



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

**Department of
Municipal and Provincial Affairs**
Office of the Minister

2004 05 17

The Honourable Harvey Hodder, M.H.A.
Speaker
House of Assembly

Dear Sir:

In accordance with government's commitment to accountability, I have the honour to submit herewith, for transmittal to the House of Assembly, the annual report of the Department of Municipal and Provincial Affairs for the year ended 31 March 2003.

Respectfully submitted,

HONOURABLE JACK BYRNE
Minister

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DEPARTMENTAL OVERVIEW

VISION

It is the vision of the Department of Municipal and Provincial Affairs *that the people of Newfoundland and Labrador enjoy healthy, safe and sustainable communities supported by strong local governments.*

MISSION

The mission of the Department is to be *progressive, adaptable and professional in working with the people of our province to develop strong, self-reliant local governments capable of leadership and serving the best interests of their communities.*

LINES OF BUSINESS

The Department's programs, services and activities fall within five core lines of business. These are:

Policy and Planning

This function involves the development and maintenance of policy, legislation, programs and services in support of local governments, including land use policy and development planning, regional approaches to service delivery and local governance issues.

In 2002-03, the Department engaged in numerous significant policy development initiatives including working with other departments towards the implementation of a provincial waste management strategy; introducing new municipal ticketing legislation in the House of Assembly, the relocation of the isolated community of Great Harbour Deep and preparation of the Department's first Annual Report.

Municipal Support Services

This function involves conducting administrative reviews of municipalities; development and administration of municipal financing and management strategies and policies; administration of grants and subsidies; examination of local governments' financial operations; refinancing of capital funding and monitoring levels of debt.

In 2002-03, the Department continued its Debt Relief Program for municipalities requiring financial assistance, worked with councils in identifying opportunities for sharing of services, continued to provide Municipal Operating Grants to municipalities and provided assistance to municipal staff and councils in areas of administration and financing.

Municipal Infrastructure and Engineering Services

The provision of programs, services and financing to support the development and maintenance of municipal infrastructure, particularly water and sewer systems; as well as provision of engineering services and maintenance of standards for the design and installation of municipal infrastructure is a significant function of the Department.

The development of municipal infrastructure has been a priority for the Department and therefore, significant effort has gone towards supporting municipalities in providing and maintaining municipal infrastructure, particularly drinking water systems and water and sewer systems.

Provincial Affairs

In addition to the municipal affairs mandate, the department administers business functions which centre on protecting the provincial interest. It includes the provision of emergency measures and emergency response planning and training; as well as fire protection and prevention services. The department also has statutory responsibilities in relation to provincial affairs legislation, such as Remembrance Day, the annual pilgrimage to Beaumont Hamel and regulation of the use of the province's Coat of Arms.

Corporate Services

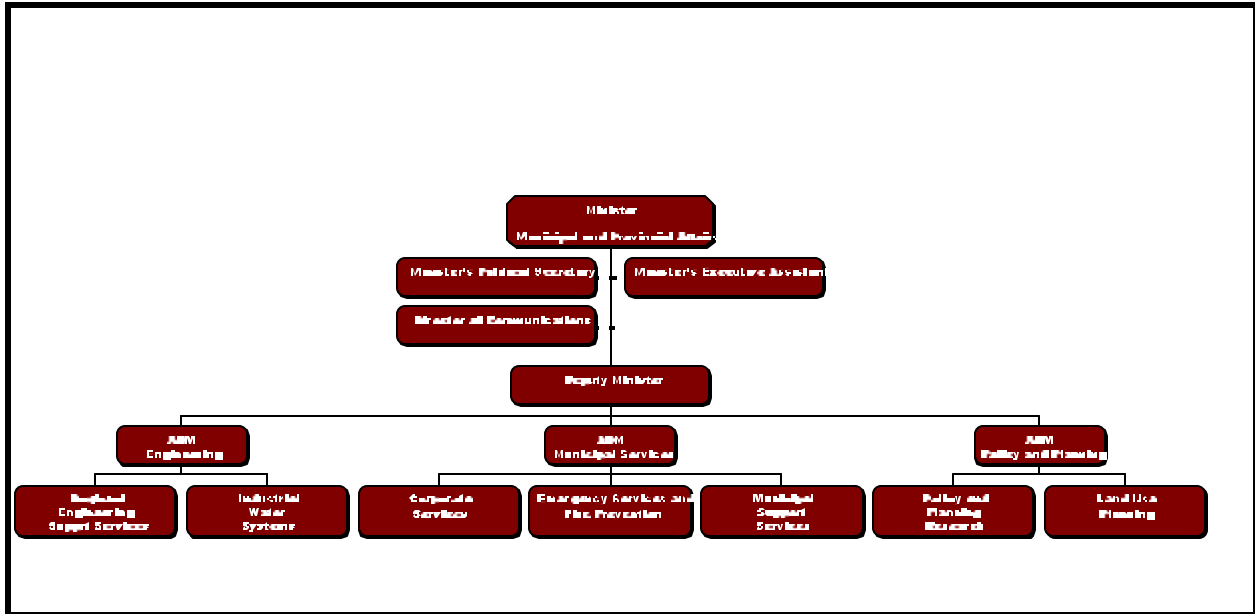
Human resource administration, financial administration, information technology and general operations' support are provided by the Corporate Services business function. This is shared with the Department of Industry, Trade and Rural Development and the Department of Government Services and Lands, with Municipal and Provincial Affairs in the stewardship role.

