

Implementation of the Gas Tax Funding Agreement in Manitoba

Annual Implementation Report for the Period of
April 1, 2013 to March 31, 2014

October 2014

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INTRODUCTION

The Canada-Manitoba Agreement on the Transfer of Federal Gas Tax Revenues for Cities and Communities was signed on November 18, 2005, transferring a total of \$167.3 million in federal gas tax to Manitoba municipalities from 2005 to 2009.

On June 9, 2009, the Province and the Government of Canada signed the Amending Agreement to the original Gas Tax Agreement, which confirmed local governments' gas tax allocations to 2013/14.

The Amending Agreement transfers a total of \$264.6 million to municipalities and Northern Affairs communities over four years (2010/11 to 2013/14), or approximately \$66.2 million per year. This funding is provided on the same terms and conditions as under the original Gas Tax Agreement.

Gas tax funding supports environmentally sustainable municipal infrastructure projects including roads, bridges, public transit, water, and wastewater infrastructure projects.

The Government of Canada passed Bill C-13 on December 15, 2011, which delivered on Canada's 2011 Budget commitment to make the Gas Tax Program permanent.

In March 2014, Canada and Manitoba signed a new 10-year (2014–2023) *Administrative Agreement on the transfer of Federal Gas Tax Fund*, providing for the delivery of gas tax funds to Manitoba municipalities for the next 10 years.

Oversight Committee

The Oversight Committee was established under the Canada-Manitoba Gas Tax Funding (GTF) Agreement. The Oversight Committee is responsible for monitoring the strategic implementation of the GTF. The Committee meets on an annual basis and includes representatives from Canada, Manitoba, the Association of Manitoba Municipalities and the City of Winnipeg.

ADMINISTRATION OF THE GTF AGREEMENT

Under the Amending Agreement, the formula for the distribution of gas tax funds is as follows:

HIGHLIGHTS of the GTF PROGRAM in MANITOBA

- *The original GTF Agreement (2005-2009) transferred \$167.3million to Manitoba municipalities*
- *In June 2009, the amending agreement was signed totalling \$264.6 million over 4 years (2010-2014)*
- *Gas tax funding is distributed to 196 municipalities and Northern Affairs communities in Manitoba*
- *90% of gas tax funds are allocated to all municipalities on a per capita basis*
- *10% of gas tax funds are allocated to transit communities (less 0.25% for the SCTF and 0.25% for provincial administrative costs)*
- *Municipalities have spent a total of \$348.8 million on 1,088 projects to date*

- 90% of gas tax funding is allocated to all municipalities and Northern Affairs communities on a per capita basis;
- 9.5% to the Cities of Winnipeg and Brandon allocated on a per capita basis;
- 0.25% for the Small Communities Transit Fund (SCTF); and
- 0.25% for provincial administrative costs.

Funds flow annually in two installments, one in July and another in November, as long as all reporting and compliance requirements are met.

THE 2013 ANNUAL EXPENDITURE REPORT

Under the terms of the GTF Agreement, the Province is required to produce an annual expenditure report (AER) by September 30th of each year for all eligible recipients that received gas tax funds. This AER contains two reporting periods. The Province of Manitoba reports on a fiscal year basis from April 1, 2013 to March 31, 2014, and municipalities report on a calendar year basis from January 1, 2013 to December 31, 2013. All information, with respect to eligible municipal recipients, is based on the municipal reporting period.

The audited 2013 Annual Expenditure Report (AER) for the Province of Manitoba was submitted to the Government of Canada on September 30, 2014. This AER fulfils the reporting requirements for the 2013/14 period.

GTF PROJECTS FUNDED IN 2013

In 2013, Manitoba municipalities invested over \$65 million in gas tax funds to support 191 environmentally sustainable infrastructure projects. The largest project category, in terms of spending, was local roads and bridges, with nearly \$44.2 million invested. Public transit was the second largest project category, with investments of nearly \$16.4 million, followed by water infrastructure with over \$1.9 million, and finally wastewater infrastructure with \$1.7 million. Municipal gas tax expenditures on these major project categories was \$64.3 million, or 98% of total GTF expenditures.

Over \$65 million in gas tax funds supported 191 environmentally sustainable infrastructure projects in Manitoba

The other project categories, which include: solid waste infrastructure, community energy systems/environmental energy improvements and capacity building, make up the remaining 2% or \$1.2 million of total GTF expenditures. Figure 1, accompanied by table 1, summarize GTF expenditures in 2013 by project category.

