



2003/04 ANNUAL REPORT

Department of
Municipal and Provincial Affairs



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

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

2004 11 22

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 2004.

Respectfully submitted,

HONOURABLE JACK BYRNE
Minister

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DEPARTMENTAL OVERVIEW

OUR 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.*

OUR 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.*

OUR 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.

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.

Municipal Infrastructure and Engineering Services

This function involves 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.

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.

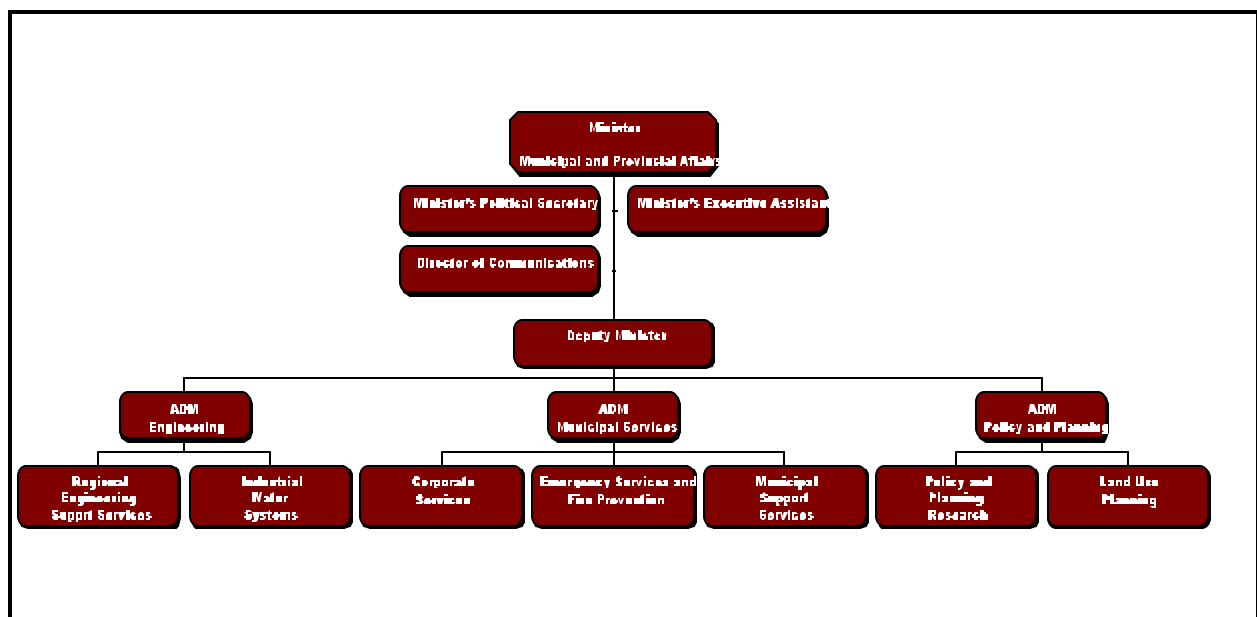
Corporate Services

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 Innovation, Trade and Rural Development and the Department of Government Services, 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). Emergency Services and Fire Prevention have offices located in 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 two main functions: policy and planning research and land use planning. Municipal Services Branch has three functions: corporate services,



emergency services and fire prevention and municipal support services (figure 1).

Figure 1 - Organization Chart

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, the Director of Urban and Rural Planning 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 Elections 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>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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FINANCE AND GENERAL OPERATIONS

In fiscal year 2003-04, the Department had a gross budget of \$138.5 million. Approximately \$129.3 million or 93.4 per cent was budgeted for financial assistance to municipalities through such programs as municipal operating grants, financial support for municipal infrastructure development, debt relief and special assistance. The remaining \$9.2 million or 6.6 per cent was directed to expenditures in salaries and operating costs to deliver programs and services, including corporate services to the Departments of Innovation, Trade and Rural Development and Government Services.

The Department had budgeted for revenues of \$36,885,500 from the federal government and \$578,800 from other provincial sources. The remaining \$101,040,300 would be provided by the Provincial Government.

HUMAN RESOURCES

In 2003-04, the Department had a permanent staff complement of 119 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.

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 subsequent 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.

The Department continues to achieve progress in implementing human resource strategies which contribute to the success of the Department.

INFORMATION TECHNOLOGY

In 2003 – 04 the Department began enhancements to its Municipal Information Management System (MIMS). These enhancements include:

- T Converting the Water Supply module to a web based application
- T Upgrading the Municipal Profile module, and also
- T Upgrading the Municipal Finance module.

The Water Supply module captures data on water samples test results, boil advisories, water supplies, service areas and the number of households serviced by each water supply.

