

Annex 4: Canada – Manitoba Early Learning and Child Care Infrastructure Funding Agreement for fiscal years 2023 to 2024 through 2025 to 2026

Between:

His Majesty the King in Right of Canada (hereinafter referred to as “Canada” as represented by the Minister of Employment and Social Development and as represented by the Minister of Families, Children and Social Development

And

His Majesty the King in Right of the Province of Manitoba (hereinafter referred to as “Manitoba” or “Government of Manitoba”) as represented by the Minister of Education and Early Childhood Learning

Referred to collectively as the “Parties”.

Preamble

Whereas, the Parties concluded the Canada-Manitoba Canada-wide Early Learning and Child Care (ELCC) Agreement (“Canada-wide Agreement”) on August 9, 2021;

Whereas, Canada and Manitoba agree upon the importance of infrastructure investments that increase inclusion in ELCC so that all families in Canada have access to affordable, high quality, flexible and inclusive regulated ELCC no matter where they live;

Whereas, Canada and Manitoba have agreed to increase inclusion in the Canada-wide ELCC system by supporting equitable access to regulated child care spaces for children and families with barriers to access such as children with disabilities and children needing enhanced or individual supports, Indigenous children, Black and other racialized children, children of newcomers and official language minority communities;

Whereas, the Multilateral ELCC Framework recognizes the importance of inclusive ELCC systems that respect and value diversity for children and families with barriers to access and for children with varying abilities;

Whereas, in response to requests from provinces and territories, and to support the implementation of the Canada-wide ELCC system, Budget 2022 proposes to provide \$625 million over four years, beginning in fiscal year 2023 to 2024, for an ELCC Infrastructure Fund. The ELCC Infrastructure Fund will exclusively support not-for-profit and publicly regulated ELCC providers in recognition of the specific challenges they face in financing capital costs.

Now therefore, the Parties agree as follows.

1.0 Purpose

1.1 Canada and Manitoba agree that for fiscal years 2023 to 2024 through 2025 to 2026, financial support from Canada to Manitoba will be used to support infrastructure projects that increase inclusion in ELCC for underserved communities. The first three years of infrastructure funding (for fiscal years 2023 to 2024 through 2025 to 2026) will be provided through this Annex. Subject to Parliamentary approval of appropriations, funding for fiscal year 2026 to 2027 will be provided conditional upon an extension of this Annex and subject to Canada's acceptance of an ELCC Infrastructure Fund Action Plan for fiscal year 2026 to 2027 and informed by Canada's assessment of the results achieved under the ELCC Infrastructure Fund Action Plans for fiscal year 2024 to 2025, to be set out in Schedule 1 and for fiscal year 2025 to 2026, to be set out in Schedule 2.

1.2 In this Annex, "fiscal year" means the period commencing on April 1 of any calendar year and terminating on March 31 of the immediately following calendar year.

2.0 Areas of focus

2.1 Manitoba agrees to use funds provided by Canada under this Annex to support exclusively regulated not-for-profit or public ELCC providers as defined in section 2.2.1 of the Canada-wide Agreement.

2.2 Manitoba agrees to use funding to support infrastructure projects that increase inclusion in ELCC for underserved communities, including through major and minor capital projects. Activities that support the objective of increasing inclusion in ELCC for underserved communities include but are not limited to: planning, design, construction and renovations. They also include start-up costs for infrastructure projects such as business plans and feasibility studies.

2.3 Expenses that do not directly support the objectives and initiatives of the ELCC Infrastructure Fund, such as operations and maintenance, are ineligible.

2.4 Manitoba agrees to use funding to support ELCC spaces in underserved communities including but not limited to: rural and remote regions, high-cost urban/low-income areas and communities with barriers to access (racialized; Indigenous peoples; newcomers; parents, caregivers and children with disabilities; official language minority communities, etc.). Manitoba may use funding to increase the physical accessibility of ELCC spaces for children, parents, and staff with disabilities and physical infrastructure for ELCC operators providing care during non-standard hours, in recognition for the need for more flexible care for parents working in non-standard employment.