Figure 1: 2013 GTF Expenditures by Project Category - All Municipalities

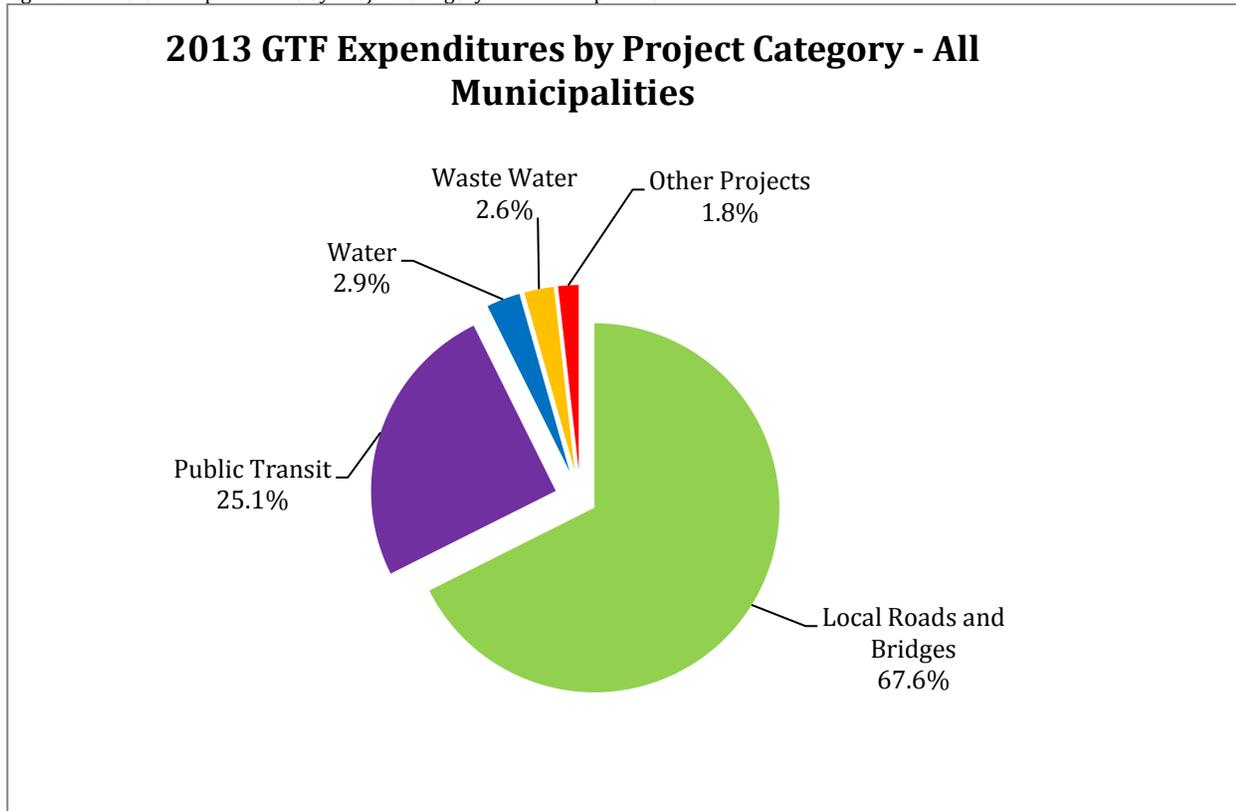


Table 1: 2013 GTF Expenditures by Project Category - All Municipalities

2013 GTF Expenditures by Project Category – All Municipalities			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	122	\$44,234,137	67.6%
Public Transit	9	16,399,575	25.1%
Water	24	1,927,874	2.9%
Waste Water	22	1,702,529	2.6%
Subtotal:	177	\$64,264,115	98.2%
Other Projects:			
Community Energy Systems / Environmental Energy Improvements	5	604,137	0.9%
Solid Waste Infrastructure	9	564,754	0.9%
Subtotal Other Projects:	14	\$1,168,892	1.8%
Total	191	\$65,433,007	100%

City of Winnipeg

Manitoba's largest and most populated city undertook 14 gas tax-funded projects in 2013, totaling nearly \$50 million. As shown in table 2, Winnipeg completed work in two eligible infrastructure project categories: local roads and bridges and public transit. Most of Winnipeg's 2013 gas tax spending was on local road and bridge projects.

Table 2: 2013 GTF Expenditures by Project Category – City of Winnipeg

2013 GTF Expenditures by Project Category, Winnipeg			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	12	\$33,761,907	67.5%
Public Transit	2	16,236,504	32.5%
Total	14	\$49,998,411	100%

Other Municipalities

Municipalities outside the City of Winnipeg invested \$15.4 million in gas tax funds on 177 projects. The majority of spending was on local roads and bridges, with 110 projects at a total cost of over \$10.4 million – representing 67.8% of total gas tax expenditures in 2013.

Compared to Winnipeg, other municipalities spent a greater proportion of their gas tax funds on almost all project categories with water infrastructure projects making up 12.5% of expenditures and wastewater infrastructure representing an additional 11%. Table 3 and figure 2 summarize these expenditures by project category.

Figure 2: 2013 GTF Expenditures by Project Category - Other Municipalities

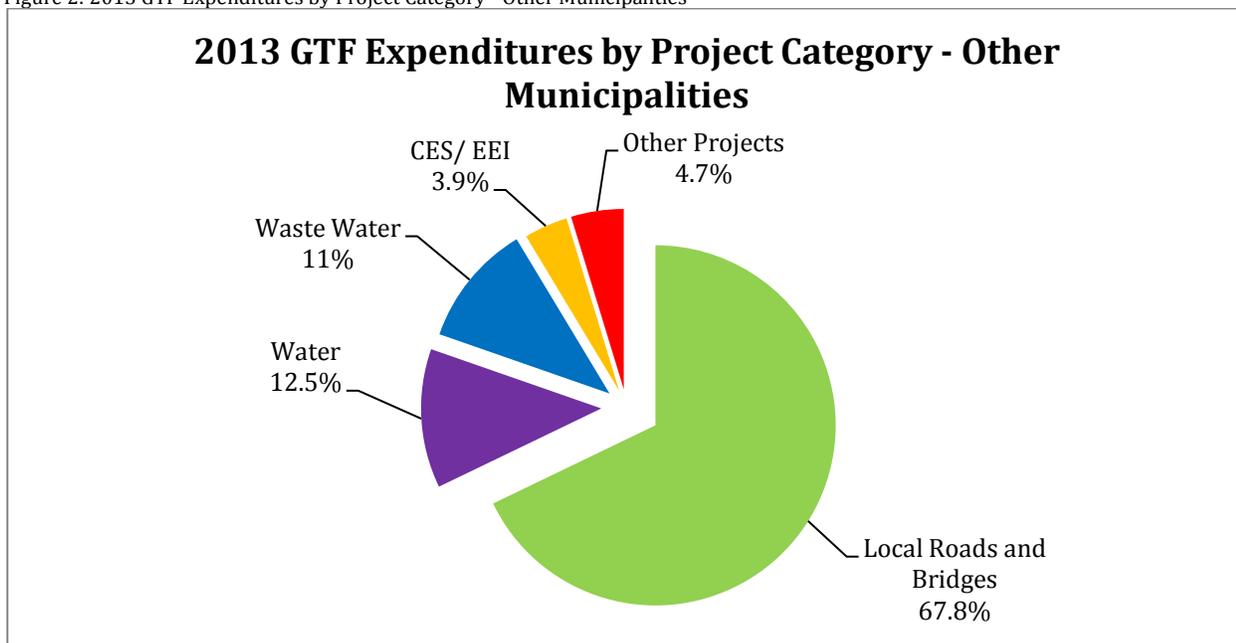


Table 3: 2013 GTF Expenditures by Project Category - Other Municipalities

2013 GTF Expenditures by Project Category - Other Municipalities			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	110	\$10,472,229	67.8%
Water	24	1,927,874	12.5%
Wastewater	22	1,702,529	11.0%
Community Energy Systems (CES) / Environmental Energy Improvements (EEI)	5	604,137	3.9%
Subtotal:	161	\$14,706,770	95.3%
Other Projects:			
Solid Waste Infrastructure	9	564,754	3.7%
Public Transit	7	163,071	1.1%
Subtotal Other Projects:	16	\$727,826	4.7%
Total	177	\$15,434,596	100%

FUNDS LEVERAGED IN 2013

Federal GTF expenditures of over \$65 million in 2013 leveraged another \$37.9 million in project funding from other sources outside the federal GTF. Provincial funding for these projects totaled \$24.9 million, while funding from other sources totaled \$13 million.

