

CANADA – PRINCE EDWARD ISLAND

**LABOUR MARKET DEVELOPMENT
AGREEMENT**

Canada



TABLE OF CONTENTS

ARTICLE	PAGE NO.
1. Interpretation.....	2
2. Purpose and Scope.....	5
3. PEI Benefits and Measures.....	5
4. Delegation of Authority to Prince Edward Island with respect to National Employment Services Function and Co-operation on Labour Market Information.....	7
5. Service to Clients.....	7
6. Delivery Arrangements.....	8
7. Transitional Arrangements.....	8
8. Indicators for Measuring Results of PEI Benefits and Measures and Annual Results Targets and Reporting.....	9
9. Year 2 Review and Evaluations.....	10
10. Information and Data Sharing.....	12
11. Monitoring and Assessment Report.....	12
12. Employment Insurance Program Integrity.....	12
13. Transfer of Federal Employees to Prince Edward Island.....	12
14. Financial Arrangements and Contribution Towards Costs.....	13
15. Transfer of Assets.....	14
16. Payment Procedures.....	15
17. Annual Annex.....	15
18. Financial Accountability.....	15
19. Overpayment and Lapsing Funds.....	16
20. Public Information.....	16
21. Designated Officials.....	16
22. Term of Agreement.....	17
23. Termination.....	18
24. Amendment.....	18
25. Equality of Treatment.....	18
26. General.....	18
27. Effective Date.....	19

ANNEXES	PAGE NO.
1. Description of PEI Benefits and Measures.....	20
2. National Employment Service Function and Cooperation on Labour Market Information.....	23
3. Delivery Arrangements.....	25
4. Indicators for Measuring Results of PEI Benefits and Measures and Annual Results Targets and Reporting.....	27
5. Exchange of Information and Data Sharing Arrangements.....	29
6. Employee Transfer Agreement.....	43

**CANADA – PRINCE EDWARD ISLAND
LABOUR MARKET DEVELOPMENT AGREEMENT**

This Agreement made this ____ day of _____, 2008.

Between:

THE GOVERNMENT OF CANADA (herein referred to as "Canada"), as represented by the Minister of Human Resources and Skills Development, styled Minister of Human Resources and Social Development, and the Canada Employment Insurance Commission

And:

THE GOVERNMENT OF PRINCE EDWARD ISLAND (herein referred to as "Prince Edward Island"), as represented by the Minister of Innovation and Advanced Learning

Recitals

WHEREAS Canada and Prince Edward Island agree on the importance of the development of a skilled workforce and to the rapid re-employment of unemployed Prince Edward Islanders;

WHEREAS Canada and Prince Edward Island support the vision of a provincial labour market development system, based on predictable funding to support Prince Edward Island's economic growth, the creation of employment opportunities and reduction in the "productivity gap" through responsive and appropriate labour market services that build on the skills, abilities and potential of Prince Edward Islanders;

WHEREAS Canada and Prince Edward Island support the creation of a cohesive, made in Prince Edward Island system of services focused on addressing labour market challenges facing employers and employees across Prince Edward Island;

WHEREAS Canada and Prince Edward Island agree that they should to the extent possible, reduce unnecessary overlap and duplication in their labour market development programs;

WHEREAS Canada, acting through the Canada Employment Insurance Commission, and with approval of Canada's Minister of Human Resources and Social Development, is authorized under section 63 of the *Employment Insurance (EI) Act* to enter into an agreement with Prince Edward Island to provide for payment of contributions towards:

- (a) the costs of benefits and measures provided by Prince Edward Island that are similar to employment benefits and support measures under Part II of that *Act* and consistent with the purpose and guidelines of Part II of that *Act*; and
- (b) the administration costs that Prince Edward Island incurs in providing those benefits and measures;

WHEREAS Prince Edward Island will establish benefits and measures described in Annex 1 to this Agreement and Canada has determined that these benefits and measures meet the requirements of similarity to the employment benefits and support measures under Part II of the *EI Act* and are consistent with the purpose and guidelines of that *Act*;

WHEREAS with respect to the other areas of cooperation between Canada and Prince Edward Island covered by this Agreement, Canada, acting through its Minister of Human Resources and Social Development, is authorized to enter into this Agreement under section 10 of the *Department of Human Resources and Skills Development Act*;

AND WHEREAS Prince Edward Island's Minister of Innovation and Advanced Learning is authorized to enter into this Agreement on behalf of the Government of Prince Edward Island.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1 Interpretation

1.1 The terms "employment benefit" and "support measure" are used in the *EI Act* in reference to specific types of employment programs established by the Commission under sections 59 and 60(4), respectively, of the *EI Act*. The terms "benefit" and "measure" are used in section 63 of the *EI Act* in reference to employment programs established by other governments and organizations in Canada, towards the cost of which the Commission is authorized to make financial contributions, provided those programs are similar to the Commission's employment benefits and support measures and are consistent with the purpose and guidelines of Part II of the *EI Act*.

1.2 In this Agreement, unless the context requires otherwise,

"Active EI Claimant" means an individual for whom an employment insurance benefit period is established under the *EI Act*;

"Administration Costs" means the costs of administration incurred by Prince Edward Island in providing the PEI Benefits and Measures;

"Annual Annex" means the Annex referred to in Article 17;

"PEI Benefits and Measures" means Prince Edward Island Benefits and Prince Edward Island Measures;

"Prince Edward Island Benefit" means a labour market development program set out in Annex 1, as amended from time to time, that is provided by Prince Edward Island under Article 3 with funding transferred under this Agreement and that is designed to enable EI Clients to obtain employment;

"Prince Edward Island Measure" means a labour market development program set out in Annex 1, as amended from time to time, that is provided by Prince Edward Island under Article 3 with funding transferred under this Agreement to support:

- (a) organizations that provide employment assistance services to unemployed persons;
- (b) employers, employee or employer associations, community groups and communities in developing and implementing strategies for dealing with labour force adjustments and meeting human resource requirements; or
- (c) research and innovation projects to identify better ways of helping persons prepare for, return to or keep employment, and be productive participants in the labour force;

"Commission" means the Canada Employment Insurance Commission;

"Costs of PEI Benefits and Measures" means the following costs of financial assistance or other payments provided by Prince Edward Island under its PEI Benefits and Measures to persons and organizations that are eligible for assistance under those benefits and measures:

- (a) under the Prince Edward Island Benefits,
 - (i) the costs of financial assistance provided under the benefits by Prince Edward Island directly to EI Clients; and
 - (ii) the costs of financial assistance or other payments provided by Prince Edward Island under the benefits to persons or organizations as reimbursement for costs incurred by them, or as payment for services rendered by them, in relation to the provision of assistance to EI Clients; and
- (b) under the Prince Edward Island Measures, the costs of financial assistance or other payments provided by Prince Edward Island under its measures to persons and organizations that are eligible for assistance under those measures;

"Designated Officials" means those officials designated by the parties under Article 21;

"EI Act" means the *Employment Insurance Act*, S.C. 1996, c. 23;

"EI Client" means an unemployed person who, when requesting assistance under a Prince Edward Island Benefit or Prince Edward Island Measure:

- (a) is an Active EI Claimant; or
- (b) had a benefit period that ended within the previous 36 months; or
- (c) had a benefit period established for him or her within the previous 60 months; and
 - (i) was paid parental or maternity benefits under the *EI Act*,
 - (ii) subsequently withdrew from the labour force to care for one or more of their new-born children or one or more children placed with them for the purpose of adoption, and
 - (iii) is seeking to re-enter the labour force; or
- (d) received "provincial benefits" under a "provincial plan", as those terms are defined in section 76.01 of the *Employment Insurance Regulations*, within the previous 60 months, and
 - (i) if not for the provincial benefits paid under the provincial plan, would have been entitled to receive benefits under sections 22 or 23 of the *EI Act*, and would have had a benefit period established for that purpose within the 60 months period,
 - (ii) subsequently withdrew from active participation in the labour force to care for one or more of their newborn children or one or more children placed with them for the purpose of adoption, and
 - (iii) is seeking to re-enter the labour market;

"Fiscal Year" means the period commencing on April 1 in one calendar year and ending on March 31 in the next calendar year;

"Minister of Human Resources and Social Development" is the style used to refer to Canada's Minister of Human Resources and Skills Development and every reference in this Agreement to the Minister of Human Resources and Social Development shall be deemed to be a reference to the Minister of Human Resources and Skills Development;

"National Employment Service" means the national employment service maintained by the Commission under subsections 60(1) and (2) of the *EI Act* to provide information on employment opportunities across Canada to help workers find suitable employment and help employers find suitable workers;

"NES clients" means persons and organizations to whom the National Employment Service provides its services, namely: workers, whether insured or not or whether they are claiming employment insurance benefits or not; employers; workers' organizations; and interested public and private organizations providing employment assistance services to workers;

"Service Canada" refers to a government service delivery initiative launched by the Government of Canada under the responsibility of the Minister of Human Resources and Social Development;

"Transition Committee" means the committee established under Article 7; and

"Transition Period" means the period between the date of the signing of this Agreement and the date referred to in Article 3.1 of this Agreement on which Prince Edward Island begins implementation of PEI Benefits and Measures.

ARTICLE 2 Purpose and Scope

2.1 The purpose of this Agreement is to:

- (a) implement, within the scope of Part II of the *EI Act*, new Canada-Prince Edward Island arrangements in the area of labour market development that will enable Prince Edward Island to assume an expanded role in the design and delivery of labour market development programs and services in Prince Edward Island, to benefit clients;
- (b) provide for cooperative arrangements between Canada and Prince Edward Island to reduce overlap and duplication in, and to harmonize and coordinate the delivery of, their respective employment programs and services; and
- (c) provide for the transfer of affected federal employees to Prince Edward Island.