2.5 Manitoba may use funding to maintain existing inclusion infrastructure projects by using infrastructure funding to offset the increased cost of inclusive spaces already planned under the Canada-wide Agreement. Manitoba may also create new inclusion infrastructure projects. For greater clarity, this would include but would not be limited to: reconsidering the location (e.g., improve proximity to an underserved community) or features (e.g., improve accessibility) of planned infrastructure investments; or, initiating new infrastructure investments to improve the inclusivity of existing spaces (e.g.,

retrofits to improve the accessibility of existing spaces or upgrades to spaces in underserved communities).

3.0 Financial provisions

3.1 Allocation to Manitoba

3.1.1 Subject to Parliamentary approval of appropriations, Canada has designated the following maximum amounts to be transferred in total to all provinces and territories under this initiative, with a three-step formula of 0.3% of the annual envelope allocated to each of the territories, a fixed base rate of \$2 million per fiscal year for each province and territory, and the balance of the annual envelope calculated on a per child (0 to 12) basis for each province and territory.

- a. \$75,000,000 for the fiscal year beginning on April 1, 2023
- b. \$150,000,000 for the fiscal year beginning on April 1, 2024
- c. \$200,000,000 for the fiscal year beginning on April 1, 2025

3.1.2 Manitoba allocations outlined in Table 1 may increase if another jurisdiction chooses not to sign onto the ELCC Infrastructure Fund for fiscal years 2023 to 2024 through 2025 to 2026.

Table 1: Amount to be paid to Manitoba (not subject to annual adjustment)

Fiscal year	Amount to be paid to Manitoba
2023 to 2024	\$4,099,575
2024 to 2025	\$7,328,772
2025 to 2026	\$9,481,570

3.1.3 For the purposes of the formula in section 3.1 of this Annex, the population of children aged 0 to 12 is determined on the basis of the estimates of the respective populations on July 1 of 2022 updated in December 2022. The ELCC Infrastructure Fund is not subject to an annual adjustment based on the latest population estimates.

3.2 Payment

3.2.1 Subject to Parliamentary approval of appropriations, Canada's contribution will be paid as follows:

- Manitoba's fiscal year 2023 to 2024 allocation will be paid in one installment within 60 days after Canada has approved Manitoba's ELCC Infrastructure Fund Action Plan for fiscal year 2024 to 2025, provided to Canada by Manitoba in accordance with the requirements outlined in section 4.1 of this Annex.

- Beginning in fiscal year 2024 to 2025, Manitoba's allocation will be paid in approximately equal semi-annual installments. The first installment will be paid on or about June 15 of each fiscal year once Canada has approved that Manitoba's annual ELCC Infrastructure Fund Action Plan for that fiscal year, provided to Canada by Manitoba in accordance with the requirements outlined in section 4.1 of this Annex; and the second installment will be paid on or about November 15 each fiscal year, once Canada has agreed that Manitoba has satisfied the action plan requirements in section 4.1 and the reporting conditions in sections 4.1 and 5.2 of the Canada-wide Agreement and section 4.2 of this Annex are satisfied.

3.2.2 Subject to section 3.1.2 of this Annex, payment of Canada's funding for each fiscal year of this Annex constitutes a final payment and is not subject to any further adjustment once it has been paid, unless there is a debt due to Canada, which requires repayment in accordance with Section 4.7 of the Canada-wide Agreement.

3.2.3 Payment of Canada's funding for each fiscal year of this Annex is subject to an annual appropriation by the Parliament of Canada for this purpose.

3.2.4 For fiscal year 2023 to 2024, Canada may withhold payment of its annual installment for that fiscal year, if Manitoba has failed to provide its ELCC Infrastructure Fund Action Plan for fiscal year 2024 to 2025, in accordance with section 4.1. The ELCC Infrastructure Action Plan is subject to approval by Canada and Canada may withhold future installments until this requirement has been satisfied.