See table 4 for funding sources for GTF projects with amounts organized by project category.

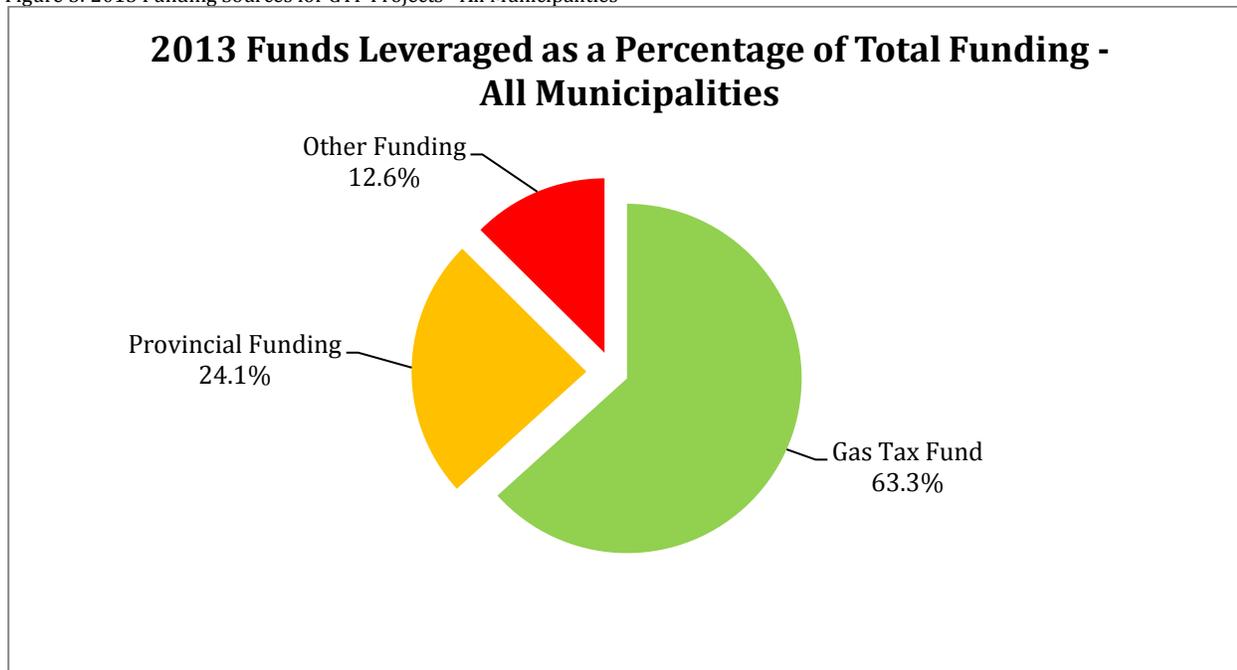
GTF funding of over \$65M in 2013, leveraged another \$24.9M from the Government of Manitoba and \$13M from other sources.

Table 4: 2013 Funding Sources for GTF Projects - All Municipalities

2013 Funding Sources for GTF Projects - All Municipalities				
Project Category	Total Funding for GTF Projects	Federal GTF	Provincial Funding	Other Funding*
Local Roads and Bridges	\$63,967,065	\$44,234,137	\$16,491,147	\$3,241,782
Public Transit	32,107,060	16,399,575	7,680,000	8,027,485
Water	2,080,994	1,927,874	126,503	26,503
Wastewater	3,459,862	1,702,529	625,904	1,131,429
Subtotal:	\$101,614,982	\$64,264,115	\$24,923,668	\$12,427,199
Other Projects:				
Community Energy Systems / Environmental Energy Improvements	604,137	604,137	0	0
Solid Waste Infrastructure	1,160,444	564,754	25,000	570,689
Subtotal Other Projects:	\$1,764,581	\$1,168,892	\$25,000	\$570,689
Total	\$103,349,563	\$65,433,007 (63.3%)	\$24,948,668 (24.1%)	\$12,997,888 (12.6%)

*Other Funding sources are: other federal, municipal contributions, and other contributions.

Figure 3: 2013 Funding Sources for GTF Projects - All Municipalities



GTF PROJECT EXAMPLES

Cleaner Air/Reduction of GHGs Emissions

Manitoba municipalities are investing their gas tax funds in infrastructure renewal projects to achieve overall program outcomes of cleaner air and reduced greenhouse gas emissions.

Examples of these projects include investments in municipal transit system enhancements, active transportation infrastructure, upgrades to local roads and bridges, as well as efforts to divert solid waste from municipal landfills.

City of Winnipeg – New Transit Parking and Servicing Garage

The City of Winnipeg officially opened its new Transit Parking and Servicing Garage on February 20, 2014. The new facility is located on Brandon Avenue in downtown Winnipeg.

The new 135,000-square-foot facility will allow the City to address a number of its immediate and long-term space requirements. With this additional space, Winnipeg Transit will be able to expand its bus fleet to meet increasing passenger demands and, in turn, increase transit efficiency. The new garage can accommodate up to 153 forty-foot buses.

The City used almost 17 million in gas tax funds to complete the new transit facility. This represents 75% of the estimated \$22.6 million total project cost.

Federal, provincial and City of Winnipeg officials opening the new transit facility



Town of Swan River – New Landfill Weigh Scale

The Town of Swan River has installed a new weigh scale at the landfill entrance to determine tipping fees. The town used \$70,000 in gas tax funds to install the new landfill weigh scale.

The tipping fees are expected to encourage the diversion of solid waste and promote community recycling and composting efforts. By reducing the amount of solid waste headed to landfills, greenhouse gases produced and then released into the atmosphere will be reduced.

Town of Swan River's New Landfill Weighscale



Cleaner Water

New and enhanced water and sewer infrastructure is required to support the growth and development of Manitoba communities. Many Manitoba municipalities have invested their gas tax funds in water and sewer upgrades, providing new potable water and cleaner wastewater treatment systems to support the economic and social development of their region.

Town of Swan River – Lift Station Upgrades

The Town of Swan River undertook a project to upgrade the Ross Street Lift Station. Upgrades included new mechanical piping and pumping components and replacement of all electrical components as well as installation of additional motoring equipment. With the upgrades, the capacity that the lift station can handle is greatly improved. The Town invested \$191,000 in gas tax funds towards the total \$1 million project cost.

