

CANADA – PRINCE EDWARD ISLAND

INFRASTRUCTURE FRAMEWORK AGREEMENT

This Agreement made as of [Date]

BETWEEN:

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

AND:

GOVERNMENT OF PRINCE EDWARD ISLAND ("Prince Edward Island") represented by the Minister of Communities, Cultural Affairs and Labour.

PREAMBLE

Canada and Prince Edward Island 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 and green energy.

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;
- 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 Prince Edward Island will engage municipal leaders in the delivery of the Building Canada plan. The Parties fully support the value of municipal participation, and will work with Federation of Prince Edward Island Municipalities and municipalities to address the infrastructure needs in Prince Edward Island.

The Parties recognize that the existing Canada-Prince Edward Island infrastructure agreements will stand on their own, specifically with their respective authorities and terms and conditions.

1 INTERPRETATION

1.1 Definitions

In addition to the terms defined in the recitals 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;

“**Approved Project**” means Public Infrastructure projects falling within the BCF Eligible Categories, and in the case of the Major Infrastructure Component, that are approved by the Federal Minister for funding by Canada in accordance with Subsection 3.3.4, and in the case of the Communities Component, that are approved in accordance with Subsection 3.4.7;

“**Base Funding Agreement**” means the funding agreement to be negotiated between Canada and Prince Edward Island 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;

“**Building Canada Fund**” or “**BCF**”, 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, 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 that has the legal status of a local government pursuant to provincial legislation in Prince Edward Island and includes Prince Edward Island on behalf of unincorporated areas with a population of less than 100,000;

“**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 Funding Agreement**” means the contribution agreement for the Communities Component to be negotiated between Canada and Prince Edward Island;

“**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 initiative, 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;

“**Infrastructure Framework Committee**” or “**IFC**” is the committee, as 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;

“**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;

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

“**Party**” means Canada or Prince Edward Island and “**Parties**” means both Canada and Prince Edward Island;

“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;

“Prince Edward Island Infrastructure Plan” means a plan that outlines the province’s long-term vision and approach to managing Public Infrastructure, prepared in accordance with Schedule B;

“Provincial Minister” means the Minister of Communities, Cultural Affairs and Labour;

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

“P3” or “Public-Private Partnership” means a cooperative venture between the public and private sectors for the provision of Public Infrastructure;

“Treasury Board Approval” means approval from Canada’s Treasury Board for the creation of the BCF and the Base Funding programs upon terms satisfactory to the Federal Minister;

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 Conditions

This Agreement is conditional upon approval from Canada’s Treasury Board for the creation of the BCF and Base Funding program, on or before December 31, 2008 failing which this Agreement will be null and void. Evidence that Treasury Board’s approval has either been given, or not, shall be provided by way of letter from the Federal Minister to the Provincial Minister, which the Provincial Minister agrees will be sufficient evidence of the satisfaction of this condition.

1.4 Schedules/Annexes

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 Initiative;
- b) Schedule B – Guideline for the Prince Edward Island Infrastructure Plan; and
- c) Schedule C – Communications Protocol.

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 Prince Edward Island. The Agreement will ensure that Canada and Prince Edward Island take a collaborative approach to long-term infrastructure planning. Under this Agreement, Canada and Prince Edward Island will promote accountability by providing Canadians with regular public reporting on the implementation and outcomes of the Building Canada plan in Prince Edward Island.

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 Prince Edward Island under the BCF, the Base Funding initiative, and the Gas Tax Fund;
- b) set out the eligible project categories and cost-sharing provisions under the BCF and the Base Funding initiative;
- 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 Funding 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 infrastructure in Prince Edward Island 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	\$35.250 million
Base Funding	\$175.000 million
Gas Tax Fund	\$60.000 million
TOTAL	\$270.250 million

3 BUILDING CANADA FUND

3.1 Objective

Through the BCF, significant investments will be made to build, enhance and modernize Public Infrastructure in Prince Edward Island 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 Prince Edward Island

The total amount of funding Canada will make available under the BCF in Prince Edward Island will be \$35.25 million over seven years, between 2007-08 and 2013-14, subject to Parliament appropriating necessary funding. Any funding to be provided by Prince Edward Island in respect of an Approved Project will be subject to appropriations from the Legislature of Prince Edward Island.

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. Canada, in consultation with Prince Edward Island, will develop and provide criteria to further define eligible categories following the approval of the program terms and conditions by Canada's Treasury Board.

