to meet all relevant terms and conditions of the communications protocol set out in this schedule. Parties agree that agreements signed with recipients other than Ontario will ensure these provisions apply.

1.3 References in this Agreement to “Building Canada” include federal infrastructure funding under the BCF and the Base Funding Agreement. “Building Canada” and the “Building Canada plan” are synonymous. The BCF, however, is a distinct funding program and forms part of the Building Canada plan (Building Canada).

2. GUIDING PRINCIPLES

2.1 Canada and Ontario agree to undertake joint communications activities and collaborate on products to ensure open, transparent, proactive and effective communications with the public. This transparency and accountability will be achieved through appropriate and consistent public communications activities that recognize the contributions of all participating parties under this Framework Agreement as well as the Base Funding Agreement, Project Agreements and the Communities Component Contribution Agreement and any other agreements reached under this Framework Agreement (referred to as “subsequent agreements” in this schedule).

2.2 The Parties can carry out their own communications activities relating to their infrastructure programs and investments that are part of this Agreement with the exception of the first public announcement that is made on a project or initiative that is being funded jointly by the Parties. After the first public announcement, if one Party decides to carry out their own communications activity, they agree to notify the other Party of such communications.

2.3 The Parties agree that all communications products produced pursuant to this Agreement shall comply with both the Federal Identity Program (FIP) and Ontario’s Visual Identity Program. Branding standards, protocols, graphic guidelines, and

templates for public information material and signage will be developed by Canada and Ontario to guide development of communications products and activities under the Building Canada plan and ReNew Ontario and its successor plans.

2.4 The mechanisms for communications and public information activities and products shall be determined by the Infrastructure Framework Committee (IFC) which may establish a communications sub-committee to provide it with advice and support on such matters. This sub-committee shall be comprised of at least one federal representative and one provincial representative. An observer from the Association of Municipalities of Ontario may be included in matters relating to the Communities Component.

2.5 All communications through electronic media such as web sites or management information systems should follow the same guiding principles as those established for “traditional” means of communications.

2.6 All public information material pursuant to this Agreement shall be in both official languages (English and French) and indicate, where applicable and practicable, that a project is being implemented under the Building Canada plan and ReNew Ontario and its successor plans. Canada will ensure that all documents are bilingual. All such material shall fairly reflect the contribution of all parties to the project. This includes ensuring equal recognition and prominence where words, logos, symbols and other types of identification are incorporated into materials.

3. PROJECT COMMUNICATIONS

3.1 General

In this schedule, “project” refers to projects funded under the BCF or infrastructure initiatives supported through the Base Funding. All written communications concerning projects shall be prepared in a manner that supports the communications objectives and branding of Building Canada and ReNew Ontario and its successor plans.

3.2 Contracts

All public information material related to calls for tendering for projects shall clearly and prominently indicate that the project is funded under Building Canada and ReNew Ontario and its successor plans.

3.3 Project Promotion

- a) Recipients are responsible for the promotion of their project and its activities and objectives within their community or jurisdiction. The recipient will provide, as appropriate, project communications such as: a project web site, print, audiovisual

- and other communications about the project as it proceeds. The recipient will inform Canada and Ontario of any such promotional communication before it takes place. The recipient will also ensure appropriate mention of the partnership nature of the funds and the contribution of all parties in annual reports, speeches or other opportunities, as appropriate.
- b) The recipient is solely responsible for operational communications including calls for tender, construction, and public safety notices. Operational communications as described above are not subject to official language policy. However, in cases where an activity, project, or program receiving financial assistance is national in scope and includes services to the general public of both linguistic communities, both official languages must be used.
 - c) The recipient will share information promptly with Canada and Ontario on significant emerging media and stakeholder issues relating to the project. Canada and Ontario will advise the recipient, where appropriate, about media inquiries received concerning the project. (For example, joint management questions or serious safety matters.)
 - d) Canada, Ontario and the recipient (where the recipient is not Ontario) each reserve the right to refer to funding provided under the BCF and the Base Funding Agreement and ReNew Ontario and its successor plans in their own separate, and non-project specific communications. Each party commits to acknowledge the other party's involvement in the project.
 - e) The recipient will provide, whenever possible, professional quality audio-visual material about the project to Canada and/or Ontario (where Ontario is not the recipient) to support wider communications about funding under the BCF or the Base Funding Agreement and ReNew Ontario and its successor plans.

4. COMMUNICATING WITH THE PUBLIC

4.1 General

- a) Canada, Ontario and the recipient (where the recipient is not Ontario) shall consult with each other, 15 working days in advance, about all proposed news releases, new media communications activities, or public announcements relating to jointly-funded projects. This is to provide all parties sufficient notice of key project communications, and, where appropriate, the time to determine a course of action, line up principals and prepare joint material. Notwithstanding the advance notice requirement, consent shall not be unreasonably withheld by either Party if a news release or public announcement must be issued in less than 15 working days

as the result of unforeseeable circumstances, including matters of public safety or where an emergency response is required.