2.2 Canada will retain responsibility for the delivery of insurance benefits under Part I of the *EI Act* and for the aspects of labour market development reflective of national interests, such as responding to national emergencies, activities in support of inter-provincial labour mobility, the promotion and support of national sectoral councils, the operation of national labour market information and national labour exchange systems, other labour market programming and the provision of support for labour market research and innovative projects designed to test new approaches to improving the functioning of the labour market in Canada.

2.3 To promote cooperation in the conduct of their respective activities and initiatives in support of labour market research and innovative projects, Canada and Prince

Edward Island will keep each other informed of their planned activities and initiatives in this area.

2.4 This Agreement shall replace the Canada-Prince Edward Island Agreement on Labour Market Development dated April 26, 1997 (the "Co-Management LMDA") effective the date, as determined under Article 3.1 of this Agreement, on which Prince Edward Island begins providing its PEI Benefits and Measures. As of that date, the Co-Management LMDA is revoked.

ARTICLE 3 PEI Benefits and Measures

3.1 As of October 01, 2009, or at such later time as may be agreed to jointly by the Designated Officials, Prince Edward Island will provide the PEI Benefits and Measures described in Annex 1.

3.2 For each fiscal year during which Prince Edward Island provides its PEI Benefits and Measures, Prince Edward Island will provide Canada's Designated Official with a plan which sets out:

- (a) the labour market issues which Prince Edward Island intends to address during the coming Fiscal Year;
- (b) the array of PEI Benefits and Measures to be offered during the coming Fiscal Year; and
- (c) the projected expenditures under each of the PEI Benefits and Measures for the coming Fiscal Year.

In the case of the plan for Fiscal Year 2009/10, it will be submitted no later than three months prior to October 01, 2009 or such later date on which Prince Edward Island begins providing its PEI Benefits and Measures as may be agreed to under Article 3.1. For each subsequent Fiscal Year, the plan will be submitted no later than three months prior to the beginning of the Fiscal Year to which it relates.

3.3 Subject to Article 3.4 and to adherence to the requirement of similarity and consistency with the purpose and guidelines of Part II of the *EI Act*, Prince Edward Island may make ongoing modifications to the design of its PEI Benefits and Measures to ensure responsiveness to client need, labour market conditions, and evaluation findings. Any modifications to the design of a Prince Edward Island benefit or measure shall be set out in an amendment to Annex 1.

3.4 Where any question arises as to whether a proposed modification to a Prince Edward Island Benefit or Prince Edward Island Measure affects its consistency with the guidelines and purpose of Part II of the *EI Act*, or its similarity to the employment benefits and support measures established under Part II of the *EI Act*, it will be referred to the Designated Officials for a determination.

3.5 Prince Edward Island will not require any minimum period of residency in Prince Edward Island on the part of an individual as a condition of access by that individual to assistance under a Prince Edward Island Benefit or Prince Edward Island Measure supported by Canada under this Agreement.

3.6 To facilitate the co-ordination of the provision of assistance to Active EI claimants by Prince Edward Island under PEI Benefits and Measures with the payment by Canada of insurance benefits to those claimants by virtue of section 25 of Part I of the *EI Act*, the Commission pursuant to subsection 28(3) of Canada's *Department of Human Resources and Skills Development Act*, hereby authorizes Prince Edward Island's Minister of Innovation and Advanced Learning to exercise the Commission's power to designate authorities in Prince Edward Island who may, for the purposes of section 25 of Canada's *EI Act*, refer active EI claimants to:

- (a) courses or programs of instruction or training which the claimant is attending at his or her own expense, or under Prince Edward Island Benefits; or
- (b) any other employment activity for which assistance has been provided for the claimant under a Prince Edward Island Benefit which is similar to the Commission's Job Creation Partnerships Benefit or Self-Employment Benefit.

3.7 Prince Edward Island will give thirty days advance notice to Canada of its intention to designate a referral authority for the purposes of section 25 of the *EI Act* in order that Canada may make the necessary administrative arrangements with the referral authority to ensure timely and proper payment of insurance benefits to the referred Active EI Claimants under section 25 of the *EI Act*.

3.8 Authorities designated by Prince Edward Island may include staff of its Ministry of Innovation and Advanced Learning, other Prince Edward Island government ministries or agencies, corporations of the Government of Prince Edward Island, as well as third parties in Prince Edward Island.

ARTICLE 4 Delegation of Authority to Prince Edward Island with respect to National Employment Service Function and Co-operation on Labour Market Information

4.1 Canada hereby authorizes Prince Edward Island to carry out and perform the function of the National Employment Service described in section 2 of Annex 2 entitled "National Employment Service Function and Cooperation on Labour Market Information".

4.2 Canada and Prince Edward Island will cooperate in accordance with section 3 of Annex 2 in establishing formal links between the parties to facilitate and coordinate the operation of local, provincial and national labour exchange systems and the production and dissemination of local, provincial and national labour market information.

ARTICLE 5 Service to Clients

5.1 The parties agree that in the administration of PEI Benefits and Measures and in carrying out the functions of the National Employment Service, Prince Edward Island will be guided, subject to its service delivery model, by the following principles on service to clients:

- (a) citizen centered services which facilitate ease of access for a broad range of client groups;
- (b) respectful and individual service;
- (c) provide an array of integrated labour market services which are flexible, innovative and responsive to the changing labour market, employer and community needs; and
- (d) measurable results within a well-defined framework of accountability.

5.2 Prince Edward Island agrees to:

- (a) provide access to assistance under its PEI Benefits and Measures; and
- (b) carry out the function of the National Employment Service delegated to it under Article 4,

in either of Canada's official languages where there is a significant demand for the provision of the assistance, or the performance of that delegated function, in that language.

5.3 In determining the circumstances where there would be considered to be a "significant demand" for the provision of assistance or performance of the function referred to in Article 5.2 in either official language, Prince Edward Island agrees to use as a guideline the criteria for determining what constitutes "significant demand" for communications with, and services from, an office of a federal institution as set out in the *Official Languages (Communications with and Services to the Public) Regulations* made pursuant to Canada's *Official Languages Act*.

5.4 Prince Edward Island agrees to consult with representatives of the official language minority communities in Prince Edward Island on the provision of its PEI Benefits and Measures under this Agreement.

5.5 Canada and Prince Edward Island will establish mechanisms for dealing with representations or enquiries made by Members of Parliament or Members of the Legislative Assembly of Prince Edward Island on behalf of constituents who have sought their assistance in resolving a problem or obtaining information in relation to obtaining assistance under the PEI Benefits and Measures, to ensure that the reply to

the representations or enquiries is directed to the appropriate party and that the confidentiality and privacy requirements of the respective parties' privacy legislation or policies are respected.

ARTICLE 6 Delivery Arrangements

6.1 Prince Edward Island will create and deliver a full range of locally-responsive, accessible, cost effective, integrated and citizen-centered labour market programs and services to meet the needs of Prince Edward Islanders.

6.2 Prince Edward Island will carry out a site-by-site review of the existing Government of Canada service delivery points as soon as reasonably possible after signing this agreement in order to confirm the service delivery arrangements described in Annex 3.

6.3 Canada and Prince Edward Island agree to work together to coordinate the delivery of their respective labour market programs and services with the aim of providing an integrated approach that will improve service delivery for Prince Edward Islanders.

ARTICLE 7 Transitional Arrangements

7.1 Immediately upon signing of this Agreement the parties will form a Transition Committee. The Transition Committee will remain in place for the Transition Period

7.2 The Transition Committee will meet as required and be composed of an equal number of representatives of Canada and Prince Edward Island and include representatives for Canada from the Department of Human Resources and Social Development and Service Canada and for Prince Edward Island from the Ministry of Innovation and Advanced Learning. The Transition Committee will be co-chaired by the Regional Executive Head for Service Canada, Prince Edward Island, or his or her designate, or by such other representative of Canada as may be designated to serve as the Canada co-chair by the Minister of Human Resources and Social Development, and the Deputy Minister of Innovation and Advanced Learning, or his or her designate. Other members may be appointed by each co-chair, as appropriate.

7.3 The Transition Committee will undertake activities to ensure a smooth transition from Canada's delivery of its employment benefits and support measures to the delivery of the PEI Benefits and Measures by Prince Edward Island. The Transition Committee will:

- (a) establish joint governance mechanisms and other committees as may be required to ensure a smooth transition;

- (b) oversee the negotiation of any supplementary agreements as may be required to support the transition;
- (c) develop an implementation plan including details regarding the transfer of financial, human and material resources;
- (d) ensure the systems and processes are in place before the end of the Transition period to support timely financial management and reporting in order to enable early warning of cost overruns or funding shortfalls.
- (e) provide a forum for keeping Prince Edward Island regularly informed about Canada's plans for entering into financial commitments referred to in Article 7.4 during the Transition Period, for discussing those plans and for Canada to consider the interests and views of Prince Edward Island regarding those plans;
- (f) oversee the completion of an inventory of assets in accordance with Article 15;
- (g) discuss Prince Edward Island's first annual plan submitted in accordance with Article 3;
- (h) support the development of the first annual annex and recommend it for signature by the Designated Officials in accordance with Article 17;
- (i) maintain linkages with the management committee established under Article 4 of the PEI Labour Market Development Agreement signed April 26, 1997.

7.4 Canada and Prince Edward Island are committed to maintaining continuity of service to individuals and organizations. In support of this commitment, both parties agree upon recommendation from the transition committee, from the date of the signing of this Agreement and up to and including October 01, 2009, that Canada may extend financial assistance agreements under its employment benefits and support measures that terminate during this period, for a period not to exceed two (2) years.