Town of Swan River's Lift Station Upgrades



SMALL COMMUNITIES TRANSIT FUND

The Small Communities Transit Fund was a \$1.0M application-based program over four years (2010/11 – 2013/14) that provided support for regular transit communities as well as support for the purchase of new, additional or replacement handi-transit vehicles by municipalities wanting to establish new handi-transit service or expand service in their communities.

Funding totalling \$758,092 was committed to 13 municipalities to purchase transit buses, handi-transit vehicles and install bus stops and signage.

Municipality	Project	Funding Committed
1. City of Thompson	Purchase of 2 new transit buses	\$433,000
2. City of Selkirk	New bus stops / shelters	\$87,500
3. City of Portage la Prairie	Purchase of Handi-Transit Vehicle	\$41,100
4. Town of Boissevain	Purchase of Handi-Transit Vehicle	\$23,300
5. Town of Pilot Mound	Purchase of Handi-Transit Vehicle	\$10,142
6. Town of MacGregor	Purchase of Handi-Transit Vehicle & Construction of a Garage	\$50,000
7. RM of Brokenhead	Purchase of Handi-Transit Vehicle	\$47,852
8. Town of Lac du Bonnet	Purchase of Handi-Transit Vehicle	\$7,624
9. Town of Ste. Rose	Purchase of Handi-Transit Vehicle	\$22,100
10. Town of Carberry	Purchase of Handi-Transit Vehicle	\$17,362
11. RM of Alexander	Purchase of Handi-Transit Vehicle	\$12,205
12. Town of Erickson	Replacement of a Handi-Transit Garage Door	\$1,420
13. Village of Winnipegosis	Purchase of a Handi-Transit Vehicle	\$4,487
Total Funding Committed:		<u>\$758,092</u>

SMALL COMMUNITIES ACTIVE TRANSPORTATION FUND

The Small Communities Active Transportation Fund was a \$1.0M application-based program over two years (2012/13 – 2013/14) that provided support for active transportation projects. Projects included bike racks/lockers, bike paths, sidewalks, ramps, lighting and signage and active transportation design/project plans.

Since its launch in 2012, the fund has been well received by municipalities. The entire \$1.0M has been fully committed to 31 municipalities.

	Municipality	Project	Funding Committed
1	City of Brandon	Bicycle Road Signs	\$32,240
2	City of Selkirk	Bicycle Racks	\$2,256
3	City of Winkler	Walking Path	\$50,000
4	RM of Hanover	Sidewalks	\$50,000
5	RM of La Broquerie	Walking Path	\$25,000
6	RM of Ritchot	Sidewalks	\$32,875
7	RM of Springfield	Walking Path	\$45,404
8	Town of Arborg	Sidewalks	\$50,000
9	Town of Gladstone	Sidewalks	\$15,929
10	Town of Niverville	Sidewalks	\$17,600
11	Town of Treherne	Trail Enhancement	\$26,441
12	Village of Glenboro	Bicycle Racks	\$1,536
13	Town of Manitou	Sidewalks	\$10,408
14	City of Morden	Walking Path & Footbridge	\$57,692
15	City of Dauphin	Sidewalks	\$50,000
16	RM of De Salaberry	Sidewalks	\$10,000
17	RM of Franklin	Sidewalks	\$30,500
18	City of Steinbach	Bicycle Path	\$50,000
19	RM of Miniota	Sidewalks	\$13,113
20	RM of Pipestone	Sidewalks	\$50,000
21	RM of Stanley	Walking Paths	\$42,000
22	Town of Beausejour	Walking Paths	\$50,000
23	Town of Grandview	Sidewalks	\$13,500
24	Town of Teulon	Walking Path	\$15,290
25	Town of Lac du Bonnet	Sidewalk	\$50,000
26	RM of Argyle	Sidewalks and Wheelchair Ramps	\$9,288
27	RM of Woodlands	Walking Path	\$50,000
28	City of Portage la Prairie	Walking Path	\$37,232
29	City of Thompson	Walking Path	\$37,232
30	RM of Macdonald	Walking Path	\$37,232
31	RM of Headingley	Walking Path	\$37,232
Total Funding Committed:			\$1,000,000

PROJECTS FUNDED TO DATE (2005-2013)

Since 2005, municipalities have spent \$348.8 million in gas tax funds to support a total of 1,088 environmentally sustainable municipal infrastructure projects.

Local roads and bridges (73.4%), waste water (10%), public transit (9.3%), and water infrastructure (4.5%) project categories account for 97.3% of total gas tax expenditures. The other project categories: community energy systems / environmental energy improvements, capacity building, and solid waste infrastructure, make up the remaining 2.7% of total gas tax expenditures.