- b) Where just one Party to this Agreement is funding a project, 4.1 (a) does not apply.
- c) Recipients will advise Canada and Ontario (where the recipient is not Ontario) regularly of upcoming public events or community relations activities relating to the project as per the initial communications plan specified in 4.1 (d). Each Party commits to acknowledge the other Party's involvement.
- d) Projects jointly funded under the Major Infrastructure Component and ReNew Ontario and its successor plans will include a communications plan showing how the recipient intends to manage communications and provide funding partners with equal visibility. This plan should also forecast: major milestones for joint communications, project communications activities (e.g., tender notices, plans to provide partner visibility after project completion), and estimated expenditures for key communications activities and issue management.
- e) In the case of projects jointly funded under the Communities Component and ReNew Ontario and its successor plans a short communications planning checklist will be incorporated into the application forms themselves to provide Canada and Ontario with a basic outline of planned activities.
- f) Submissions for joint funding under the Base Funding Agreement and ReNew Ontario and its successor plans may include a communications plan. Additional requirements may be detailed for greater clarity in the Base Funding Agreement.
- g) The IFC may directly, or through delegation to a communications sub-committee or designate, working group, agent or other representative, monitor the Parties' performance with respect to the communications provisions of this Agreement and order appropriate remedies, as it sees fit, where insufficiencies are found.

4.2 Signing of the Agreements

The Parties shall issue a joint news release when this Agreement and subsequent agreements are signed. The Parties agree to hold, where appropriate, an official ceremony on these occasions.

4.3 Public Information Kits

The Parties may develop joint information kits, brochures, public reports, new media products, and web site material to inform potential recipients and the public about the Building Canada Fund and Base Funding Agreement, and infrastructure supported under

these funds. Such material shall be prepared in a manner consistent with the joint brand guidelines and any core messages developed by the Parties.

4.4 News Releases

The Parties shall issue joint news releases after funding decisions are made, or upon project milestones. In all such news releases, the Parties shall receive equal prominence. The Parties shall mutually agree on the use of quotes from the designated representatives of Canada, Ontario or the recipient in the news releases.

4.5 News Conferences, Public Announcements, Official Events or Ceremonies

- a) Canada and Ontario agree to hold news conferences at the request of either Party. The requestor shall provide at least 15 working days notice of such a news conference, which will take place at a mutually agreed date and location. The Ministers, or a designated representative of either Party, will be entitled participate in such news conferences.
- b) No public announcement of funding under the BCF or the Base Funding Agreement shall be made by either Party or by the recipient without prior consent of the IFC, its communications sub-committee or a designate.
- c) The Party proposing a public announcement or official ceremony related to funding under the BCF or the Base Funding Agreement shall provide the other Party with at least 15 working days notice. The Ministers, or their designated representatives, will be entitled to participate in such announcements or ceremonies to take place at a mutually agreed date and location.
- d) The Parties shall co-operate in the organization of announcements or ceremonies. The Table of Precedence of Canada, as established by Canadian Heritage (http://www.pch.gc.ca/progs/cpsc-ccsp/pe/precedence_e.cfm), or other mutually agreed protocol, should be respected. Messages and public statements for such events should be mutually agreed upon. The IFC, its communications sub-committee or a delegate may recommend special events and ceremonies be held where and when appropriate.

4.6 Signage

- a) The funding recipient shall provide and install temporary signage or other appropriate identifiers at a prominent location where there is visible activity related to a project indicating the participation of all funding partners, and bearing any other message approved by the IFC, its communications subcommittee or a designate. This provision does not apply to public sector bodies that are

established by or under provincial statute or by regulation for unincorporated areas, or municipalities as exempted by the Parties.

- b) Design, wording and specifications of joint signage shall reflect the participation of Canada and Ontario, and must be approved by the IFC, its communications subcommittee or a designate. Signage and other identifiers must conform to the Building Canada graphic guidelines, FIP and applicable Canada and ReNew Ontario and its successor plans visual identity guidelines. Wording, in both official languages, designs, and logos of one Party should be of the same size and occupy the same amount of space as the other Party's. Signs or other identifiers shall have appropriate space indicating participation by the recipient, if requested.
- c) The IFC its communications sub-committee or a designate shall issue specifications for signs or other identifiers, as well as timeframes for their installation. Temporary signs must be removed within 90 days of project completion.
- d) The recipient will provide and install, upon completion of projects, where feasible, a plaque, permanent sign or other suitable identifier bearing an appropriate inscription. The design, wording and specifications of such permanent signs shall respect the general provisions of this Agreement and must be approved by the IFC, its communications subcommittee or a designate. This provision does not apply to public sector bodies that are established by or under provincial statute or by regulation for unincorporated areas, or municipalities as exempted by the Parties.
- e) The requirements set out in this section for temporary and permanent signage may be waived by the IFC in the rare situation where it is deemed impractical or impossible to comply.
- f) The costs of all project signage shall be borne by the recipient.