7.5 Prince Edward Island agrees to honour all financial assistance agreements referred to in Article 7.4 that Canada has signed with recipients which terminate after the date on which Prince Edward Island begins providing its PEI Benefits and Measures, as determined under Article 3.1, by accepting an assignment of those agreements from Canada. Canada and Prince Edward Island agree to enter into an assignment agreement under which Prince Edward Island will assume all Canada's rights and outstanding obligations under those agreements.

7.6 It is understood and agreed that Canada shall not provide any additional funding to Prince Edward Island to discharge any financial obligations accruing to recipients

after the date on which Prince Edward Island begins providing its PEI Benefits and Measures, as determined under Article 3.1, under financial assistance agreements assigned to Prince Edward Island. Prince Edward Island shall utilize the funding provided by Canada referred to in Article 14.2 to discharge the financial commitments to recipients under such agreements.

7.7 The parties acknowledge that other arrangements to ensure continuity of client service during the transfer of responsibilities under this Agreement may be necessary and that other agreements to address transitional issues may be necessary.

7.8 In Articles 7.4, 7.5 and 7.6:

- a) "financial assistance agreement" refers to an agreement entered into between Canada and a recipient that sets out the terms and conditions for the payment of money to a recipient by Canada, in the form of a grant or contribution, to defray all or a portion of the costs incurred by the recipient in carrying out activities that are eligible for financial support under the employment benefit or support measure; and
- b) "recipient" refers to an individual or organization that is eligible, under the terms and conditions of an employment benefit and support measure, to receive a grant or contribution from Canada to defray all or a portion of the costs incurred by the individual or organization in carrying out activities that are eligible for financial support under the employment benefit or support measures

ARTICLE 8 Indicators for Measuring Results of PEI Benefits and Measures and Annual Results Targets and Reporting

8.1 Canada and Prince Edward Island agree to:

- (a) use the results indicators set out in Annex 4, entitled "Indicators for Measuring Results of PEI Benefits and Measures and Annual Results Targets and Reporting", for measuring the results of the PEI Benefits and Measures;
- (b) set annual results targets for the results indicators in accordance with Annex 4; and
- (c) track and report on the annual results in accordance with Annex 4.

ARTICLE 9 Year 2 Review and Evaluations

Year 2 Review

9.1 Canada and Prince Edward Island agree to design and conduct a joint Year 2 Review of the implementation of this Agreement. The Year 2 Review will be conducted

in fiscal year 2010/11 and completed in 2011/12. The purpose of the Year 2 Review will be to:

- (a) ensure that the Parties are properly implementing the provisions of this Agreement, including but not limited to:
 - (i) transition and implementation (progress towards full implementation and Employee Transfer Agreement);
 - (ii) governance;
 - (iii) priorities, plans, results, budgets;
 - (iv) data collection and reporting (including administrative data systems and data sources);
 - (v) communications (both internal and external);
 - (vi) provisions relating to funding;
 - (vii) implementation of the performance measurement framework;
 - (viii) development of an evaluation framework;
 - (ix) other matters including monitoring and accountability; and
- (b) inform potential improvements to this Agreement.

Evaluation

9.2 Canada and Prince Edward Island recognize the importance of evaluating the PEI Benefits and Measures in order to determine their impacts and outcomes. Prince Edward Island agrees, therefore, to carry out periodic evaluations of the PEI Benefits and Measures. The first impact evaluation will be conducted three to five years after implementation and subsequent evaluations will be conducted regularly, on a three to five year basis, as determined by the Designated Officials.

9.3 Prince Edward Island will advise Canada by notice in writing delivered on or before April 1, 2010 that Prince Edward Island has elected that either:

- (a) Articles 9.4 and 9.5 ("Option 1"); or
- (b) Articles 9.6 through 9.8 inclusive ("Option 2")

shall apply to, and form part of, this Agreement and upon delivery of such notice those Articles so elected shall apply to and form part of this Agreement.

Option 1

9.4 Prince Edward Island may carry out the periodic evaluations on its own. Where this option is selected, Prince Edward Island agrees that in carrying out each evaluation it will :

- (a) develop an evaluation framework that adheres to commonly accepted evaluation practices and methodologies;
- (b) submit the evaluation design or framework for review and recommendations by an independent third party external evaluator;
- (c) before the evaluation is conducted, share the framework with Canada for review by the Designated Officials;
- (d) after the findings are obtained, submit the evaluation report to an independent third party external evaluator for review before it is finalized; and
- (e) provide a copy of the evaluation report to Canada for review by the Designated Officials.

9.5 The cost of the evaluations will be the responsibility of Prince Edward Island.

Option 2

9.6 Prince Edward Island may carry out periodic evaluations jointly with Canada. Where this option is selected, the Designated Officials will establish a joint evaluation committee comprised of representation from Canada and Prince Edward Island. One member from Canada and one member from Prince Edward Island will act as co-chairs.

9.7 The Joint Evaluation Committee will:

- (a) oversee the development of an evaluation framework that adheres to commonly accepted evaluation practices and methodologies;
- (b) submit the evaluation design or framework for review and recommendations by an independent third party external evaluation;
- (c) approve the evaluation framework;
- (d) undertake joint assessment and approval of a Request For Proposals and the winning bid ;
- (e) oversee the conducting of the evaluation according to the plan laid out in the framework;
- (f) after the findings are obtained, submit the evaluation report to an independent third party external evaluator for review before it is finalized; and

- (g) approve the evaluation report.

9.8 Where this option is selected the cost of the joint evaluation will be the responsibility of Canada.

ARTICLE 10 Information and Data Sharing

10.1 For the purpose of implementing this Agreement, Canada and Prince Edward Island agree to exchange information in accordance with the arrangements specified in Annex 5 to this Agreement entitled, "Exchange of Information and Data Sharing Arrangements".

10.2 Without limiting the generality of the foregoing, Canada and Prince Edward Island agree that the development and linking of electronic on-line systems that maintain client information data is an essential tool for effective and efficient case management for clients accessing PEI Benefits and Measures.

ARTICLE 11 Monitoring and Assessment Report

11.1 Canada will:

- (a) monitor and assess the effectiveness of the assistance provided by Prince Edward Island under the PEI Benefits and Measures funded under this Agreement and of the assistance provided by other provinces and territories under benefits and measures provided by them with funding from Canada under similar Labour Market Development Agreements; and
- (b) prepare an annual monitoring and assessment report which the Minister of Human Resources and Social Development shall make public by tabling it in Parliament each year.

ARTICLE 12 Employment Insurance Program Integrity

12.1 As Canada may be providing insurance benefits under Part I of the *EI Act* to Active EI Claimants while they are participating under the PEI Benefits and Measures, Canada and Prince Edward Island will cooperate with each other in developing measures for detecting and controlling abuse and in determining how and by whom these measures should be carried out.

ARTICLE 13 Transfer of Federal Employees to Prince Edward Island

13.1 Prince Edward Island agrees to make offers of employment to those employees of Canada who are affected by Canada's withdrawal from the delivery of its employment benefits and support measures in Prince Edward Island and by Prince Edward Island's decision to expand its role in the design and delivery of labour market programs through implementation of the PEI Benefits and Measures.

13.2 Prince Edward Island undertakes that its offer to each employee will meet the requirements of a Reasonable Job Offer (Type 2) within the meaning of Part VII of the Work Force Adjustment Directive (WFAD) that is applicable to the employee with the exception that each transferring employee will be granted an employment guarantee for a period of three years.

13.3 Details with respect to the conditions of employment to be offered to the affected employees will be embodied in an Employee Transfer Agreement (ETA) to be entered into between the Parties by no later than March 01, 2009. Upon signing of the ETA, it will be appended as Annex 6 to this Agreement.

13.4 Prince Edward Island and Canada agree to collaborate in the identification and selection of individuals to whom offers of employment will be made to transfer from Canada to Prince Edward Island as a result of this Agreement but agree that the final decision rests with Canada.

13.5 Prince Edward Island agrees that the amount of Canada's contributions referred to in Article 14 of this Agreement towards Prince Edward Island's Administration Costs is contingent upon offers of employment being made to those employees selected pursuant to Article 13.4, and on the offers meeting the requirements of a "reasonable job offer" within the meaning of Part VII of Canada's WFADs applicable to the employees.

13.6 Canada and Prince Edward Island agree to disclose, to the extent permitted by law, relevant information that will assist the parties during the negotiations of the Employee Transfer Agreement. The parties also agree to a coordinated approach for employee communication.

13.7 Canada agrees that every vacant position within Canada's affected employee group at such time as may be agreed upon by the parties in the Employee Transfer Agreement will be included in the calculation of the number of affected employees to whom Prince Edward Island will be considered to have made an offer of employment and who will be considered to have accepted the offer.

ARTICLE 14 Financial Arrangements and Contribution Towards Costs

14.1 Canada and Prince Edward Island agree that, subject to the financial limitation set out in section 78 of the *EI Act*, the financial arrangements between them will be as set out in the provisions below.

Contribution Towards the Costs of PEI Benefits and Measures

14.2 Canada, through the Commission, agrees to make annual contributions to Prince Edward Island pursuant to section 63 of the *EI Act* towards the Costs of PEI Benefits and Measures in accordance with Articles 14.3 to 14.5 below.