ORGANIZATIONAL STRUCTURE

The Department's head office is located in St. John's. There are four regional offices located in St. John's (Eastern Region), Gander (Central Region), Corner Brook (Western Region) and Happy Valley-Goose Bay (Labrador Region). The Fire and Emergency Services Division has offices located St. John's and Deer Lake. Head office concentrates on policy and planning, support services and some service delivery. Regional offices primarily provide service delivery.

The Department has three Branches - Engineering Services, Policy and Planning, and Municipal Services. The Engineering Services Branch has two main functions: regional engineering support services and industrial water systems. The Policy and Planning Branch has three main functions: policy and planning research, land use planning, and specialized services. Municipal Services Branch has three functions: corporate services, emergency services and fire prevention and municipal support services (figure 1).

Figure 1 - Organization Chart



BUDGETARY ALLOCATION

In fiscal year 2002-03, the Department had a gross budget of \$128.9 million. In excess of \$119.4 million or 92.6 per cent was spent in financial assistance to municipalities through such programs as municipal operating grants, infrastructure development, debt relief and special assistance. The remaining \$9.5 million or 7.4 per cent was directed to expenditures in salaries and operating costs to deliver programs and services, including corporate services to the Departments of Industry, Trade and Rural Development and Government Services and Lands.

The Department had related revenues of \$30,844,400 from the federal government and \$649,000 from other provincial sources. The remaining \$97,404,800 was provided by the Provincial Government.

LEGISLATED MANDATE

The Department has stewardship over 34 pieces of legislation as listed below in figure 2. Inquiries related to legislation can be directed to Regional Managers, the Director of Regional Operations or the Policy and Planning Division.

Figure 2 - Legislation

<ul style="list-style-type: none">• <i>Assessment Act</i>• <i>Avian Emblem Act</i>• <i>Building Standards Act</i>• <i>City of Corner Brook Act</i>• <i>City of Mount Pearl Act</i>• <i>City of St. John's Act</i>• <i>Coat of Arms Act</i>• <i>Commemoration Day Act</i>• <i>Crown Corporations Local Taxation Act</i>• <i>Emergency Measures Act</i>• <i>Evacuated Communities Act</i>• <i>Family Homes Expropriation Act</i>• <i>Fire Prevention Act, 1991</i>• <i>Floral Emblem Act</i>• <i>Housing Act</i>• <i>Housing Association Loans Act</i>• <i>Housing Corporation Act</i>	<ul style="list-style-type: none">• <i>Labrador Act</i>• <i>Mineral Emblem Act</i>• <i>Municipal Affairs Act</i>• <i>Municipal Ticketing Act</i>• <i>Municipalities Act</i>• <i>Pippy Park Commission Act</i>• <i>Provincial Anthem Act</i>• <i>Provincial Flag Act</i>• <i>Regional Service Boards Act</i>• <i>Remembrance Day Act</i>• <i>St. John's Assessment Act</i>• <i>St. John's Centennial Foundation Act</i>• <i>St. John's Municipal Council Parks Act</i>• <i>St. John's Municipal Elections Act</i>• <i>Standard Time Act</i>• <i>Taxation of Utilities and Cable Television Companies Act</i>• <i>Urban and Rural Planning Act</i>
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HUMAN RESOURCES

In 2002-03, the Department had a permanent staff complement of 124 positions and also employed a number of temporary and contractual staff. The educational backgrounds and expertise of Departmental staff is relatively diverse and reflects the Department's role in providing technical expertise to municipalities in areas of financial management, municipal administration, engineering, planning and policy, and emergency services. As well, the Department has staff responsible for administration, human resources, and information technology. Departmental staff also help establish and provide training programs for elected and non-elected municipal officials.

The Department will continue to address the human resource issues of recruitment, retention, training and adequacy of human resources.

INFORMATION TECHNOLOGY

In 2002-03, the Department began a number of improvements in its computer network to improve its service delivery to the Departments of Municipal & Provincial Affairs, Government Services & Lands, Industry Trade & Rural Development. These improvements included:

- (the replacement and upgrading of a number of network servers.

- (the upgrading of network line speeds for the Regional Offices of the three departments.
- (improved network monitoring for improved response to network problems as they arise.
- (additional training for Network Administrators in several of the latest versions of network software being used on the Network.
- (implementation of LanDesk for inventory tracking & control of IT assets.

SHARED COMMITMENTS

STAKEHOLDERS

The Department has a wide sphere of stakeholders. Its primary clients are the province's 290 municipalities and 175 local service districts which represent approximately 96 per cent of the population. There are also 137 unincorporated communities.

The Department interacts frequently with many provincial and federal government departments, particularly in land use planning, infrastructure development and environmental issues, such as water quality and waste management.