3.2.5 For fiscal year 2024 to 2025, Canada may withhold payment of its first and second installment for that fiscal year, if Manitoba has failed to provide its ELCC Infrastructure Fund Action Plan for 2024 to 2025, in accordance with section 4.1. The ELCC Infrastructure Fund Action Plan is subject to approval by Canada and Canada may withhold future installments until this requirement has been satisfied.

3.2.6 For fiscal year 2025 to 2026, Canada may withhold payment of its first and second installments for that fiscal year, if Manitoba has failed to provide its ELCC Infrastructure Fund Action Plan for fiscal year 2024 to 2025, in accordance with section 4.1. The ELCC Infrastructure Fund Action Plan is subject to approval by Canada and Canada may withhold future installments until this requirement has been satisfied.

3.2.7 In fiscal year 2024 to 2025, Canada may withhold payment of its second installment for that fiscal year and may withhold future installments until Manitoba provides:

- an annual progress report outlining data and results achieved from the previous fiscal year in accordance with section 5.2 of the Canada-wide Agreement and section 4.2 of this Annex; and
- its unaudited financial statement of the previous fiscal year in accordance with section 5.2 of the Canada-wide Agreement and section 4.2 of this Annex.

3.2.8 Starting in fiscal year 2025 to 2026, Canada may withhold payment of its second installment for that fiscal year and may withhold future installments until Manitoba provides:

- an annual progress report outlining data and results achieved from the previous fiscal year in accordance with section 5.2 of the Canada-wide Agreement and section 4.2 of this Annex; and
- its annual audited financial statement of the previous fiscal year in accordance with section 5.2 of the Canada-wide Agreement and section 4.2 of this Annex.

3.2.9 Starting in fiscal year 2024 to 2025, Canada may withhold amounts payable in respect of a fiscal year if Manitoba is unable to meet the objectives of this Annex, in accordance with section 2.0.

3.3 Carry forward

3.3.1 For fiscal year 2023 to 2024, at the request of Manitoba and subject to approval of Canada's Treasury Board, Manitoba may retain and carry forward to the 2024 to 2025 fiscal year any unexpended funds remaining from Manitoba's annual contribution payable for the 2023 to 2024 fiscal year payable under section 3.1 of this Annex, up to a maximum of 100% of the contribution payable. Any unexpended funds in excess of the maximum carry-forward represents an overpayment subject to section 4.7 of the Canada-wide Agreement.

3.3.2 For fiscal year 2024 to 2025, at the request of Manitoba and subject to approval of Canada's Treasury Board, Manitoba may retain and carry forward to the 2025 to 2026 fiscal year any unexpended funds remaining from Manitoba's annual contribution for the 2024 to 2025 fiscal year payable under section 3.1 of this Annex, up to a maximum of 10% of the contribution payable. Any unexpended funds in excess of the maximum carry forward represents an overpayment subject to section 4.7 of the Canada-wide Agreement.

3.3.3 For fiscal year 2025 to 2026, at the request of Manitoba and subject to approval of Canada's Treasury Board, Manitoba may retain and carry forward to the 2026 to 2027 fiscal year any unexpended funds remaining from Manitoba's annual contribution for the 2025 to 2026 fiscal year payable under section 3.1 of this Annex, up to a maximum of 10% of the contribution payable. Any unexpended funds in excess of the maximum carry forward represents an overpayment subject to section 4.7 of the Canada-wide Agreement.

3.3.4 All amounts carried forward to the next fiscal year, pursuant to section 3.3.1 through 3.3.3 must be spent by the end of that fiscal year. Manitoba is not entitled to retain any such carried forward amounts that remain unexpended after the end of that fiscal year, nor is it entitled to retain any balance of Canada's contribution payable pursuant to section 3.1 that remains unexpended at the end of that fiscal year and is not carried forward in accordance with section 3.3.1 through 3.3.3. Such amounts are considered debts due to Canada and shall be repaid in accordance with section 4.7 of the Canada-wide Agreement.

3.4 Use of funds

3.4.1 Canada and Manitoba agree that funds provided under this Annex will only be used by Manitoba in accordance with the areas for investment outlined in section 2.0 of this Annex.