14.3 The amounts payable for Fiscal Year 2009/10 to Fiscal Year 2011/12 will be determined in accordance with the allocation methodology established by Canada for allocating among provinces or territories the funding approved each year by Canada's Treasury Board for expenditures under Part II of the *EI Act*. The currently projected maximum amount of Canada's contribution towards the costs of PEI Benefits and Measures for each of those Fiscal Years is estimated to be:

Fiscal Year 2009/10: \$26,950,000 (partial year funding);
Fiscal Year 2010/11: \$27,192,000; and
Fiscal Year 2011/12: \$27,410,000.

14.4 For greater certainty, the annual contribution amounts referred to in Article 14.2 do not include insurance benefits payable by the Commission to Active EI Claimants under Part I of the *EI Act* (by virtue of section 25 of the *EI Act*) while participating in training and other employment activities under Prince Edward Island Benefits.

14.5 For each Fiscal Year after Fiscal Year 2011/12 during the term of this Agreement, the parties will review Canada's contribution towards the costs of the PEI Benefits and Measures. In conducting the annual reviews, Canada undertakes to provide Prince Edward Island with a three-year projection of Canada's annual allocation which is based on current trends, but which is subject to change. The agreed amount of Canada's contribution towards the costs of the PEI Benefits and Measures for each Fiscal Year will then be specified in the Annual Annex for that Fiscal Year.

Contribution Towards Prince Edward Island's Administration Costs

14.6 In addition to the annual contribution towards the costs of the PEI Benefits and Measures, Canada, through the Commission, agrees to make an annual contribution to Prince Edward Island towards the Administration Costs incurred by Prince Edward Island in each Fiscal Year during the Period of the Agreement.

14.7 Subject to Articles 14.9 and 14.10, the amount of the maximum annual contribution towards Prince Edward Island's Administration Costs will be an amount determined in accordance with the methodology described in the letter of September 25, 1996 from Canada's Deputy Minister of Human Resources Development to Prince Edward Island's Secretary and Clerk to the Executive Council and Deputy Minister of Higher Learning.

14.8 The maximum amount payable by Canada in the annual contribution towards Prince Edward Island's Administration Costs determined under Article 14.7 in each Fiscal Year is \$2,502,000.

14.9 The maximum amount of the contribution in respect of Prince Edward Island's Administration Costs, as determined under Article 14.7, that is payable in any Fiscal Year falling within the three year period following the date of transfer of federal

employees to Prince Edward Island shall be reduced if there is any reduction in the amount of the normal salary, as set out in the Employee Transfer Agreement, paid to those employees in that Fiscal Year. The amount of the reduction in the contribution for the fiscal year in question shall be an amount equal to the aggregate of the reduction in the agreed normal salaries payable to the transferred employees.

14.10 The maximum amount payable under Article 14.8 may be increased by an amount equal to savings in accommodation costs in relation to federal employees actually transferred to Prince Edward Island as federal leases become renewed following the transfer. Funds will be made available to Prince Edward Island as leases become renewed following a transfer or as otherwise jointly agreed to by the Designated Officials. The additional amount payable by Canada will not exceed \$214,000 in each Fiscal Year.

ARTICLE 15 Transfer of Assets

15.1 Canada and Prince Edward Island will develop an inventory of assets to be transferred for no consideration to Prince Edward Island. The assets to be transferred to Prince Edward Island will be related to the extent of labour market development responsibilities assumed by Prince Edward Island and the number of Canada's employees transferred to Prince Edward Island.

15.2 The timetable for the transfer of assets will be established by the Transition Committee. No transfer will occur prior to the signing of the Employee Transfer Agreement referred to in Article 13.

ARTICLE 16 Payment Procedures

16.1 As of October 01, 2009 or on such later date as jointly agreed by the Designated Officials on which Prince Edward Island begins implementation of the PEI Benefits and Measures, Canada will make advance payments of its annual contribution towards the Costs of PEI Benefits and Measures. The advances will be made on a monthly basis and will be based upon a forecast of cash flow requirements furnished by Prince Edward Island. Prince Edward Island agrees to update the forecast on a quarterly basis.

16.2 As of October 01, 2009, or on such later date as is jointly agreed by the Designated Officials on which Prince Edward Island begins implementation of its PEI Benefits and Measures, Canada will make equal monthly installments of its annual contribution, towards the Administration Costs incurred by Prince Edward Island.

ARTICLE 17 Annual Annex

17.1 Prior to the commencement of the implementation by Prince Edward Island of its PEI Benefits and Measures, and prior to the beginning of each Fiscal Year thereafter

during the term of this Agreement, Canada and Prince Edward Island agree to set out in an Annual Annex to this Agreement the following:

- (a) the agreed annual targets for the Fiscal Year for the results indicators referred to in Annex 4;
- (b) the three-year projection referred to in Article 14.5 of Canada's maximum annual contributions towards the Costs of the PEI Benefits and Measures; and
- (c) the actual amount of Canada's contribution towards the Costs of PEI Benefits and Measures for the coming Fiscal Year.

17.2 The Designated Officials are authorized to sign the Annual Annexes on behalf of their respective party.

ARTICLE 18 Financial Accountability

18.1 For Fiscal Year 2009/10, and for each Fiscal Year thereafter during the term of this Agreement, Prince Edward Island will submit to Canada a report containing:

- (a) an audited financial statement prepared in accordance with generally accepted accounting principles and practices and in a form prescribed by Canada, and certified by the Auditor General of Prince Edward Island or his or her designate, setting out the amount of the Costs of PEI Benefits and Measures that Prince Edward Island has actually incurred in that Fiscal Year in respect of each of the PEI Benefits and Measures; and
- (b) a statement from the Auditor General of Prince Edward Island or the designate certifying that all payments received from Canada in the Fiscal Year on account of Canada's contribution to its Administration Costs were paid in respect of Administration Costs actually incurred in that Fiscal Year.

18.2 Prince Edward Island will submit the report no later than three months after the end of the Fiscal Year to which it relates.

ARTICLE 19 Overpayment and Lapsing Funds

19.1 If payments made to Prince Edward Island under this Agreement exceed the amounts to which Prince Edward Island is entitled, the amount of such excess is a debt owing to Canada and will be repaid to Canada upon receipt of notice to repay.

19.2 Any unutilized contribution for a given Fiscal Year will lapse.

ARTICLE 20 Public Information

20.1 Prince Edward Island and Canada agree on the importance of ensuring that the public is informed of their respective roles and, in particular, the financial contribution of Canada and the responsibility of Prince Edward Island with regard to the administration of PEI Benefits and Measures under this Agreement.

20.2 Prince Edward Island agrees to acknowledge Canada's support of the PEI Benefits and Measures in signage, public announcements, program descriptions and correspondence, and public reports on the PEI Benefits and Measures.

20.3 Canada and Prince Edward Island agree to cooperate to provide opportunities for announcements, ceremonies, celebrations, and releases of reports to allow representatives of Canada and Prince Edward Island to clearly articulate the role of each government in supporting the PEI Benefits and Measures. Canada and Prince Edward Island will jointly prepare public information material and jointly organize and participate in any public announcement relating to the signing of this Agreement and of any agreements referred to in the Annexes that are to be signed in the future.

20.4 Prince Edward Island will ensure that cheques or deposit statements for EI Clients receiving assistance under its PEI Benefits and Measures either directly from Prince Edward Island or through an organization receiving funding from Prince Edward Island, will include the Government of Canada word mark.

20.5 The parties agree to give each other reasonable advance notice of any major public relations initiatives to inform Canadians of activities being undertaken in the context of this Agreement.

ARTICLE 21 Designated Officials

21.1 Upon signing this Agreement, each party will provide to the other the name of its Designated Official. Either party may, from time to time, upon written notice to the other designate a new Designated Official in replacement of an existing Designated Official.

21.2 Designated Officials, shall be responsible for:

- (a) ensuring the implementation and the effective administration of this Agreement;
- (b) chairing and determining the membership and terms of reference for the Transition Committee and any other senior steering committee as may be required to facilitate the effective implementation of this Agreement;
- (c) determining the membership and terms of reference for any other joint working groups/committees as may be required to facilitate the effective implementation of this Agreement;
- (d) reviewing Prince Edward Island's annual plan and result targets, and annual report;
- (e) approving and signing the Annual Annexes as outlined in Article 17;

- (f) overseeing Year 2 Review and evaluation responsibilities outlined in Article 9;
- (g) approving and signing any amendments to the Annexes to the LMDA pursuant to Article 24;
- (h) ensuring an integrated approach to labour market programming by maintaining linkages with any joint committees and planning processes established under any other Canada-Prince Edward Island agreement related to the labour market that has been, or may be, entered into between the Parties;
- (i) developing measures referred to in Article 12 for ensuring employment insurance program integrity;
- (j) identifying potential improvements to the Agreement, and making or recommending such changes as may be required;
- (k) providing each other with advance notice of any legislative or regulatory proposal that could have implications on the other Party, whenever possible,
- (l) exchanging information, sharing views and discussing labour market policies and programs as well as broader developments in the labour market, such as emerging labour market challenges facing employers, employees and unemployed individuals across Prince Edward Island
- (m) coordinating joint efforts to create an innovative, integrated and cost-effective system of labour market programs and services in Prince Edward Island, improve the quality and accountability of government services to the public, and, to the extent possible, reduce unnecessary overlap and duplication in their respective Governments' labour market development programs;
- (n) resolving issues that may arise from the implementation and management of this Agreement; and
- (o) other matters as they may agree on.

21.3 Designated Officials, or their designates, will meet at least twice annually or as otherwise required to fulfill their responsibilities identified in Section 21.2.