The Department works closely with numerous organizations and associations including the following:

- (Newfoundland and Labrador Federation of Municipalities
- (Newfoundland and Labrador Association of Municipal Administrators
- (Newfoundland and Labrador Association of Fire Chiefs and Firefighters
- (Combined Councils of Labrador
- (Various regional joint councils
- (Royal Canadian Legion
- (Multi-Materials Stewardship Board
- (Municipal Training and Development Corporation
- (Atlantic Canada Water Works Association
- (Lending institutions
- (Educational institutions
- (Engineering Consultants

RELATIONSHIPS WITH STAKEHOLDERS

The Department's role traditionally involved a hands-on approach to providing services to municipal authorities. Staff have been extensively involved in the financial, administrative and technical affairs of many municipalities that have needed or requested assistance. However, as municipal authorities mature, the Department's role has been moving towards that of policy-maker, advisor and facilitator. While the Department continues to be extensively involved in many areas of municipal governance, it is positioning itself to be less hands-on by helping create an environment that enhances municipal autonomy, self reliance and accountability.

For communities to effectively provide services which their residents require and are able to afford, they require the necessary legislative, financial and management tools. It is the primary role of the Department to assist in providing these tools and monitoring municipal affairs throughout the province.

In addition to the obvious need to build and maintain strong, healthy relationships with municipal authorities, relationships with other provincial and federal departments and agencies is equally important. The ability of the Department of Municipal and Provincial Affairs to meet its strategic goals and objectives is impacted significantly by the activities of other organizations. Continued consultation and cooperation with these organizations is therefore necessary to develop and work towards shared commitments that are mutually beneficial.

PARTNERSHIPS AND COOPERATIVE INITIATIVES

In 2002-03, the Department continued to examine, evaluate and develop an appropriate offering of programs and services to ensure strategic issues are addressed and to assist smaller rural municipalities make the transition to self-reliance and autonomy.

The Department has been successful in establishing constructive partnerships that have led to improved policy, services and programs. Our strongest partnerships are with the local governments, the Newfoundland and Labrador Federation of Municipalities, the Combined Councils of Labrador, the Newfoundland and Labrador Association of Municipal Administrators, and the Newfoundland and Labrador Association of Fire Chiefs and Firefighters.

Municipal Training and Development Corporation (MTDC)

In 2002-03, the Municipal Training and Development Partnership, established in 1999, became a non-share capital corporation. The new entity is now called the Municipal Training and Development Corporation (MTDC). The partners continue to be: the Newfoundland and Labrador Federation of Municipalities (NLFM); the Newfoundland and Labrador Association of Municipal Administrators (NLAMA); the Combined Council of Labrador (CCL); and the Department of Municipal and Provincial Affairs (MAPA).

The collective vision of the MTDC is “... strong, effective and self-sustaining municipal government provided by knowledgeable competent elected officials and qualified professional staff through a partnership process ...”

The mandate of the Municipal Training and Development Corporation is to:

- identify training needs of elected municipal officials and municipal employees
- establish training priorities and prepare strategic municipal training plans
- ensure that appropriate courses and materials are developed
- research and develop competency and training standards
- develop and recommend training programs as required
- research and develop alternate methods of delivery, as appropriate

- develop communication mechanisms to coordinate training with other groups
- schedule and deliver training courses
- conduct course and overall program evaluations
- identify, access and manage appropriate resources, including those external to the corporation

Infrastructure Programs

Delivery of infrastructure development programs requires partnership arrangements between the federal, provincial and municipal governments. Each level of government is involved with decisions relating to such matters as the establishment of funding priorities, determination of cost-sharing arrangements, approval and implementation of projects.

Regionalization Initiatives

In 2002-03 a number of municipalities explored the benefits of sharing of services in areas such as fire fighting, waste management and water and sewer. Government supports the concept of regional sharing of services and will facilitate processes to explore this option for municipalities that request our support. For example, the Department provides support for the Greater Avalon Waste Management Committee which is seeking to identify a single waste management site for the Avalon Peninsula and works with the various regional committees around the province as they seek to find innovative ways of managing solid waste.

The Department has also received a number of requests from municipalities for funding for feasibility studies on the regional sharing of services.

HIGHLIGHTS AND ACCOMPLISHMENTS

LEGISLATION

During the last session of the House of Assembly, *Bill 12, An Act to Amend the City of Corner Brook Act, the City of Mount Pearl Act, the City of St. John's Act, the Municipalities Act and the Urban and Rural Planning Act* received Royal Assent. The Act enables the Minister of Municipal and Provincial Affairs to grant municipalities authority to establish a ticketing system for infractions of municipal by-laws and regulations.

Under the legislation, the Minister may grant authority to selected municipalities to exercise ticketing authority; he may establish regulations regarding the by-laws or regulations that are subject to such ticketing and he may set the fines or penalties for violation of those regulations which are ticketable.

A committee led by the Newfoundland and Labrador Federation of Municipalities has been established to make recommendations to the Minister on: (a) the criteria to be used in ascertaining which municipalities will be eligible to receive this ticketing authority; (b) the types of infractions that can be ticketed and whether or not standardization of by-laws and infractions is necessary; and (c) the level of fines or penalties that can be imposed for ticketable offences.