3.3 Major Infrastructure Component

3.3.1 Total Funding by Canada

Of the amount made available by Canada for the BCF in Prince Edward Island, the Parties agree that \$13.25 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, provincial or regional impact and 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 to projects that have a minimum total Eligible Costs of \$5 million.

3.3.3 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 up to 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 (1/3) of the Eligible Costs of an Approved Project.

3.3.4 Project Approvals

The IFC Co-chairs will present and discuss priorities for infrastructure funding under the Major Infrastructure Component. The Co-chairs will endeavour to present an integrated and consolidated view of the Parties' priorities for funding under this Component. Priorities presented by the Provincial Co-chair for consideration will be consistent with Prince Edward Island's Infrastructure Plan, while Canada's review of 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 Building Canada Fund. 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.

3.3.5 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. Any new appendices to this Agreement will be considered amendments to this Agreement and therefore will require the approval of both Ministers in accordance with Section 10.3.

3.3.6 Consideration of Public-Private Partnerships Option

The Parties recognize that Public-Private Partnerships 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 Public-Private Partnerships, 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 Public-Private Partnership has been fully considered. As an interim measure, a guideline will be established by the Federal Minister to facilitate this requirement. Additional guidance will be provided once the federal Public-Private Partnerships Office has been established.

3.4 Communities Component

3.4.1 Total Funding by Canada

Of the amount made available by Canada for the BCF in Prince Edward Island, the Parties agree that \$22 million will be applied to Approved Projects under the Communities Component.

3.4.2 Contribution by Prince Edward Island

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

3.4.3 Communities Funding Agreement

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

3.4.4 Governance

The Communities Funding Agreement will be overseen by a subcommittee of the IFC to be appointed from the Parties' senior officials and which may also include representatives from or in consultation with provincial municipal associations.

3.4.5 Funding Conditionality

No calls for applications may be launched under the Communities Component until the last intake of applications under the Canada- Prince Edward Island Municipal Rural Infrastructure Fund Agreement has been closed.

3.4.6 Cost-sharing

Federal funding from all sources cannot exceed one-third (1/3) of the Eligible Costs of all Approved Projects under the Communities Component.

3.4.7 Cost Stacking

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.

3.4.8 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 Funding 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 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 underpin the development of effective strategies to address our public infrastructure needs.

3.5.2 Major Infrastructure Component

Canada will make available up to one percent (1%) of the federal funding available for the Major Infrastructure Component to Eligible Recipients under the Major Infrastructure Component, to share up to fifty percent (50%) of Eligible Costs for research, knowledge, planning, feasibility and other studies in Prince Edward Island. This may include funding to develop the Prince Edward Island Infrastructure Plan. The province of Prince Edward Island will also make available to Eligible Recipients up to one percent (1%) of the provincial funding for projects under the Major Infrastructure Component for research, knowledge, planning, feasibility and other studies in Prince Edward Island.

3.5.3 Communities Component

Canada will make available up to 1% of the federal funding set out in subsection 3.4.1 to Eligible Recipients under the Communities Component, to share up to fifty percent (50%) of Eligible Costs for research, knowledge, planning, capacity-building, feasibility and other studies involving Communities in Prince Edward Island. The province of Prince Edward Island will also make available to Eligible Recipients up to one percent (1%) of the provincial funding for projects under the Communities Component for research, knowledge, planning, capacity-building, feasibility and other studies involving Communities in Prince Edward Island.

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 the next seven years for public infrastructure projects in Prince Edward Island.

4.2 Amount Available for Prince Edward Island

The amount Canada will make available for Public Infrastructure initiatives in Prince Edward Island under the Base Funding initiative will be \$25 million per fiscal year, from 2007-08 through to 2013-14, for a total of \$175 million, subject to appropriations from the Parliament of Canada. The amounts Prince Edward Island will make available will be subject to appropriations from the Legislature of Prince Edward Island.

4.3 Eligible Initiatives and Eligible Recipients

Canada's funding pursuant to the Base Funding will be paid to Prince Edward Island 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. Prince Edward Island agrees that funded initiatives will be consistent with the Prince Edward Island Infrastructure Plan.

4.4 Cost-Sharing

Where Prince Edward Island seeks to fund an initiative jointly from the Base Funding initiative and another federal program(s), the cost-sharing provisions and limitations of that other federal program(s) will also apply.

4.5 Cost 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).

4.6 Base Funding Agreement

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

5 GAS TAX FUND

5.1 Gas Tax Fund Agreement

The Parties intend to amend their existing Gas Tax Fund agreement 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 amend the Gas Tax Fund agreement to address the results of the evaluation and cover the extension of the funding from 2010 to 2014.