21.4 In the event that the Designated Officials cannot resolve issues that arise from the Agreement, those issues will be referred to the appropriate Deputy Ministers for both Parties for resolution. In the event that the Deputy Ministers are unable to reach a satisfactory resolution to these same issues, they will be referred to the appropriate Ministers for both Parties for resolution

ARTICLE 22 Term of Agreement

22.1 This Agreement will remain in force until terminated in accordance with Article 23.

Article 23 Termination

23.1 After completion of the Year 2 Review under Article 9.1, either party can terminate the Agreement at any time by two Fiscal Years' written notice of intention to terminate to the other party.

23.2 In the event of termination of this Agreement, Canada and Prince Edward Island agree that they will work together to ensure that services to clients will not be unduly affected or interrupted by the termination.

ARTICLE 24 Amendment

24.1 This Agreement may be amended at any time with the mutual consent of the parties. To be valid, every amendment must be in writing and signed, in the case of Canada, by Canada's Minister of Human Resources and Social Development and the Commission, and in the case of Prince Edward Island, by the Minister of Innovation and Advanced Learning, or by their authorized representatives.

24.2 Notwithstanding Article 24.1, an amendment to any Annex to this Agreement may be signed by the Designated Officials of the parties.

ARTICLE 25 Equality of Treatment

25.1 During the term of this Agreement, if a province or territory other than Prince Edward Island negotiates an agreement (or any amendment to such an agreement) with Canada based on Canada's May 30, 1996 proposal, and any provision of, or omission from, that agreement (or amendment) is more favourable to that province or territory than what was negotiated with Prince Edward Island, Canada agrees to amend this Agreement upon the request of Prince Edward Island in order to afford similar treatment to Prince Edward Island. In addition, Canada agrees to provide to Prince Edward Island, in a timely fashion, all such agreements or amendments to such agreements.

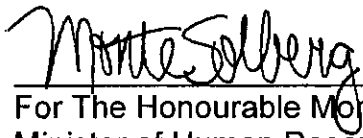
ARTICLE 26 General

26.1 No member of the House of Commons or Member of the Legislative Assembly of Prince Edward Island will be admitted to any share or part of this Agreement or to any benefit arising therefrom.

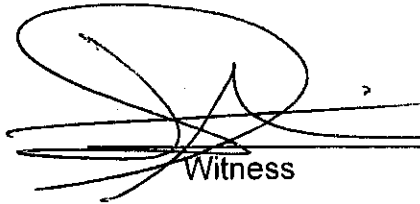
ARTICLE 27 Effective Date

27.1 This agreement will be effective when signed by both parties.

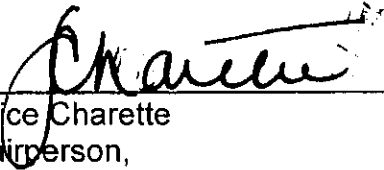
This Agreement has been signed on behalf of Canada by the Minister of Human Resources and Skills Development, styled Minister of Human Resources and Social Development, and the Canada Employment Insurance Commission this 4th day of September, 2008.



For The Honourable Monte Solberg
Minister of Human Resources
and Skills Development, styled Minister of
Human Resources and Social Development



Witness

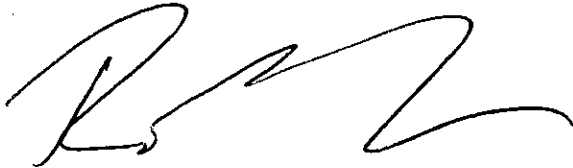


Janice Charette
Chairperson,
Canada Employment Insurance Commission

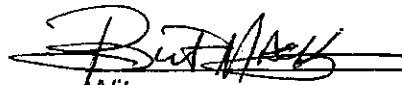


Witness

This Agreement has been signed on behalf of Prince Edward Island by the Premier of Prince Edward Island this 5th day of Sept, 2008.



The Honourable Robert Ghiz
Premier of Prince Edward Island



Witness

ANNEX 1

DESCRIPTION OF PRINCE EDWARD ISLAND BENEFITS AND MEASURES

1.0 Purpose

1.1 The purpose of this Annex to the Canada-Prince Edward Island Labour Market Development Agreement (LMDA) is to describe the Benefits and Measures that will be provided by Prince Edward Island.

2.0 Objectives

2.1 The objective of Prince Edward Island Benefits and Measures is to assist individuals to successfully prepare for, obtain, and maintain employment. These benefits and measures will be offered within an innovative, integrated and cost-effective system of labour market programs and services that:

- a. harmonizes with existing provincial employment initiatives to ensure seamless delivery;
- b. supports Prince Edward Island in the development of priority sectors and economic growth;
- c. develops and builds upon on the knowledge, skills and abilities of Prince Edward Islanders;
- d. facilitates more efficient and effective matching of a skilled labour force with the current and emerging needs of employers;
- e. partners with organizations to address labour market challenges facing employers and employees;
- f. promotes employment growth and productivity; and
- g. supports the *Island Prosperity Strategy* to build our talent pool by training highly skilled, creative and talented people.

2.2 Prince Edward Island will be responsible for selecting priority clients for Prince Edward Island benefits and measures but only EI Clients will be given access to Prince Edward Island Benefits funded under this Agreement.

3.0 PEI Benefits

Prince Edward Island will provide the following benefits to enable EI clients to obtain employment.

a) Employ PEI

This benefit will provide Prince Edward Island employers with wage subsidies to encourage them to hire EI clients. Under this benefit, financial support may also be provided to the EI client for work tools and equipment as well as other employment related supports.

b) Work Experience PEI

This benefit will provide financial support to employers and/or community based organizations for projects that provide EI clients with valuable work experience in a career of interest allowing them to acquire and improve skills and improve their long term employment prospects.

c) Self-Employ PEI

This benefit will assist EI clients in establishing their own businesses and becoming self-employed by providing financial assistance for entrepreneurship training, customized coaching and client supports.

d) Skills PEI

This benefit will provide financial assistance to EI clients to enable them to acquire the skills necessary for employment. In the case of EI clients attending a publicly funded training institution, the financial assistance provided will cover the costs ordinarily paid by Prince Edward Island over and above the amounts recovered through tuition fees.

e) PEI Work Entry

This benefit may provide temporary, targeted earnings supplements, including wage "top-ups" or other employment related supports, to encourage EI clients to accept employment. Temporarily topping up low-wage salaries encourages people to re-enter the labour force who would not enter at a lower wage rate.

4.0 Prince Edward Island Measures

Prince Edward Island will provide three measures, described briefly below:

a) *Employment Assistance Services*

This measure will provide funding to support organizations to assist individuals throughout the province in preparing for, obtaining, and maintaining employment. Services may include employment counseling, career planning, personal and professional development, job search training, labour connections and provision of labour market information.

Services provided under this measure will be accessible to all unemployed persons and job seekers.

b) *Labour Market Partnerships*

This measure will provide support to employers, employer or employee associations, community groups and communities in developing and implementing strategies for dealing with labour force adjustments and meeting human resource requirements. This measure may be used to provide assistance for employed persons who are facing loss of employment.

c) *Research and Innovation*

This measure will provide funding to support research and innovation projects and activities which identify better ways of helping persons prepare for or keep employment and be productive participants in the labour force.

ANNEX 2
NATIONAL EMPLOYMENT SERVICE FUNCTION AND
COOPERATION ON LABOUR MARKET INFORMATION

1.0 Purpose

The purpose of this Annex is to set out

- (a) the National Employment Service (NES) function delegated to Prince Edward Island by the Canada Employment Insurance Commission and,
- (b) the activities to be undertaken in establishing effective links between the Parties to facilitate and coordinate the operation of local, provincial and national labour exchange systems and the production and dissemination of local, provincial and national labour market information (LMI).

2.0 Delegation of Labour Exchange Function

2.1 Prince Edward Island shall maintain labour exchange in a manner that allows universal access by all clients and to the timely transfer of information to the national labour exchange system as the parties to the Agreement agree to be appropriate.

3.0 Cooperation on Labour Market Information

3.1 Canada and Prince Edward Island agree to the preparation of a joint labour market information strategy which will set out how each party will cooperate in gathering, analyzing, producing, disseminating and using local, provincial and national labour market information to support economic progress.

3.2 In the joint Strategy, Canada and Prince Edward Island agree to clarify their respective roles and responsibilities, to encourage partnerships and ensure complementarily such that there is no unnecessary overlap and duplication.

3.3 Canada is responsible for the National Labour Market Information System, including the National Labour Market Information ("LMI") System with which it will produce and disseminate labour market information and products connected with proper management of the Employment Insurance Account, entitlement to and continuation of EI benefits, and information for Employment Insurance users, as well as those required for the planning and delivery of HRSDC activities relating to this Agreement.

3.4 Prince Edward Island will be responsible for producing local, regional and provincial labour market information needed to assume the responsibilities conferred on it in this

Agreement, as well as disseminating within Prince Edward Island, labour market information relating to the implementation of this Agreement and participating in and maintaining a link with the National Labour Market Information System.

3.5 Local, regional, provincial and national labour market information may include:

- a) occupational profiles and forecasts;
- b) community profiles;
- c) demographic and labour force profiles and forecasts;
- d) industrial/sectoral profiles and forecasts;
- e) wage and salary data;
- f) conditions of employment;
- g) vacancy and employment opportunities;
- h) labour market reviews and trends;
- i) occupational demand and skill shortage lists;
- j) potential employer lists;
- k) lists of training providers and available courses;
- l) major project updates;
- m) career resource planning tools; and
- n) work search tools.

ANNEX 3 DELIVERY ARRANGEMENTS

1.0 Purpose

1.1 The purpose of this Annex to the Canada- Prince Edward Island Labour Market Development Agreement (LMDA) is to describe the service delivery approach for Prince Edward Island Benefits and Measures outlined in Annex 1 and the delegated National Employment Services functions as outlined in Annex 2.