4.7 Advertising

Recognizing that advertising can be an effective means of communicating with the public, either Party may, at its own cost, organize an advertising or public information campaign related to the Building Canada plan. However, such a campaign must respect the provisions of this Agreement. In the event of such a campaign, the sponsoring Party agrees to inform the other Party of its intention as soon as possible, as early notice is essential for any required review process. In any event, notice must be provided a minimum of 20 working days before launch.

5. COST ALLOCATION

Unless otherwise agreed by the IFC, the Parties will each bear their own direct costs, e.g., staff time, transportation, per diems, etc. associated with the application of Schedule C.

6. DISPUTES, MONITORING AND COMPLIANCE

- 6.1 The IFC will monitor the Parties' compliance with this Schedule, and may, at its discretion, advise the Parties of issues and required adjustments. Should there be any disagreement or contentious issues, section 9 of the Framework Agreement will be followed.
- 6.2 To facilitate performance monitoring and measurement, and to ensure Building Canada communications are consistent and effective, the IFC will report to Ministers annually on communications activities and results under this Agreement.
- 6.3 Canada will gather and review the reports (6.2) and provide the Parties with a summary report.

SCHEDULE D TRANSPORTATION PRINCIPLES

1. GATEWAYS

Canada and Ontario are committed to an efficient, safe and secure border between Canada and the United States. Further to the commitment in the federal 2007 Budget to share up to fifty percent (50%) of the eligible capital costs of a new access road to the new bridge at Windsor-Detroit, Canada's busiest border crossing, and given that four of the six busiest border crossings in Canada are located in Ontario, Canada expects that significant funding from the *Gateways and Border Crossings Fund* will contribute to improvements at border crossings in Ontario. Further, Canada and Ontario, in cooperation with Québec, are working together in accordance with a signed Memorandum of Understanding to develop a strategy for the Ontario-Quebec Continental Gateway and Trade Corridor. Canada agrees that projects identified as a result of this strategy will receive priority consideration for funding from the \$2.1 billion under the *Gateways and Border Crossings Fund*.

2. TRANSIT

Canada and Ontario recognize the importance of public transit in supporting more efficient and sustainable transportation and in mitigating congestion in urban areas. Consequently, both governments have made substantial commitments to public transit in recent years, including: a joint announcement in 2007 of FLOW and MoveOntario, a \$4.5 billion investment in transit and highway projects in the Greater Toronto Area; Canada's commitments to infrastructure programming, transit capital trusts, and the permanent extension of the federal Gas Tax Fund; and, Ontario's commitment to transit, including a dedicated gas tax, its inter-regional transit system, GO Transit, and MoveOntario 2020, a major, long-term investment in transit. Further, Ontario has created Metrolinx, a new regional transportation agency that has been charged with the task of recommending projects, investment priorities, delivery methods and timelines through a Regional Transportation Plan for the Greater Toronto Area and Hamilton. Canada and Ontario agree to cooperate in reviewing Metrolinx's draft Regional Transportation Plan and to discuss its proposed initial projects through the Infrastructure Framework Committee. Canada agrees that projects identified under this process will receive priority consideration for funding under the BCF. Canada and Ontario agree to continue their ongoing collaboration to invest in public transit in the future.

3. PETERBOROUGH COMMUTER RAIL LINE

On March 27th, 2008, the governments of Canada and Ontario announced a commitment to initiate a joint study for a Peterborough commuter rail line, as part of the Government

of Canada's Budget 2008 Public Transit Capital Trust. The Parties will jointly develop and agree to the terms of reference, and further agree to make best efforts to complete the study within one year.

Canada and Ontario agree to review the findings and conclusions of this study. The identified project will be jointly funded by Canada and Ontario, with Canada and Ontario equally sharing in all eligible capital costs, net of funding from municipal or private sector contributions, up to a maximum of \$150 million each, subject to the successful completion of a federal and provincial due diligence review of the project, securing any funding approvals that may be required respectively by the federal and provincial Treasury Boards, all applicable environmental assessments, and the signing of a contribution agreement that will detail the project elements, schedule, capital and operating costs, and funding parameters, to the mutual satisfaction of Canada and Ontario. Ontario, at its sole and exclusive discretion, will decide if GO Transit will be the operator of any service on this line.