Once a municipality has been granted authority to establish a ticketing system, the legislation provides for a 3 tiered system for addressing infractions of municipal by-laws and regulations. In the first instance, municipalities may issue a "violation notice" to property owners which requires that the infraction be corrected and the property owner make a voluntary payment to the municipality. If the violation goes unaddressed, a second violation notice may be issued with a higher voluntary payment. Finally, the municipality may issue a ticket, or other summons, for the infraction. Although the municipalities have the option of issuing violation notices, they may still at any time issue a ticket or summons as the first course of action.

Tickets may be paid to the municipality prior to a court date, but if not, the ticket will be forwarded to the courts. Upon conviction, failure to pay the fines or penalties imposed by the court will result in a lien against the property.

Over the past year, the Department continued to make major strides in revising its legislative framework towards more user friendly legislation that promotes greater autonomy, self reliance and accountability for municipal governments.

MUNICIPAL INFRASTRUCTURE DEVELOPMENT

In 2002-03 the Department contributed \$77 million towards its share of debt servicing/debt relief for projects undertaken in previous years. The total debt owed by the Department at the end of 2003 is

approximately \$275 million.

Government continues to make substantial financial investment in municipal infrastructure. The Department administers programs for the development of municipal capital works:

- (the Canada-Newfoundland Infrastructure Program (CNIP)
- (the Municipal Capital Works Program (MCWP)
- (the Multi-Year Capital Works Program
- (Special Assistance Program
- (the Inuit People's Agreement.

This resulted in funding for municipal infrastructure of approximately \$107.6 million broken down as follows in Figure 3:

Figure 3: Municipal Infrastructure Funding

Project Type	Municipal Capital Works Program		Canada/NL Infrastructure Program		Multi-Year Capital Works Program		Special Assistance		Inuit Peoples Agreement		Total	
	#	\$	#	\$	#	\$	#	\$			#	\$
Disinfection Assistance Program	13	407,320	49	3,867,537	—	—	51	166,403			113	4,441,260
Water/Sewer	73	8,487,526	123	34,809,238	—	23,882,051	74	588,609	11	1,125,738	343	51,139,270
Paving and/or Road Reconstruction	44	8,532,272	—	—	—	7,516,016	9	84,965			97	31,165,286
Solid Waste Management	9	1,031,862	—	—	—	34,000	3	34,200	1	27,000	14	1,195,062
Recreation	17	5,862,353	—	—	—	1,407,500	10	112,927	2	182,500	33	10,380,280
Buildings/Firefighting Equipment	9	2,996,880	—	—	—	3,996,046	76	581,460	19	1,904,600	110	17,471,080
TOTAL	16	27,318,213	172	38,676,77	—	*36,835,61	223	1,568,564	33	3,239,83	444	107,649,003

* Notional funding allocation based on a three year cost-share program.

Canada-Newfoundland Infrastructure Program

2002-03 was the second year of implementation of the Canada-Newfoundland Infrastructure Program (CNIP). Under this program, the federal, provincial and municipal governments will cost share \$156 million on infrastructure in the province over five years. In 2002-03, \$38.7 million was spent under this program.

The Provincial and Federal Governments in consultation with the Newfoundland and Labrador Federation of Municipalities determined that the top priority for expenditures under this program is water and sewer and drinking water quality.

Municipal Capital Works Program

Provincial/municipal capital works projects continue to be financed on a cost-shared basis. In 2002-03, \$27.3 million was cost-shared between the province and municipalities under the Municipal Capital Works Program. The focus of this program continues to be shorter term projects for smaller municipalities again, with a priority on water and sewer infrastructure.

Multi-Year Capital Works Program

2002-03 was the first year of the 2002-2005 Multi-Year Capital Works Program. Under this program, approximately \$37 million was allocated for 14 municipalities on a 50/50 cost shared basis. This program was designed to fund larger scale infrastructure projects in larger communities that have the capacity to make a multi-year funding commitment.

Special Assistance Program

The Special Assistance program assists municipalities with various needs, including small scale infrastructure needs. In 2002-03, the Department provided approximately \$1.6 million towards small scale infrastructure projects.

Inuit Peoples Agreement

The Inuit Peoples Agreement is a federal/provincial cost-shared program under which \$3.2 million was cost-shared for various infrastructure projects and miscellaneous equipment purchases in the following 5 designated Inuit communities: Makkovik, Nain, Postville, Rigolet and Hopedale.

Variable Cost Sharing Guidelines

Many of the province's smaller rural municipalities continue to benefit from the *variable cost sharing guidelines*. This arrangement applies to the provincial/municipal share of water and sewer projects. Under the guidelines, the provincial/municipal share of project costs can be financed on a 50/50 basis to as high as 90/10. This enhanced cost sharing ensures that all municipalities can access needed infrastructure funding at a rate which is affordable to even the smallest municipalities.

The variable cost sharing arrangements are based on factors such as the community size and fiscal capacity of the municipality. Smaller municipalities, and those with a limited tax base, are the beneficiaries of the lower cost sharing arrangements, while the larger municipalities still avail of funding at the 1/3, 1/3, 1/3 ratios envisioned in the CNIP program or 50/50 arrangements under the Multi-Year Program. Under this formula, numerous rural communities will acquire municipal infrastructure that they could not afford under previous cost-sharing arrangements.