2.0 Service Delivery Principles

2.1 Prince Edward Island will be guided by following principles of service to clients:

- (a) citizen centered services which facilitate ease of access for a broad range of client groups;
- (b) respectful and individual service;
- (c) programming that endorses continuous quality improvement (incorporating best practices, expertise, learning from local experience and that of other jurisdictions);
- (d) provide an array of integrated labour market services which are flexible, innovative and responsive to the changing labour market;
- (e) labour market planning validated by labour market analysis of local and provincial data and information;
- (f) measurable results within a well defined framework of accountability; and
- (g) communicative, interactive, engaged and responsive relationships and partnerships with business, workers, and other stakeholders will reflect the needs of these participants to guide labour market development.

3.0 Service Delivery Approach

3.1 The Ministry of Innovation and Advanced Learning is the provincial organization that will assume lead responsibility of delivery of PEI Benefits and Measures and incorporate transferring federal staff into its Human Resource Development Agency.

3.2 The delivery of Employment Benefits and Measures will be guided by the Province's economic development strategy – *Island Prosperity A Focus for Change* – while at the same time providing support to eligible clients as articulated in the Labour Market Development Agreement.

3.3 Prince Edward Island will follow the historical tradition established by Human Resources and Social Development Canada and continue delivery of benefits and measures in many decentralized locations across PEI.

- 3.4 Prince Edward Island will establish four (4) employment delivery sites (Charlottetown, Summerside, Montague, and O'Leary) with two (2) outreach sites in the francophone community of Wellington and the community of Souris.
- 3.5 PEI has established eight (8) Access Sites throughout the province that deliver approximately 200 provincial government programs and services on behalf of many government departments. These sites have been in operation for over ten (10) years. The locations (identified in 3.4 above) have established Access Sites and, where accommodation is available, delivery of benefits and measures will be offered from those sites.
- 3.6 Prince Edward Island will coordinate the delivery of PEI Benefits and Measures and related programs and services through an integrated service delivery approach, both directly through staff of the Department of Innovation and Advanced Learning (and crown corporations) as well as indirectly, through a network of third party service providers (such as community based organizations, municipalities, employers, employer and employee associations, and public, private and not for profit trainers).
- 3.7 Prince Edward Island will provide service to a broad range of clients including employers, unemployed persons, EI clients, social assistance recipients, and underemployed persons.
- 3.8 Prince Edward Island's delivery approach will support the demand side of the labour market; helping employers to identify and meet their current and emerging skills needs, conduct human resource planning, increase productivity through skills enhancement, provide timely labour market information to support the effective functioning of the labour market, and identify skills training priorities.
- 3.9 The service delivery model will ensure that there will be strong linkages between Prince Edward Island and Canada in relation to Employment Insurance (Part I) to support rapid re-employment of EI claimants and will help to reduce dependence on federal and provincial assistance.
- 3.10 Prince Edward Island will promote and incorporate a local planning process involving stakeholders to ensure that programs and services are current and tailored to meet the needs of clients as well as local and regional economic development.

ANNEX 4

INDICATORS FOR MEASURING RESULTS OF PEI BENEFITS AND MEASURES AND ANNUAL RESULTS TARGETS AND REPORTING

1.0 Purpose

The purpose of this Annex is to set out the agreement of the parties on the indicators to be used for measuring the results of the PEI Benefits and Measures, the annual results target setting process, and annual results reporting.

2.0 Results Measurement Indicators

2.1 Canada and Prince Edward Island agree that the following indicators are to be used in measuring the results of the PEI Benefits and Measures:

- (a) the number of Active EI Claimants who have accessed PEI Benefits and Measures;
- (b) the number of EI Clients returned to employment; and
- (c) savings to the Employment Insurance Account.

3.0 Annual Targets and Target-Setting

3.1 Canada and Prince Edward Island agree that the annual targets for the three results indicators will be mutually agreed to and be based upon historical data, socio-economic and labour market context, local or regional priorities, the characteristics or requirements of clients, and the funds available for the PEI Benefits and Measures. Canada and Prince Edward Island agree that the results targets for the first Fiscal Year of implementation of the PEI Benefits and Measures will be soft targets.

3.2 The results targets for each Fiscal Year will be set out in the Annual Annex for that Fiscal Year.

4.0 Reporting of Results

4.1 Canada and Prince Edward Island agree that the results indicators will be tracked and reported to Canada on a quarterly basis and Prince Edward Island will provide to the Regional Executive Head, Service Canada responsible for Prince Edward Island, on the Year-to-Date ("YTD") the following information:

- (a) Percentage of EI clients involved in Prince Edward Island Benefits who are Active EI Claimants;
- (b) Number of EI clients and the number of Active EI Claimants who are employed or self-employed, broken down by Prince Edward Island Benefit and

the average cost. EI clients (including Active EI Claimants) are considered as employed if they:

(i) have drawn 25 percent or less of their Employment Insurance entitlement for twelve consecutive weeks (applies to Active EI Claimants who return to employment twelve weeks or more before the end of their benefit period), or

(ii) draw 25 percent or less of their Employment Insurance entitlement in all their remaining weeks on benefits (applies to active EI claimants who return to employment less than twelve weeks before the end of their benefit period); or,

(iii) are recorded as employed at the completion of their intervention(s) (applies to EI clients who return to employment after the end of their benefit period or who were not Active EI Claimants); or,

(iv) are employed when contacted twelve weeks after the completion of their intervention(s) (applies to insured participants who return to employment after the end of their benefit period or who were not active EI claimants);

(c) Year-to-Date savings to the Employment Insurance Account as a result of active EI claimants becoming employed before making a full draw on their insurance entitlement (Part I insurance benefit entitlement minus actual Part I payout); and

(d) the number of EI clients and the number of active EI claimants who have completed their intervention, broken down by type and average cost per intervention, as well as the number of active EI claimants who have yet to complete their intervention.

ANNEX 5
CANADA-PRINCE EDWARD ISLAND EXCHANGE OF INFORMATION
AND DATA SHARING ARRANGEMENTS

1.0 Purpose

1.1 The purpose of this Annex to the Canada-Prince Edward Island Labour Market Development Agreement (LMDA) is to provide for the exchange of information, including personal information, as defined in section 3 of the *Privacy Act* and section 35 of the PEI *Freedom of Information and Protection of Privacy Act* (FOIPPA) between the parties. Personal information includes social insurance number.

2.0 Authorities

Canada to Prince Edward Island:

2.1 With respect to the information to be provided by Canada to Prince Edward Island under section 3 to this Annex, Canada confirms that it is authorized under section 34(1) of the *Department of Human Resources and Skills Development Act* (DHRSD Act) to provide such personal information to Prince Edward Island for the purposes set out in section 3. In this regard:

(a) the personal information set out in section 3 consists of information obtained by the Canada Employment Insurance Commission or the Department of Human Resources and Skills Development, styled as the Department of Human Resources and Social Development, from persons under the *Employment Insurance (EI) Act*, and of information prepared from such information;

(b) subsection 34(1) of the DHRSD Act authorizes the disclosure of the aforementioned personal information to any person or body for the administration or enforcement of the program for which it was obtained or prepared; and

(c) the personal information described in section 3 of this Annex will be disclosed to Prince Edward Island only for the purposes described herein.

Prince Edward Island to Canada:

2.2 With respect to the personal information to be provided by Prince Edward Island to Canada, under section 4 of this Annex, Prince Edward Island confirms that it is authorized under section 35 of the PEI *Freedom Of Information and Protection of Privacy Act* to provide such information to Canada for the purpose set out in section 4.

3.0 Information to be provided by Canada to Prince Edward Island

3.1 Canada will provide to Prince Edward Island, when requested by Prince Edward Island, on a per individual basis, the following personal information under its control from an individual's file for the purposes of:

(a) assisting Prince Edward Island in establishing and verifying if the individual qualifies as an EI client (who is not an active EI claimant) and is therefore eligible for, or entitled to, assistance under Prince Edward Island programs:

- name
- social insurance number
- address
- postal code
- telephone number
- date of birth
- responsible Service Canada Centre - if available
- gender
- language (French or English)
- EI client status

(b) and, in respect of an individual, who has been determined to be an active EI claimant eligible for, or entitled to, assistance under Prince Edward Island programs, assisting Prince Edward Island in determining the nature and level of financial assistance to be provided to the EI client under Prince Edward Island programs:

- name
- social insurance number
- address
- postal code
- telephone number
- date of birth
- responsible Service Canada Centre - if available
- gender
- language (French or English)
- EI client status
- number of previous claims in the last five years (60 months)
- disqualified - yes/no
- if yes - number of disqualification weeks
- if yes - disqualification effective date
- if yes - disqualification weeks remaining
- disentitlement - yes/no
- if yes - disentitlement start date
- if yes - disentitlement end date
- disentitlement/disqualification messages according to reason codes:
- disentitlement suspension possible for Part II - Contact Service Canada
- disentitlement cannot be suspended. Client not eligible for Part 1
- disqualification suspended for Part II

