



Mr. Michael Richards
Deputy Minister
Deputy Cabinet Secretary and Deputy Minister
Intergovernmental Affairs
Room 330 Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 5H1

MAR 08 2019

Dear Mr. Richards:

This letter is to follow up on the February 20, 2019 Federal-Provincial-Territorial Ministers' Meeting on Infrastructure during which Minister Champagne informed your Minister of new program flexibilities for the Investing in Canada Infrastructure Program (ICIP). These changes were introduced to respond to the concerns and challenges you have raised through our various discussions and are intended to better support you in advancing priority infrastructure projects.

As we continue to take active steps to ensure a smooth and consistent flow of projects that meet both federal and provincial-territorial objectives, I would like to express my sincere gratitude for your continued collaboration in delivering projects under the ICIP. It is through such collaboration that we can find effective solutions to program challenges and continue to advance key infrastructure projects that improve Canadians' quality of life.

The new ICIP flexibilities are outlined below, as well as details regarding how to avail yourself of these changes through amendments to the Canada-Manitoba Integrated Bilateral Agreement (IBA), originally signed on June 11, 2018.

1. Adjusting the existing mechanism to transfer funds out of the ICIP Public Transit stream

Funds under the Public Transit stream can now be transferred immediately, rather than after year three of the program, to any Green Infrastructure stream sub-stream. Funds may also be immediately transferred to the Rural and Northern Communities stream for remote airport projects that align with a green outcome.

These changes are intended to help us continue to deliver timely infrastructure investments by allowing transit surpluses to fund a broader variety of projects while at the same time allowing priority projects to come forward sooner.

In order to take advantage of the flexibility to transfer funds out of the Public Transit stream, you will need to identify the projects that will use the transferred funds. Additionally, municipalities and transit authorities whose funding will be transferred need to attest that they will not require this federal funding for the remainder of the Canada-Manitoba IBA.

2. Improving inclusivity for Indigenous people

Advancing reconciliation and renewing our relationship with Indigenous peoples based on recognition of rights, respect, cooperation and partnership is a key priority for the Government of Canada. While infrastructure funding will continue to flow through provinces and territories, three program parameter changes were made to support inclusivity and enable Indigenous communities to more easily access infrastructure funding:

- The definition of Indigenous recipients has been modified to add Indigenous development corporations to the list of Indigenous eligible recipients, wording has been clarified to ensure that Métis Nation governments are eligible, and the requirement for Indigenous not-for-profits to partner with other eligible recipients has been removed.
- Costs related to Aboriginal consultation and engagement activities are now eligible prior to project approval, although they can only be reimbursed if and when a project is approved. These costs are retroactively eligible to February 15, 2018 for projects approved after February 7, 2019.
- The Minister of Infrastructure and Communities also now has the authority to approve projects, when the federal share is \$50M or less, involving non-competitive contracts with Indigenous organizations or governing bodies.

3. Creating greater incentive for broadband investments

Broadband connectivity is vital to economic development and well-being in rural and remote areas, and it is important for us to provide the right enabling conditions to make sure that the private sector will invest in these areas. To encourage broadband investments in under-served rural and northern communities, the maximum federal cost-share for broadband projects with private sector for-profit partners has been increased from 25% to 50% for projects carried out in the province and to 75% for projects carried out in Indigenous communities.

Additionally, the Minister of Infrastructure and Communities now has two new approval authorities for broadband projects. The first is the authority to approve broadband projects with for-profit recipients when the federal share is \$50M or less; the second is the authority to assess and approve non-repayable contributions for broadband projects with for-profit ultimate recipients when the federal share is \$50M or less.

4. Adjusting the eligible investments criteria to include planning projects

In an effort to better enable small communities to manage the upfront planning costs associated with transformative infrastructure projects, planning projects where the ultimate recipient is a rural or northern community with a population of less than 5,000 may now be eligible for federal funding when the ultimate project aligns with an established program outcome. The federal contribution towards these projects is capped at one percent (1%) of the total Manitoba ICIP allocation.

The program authorities described above are intended to afford you greater flexibility to address local needs and priorities. To avail yourself of these new authorities, the Canada-Manitoba IBA must be amended to include provisions relevant to each new authority.

The amendment process will take place through an exchange of letters. Please note that these changes are not meant to fundamentally alter the program, nor will they undo the existing Canada-Manitoba IBA, and at this time, we are not expecting to update any other program parameters outside those listed above.

INFC officials will work with Manitoba officials to confirm the list of authorities to be included in the Canada-Manitoba IBA. Should you wish to include the flexibility to transfer funds from the Public Transit stream, INFC officials will also work with Manitoba officials to ensure all required information, including an attestation from relevant municipalities or transit authorities that federal funding will not be required in their jurisdiction for the remainder of the term of the Canada-Manitoba IBA as well as a list of projects utilizing the transferred funds, is submitted to INFC prior to amending the Canada-Manitoba IBA.

I want to thank you for your support in the implementation of this long-term program. Investments under the ICIP are creating long-term economic growth, building inclusive, sustainable communities and supporting a low-carbon, green economy to improve Canadians' quality of life.

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I look forward to continuing our collaboration in support of infrastructure investments that make a real difference in the lives of Canadians.

Sincerely,



Kelly Gillis