WATER QUALITY STRATEGY

Considerable effort continues to be employed to ensure that residents of the province have access to safe drinking water. Government announced its Water Quality Strategy two years ago and continues to invest

heavily in water and sewer infrastructure.

Under this strategy, Government is financing and operating an intensive testing program which provides communities with regular reports on drinking water quality. The Province has adopted biological water quality standards and enforces these standards through mandatory testing by officials with the Department of Government Services and Lands. Training for system operators is also a key focus of the strategy involving partnering with the Newfoundland and Labrador Federation of Municipalities. To date, government has spent approximately \$100,000 on training for system operators which has resulted in the certification of 152 operators in the province. The Department of Municipal and Provincial Affairs is working closely with the Department of Environment to introduce mandatory certification of all system operators within the next year.

In order to enhance the quality of drinking water, government announced a multi-year, capital funding initiative aimed exclusively at improving the quality of the drinking water supplies in the Province. The Disinfection Assistance Program (DAP) was introduced two years ago and offered municipalities on boil water advisories the opportunity to obtain 100% funding up to \$100,000 for the installation, repair or upgrading of disinfection systems.

Within a three-year period (2001/02 to 2003/04), 273 municipalities will receive DAP funding for water systems repairs and upgrading at a total estimated cost to government of \$16 million.

To assist municipalities and system operators throughout the province in addressing water quality issues, particularly those relating to systems operation and maintenance, the Department also hired three new engineering technicians, on a permanent basis, to deal exclusively with water systems. They are working with local systems operators, the town's engineering consultants and engineering staff in the department's regional offices to address water quality issues and to help establish, repair or upgrade water disinfection systems.

Besides the water disinfection initiative, significant investments are also being made in other areas to improve the supply and quality of water, including upgrading of two water treatment plants and investment in five new water treatment facilities.

WASTE MANAGEMENT STRATEGY

On April 10, 2002, the Ministers of Environment and Municipal and Provincial Affairs jointly announced the Provincial Waste Management Strategy. In developing and implementing the Strategy, the Province recognizes the handling of solid waste has become an increasing concern for Newfoundlanders and Labradorians and that there are significant challenges ahead in addressing our current waste management problems.

The implementation of the strategy, over time, will dramatically reduce the more than 240 waste sites, phase out the use of incinerators, eliminate open burning, increase waste diversion and eliminate the use of unlined landfill sites in most areas. While the planning and delivery of waste management is the direct responsibility of municipalities and communities, the provincial government acknowledges that it must provide the

framework for waste management by setting policies, regulations and standards.

Given the enormity of the task, and the magnitude of the funding requirements from all three levels of government, it is unlikely that modern Province-wide management can be fully implemented by 2010 as entrenched in the strategy. However, Government is committed to advancing the key elements of the strategy.

Over the past year, significant progress has been made towards achieving objectives set out in the Strategy.

- A Steering Committee, comprised of senior government and Multi-Materials Stewardship Board officials, as well as an Advisory Group, comprised of industry, municipal and government officials, have been established to guide the implementation process.
- There are currently fifteen Regional Waste Management Committees, comprised of community leaders, that will serve as the vehicle to move the Strategy forward.
- A Regional Waste Management Forum has been established and funded. This forum serves to strengthen communications and provide the committees with information on waste management initiatives within the province and the Atlantic Region.
- In accordance with the Provincial Strategy, the Department of Environment has developed standards and guidelines for waste management and have released them to selected stakeholders for review and input.
- The Greater Avalon Committee has completed its review and submitted an Action Plan which government is considering.
- The Avalon site at Dog Hill has been reserved along with an appropriate buffer zone.
- The Western Regional Waste Management Committee completed their study of waste management needs for the western region of the province and will soon be submitting its report. Work is also proceeding on completion of a waste management study in the central region of the province.
- Co-ordinators have been hired by the Green Bay and Northern Peninsula Waste Management Committees and these coordinators are actively pursuing regional initiatives in support of the Provincial Strategy.

Education and awareness is one of the key objectives of the Strategy and the Regional Committees will be pivotal in getting the message to every community and resident in the province. As we move forward, it will also be important to have an open dialogue with industry, commercial and institutional partners, regarding their role in waste production, diversion, and in waste disposal.

RELOCATION OF GREAT HARBOUR DEEP

Great Harbour Deep is an isolated Town of 135 permanent residents in White Bay, Newfoundland and

Labrador, with no road access, that struggled to survive in the face of the demise of the cod fishery and resulting erosion of its population base. Alternatives to revitalize the community were limited and in 2002 it was decided by the provincial government, after considerable lobbying by the Town, that the best option for both the community and the province was to relocate the residents and withdraw government services.

The province offered the 53 permanent resident households of the Town of Great Harbour Deep a compensation package ranging from \$80,000 to \$100,000 depending on family composition, in exchange for the withdrawal of services and the transfer of their properties to the Crown. Government also offered to purchase the property of twenty-one non-resident property owners based on the assessed value of their properties. All 53 permanent resident households accepted government's offer. Fourteen of the twenty-one non-resident property owners also accepted government's offer.

It was costing the province approximately \$1.3 million annually to sustain the Town. All services were withdrawn and residents relocated by November 2002. The Town was declared an evacuated community and the Province offered the property owners conditional permits for the seasonal use of their properties.