- disqualification cannot be suspended. Client not eligible for Part 1
- stop payment - yes/no
- if yes - date of stop payment
- type of benefit (claim type e.g. regular etc.)
- benefit period commencement (BPC)
- last week processed
- week of renewal
- EI benefit rate - Part I
- federal tax deducted
- provincial tax deducted
- number of eligible weeks
- number of weeks paid (number of weeks paid special benefits and number of weeks paid regular benefits identified if on same claim)
- Expected End Date of Part I
- identification if on measure -
- "Notice: client is currently on an intervention - dates of intervention"
- "Notice: interventions taken on own initiative - dates"
- "Notice: the client is participating on his/her own self employment initiative - dates of initiative"
- identification if about to commence a measure - "Notice: Client to commence intervention on (date)"
- identification if recently participated on a measure - "Notice: the client was previously on an intervention, dates."
- Provincial/Territorial parental benefit applied for - Client payments not initiated - Contact Service Canada Centre.
- "Active Claim - Provincial/Territorial parental benefits" - Provincial Parental Benefits may be considered the same as EI maternity, paternity or parental benefits - Contact Service Canada Centre.
- Yes (D56/D57)
- Yes - Contact Service Canada (this is when there is a reachback Provincial Parental Benefit)
- No
- N/A
- apprenticeship (yes/no)
- apprenticeship waiting period waived (yes/no)
- allocation of earnings weekly amount
- allocation of earnings
- start date of allocation of earnings
- end date of allocation of earnings
- last week of allocations of earnings

3.2 Upon request, on a per individual basis, Canada will provide to Prince Edward Island all or any of the following personal information under its control on all EI clients who have received assistance from Prince Edward Island under Prince Edward Island

programs for use by Prince Edward Island in modifying, updating and/or reviewing the information submitted to Canada. This information was initially provided to Canada pursuant to section 4.1 of this Annex, regarding the referral by Prince Edward Island, for purposes of Section 25 of the EI Act, of an active EI claimant to a Prince Edward Island training or self-employment program:

- name
- social insurance number
- Service Canada Centre code
- project type
- train(ing) ID
- start week(s)/date(s) of intervention
- end week(s)/date(s) of intervention
- project Responsibility Centre
- project number
- apprentice indicator
- intervention break start week/date
- intervention break end week/date
- agreement number
- institution code (if available)
- no claimant report code
- rate (EI Part II)

3.3 Canada will provide to Prince Edward Island all or any of the following personal information under its control on all EI clients and non-EI clients who have received assistance from Prince Edward Island under Prince Edward Island programs, for use by Prince Edward Island for the review, analysis and verification of the data calculated/held by Canada for monitoring, assessment and reporting purposes. This information will be provided in a mutually agreed upon format.

3.3.1 Based on the monthly EI client and non-insured participant files (interventions) provided by Prince Edward Island in section 4.2, the following personal information will be provided to Prince Edward Island by Canada in a return file to assist Prince Edward Island in reviewing and verifying Canada's reporting of results:

- social insurance number
- apprenticeship client indicator
- benefit rate
- benefit period commencement
- last week of entitlement
- month code
- unpaid benefits
- last week processed
- new benefit period commencement
- total weeks paid
- training ID

- training/self employment project start week
- training/self employment project end week
- unit 43 - active EI claimants employed before end of insurance entitlement period as a result of a Prince Edward Island program
- unit 44 - active EI claimants employed after insurance entitlement period as a result of a Prince Edward Island program
- unit 45 - non case-managed active EI claimants employed before the end of their entitlement period as a result of a group service
- unit 46 - former EI claimants employed as a result of a Prince Edward Island program
- unit 52 - unpaid benefits (EI Part I) resulting from EI claimants employed before end of insurance entitlement period, as a result of a Prince Edward Island program (corresponds to unit 43 - non-TWS)
- unit 53 - unpaid benefits (EI Part I) resulting from EI claimants employed before end of insurance entitlement period as a result of a Prince Edward Island Targeted Wage Subsidy intervention (wage subsidy corresponds to unit 43 - TWS program)
- unit 54 - unpaid benefits (EI Part I) resulting from EI claimants employed before end of insurance entitlement period as a result of a group service (corresponds to unit 45)
- unit 143 - LMDA EI claimant who finds employment before the end of their entitlement period as a result of a Prince Edward Island program
- unit 144 - LMDA EI claimant who is recorded as employed after their entitlement period
- unit 145 - LMDA EI claimant who becomes employed before the end of their entitlement period as a result of Group Services
- unit 146 - former LMDA EI claimant who becomes employed as a result of an Prince Edward Island program
- unit 152 - EI LMDA unpaid benefits (EI Part I) resulting from EI claimants employed before end of insurance entitlement period, as a result of a Prince Edward Island program (corresponds to unit 143 non - TWS)
- unit 153 - EI LMDA unpaid benefits (EI Part I) resulting from EI claimants employed before end of insurance entitlement period as a result of a Targeted Wage Subsidy intervention (wage subsidy - corresponds to unit 143 - TWS program)
- unit 154 - EI LMDA unpaid benefits (EI Part I) resulting from EI claimants employed before end of insurance entitlement period as a result of a group service (corresponds to unit 145)
- result week of action plan/intervention
- result date of action plan/intervention
- action plan result
- result week
- intervention code
- intervention start date
- intervention end date

- provincial Responsibility Center code
- weeks paid sub-counter
- initial benefit period
- EI client status
- group services type
- date of group session

3.4 Upon request, and based on the monthly EI client and non-insured participant files (interventions) provided by Prince Edward Island in section 4.2, the following personal information will be provided to Prince Edward Island for the review and verification of Canada's reporting of results. The personal information will be provided in two different formats. One format will be structured for determining clients served and the other for non-insured participants (interventions) (intervention counts and designated group information):

- social insurance number
- age
- action plan result
- EI client type
- action plan creation date
- action plan start date
- action plan end date
- action plan result
- action plan result date
- designated group indicators (persons with disabilities, members of visible minority groups, women, aboriginal peoples)
- intervention start date
- intervention end date
- missing action plan indicator
- gender
- Responsibility Center code
- intervention code (type of intervention)

3.5 Upon being provided with the criteria by the Prince Edward Island, Canada will search its records and provide to Prince Edward Island the following personal information under its control with respect to EI clients who are active EI claimants residing in Prince Edward Island who meet the criteria. The provision of this information is for the purpose of assisting Prince Edward Island in contacting active EI claimants who may be interested in receiving assistance under Prince Edward Island programs:

- name
- address including postal code
- phone number including area code
- official language of service (written)
- official language of service (spoken)

3.6 Upon request, Canada will provide to Prince Edward Island the following personal information under its control on all EI clients residing in Prince Edward Island to assist Prince Edward Island in the strategic planning of the delivery of its programs:

- postal code
- benefit period commencement
- weeks paid
- claim type
- EI claim status
- number of entitlement weeks
- renewal week
- first week of the last claimant's report sent
- insured weeks/hours
- National Occupation Classification (NOC) code
- last week processed
- gender (where available as self-identified information)
- disability status (where available as self-identified information)
- visible minority (where available as self-identified information)
- aboriginal group (where available as self-identified information)
- date of birth - month and year
- preferred official language spoken (French or English)

Any reports created which will involve these data elements must be in cells of no less than 10.

3.7 Upon being provided with the information outlined in section 4.3 of this Annex, Canada will provide those Prince Edward Island employees identified therein with the following information to permit electronic access to Canada's personal information outlined herein:

- employee name
- usercode number
- temporary password
- temporary authorization code

3.8 Prince Edward Island understands that it cannot use any of the personal information received from Canada under this annex for research or statistical purposes.

3.8.1 Should Prince Edward Island wish to receive personal information for research and/or statistical purposes, Canada will assess each request on a case by case basis. Canada may make personal information available to Prince Edward Island for research and/or statistical purposes upon being satisfied that the conditions set out in section 38 of the DHRSD Act are met. The information to be shared would be the subject of a separate information sharing agreement.

3.9 For the purposes of

- (a) detecting overpayments of financial assistance due to error, misrepresentation or fraud,
- (b) collecting or recovering overpayments, or
- (c) instituting legal proceedings

in relation to an individual or individuals receiving, or who have received assistance from Prince Edward Island under Prince Edward Island programs funded under this LMDA, Canada will provide to Prince Edward Island where available and upon written request, on a per individual basis, the following personal information under its control about an individual:

- name
- social insurance number
- address including postal code
- benefit commencement period
- claim termination date
- number of entitlement weeks
- weekly benefit rate (gross)
- weekly benefit rate (net)

4.0 Information to be provided by Prince Edward Island to Canada

4.1 Prince Edward Island will provide to Canada the following personal information under its control about each EI client receiving assistance under Prince Edward Island programs for the purposes of assisting Canada in verifying client eligibility for, or entitlement to, insurance benefits under Part I of the EI Act, and ensuring that EI clients who are active EI claimants continue to receive the insurance benefits to which they are entitled while participating in a Prince Edward Island program (for purposes of section 25 of the EI Act):

- name
- social insurance number
- project type
- training ID
- start week(s)/date(s) of intervention
- end week(s)/date(s) of intervention
- project Responsibility Center
- project number
- apprentice indicator
- intervention break start week/date
- intervention break end week/date
- agreement number
- institution code (if available)

- no claimant report code
- rate (EI Part II)

4.2 Where available, Prince Edward Island will provide to Canada the following personal information under its control

(a) about each EI client who is participating in Prince Edward Island programs, and
 (b) for each non-insured participant who is participating in Prince Edward Island programs funded with EI Part II monies,

for the purpose of assisting Canada in monitoring, assessing and evaluating the effectiveness of the assistance provided by Prince Edward Island under Prince Edward Island programs which Canada is required to do under Article 11 of this LMDA:

- name
- social insurance number
- address
- postal code
- date of birth
- telephone number, including area code
- gender (as self-identified information)
- marital status
- family type
- number of dependents
- disability status/type (as self-identified information)
- visible minority (as self-identified information)
- aboriginal group (as self-identified information)
- youth at risk
- name of intervention in which individual is involved, including apprenticeship
- provincial intervention code
- start date(s) of intervention
- end date(s) of intervention
- duration of intervention (hours/weeks)
- start/creation date(s) of action plan
- end date(s) of action plan
- NOC for training
- action plan result
- educational attainment, including post-secondary
- type of employment obtained (full-time/part-time)
- NOC code of employment obtained
- date of action plan result
- official language preferred (French or English)
- language of service (French or English)

- language of intervention received (French or English)
- intervention outcome (including reason for non-completion, where available)
- group services type
- group services completion date
- provincial responsibility code
- earnings (hourly/weekly/monthly)
- EI client status
- client social assistance status
- type of benefit income from government sources
- labour force attachment prior to intervention
- case file number/file number
- citizenship/immigration status
- immigration - date of arrival in Canada
- current/last employment, including NOC code, years of experience, part-time/full-time, start date, end date, salary, reason for leaving job
- intervention code
- type of training institution (public/private), part-time/full-time attendance, program name
- year round / seasonal job
- type of employer (private sector, non-profit organization)
- Self Employment Benefit (SEB) type of assistance (coaching, business plan, ongoing technical assistance)
- record last access date

The above information will be updated by Prince Edward Island on a monthly basis.