\$348.8 million in gas tax funds supported 1,088 projects between 2005 and 2013

Figure 4: 2005-2013 GTF Expenditures by Project Category - All Municipalities

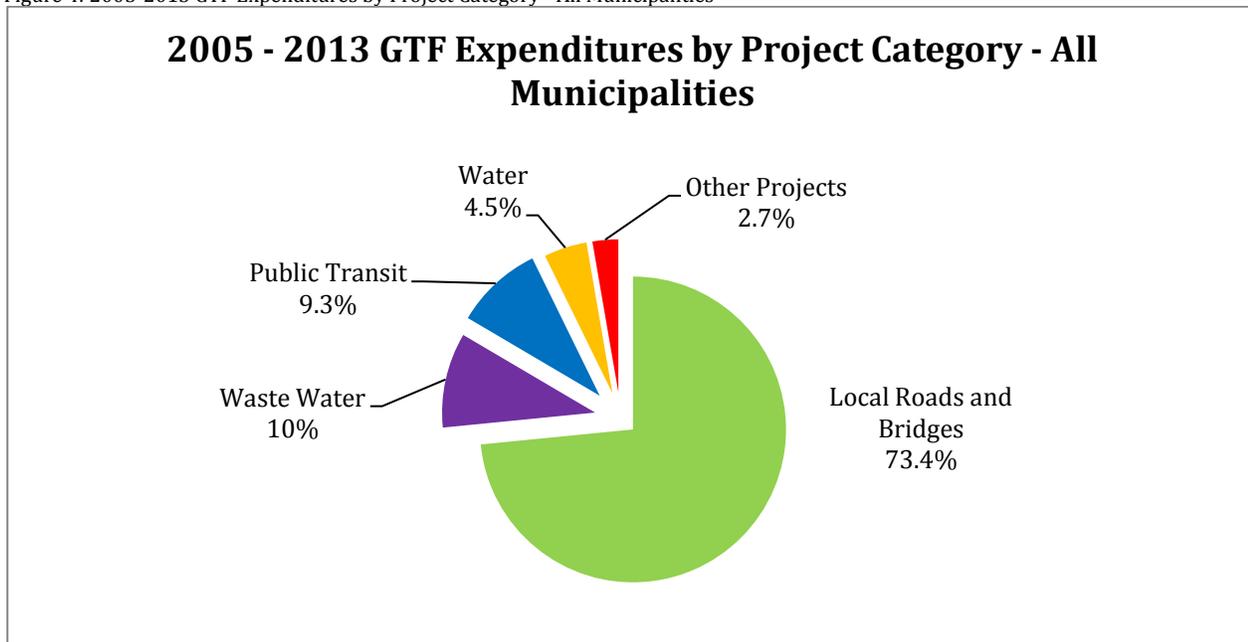


Table 5: 2005-2013 GTF Expenditures by Project Category - All Municipalities

2005 - 2013 GTF Expenditures by Project Category - All Municipalities			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	732	\$256,168,368	73.4%
Waste Water	97	35,030,395	10.0%
Public Transit	34	32,329,634	9.3%
Water	137	15,834,510	4.5%
Subtotal:	1,000	\$339,362,907	97.3%

Other Projects:			
Community Energy Systems / Environmental Energy Improvements	29	\$4,936,237	1.4%
Solid Waste Infrastructure	38	3,175,223	0.9%
Capacity Building	21	1,369,820	0.4%
Subtotal Other Projects:	88	\$9,481,280	2.7%
Total	1,088	\$348,844,187	100.0%

Expenditures by Municipal Type

The table and figure below shows GTF expenditures by municipal type. Both show that the City of Winnipeg accounts for 69% of GTF expenditures between 2005 and 2013, which is significantly more than any other municipality. Rural Municipalities completed the most GTF projects at 613, accounting for 16.1% of total GTF expenditures.

Figure 5: 2005-2013 GTF Expenditures by Municipal Type

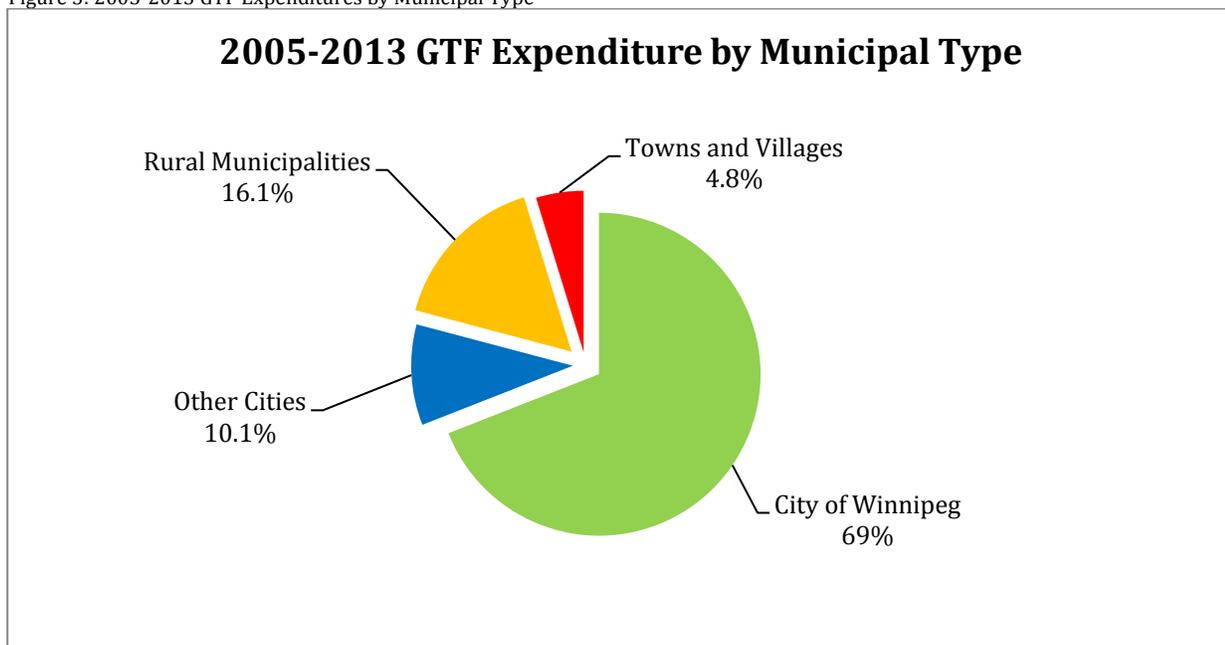


Table 6: 2005-2013 GTF Expenditures by Municipal Type

2005-2013 GTF Expenditures by Municipal Type			
Municipal Type	Project Count	Federal GTF	% of Total GTF Expenditure
City of Winnipeg	46	\$240,859,628	69.0%
Other Cities	174	35,172,512	10.1%
Rural Municipalities	613	56,204,980	16.1%
Towns and Villages	255	16,607,067	4.8%
Total	1,088	\$348,844,187	100.0%

City of Winnipeg

The City spent \$240.9 million in gas tax funds on 46 eligible projects to date. Funds were spent on three project categories: local roads and bridges, public transit, and waste water infrastructure. Approximately 78% (\$187.3 million) of GTF expenditures were on roads and bridges, followed by public transit infrastructure projects with \$29.8 million, and finally waste water infrastructure projects accounting for \$23.3 million in gas tax spending.

Winnipeg spent \$240.9 million on 46 projects to date. Of which, 77.9% of expenditures were for upgrading local roads and bridges