Currently, the Department of Municipal and Provincial Affairs is examining one other request for relocation assistance. The province is not seeking to relocate communities but is only responding to requests for assistance on a case by case basis. The approval of relocation assistance to date is recoverable over a reasonable period of time, meets the relocation desires of residents and local governments, and provides the impacted residents with the opportunity to access better health, education and employment opportunities.

MUNICIPAL FINANCING

Municipal Operating Grants

The existing system of municipal operating grants (MOGs) commenced in the calendar year 1991. The purpose of these grants is to assist municipalities in meeting their day to day operating expenses. The grants are paid on a quarterly basis.

The historical value of the Municipal Operating Grants is as follows:

Fiscal Year:	<u>2003/2004</u>	<u>2002/2003</u>	<u>2001/2002</u>	<u>2000/2001</u>
Funding Level:	\$21,500,000	\$21,500,000	\$21,500,000	\$23,562,000

Water and Sewer Subsidies

The existing system of water and sewer subsidies commenced in the calendar year 1991. The purpose of these subsidies is to assist municipalities in meeting principal and interest charges on their long term debt incurred on the installation of water and/or sewer systems.

The present system requires that municipalities with water and sewer systems financed by debentures issued before 1997 must make a contribution based on specific formula set by Government for determining Council's fair share of the debt charges (interest and principal) on its related long term debt.

All loans approved since 1997 have been assigned a specific cost sharing ratio. Municipalities are responsible for the repayment of their share of these loans plus the amount determined by formula on the older debt. In 2002-03, the Department paid \$43,257,087 in subsidies under this program.

Special Assistance

The Special Assistance Fund provides monetary aid to address such things as municipal emergencies of a health and/or life safety nature; general emergency assistance to municipalities and special projects, etc. Funding provided under this program in 2002/03 was \$4,816,800.

Restructuring of Municipal Debt

The Department continues to place significant emphasis on the restructuring of long term municipal debt to enable many municipalities to take advantage of lower interest rates at the commercial financial institutions.

As of December 2003, \$172,656,900 of accumulated debt has been paid off by municipalities and refinanced through private financial institutions and NMFC. Of this amount, \$134,930,000 has been provided in bank loans and \$47,055,000 has been provided for debt relief .

DEBT RELIEF

The Debt Relief Program was established in 1997-98 to improve the financial strength, reliability and accountability of those municipalities which were experiencing serious financial difficulties. While the factors that created these financial difficulties varied from municipality to municipality, common characteristics included unmanageable debt levels, inadequate tax levels, and in some cases, insufficient focus on matters of debt management.

Under the Debt Relief Program, the department assists municipalities to develop sound financial plans and provides financial assistance to help them restructure their debt. To receive financial assistance, municipalities whose tax rates are below the provincial average are required, usually over a three year period, to increase taxes to a predetermined level.

To date, 94 municipalities have refinanced long term debt. Of these 94 municipalities, 52 have been provided with financial assistance. An additional 55 municipalities are being worked on in various stages.

Consideration is given to municipalities which have: a high debt to revenue ratio benchmarked at 30% and higher, have arrears to the Newfoundland Municipal Financing Corporation and are prepared to impose minimum tax rates and enter into a debt restructuring agreement.

LAND USE PLANNING AND DEVELOPMENT CONTROL

The Department administers the Urban and Rural Planning Act 2000 which provides for the following:

- reviewing Municipal Plans, development regulations and amendments to them for provincial interest;
- providing technical support and advice on the preparation, interpretation and administration of Municipal Plans and Development Regulations to councils;
- administrating and providing technical support to the Regional Appeal Boards;
- preparing regional, protected area, protected road zoning and local area plans;
- undertaking research and preparing reports; and
- providing province-wide regulations related to development.

Plans and Amendments

In 2002-03, new Municipal Plans were registered for the towns of New Perlican, Pacquet and Colliers and plan reviews for the towns of Come By Chance, Flatrock and Port Blandford were undertaken. There are now a total of 138 municipalities with plans and implementing regulations. There were also a total of 106 amendments to plans and regulations registered in the Department.

Protected Road Plans

Protected Road Plans protect critical highways and maintain them as pleasing, safe and convenient conveyors of traffic by controlling development that may threaten highway safety and amenity.

The Southern Shore Protected Road Plan was approved by the Minister of Municipal and Provincial Affairs after extensive consultation with municipalities, local service district committees and residents and two public hearings held by an independent commissioner.

A Protected Road Plan for the Trans Labrador Highway (Happy Valley-Goose Bay - Quebec Border and the Coastal Route from Red Bay to Cartwright) is being prepared for consultation.

Amendments to Highway Sign Regulations

After extensive public consultation, and participation in an interdepartmental committee, amendments to the Highway Sign Regulations, made under the Urban and Rural Planning Act 2000, came into effect in 2002.

Appeals

Forty four appeals were received, and a total of 48 appeals were heard, by the Regional Appeal Boards. The Eastern Appeal Board held five days of appeal hearing; the Central, Western and Labrador Appeal Boards each held one day of hearings.