4.3 Prince Edward Island will provide to Canada the following personal and non-personal information under its control about each provincial employee who requires access to Canada's systems and who has completed the security screening, as required in section 8.2 of this Annex:

- name, including middle name
- date of birth
- unique personal identifier (not to exceed 8 characters)
- Responsibility Centre
- user's e-mail address
- Public Key Infrastructure
- application required:
 - LMDA Access
 - CSGC (must include Responsibility Center and access level)
- date of reliability check completion
- name of approving authority
- position of approving authority

- signature of approving authority
- date authority approved

4.4 For the purposes of

- (a) detecting overpayments of insurance benefits under Part I of the EI Act, due to error, misrepresentation or fraud, to an individual or individuals who are participating in, or have participated in Prince Edward Island programs funded under this Agreement ,
- (b) collecting or recovering overpayments of Part I benefits to an individual referred to in paragraph (a), or
- (c) instituting legal proceedings in relation the matters referred to in paragraphs (a) and (b),

Prince Edward Island will provide to Canada upon written request on a per individual basis, any or all of the following personal information under its control about an individual:

- name
- address
- social insurance number
- reason client is not capable of work/intervention/service
- reason client is not available for work/intervention/service
- reason earnings not reported to Canada during the weeks they were earned
- date(s) absent from Canada/area without authorization
- reason absent from Canada/area without authorization
- reason for separation from employment
- whether or not the client reported for an interview as directed
- interview details (counsellor seen/scheduled to be seen, date, time and location of interview)
- method used to direct client to report
- reasons for not reporting (e.g. no contact, not interested in service, family obligations, transportation difficulties, unable to attend - and any reasons given, withdrawal from the labour force - and any reasons given)
- date of return to work
- employer name
- employer phone number including area code
- reason for withdrawal from program
- reason for termination from program

4.5 Prince Edward Island may also, on its own initiative, provide to Canada the information listed in section 4.4 about any individual who has received, or is receiving, assistance under Prince Edward Island programs where it suspects that the individual

was/is not entitled to that assistance, and/or may have received or be receiving insurance benefits under Part I of the EI Act to which the individual was/is not entitled.

5.0 Mode of Information Exchange

5.1 Personal information covered by this Annex will be provided by each party in a mutually agreed format, frequency and manner.

5.2 Canada and Prince Edward Island agree to notify each other within a reasonable time of any change affecting communication protocols or methods, data bank access procedures or systems. The parties agree to participate in compatibility tests when changes are made to such protocols, methods or procedures.

5.3 Prince Edward Island may request improvements to Canada's applications used by Prince Edward Island. If deemed appropriate, suggested improvements will be taken into account in Canada's priority setting process. Nothing in this clause limits the development activities that must be pursued by both parties in order to ensure personal information exchange between the two organizations.

5.4 Canada agrees to inform Prince Edward Island, in accordance with the procedures agreed upon by both parties, of any new federal application or any new version of a federal application that is relevant to this Annex.

5.5 Canada and Prince Edward Island agree to enter into a separate service level agreement outlining systems and security requirements.

5.6 Canada and Prince Edward Island are committed to ensuring that the personal information they provide to each other under this Annex is reliable and is provided in a timely, secure, and confidential manner, and they agree to work together in achieving this goal.

6.0 Confidentiality, Use and Disclosure

6.1 Canada and Prince Edward Island undertake to use their best efforts to fully maintain and protect the confidentiality of the personal information they receive under this Annex.

6.2 Subject to sections 6.3 and 6.4, Canada and Prince Edward Island shall not, in respect of any personal information they obtain from each other under this Annex

- (a) use that information for a purpose other than that for which it was respectively provided to them; and
- (b) disclose that information to any person or body for a purpose other than that for which it was respectively provided to them.

6.3 Canada and Prince Edward Island may use personal information they obtain from each other under this Annex for a purpose other than that for which it was obtained:

- (a) with the consent of the individual to whom that information relates;
- (b) with the written consent of the party that provided the information; or
- (c) if required by legislation.

6.4 Canada and Prince Edward Island may disclose personal information they obtain from each other under this Annex to any person or body for any purpose:

- (a) with the consent of the individual to whom that information relates;
- (b) in a form that cannot reasonably be expected to identify the individual to whom that information relates; or
- (c) if required by legislation.

6.5 Unless authorized in writing by the other party and subject to section 6.2, a party shall not disclose any personal information, obtained from the other party under this Annex, to a third party for a purpose authorized herein unless there is a written agreement between that party and the third party imposing upon the third party obligations that are the same as those imposed upon that party under this Annex with respect to the protection of this information.

6.6 In the event of a request under Canada's *Access to Information Act* or *Privacy Act* for personal information obtained from Prince Edward Island under this Annex, Canada agrees to consult, when required, with Prince Edward Island prior to any disclosure of such information. In the event of a request under Prince Edward Island *Freedom of Information and Protection of Privacy Act* for information obtained from Canada under this Annex, Prince Edward Island agrees to consult, when required, with Canada prior to any disclosure of such information.

6.7 The exchange of personal information between Canada and Prince Edward Island as a result of Prince Edward Island use of Canada's Common System for Grants and Contributions to manage its programs, on an interim basis, will be addressed in a separate Interim Corporate Management Agreement to be entered into between the parties following the signing of this LMDA.

6.8 For greater certainty,

6.8.1 "Interim Corporate Management Agreement" ("ICMA") means the agreement entered into between Canada and Prince Edward Island for the purpose of establishing, on an interim basis, the terms and conditions governing the use by Prince Edward Island of Canada's Common System for Grants and Contributions (CSGC) and the processes related to the financial management to support Prince Edward Island programs, and

6.8.2 "Common System for Grants and Contributions" or "CSGC" - means Canada's system through which financial and non financial data are captured and tracked in relation to grant and contribution recipients.

7.0 Costs

7.1 Costs incurred by a party in carrying out its obligations hereunder will be the responsibility of that party.

8.0 Information Management

8.1 The personal information exchanged under this Annex shall be collected, used, retained, disclosed, destroyed or disposed of, and otherwise administered in accordance with:

(a) in the case of Canada, the Privacy Act, the Department of Human Resources and Skills Development Act, the Employment Insurance Act, the Library and Archives of Canada Act, the Government of Canada Security Policy, applicable departmental policies and protocols and supporting operating directives and guidelines, covering the administrative, technical and physical safeguarding of the personal information; and,

(b) in the case of Prince Edward Island, the *Freedom of Information and Protection of Privacy Act* and regulations and any related data security and retention of records directives, policies and guidelines covering the administrative, technical and physical safeguarding of the personal information.

8.2 In addition to the requirements outlined in subsection 8.1, individuals with access to personal information provided by Canada must obtain a "Reliability Status" as required by the federal Government Security Policy.

8.3 The parties will take all reasonable measures to observe the personal information management requirements mentioned in subsection 8.1 to ensure the security, confidentiality and integrity of information exchanged under this Annex and to safeguard the information against accidental or unauthorized access, disclosure, use, modification and deletion.

8.4 Each party will promptly notify the other party of any unauthorized disclosure or use of the personal information and will furnish the other party with full details of the unauthorized disclosure or use of that information.

8.5 In the event of an occurrence described in subsection 8.4 above, the party responsible for the security, confidentiality and integrity of the personal information will promptly take corrective action to remedy the situation and take all reasonable steps to prevent a recurrence of the event.

8.6 The parties will, on a periodic and mutually agreed upon basis and format, audit their respective information management practices and procedures as appropriate, at intervals of not greater than every 5 years, to ensure:

- (a) compliance with the requirements of subsection 8.1, and
- (b) the security, confidentiality and integrity of the personal information exchanged under this Annex.

The parties agree to provide a copy of their respective audit reports to each other.

8.7 Where deficiencies in a party's information management practices affecting compliance with the requirements of subsection 8.1 or the security, confidentiality and integrity of information exchanged under this Annex are identified in an audit report, the party concerned shall take appropriate corrective action to remedy these deficiencies.

9.0 Accuracy of Information

9.1 Each party will use its best efforts to ensure the completeness and accuracy of the personal information provided to the other under this Annex. However, it is understood and agreed that they cannot guarantee its accuracy and completeness and will, therefore, not be held responsible by the other party for any damage resulting from the transmission or use of any information that is inaccurate or incomplete.

10.0 General

10.1 This Annex can be modified with the written consent of both Parties.

**ANNEX 6
EMPLOYEE TRANSFER AGREEMENT**