Figure 6: 2005-2013 GTF Expenditures by Project Category – City of Winnipeg

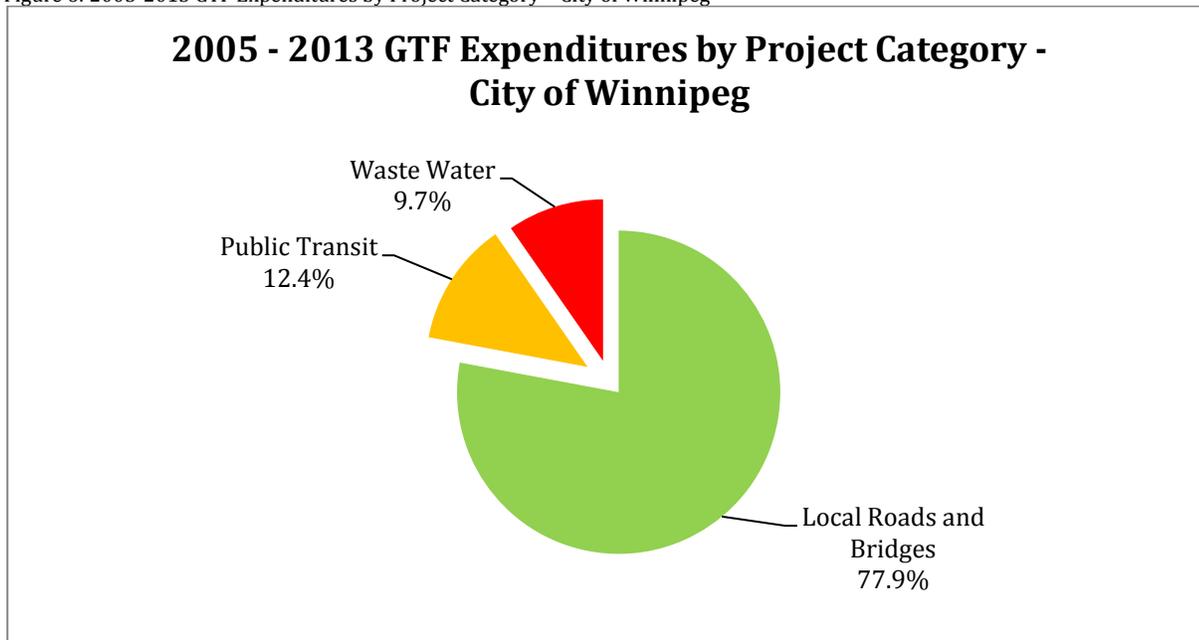


Table 7: 2005-2013 GTF Expenditures by Project Category – City of Winnipeg

2005 - 2013 GTF Expenditures by Project Category - City of Winnipeg			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	28	\$187,733,628	77.9%
Public Transit	14	29,846,000	12.4%
Waste Water	4	23,280,000	9.7%
Total	46	\$240,859,628	100%

Other Municipalities

Municipalities outside of Winnipeg spent their gas tax funds on all seven eligible project categories. Local roads and bridges, water, waste water, and community energy systems/ environmental energy improvements projects accounted for 93.5% of total gas tax

expenditures. To date, over \$100 million has been spent on 963 projects under these categories.

The other project categories: solid waste infrastructure, public transit, and capacity building, make up the 6.5% of total gas tax expenditures, with \$7 million spent on 79 projects to date.

Figure 7: 2005-2013 GTF Expenditures by Project Category - Other Municipalities

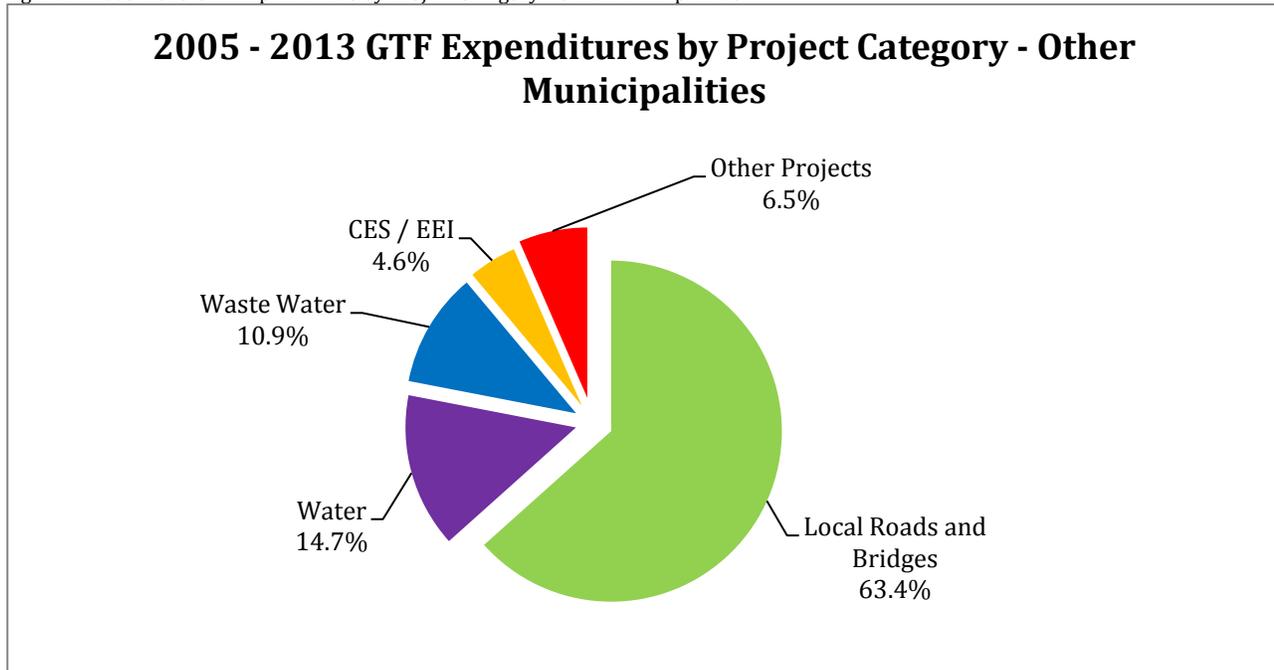


Table 8: 2005-2013 GTF Expenditures by Project Category - Other Municipalities

2005 - 2013 GTF Expenditures by Project Category - Other Municipalities			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	704	\$68,434,741	63.4%
Water	137	15,834,510	14.7%
Waste Water	93	11,750,395	10.9%
Community Energy Systems / Environmental Energy Improvements	29	4,936,237	4.6%
Subtotal:	963	\$100,955,883	93.5%
Other Projects:			
Solid Waste Infrastructure	38	\$3,175,223	2.9%
Public Transit	20	2,483,634	2.3%
Capacity Building	21	1,369,820	1.3%
Subtotal Other Projects:	91	\$7,028,676	6.5%
TOTAL	1,042	\$107,984,559	100.0%

FUNDS LEVERAGED 2005-2013

In Manitoba, municipalities have been able to leverage their gas tax funding into additional funding support from the Province and other funding sources to help address their infrastructure priorities.

Since 2005, \$348.8 million in gas tax expenditures has resulted in a total of \$661.1 million spent on infrastructure projects by municipalities.

Public transit projects leveraged the most funding, an additional \$155.3 million.

Funds Leveraged by Project Category

To date, a total of \$348.8 million in gas tax-funded projects leveraged \$138.4 million from the provincial government, as well as another \$173.9 million from other sources, primarily from municipal governments.