6 PRINCE EDWARD ISLAND 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 planning 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 Development of Prince Edward Island Infrastructure Plan

Given its expertise and knowledge of its infrastructure needs, Prince Edward Island agrees to develop a Prince Edward Island Infrastructure Plan and to provide this plan, and any updates, to Canada in accordance with the guideline in Schedule B as confirmed by the Federal Minister, within one year of the date of this Agreement. This plan will help the Parties better understand and situate infrastructure priorities in Prince Edward Island. Should Prince Edward Island update its Infrastructure Plan, this update would be discussed by the IFC.

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 Prince Edward Island.

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 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 Prince Edward Island. The IFC will help facilitate the coordination of horizontal infrastructure issues related to federal 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 Prince Edward Island;
- b) overseeing the progress and status of infrastructure programs under the Building Canada plan;
- c) discussing changes to the Prince Edward Island Infrastructure Plan, pursuant to Schedule B;
- d) where appropriate, directing project proposals to other suitable federal funding programs;
- e) developing and implementing a common reporting framework pursuant to Subsection 8.1;
- f) reviewing priorities and discussing projects of interest to be funded under the Major Infrastructure Component;
- g) reviewing proposals for funding related to research, knowledge, planning, feasibility and other studies as outlined in subsection 3.5.2;
- h) establishing sub-committees as needed;
- i) 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

- j) 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; additional meetings shall be held upon the request of either Co-chair if it is deemed to be necessary;
- 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 infrastructure investments in Prince Edward Island across the range of federal infrastructure programs. The reporting framework will be developed within 12 months of the signing of this Agreement. 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.

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 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, ON K1P 5B4

All correspondence and notices to Prince Edward Island will be addressed to:

Deputy Minister
Department of Communities, Cultural Affairs and Labour
P.O. Box 2000
Charlottetown, PEI C1A 7N8

Canada and Prince Edward Island 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

THE GOVERNMENT OF PROVINCE OF
PRINCE EDWARD ISLAND

Original signed by:

Original signed by:

Minister of Transport, Infrastructure and
Communities

Minister of Communities, Cultural Affairs
and Labour

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:

- a) Prince Edward Island or a local or regional government established by or under provincial statute;
- b) A public sector body that is established by or under provincial statute or by regulation or is wholly owned by a province or municipality; and,
- c) A private sector body, either alone or in partnership with Prince Edward Island or a government referred to above.

1.2 Eligible Recipients for the Communities Component

The following are eligible recipients for the purposes of the Communities Component:

- a) A local or regional government, established by or under provincial statute;
- b) A provincial entity, including the Province of Prince Edward Island, 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 Prince Edward Island or a municipality which provides municipal sector services in a given area; and,
- d) A private sector body, whose application is supported by a municipal or regional government referred to above.

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 INITIATIVE

2.1 Eligible Recipients

The following are eligible recipients under the Base Funding initiative:

- a) Prince Edward Island or a local or regional government established by or under provincial statute;
- b) A public sector body that is established by or under provincial statute or by regulation or is wholly owned by Prince Edward Island or a municipality; and,

- c) A private sector body, either alone or in partnership with Prince Edward Island or a government referred to above.

2.2 Eligible Categories

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

- 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

GUIDELINES FOR THE PRINCE EDWARD ISLAND INFRASTRUCTURE PLAN

In recognition of the importance of a long-term planning approach to address public infrastructure needs in Canada, Prince Edward Island will develop a long-term, 10-15 year Prince Edward Island Infrastructure Plan.

The Prince Edward Island Infrastructure Plan should include:

1. An overview of Prince Edward Island's strategy for public infrastructure in the province, including key challenges, its approach to identifying needs and planning for new public infrastructure, and its process for evaluating and managing current infrastructure assets.
2. For each of the areas of water and wastewater, public transit, core National Highway System infrastructure and green energy infrastructure, the Plan will include:
 - a) A description of the infrastructure's current state;
 - b) An identification of the desired outcomes in the sector over 10-15 years;
 - c) Infrastructure issues, challenges and pressures in the sector over 10-15 years;
 - d) An identification of potential infrastructure gaps in 10-15 years;
 - e) Significant infrastructure priorities in the sector over the next 7 years including:
 - The estimated costs associated with identified needs in the sector over a five- to seven-year period.
 - For priorities that have already received or been formally approved for funding from any level of government (e.g. in the case of the federal government having signed a contribution agreement), this should be indicated.
 - f) Strategies (funding and non-funding) to achieve desired outcomes, including life-cycle planning, monitoring and accountability mechanisms. Discussion of funding strategies should be limited to initiatives that are fully within the control (not dependent on federal approval) of Prince Edward Island.
3. In undertaking the above, the Prince Edward Island Infrastructure Plan should take into consideration a number of factors including, but not limited to:
 - How priorities will support provincial objectives as well as those of a growing economy, a cleaner environment, and stronger communities;
 - An exploration of innovative approaches to address priorities, including the use of P3s;