3.4.2 Canada and Manitoba agree that, within each fiscal year of the period of this Annex, Manitoba may move funding between the planned investments that will be outlined in its ELCC Infrastructure Fund Action Plan for fiscal year 2024 to 2025 in Schedule 1 or for 2025 to 2026 in Schedule 2 to ensure the maximum use of funding. Manitoba agrees to notify Canada in writing of any such change in funding allocation, including the rationale for the change. The change will be implemented upon written agreement between Canada and Manitoba.

3.4.3 Canada and Manitoba agree that funds provided under this Annex will not displace existing provincial spending in place on or before March 31, 2021.

3.4.4 Canada and Manitoba agree that funds provided under this Annex will not displace federal investments provided under the Canada-wide Agreement.

3.5 Maximum annual contribution in respect of administration costs.

3.5.1 In the fiscal years covered under this Annex, an amount up to 10% of the maximum amount payable for those fiscal years may be allocated towards administration costs.

4.0 Accountability

4.1 ELCC Infrastructure Fund Action Plan

4.1.1 By May 1st of each fiscal year during the period of this Annex, starting in fiscal year 2024 to 2025, Manitoba agrees to provide Canada with its annual ELCC Infrastructure Fund Action Plan, and these plans are subject to approval by Canada. In addition to the requirements outlined in the Canada-wide Agreement under section 5.1, Manitoba's ELCC Infrastructure Fund Action Plans for fiscal year 2024 to 2025 (Schedule 1) and for fiscal year 2025 to 2026 (Schedule 2), shall include the elements described in 4.1.2 (a) to (g). Once the Parties agree that the annual ELCC Infrastructure Fund Action Plan is final, it may be published by one or both of the Parties. Manitoba will publicly release their ELCC Infrastructure Fund Action Plans which will include the following:

- a) specific priority areas for investment and objectives in supporting infrastructure projects that increase inclusion in ELCC;
- b) demonstrate the need and demand for ELCC services that infrastructure funding will respond to;
- c) demonstrate that federal investments will be incremental, and will not displace existing Manitoba spending in support of ELCC infrastructure;
- d) indicators that will be reported on according to Manitoba's planned investments in infrastructure;

- e) specific targets for each indicator that will be reported on according to Manitoba's planned investments;
- f) demonstrate how projects seeking to address physical accessibility specifically will meet accessibility standards; and
- g) demonstrate how funds provided by Canada under this Annex will assist Manitoba in achieving existing space creation targets under the Canada-wide Agreement.

4.1.2 Manitoba will consult with parents, child care providers, experts, Indigenous peoples, official language minority communities and representatives from other groups with barriers to access (e.g. rural/remote, low-income urban, racialized, newcomers, persons with disabilities, workers in non-standard employment) as an important step in implementing infrastructure projects that respond to the needs of underserved communities. Manitoba will outline the results of consultations through its annual reports, per section 4.2.1 of this Annex.

4.2 Reporting

4.2.1 In addition to the reporting requirements outlined in the Canada-wide Agreement under section 5.2, for fiscal years 2024 to 2025 and 2025 to 2026, Manitoba agrees to:

a) within 365 days of the end of the fiscal year report to the people of Manitoba and to Canada on the results and expenditures to support infrastructure projects that increase inclusion for underserved communities. The report shall show separately the results attributable to the funding provided by Canada under this Annex.

b) by no later than October 1 of each fiscal year, provide to Canada additional information in the annual report for the previous fiscal year that shall show separately the results attributable to the funding provided by Canada under this Annex and which will include the following:

- i. a description of the activities, expenditures and results of this Annex as set out in the ELCC Infrastructure Fund Action Plan for fiscal year 2024 to 2025 (Schedule 1) or fiscal year 2025 to 2026 (Schedule 2), as applicable.
- ii. results achieved according to the indicators and targets referred to in the ELCC Infrastructure Fund Action Plan for fiscal year 2024 to 2025 (Schedule 1) or fiscal year 2025 to 2026 (Schedule 2), as applicable.
- iii. the number of infrastructure projects supported by the ELCC Infrastructure Fund and a description of how each project supported inclusion for an underserved community.
- iv. a description of results of each project achieved in increasing inclusion in ELCC.
- v. a description of the results of any stakeholder consultations per section 4.1.2 of this Annex.