Public transit projects leveraged the most funding from other sources. Gas tax funding of \$32.3 million leveraged another \$26.7 million from the Province and over \$128.6 million through other funding sources.

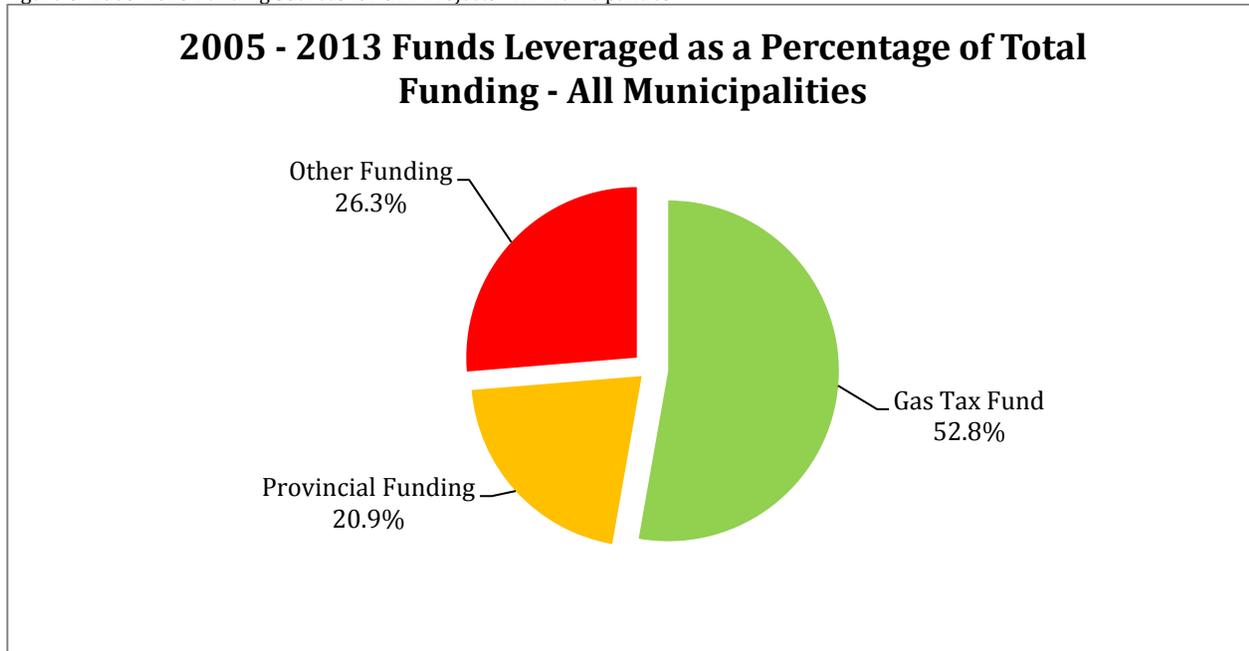
Table 9: 2005-2013 Funding Sources for GTF Projects – All Municipalities

2005 – 2013 Funding Sources for GTF Projects – All Municipalities				
Project Category	Total Funding for GTF Projects	Federal GTF	Provincial Funding	Other Funding*
Local Roads and Bridges**	\$383,663,207	\$256,168,368	\$106,563,231	\$20,931,608
Waste Water	46,899,810	35,030,395	1,989,129	9,880,286
Public Transit	187,611,852	32,329,634	26,664,700	128,617,518
Water	28,358,728	15,834,510	3,110,261	9,413,957
Subtotal:	\$646,533,598	\$339,362,907	\$138,327,321	\$168,843,370
Other Projects:				
Community Energy Systems / Environmental Energy Improvements	\$8,832,857	\$4,936,237	\$21,698	\$3,874,922
Solid Waste Infrastructure	4,294,177	3,175,223	25,000	1,093,953
Capacity Building	1,438,035	1,369,820	0	68,215
Subtotal Other Projects:	\$14,565,069	\$9,481,280	\$46,698	\$5,037,090
Total**	\$661,098,666	\$348,844,187 (52.8%)	\$138,374,019 (20.9%)	\$173,880,460 (26.3%)

*Other Funding sources are: other federal, municipal contributions, and other contributions.

** Total does not include the full \$195 million for Winnipeg's Disraeli Bridge project, of which Winnipeg will finance \$101.2 million through annual P3 payments using gas tax funds starting in 2012. Winnipeg will fund the balance of the Disraeli Bridge project costs from other sources.