- Consideration of system integration, regionally-planned approaches, and, where appropriate, complementary policies in the following sectors: water and wastewater, public transit, Core National Highway System infrastructure and green energy infrastructure;
- Appropriate federal and provincial legislation and regulations;
- Existing provincial plans; and,
- Where relevant, reference to local and municipal government initiatives.

4. Reviews and Amendments

SCHEDULE C COMMUNICATIONS PROTOCOL

1 SCOPE

1.1 The communications provisions of this Agreement apply to all Building Canada Fund (BCF) and the Base Funding Agreement. These provisions are designed to be consistent with the communications 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 Prince Edward Island 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 Prince Edward Island 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 Prince Edward Island agree to undertake joint communications activities and collaborate on products to ensure open, transparent, proactive and effective communications with Canadians. This transparency and accountability will be achieved through appropriate and consistent public communications activities that recognize the contributions of all participating parties under this Agreement as well as the Base Funding Agreement, Project Agreements and the Communities Funding 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. However, such communications will nonetheless recognize and emphasize the partnership nature of the funds and the contributions of all parties.

2.3 The Parties agree that all communications products produced pursuant to this Agreement shall comply with the Federal Identity Program (FIP) and relevant provincial requirements. Branding standards and graphic guidelines will be developed by Canada to guide development of communications products and activities under the Building Canada plan.

2.4 The mechanisms for such 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.

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 in a manner that each party respects their respective official language requirements.

2.6 All public information material pursuant to this Agreement shall be produced in a manner that each party respects their respective parties' official language requirements and indicate, where practicable, that a project is being implemented under the Building Canada plan. 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 Agreement. All written communications concerning projects shall be prepared in a manner that supports the communications objectives and branding of Building Canada.

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.

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 Prince Edward Island of any such promotional communication before it takes place. The recipient will also ensure to include 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 Prince Edward Island on significant emerging media issues relating to the project. Canada and Prince Edward Island will advise the recipient, where appropriate, about media inquiries received concerning the project (for example, joint management questions or serious safety matters).
- d) Canada, Prince Edward Island and the recipient (where the recipient is not Prince Edward Island) each reserve the right to refer to funding provided under the BCF and the Base Funding Agreement 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 Prince Edward Island (where Prince Edward Island is not the recipient) to support wider communications about funding under the BCF or the Base Funding Agreement.

4 COMMUNICATING WITH THE PUBLIC

4.1 General

- a) Canada, Prince Edward Island and the recipient (where the recipient is not Prince Edward Island) shall consult with each other, 15 working days in advance, about all proposed news releases 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 signatory to this Agreement is funding a project, 4.1 (a) does not apply.
- c) Recipients will advise Canada and Prince Edward Island 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 in the project.
- d) Projects under the Major Infrastructure Component 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 the Communities Component, a short communications planning checklist will be incorporated into the application forms themselves to provide Canada and Prince Edward Island a basic outline of planned activities.
- f) Submissions under the Base Funding Agreement will 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 sub-committee, 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 information kits, brochures, public reports, 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 Building Canada brand guidelines and any relevant 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, Prince Edward Island or the recipient in the news releases.

4.5 News Conferences, Public Announcements, Official Events or Ceremonies

- a) Canada and Prince Edward Island 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, should 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 the prior consent of the IFC, or its communications sub-committee or 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 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 for Canada, as established by Heritage Canada (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 or its delegate may recommend special events and ceremonies be held where and when appropriate.

4.6 Signage

- a) The 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 such message approved by the IFC or its designate.
- b) Design, wording and specifications of joint signage shall reflect the participation of Canada and Prince Edward Island, and must be approved by the IFC or its designate. Signage and other identifiers must conform to the Building Canada graphic guidelines and FIP. 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 or communications sub-committee 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 or its designate.
- 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

- a) Recognizing that advertising can be an effective means of communicating with the public, either Party may, at its own cost, organise 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 this Agreement.

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 this 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.