c) starting in fiscal year 2025 to 2026, by no later than October 1 of each fiscal year, provide to Canada an audited financial statement of revenues received from Canada under this Annex for the previous fiscal year which will include the following:

- vi. the revenue section of the statement shall show the amount received from Canada under this Annex during that fiscal year.
- vii. the total expenditures under this Annex during that fiscal year.
- viii. if applicable, the administration costs incurred by Manitoba as per section 3.5 of this Annex.
- ix. if applicable, the amount of any funds carried forward by Manitoba under section 3.3 of this Annex.
- x. if applicable, the amount of any surplus funds that are to be repaid to Canada under section 4.7 of the Canada-wide Agreement.

d) in fiscal year 2024 to 2025, by no later than October 1, provide to Canada an unaudited financial statement of revenues received from Canada under this Annex for fiscal year 2023 to 2024:

- i. the revenue section of the statement shall show the amount received from Canada under this Annex during the fiscal year.
- ii. the total expenditures under this Annex during the fiscal year.
- iii. if applicable, the amount of any funds carried forward by Manitoba under section 3.3 of this Annex.
- iv. if applicable, the amount of any surplus funds that are to be repaid to Canada under section 4.7 of the Canada-wide Agreement.

4.2.2 The financial statement shall be prepared in accordance with Canadian Generally Accepted Accounting Principles and the audit shall be performed by the Manitoba Auditor General or his/her delegate, or by an independent public accounting firm registered under the laws of Manitoba and shall be conducted in accordance with Canadian Generally Accepted Auditing Standards.

4.2.3 For those projects that take longer than the fiscal years covered by the ELCC Infrastructure Fund to complete, Manitoba agrees to continue to provide Canada with annual reporting on these projects until completed, as per 4.2.1 of this Annex.

4.2.4 If any funding received under section 3.1 of this Annex is carried forward to fiscal year 2026 to 2027 in accordance with the carry forward provisions of section 3.3, the reporting obligations set out in this Annex that apply to funds provided under section 3.1 shall continue to apply in respect of that fiscal year in relation to the funds carried forward.

5.0 Communications

5.1 Canada and Manitoba agree to participate in a joint announcement upon signature of the amendment to append this Annex to the Canada-wide Agreement.

5.2 Canada reserves the right to conduct public communications, announcements, events, outreach and promotional activities about this Annex. Canada agrees to give Manitoba 10 business days advance notice of public communications related to this Annex and results of the investments of this Annex.

5.3 Manitoba reserves the right to conduct public communications, announcements, events, outreach and promotional activities about this Annex. Manitoba agrees to give Canada 10 business days advance notice and advance copies of public communications related to the Annex and results of the investments of this Annex. Manitoba agrees to coordinate announcement dates with Canada to ensure attendance by both Parties.

5.4 Each of the Parties may request joint communications, defined as events, news releases, and signage that relate to the project(s) funded through this Annex, to communicate to Canadians about the progress or completion of the project(s) funded through this Annex. The requestor will provide at least 10 business days' notice to the other Party. If the communications activity is an event, it will take place at a mutually agreed date and location.

5.5 The requestor of the joint communications will provide an equal opportunity for the other Party to participate and choose their own designated representative (in the case of an event).

6.0 General

6.1 All provisions of the Canada-wide Agreement apply to this Annex, except as otherwise provided in this Annex.

6.2 This Annex shall be read in conjunction with the Canada-wide Agreement and shall take effect as if its provisions were an integral part of the Canada-wide Agreement.

6.3 To the extent there is a conflict or inconsistency between the Canada-wide Agreement and this Annex, the provisions of this Annex prevail.

6.4 Where there is a dispute concerning the application of a provision of the Canada-wide Agreement to this Annex, the parties shall use the Dispute Resolution provisions of the Canada-wide Agreement to resolve the dispute.