Figure 8: 2005-2013 Funding Sources for GTF Projects - All Municipalities



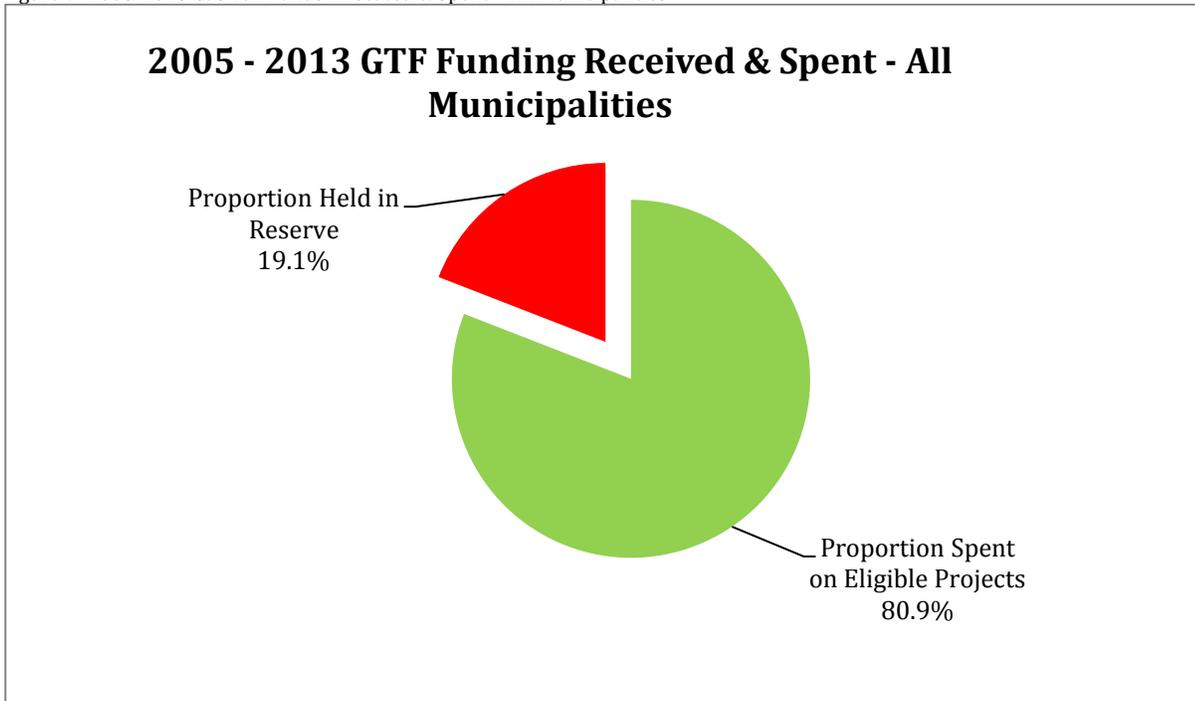
GAS TAX FUNDS HELD IN RESERVE

Between 2005 and 2013, municipalities have spent a total of \$348.8 million, or about 80.9% of the total gas tax funds allocated to Manitoba municipalities. The remaining 19.1% of gas tax funds are being held in reserve. This enables municipalities to accumulate funds over time to spend on infrastructure projects in future years.

Table 10: 2005-2013 Gas Tax Funds Allocated & Spent – All Municipalities

2005 - 2013 Gas Tax Funding Allocated & Spent - All Municipalities					
	GTF Allocated	GTF Spent on Eligible Projects	Balance Held in Reserve	Proportion Spent on Eligible Projects	Proportion Held in Reserve
Total	\$431,183,211	\$348,844,187	\$82,339,024	80.9%	19.1%

Figure 9: 2005-2013 Gas Tax Funds Allocated & Spent – All Municipalities



Expenditures vs Funds Held in Reserve by Municipal Type

Urban municipalities have spent the most in relation to the amount allocated to date. The City of Winnipeg and other major cities together spent 86.3% of the gas tax funds allocated to date, while rural municipalities, towns and villages together have spent 55%.

Manitoba cities have spent 86.3% of gas tax funds allocated to date

This implies that smaller municipalities are holding more of their funds in reserve for larger scale projects in the future.

Under the initial Agreement, municipalities were only able to hold their funds for up to five years after receiving payment, after this period municipalities were then required to spend the funds on eligible infrastructure projects.

RMs, towns and villages have spent 53.1% of gas tax funds allocated to date

In 2011, The Canada-Manitoba Agreement was amended to allow municipalities to apply for an extension to the time permitted to expend funds beyond five years. This amendment gave the Oversight Committee the discretion to approve an extension of the timeframe for expenditure of gas tax funds, if the municipality cannot meet the five-year expenditure requirement and requests the extension. This amendment enables local governments to maximize the use of their gas tax funding for their high priority projects.

Table 11: 2005-2013 Gas Tax Funds Allocated & Spent by Municipal Type

2005 - 2013 Gas Tax Funds Allocated & Spent by Municipal Type					
Municipal Type	GTF Allocated	GTF Spent on Eligible Projects	Balance Held in Reserve	Proportion Spent on Eligible Projects	Proportion Held in Reserve
City of Winnipeg	\$263,143,422	\$240,859,628	\$22,283,794	91.5%	8.5%
Other Cities	43,358,741	35,172,512	8,186,229	81.1%	18.9%
Rural Municipalities	89,539,905	56,204,980	33,334,924	62.8%	37.2%
Towns and Villages	35,141,143	16,607,067	18,534,077	47.3%	52.7%
Total	\$431,183,211	\$348,844,187	\$82,339,024	80.9%	19.1%

COMPLIANCE with the CANADA-MANITOBA GTF AGREEMENT

The Office of the Auditor General of Manitoba has commented on the status of compliance with the Agreement and has indicated that Manitoba is in compliance with all terms and conditions of the Agreement.

The Compliance Report for the Canada-Manitoba GTF Agreement for Fiscal Year 2013/14 was submitted to the Government of Canada on September 30, 2014.

DIRECTIONS for 2014-2015

2014 marks the first year of the new *Canada-Manitoba Administrative Agreement on the Federal Gas Tax Fund*. The new 10-year (2014/15 – 2023/24) Agreement will provide Manitoba municipalities with approximately \$713.7. Funding for the first 5-year period (2014/15 – 2018/19) will be \$340.5 and will be distributed as follows:

Fiscal Year	Canada's Contribution
2014-2015	\$65,470,748
2015-2016	\$65,470,748
2016-2017	\$68,744,285
2017-2018	\$68,744,285
2018-2019	\$72,017,823
TOTAL	\$340,447,889

The new Administrative Agreement is structurally similar to the previous Gas Tax Agreement. Ninety percent (90%) of the Funds will continue be allocated to all eligible recipients on a per capita basis. 9.5% of the Funds will be allocated to Winnipeg and Brandon for public transit. 0.25% will be allocated to the Small Communities Transportation Fund and the remaining 0.25% will offset Manitoba's administrative costs.

The new gas tax agreement includes a broader list of eligible project categories. In addition to roads and bridges, water, wastewater, solid waste, public transit, community energy infrastructure and capacity building initiatives, funds can now be spent on: highways, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband and connectivity, brownfield redevelopment, culture, tourism, sport, and recreation.

Manitoba will see a slightly smaller share of the funding in 2014 (\$65.5M) compared to 2013 (\$66.2M) as Manitoba's share of the population decreased slightly in the 2011 Census, relative to other PTs.

Administrative Allocation – Gas Tax Program Officer

Manitoba received formal approval from the Government of Canada in September 2011 to establish an annual allocation of \$175,000 for 4 years to offset the Province's cost of administering the gas tax agreement. The annual allocation, approximately 0.25% of the gas tax funds Manitoba administers on behalf of Canada, enables Manitoba to pay one full-time staff person and the associated operating costs.

Manitoba hired a Gas Tax Program Officer in October 2011, funded through the Province's administrative allocation. \$156,576 has been spent on administrative costs to date.

Reporting to the Director of Municipal Finance and Advisory Services (who will maintain overall gas tax program responsibility) the Gas Tax Program Officer is responsible for program administration and to support program policy development. The Program Officer's duties include the following:

- administering payments to municipalities;
- reviewing and assessing SCTF project applications;
- monitoring and reporting on municipal compliance with agreement requirements;
- measuring and reporting on program outcomes and results, including preparing Manitoba's Annual Expenditure Report and Implementation Report;
- assisting municipalities in the reporting of gas tax project information;
- coordinating gas tax project communications activities; and
- preparing for the Outcomes Report by ensuring accurate and up to date outcomes data is recorded for all gas tax funded projects.