Special Projects

The Department undertook the following special projects:

- working towards inclusion of planning coverages into the Department's Geographic Information System;
- partnering with the Surveys and Mapping Division of the Department of Government Services and Lands, in a project funded by the Federal GeoConnections Secretariat, to create reliable digital

administrative boundary data of all municipalities and local service districts for inclusion within the Department's Geographic Information System.

- supported the implementation of the Provincial Waste Management Strategy by compiling background information and contact lists; creating a database of all waste management studies held by the Department of Municipal and Provincial Affairs and the Department of Environment; facilitating meetings between various stakeholders; and assisted with the first waste management forum held in Corner Brook.
- produced research reports on municipal tax policy and regime for utilities, heavy industry and resource based industries.

EMERGENCY PREPAREDNESS AND RESPONSE

In order to try and minimize the impact of fires in our Province, the Department continues to provide a variety of services to the public as well as municipal and provincial entities, as legislated in the "Fire Prevention Act, 1991". Services provided include fire prevention program support, fire inspections, fire investigations, fire fighter training, along with others. As well, the Department is also responsible for the continued development, promotion and delivery of the emergency measures program in and for the province. The roles and responsibilities are further defined in the "Emergency Measures Act".

The mobile fire fighter training program continues to provide important basic firefighting training skills in a variety of subject areas. Fire protection training is offered to 308 municipal fire departments. This past year the program delivered 31 of the 41 courses scheduled reaching approximately 120 municipalities and local service districts and 673 firefighters.

The Department continues to offer training through courses such as Emergency Plans and Operations, Emergency Public Information, and Emergency Operations Center Management. During the past year these courses were offered throughout the Province with 263 participants being trained. As well the Department offers specialized training in conjunction with the Canadian Emergency Preparedness College, provides technical expertise in the development and review of emergency plans for municipalities and private industry and participates in numerous emergency exercises throughout Newfoundland and Labrador.

Through the Joint Emergency Preparedness Program the province has continued to support municipalities in the purchase of emergency preparedness equipment. One such initiative was the purchase of equipment which would enable 10 fire departments throughout the province to safely respond to Hazardous Materials incidents. This project is ongoing.

Tropical Storm Gabrielle

As a result of Tropical Storm Gabrielle in September, 2001, areas of the Avalon Peninsula received over 120 mm of rain in 6 hours, resulting in extensive flood damage. The Department, through its Newfoundland and Labrador Emergency Measures Organization, continued to process over 1200 damage claims which were submitted by individuals, businesses, municipalities as well as the Province. The total value of these

claims is in excess of seven million dollars. Funding is to be provided through the Federal Disaster Financial Assistance Arrangement (DFAA) program.

Forest Fire Threat

In June, 2002 assistance was provided to the towns of Bide Arm and North West River/Sheshatsheits to evacuate their residents due to threat of forest fires. Evacuation centers were established in neighboring communities.

The Badger Flood

On February 15, 2003 the Town of Badger received extensive flooding, surpassing the 1:100 year flood level, as a result of ice blockages in the Exploits River. The town declared a state of emergency and the assistance of the Provincial Government was requested. Subsequent to the flood, the flood waters froze and the community became uninhabitable. The state of emergency remained in effect for the whole town for several weeks. Once ice removal was undertaken and the town's water system and sewage treatment plant were made functional, some residents were permitted to return. Residents in the more heavily damaged areas were not permitted to return. This partial state of emergency continued for several months.

The Department established a damage claim process with a temporary office established in Grand-Falls Windsor. Over 240 claims for personal, business, municipal and provincial infrastructure were received. Total damages would be estimated to be over ten million dollars. Funding is to be provided through the DFAA program.

Integration of the Fire Commissioner and Emergency Measures

Integration of the Fire Commissioner's Office and Emergency Measures Organization is ongoing as part of the Department's goal of one single division for both agencies. This interaction has enabled both agencies to closely support each other in their respective responsibilities. A direct, immediate response, with division personnel, was evident in the Badger flood with regional staff from Grand Falls-Windsor on the scene within several hours of the flood first occurring.

MUNICIPAL TRAINING

A comprehensive competency based training needs assessment for municipal administrators was completed by the Municipal Training and Development Corporation (MTDC) in 2002-2003. The process began with focus groups of municipal administrators from municipalities of various sizes and complexities. Their role was to determine the skills and knowledge requirements of a typical administrator regardless of a town's size. A self- assessment training needs instrument was designed using the data from the focus groups and distributed to all municipalities. The Newfoundland Statistics Agency provided an analysis of the results. The results are being used to direct the development of a core education program to provide and enhance the essential skills required to manage and operate a modern municipal office.

The Department continues to support Memorial University's Certificate Program in Municipal Administration. It is hoped to arrange for some credits from the core program to be used with the Certificate Program. Graduates of the MUN Certificate Program will be eligible for credits with the National Advanced Certificate in Local Authority Administration (NACLAA). The NACLAA is a joint

venture of the University of Alberta and Dalhousie University in Nova Scotia. The completion of this program will also fulfil the educational requirements for national accreditation as a Canadian Local Government Administrator. A MTDC board member sits on the national NACLA course curriculum development committee for the Human Resource Management component of the program.

The Department again provided financial support to the Municipal Training Financial Assistance Fund. Administered by the MTDC, the fund has two financial programs available: Matched Training Financial Assistance Program; and Municipal Training Partner Support. The Matched Training component reimbursed fifty percent of the costs incurred by municipal councillors and staff to attend training programs provided by or sanctioned by the MTDC. The Partner Support component provided assistance to MTDC partners and other agencies who were delivering specialized training to municipal councillors and staff. Other agencies included regional economic development groups and the regional Strategic Social Plan committees.

In 2002-2003, some 300 municipal councillors and staff took advantage of MTDC sponsored learning opportunities. Also, MTDC coordinated the seminar sessions at the NLFM and NLAMA annual conventions with over 550, in total, attending. The Pre-AGM training day of the Combined Councils of Labrador was another project of the corporation with 40 people in attendance. Based on the needs expressed by the three organizations, the MTDC provided presenters, logistical and technical support and assisted with costs.

HUMAN RESOURCE PLANNING

The Department of Municipal & Provincial Affairs developed a Human Resource (HR) Plan in October 2002 as part of a Government wide initiative to identify and address systemic barriers to Government retaining, developing, and managing employees. The HR Plan identified critical human resource issues facing the Department and recommended strategies and actions to address these issues.

As part of the HR planning process, the Department developed a comprehensive Training and Development Plan outlining training priorities for the Department for the next two years. Training activities were largely based on legislative requirements or needs required to ensure knowledgeable and efficient service. The Training and Development Plan assists the Department in achieving its mission and goals set out in the Strategic Plan.

A Manager of Training was hired in 2002, who is responsible for maximizing opportunities for learning and development for staff of MAPA and our 2 other associated Departments.

An Employee Wellness Committee was established for the Department in 2002. The Department commits to promoting and maintaining a healthy working environment for its employees and also the development of strategies to address employee wellness.

An Employee Recognition Program was implemented for the Department in 2002. The Program is designed to increase employee morale, motivation, and commitment, and to foster innovation and leadership at all levels of the Department.

STRATEGIC DIRECTIONS

STRATEGIC ISSUES AND GOALS

The Departmental Plan 2002-05 identifies strategic issues and goals for the Department as follows:

- 1. STRATEGIC ISSUE: How to alleviate the structural problems in municipal financing.**
A disproportionate number of communities, particularly rural communities, are experiencing serious financial problems. These conditions are undermining the viability of local government and will only improve if necessary and coordinated measures are taken by Government and/or municipalities.

GOAL: Improved financial strength, viability and accountability of local governments.

The Department is working to achieve this goal by continuing to provide financial support to municipalities through programs such as Municipal Operating Grants, Infrastructure Development, Debt Relief and Special Assistance. On-going efforts to examine alternative municipal financing arrangements may lead to more equitable distribution of public funds among municipalities. As well, efforts to promote regional sharing will continue as experience demonstrates that the sharing of services is beneficial to communities in terms of efficiency and affordability.

- 2. STRATEGIC ISSUE: How to improve the strength of local governments.**
Strong, viable and accountable governments providing adequate and affordable municipal services to their residents are essential to the well-being and development of the province as a whole. Currently, many local governments need support to build the strength, self-reliance, independence and skills necessary to lead their communities more effectively.

GOAL: Strengthen local government through increased self-reliance, competency and accountability.

The Department is working closely with the Municipal Training and Development Corporation to provide training for municipal staff and elected officials in key areas. Increased training for municipal staff and elected officials will help ensure responsible decision-making and accountable municipal authorities.

- 3. STRATEGIC ISSUE: How to improve the adequacy of municipal infrastructure.**
There is a strong and on-going need for adequate infrastructure to improve the health and environmental conditions in our communities. The delivery of municipal capital works needs to be made more effective with respect to cost, targeting, affordability and suitability.

GOAL: To develop the municipal infrastructure required for safe and healthy communities and protection of the environment.

Funding for municipal infrastructure has increased significantly over the past year. The Debt Relief Program has helped provide debt burdened municipalities with some flexibility to undertake

infrastructure programs. As well, the variable cost sharing guidelines introduced by Government will enable smaller municipalities to undertake municipal infrastructure projects that they otherwise could not afford.

4. STRATEGIC ISSUE: How to promote and support greater efficiency in the delivery of municipal services.

There are a large number of competing service delivery mechanisms at work, serving a multitude of communities and community interests. This leads to inefficiencies in the delivery of municipal services. A rationalization of both structures and municipal service delivery processes is required, if costs are to be reduced and services enhanced.

GOAL: To build municipal cooperation and enhance the role of municipal government in providing more effective/efficient services and in supporting economic and social development.

The Department is working with its stakeholders, and particularly municipal councils, to address inefficiencies in the delivery of municipal services. The Department is promoting the sharing of services as a means of reducing inefficiencies.

5. STRATEGIC ISSUE: How to adapt to the Changing Role of Government.

The Department's evolving role as a facilitator and policy maker requires that the necessary resources and/or skill sets be acquired to adequately take on this role.

GOAL: Create and sustain the progressive, adaptable and professional organization required to meet the mandate of the Department of Municipal and Provincial Affairs.

The Department is working towards a Strategic Human Resources Plan which will describe our strengths and weaknesses, training needs, and areas where new staff or new skills are required to meet the changing needs of municipalities.