The Municipal Profile module captures data on municipalities, such as date of incorporation, mayors, councilors, administrators and population.

The Financial module captures data on municipalities' tax rates, budgets and financial statements.

At year end a portion of the Water Supply module was completed which allows the Health Labs to directly enter water test results into the system. The Municipal Profile enhancements were completed by year end with testing and implementation to be completed in the spring. Enhancements to the Finance module are scheduled for completion in the fall of 2004.

MIMS is an enterprise application that is accessible by the Departments of Health and Community Services, Government Services, Environment & Conservation, and Municipal & Provincial Affairs.

The IT Division also continues to provide support & maintenance to the Departments of Government Services (GS), and Innovation, Trade & Rural Development (INTRD).

SHARED COMMITMENTS

STAKEHOLDERS

The Department has a wide sphere of stakeholders. Its primary clients are the province's 286 municipalities and 182 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, but not limited to the following:

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

As well, the movement in the direction of regional sharing of services has helped reduce the need for the Department to provide hands-on assistance to municipalities. Communities that have entered into cooperative arrangements have been able to improve their administration and service delivery which lessens the need for direct intervention by the Department in the affairs of communities. 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.

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 2003-04, 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)

The Department continues to be an active member of the Municipal Training and Development Corporation. The other members are: Newfoundland and Labrador Federation of Municipalities (NLFM); Newfoundland and Labrador Association of Municipal Administrators (NLAMA); and Combined Council of Labrador (CCL).

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 Lines of Business and strategic objectives of the MTDC are as follows:

- *Communication . . .* To promote the Municipal Training and Development Corporation and its purpose by developing and implementing strategies that will support effective communications with our stakeholders.
- *Training . . .* To enhance the knowledge base of municipal administrators, councillors and other municipal staff and volunteers by designing and delivering training services that are based on identified needs, timely and cost effective, and subject to continuous evaluation and modification as required.
- *Professional Qualifications Requirements and Standards . . .* To establish and communicate

a certification process for municipal administrators and other staff, setting minimum standards for education, experience and competency.

- *Funding . . .* To ensure the sustained and continued growth of the Municipal Training and Development Corporation, its programs and services and its ability to achieve its mission, goals and objectives by seeking and effectively utilizing all sources.

Memorial University of Newfoundland

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.

Municipal Training Financial Assistance Fund

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.

HIGHLIGHTS AND ACCOMPLISHMENTS

REGIONALIZATION INITIATIVES

In 2003-04 a number of municipalities explored the benefits of service sharing 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.

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

Catalina/Melrose/Port Union Merger

The Department is continuing to work with the Towns of Catalina, Port Union and Melrose towards a merger of the three municipalities to create a new Town called Trinity Bay North. This is an initiative that the three town councils decided on some time ago because they wanted to provide their residents with better delivery and enhanced municipal services. By working together as the Town of Trinity Bay North, Catalina, Port Union and Melrose can maintain their individuality, yet come together to offer a reasonable tax structure that is consistent with other towns in Newfoundland and Labrador. This will ultimately help them attain the financial stability necessary to provide improvements in municipal infrastructure. In addition, by coming together, many duplications of services such as administration will be avoided.

The mayors and councillors of these three towns have recognized that there is strength in numbers and have demonstrated strong leadership in coming together to address the challenges of the future.

Community Co-operation Resource Centre (CCRC)

This year, the Department, in partnership with the NLFM, created the Community Cooperation Resource Centre (CCRC) to undertake quantitative research, collect data, undertake rigorous analysis and publish research on the nature of, structure of, and financial benefits of inter-municipal cooperation.

The CCRC proposes to encourage greater municipal financial viability through inter-municipal cooperation by collecting the necessary data, creating a profile of councils and councillors, developing illustrative case studies on inter-municipal cooperation, disseminating sample contracts and other materials, and developing workshops on inter-municipal cooperation. The CCRC will also play the role of broker or facilitator when municipal governments request assistance in cooperative activities.

The Federation will use the materials and research provided by the CCRC in a campaign to raise awareness among municipal leaders of the financial and administrative benefits of greater inter-municipal cooperation. The materials will be integrated into workshops offered by the Federation and the Municipal Training and Development Corporation. The research will be used in the preparation of Municipal News articles as well as Federation Policy Papers on inter-municipal cooperation.

LEGISLATION

Municipal Ticketing

In May 2003, legislation was passed enabling the Minister of Municipal and Provincial Affairs to provide authority to municipalities to implement a ticketing system for violations of municipal regulations. Municipalities will have to demonstrate their ability to effectively implement a ticketing system before receiving Ministerial approval to proceed in this direction.

Over the past year, the Department continued to pursue a framework for a municipal ticketing system. The Department participated on a committee led by the NLFM that has been charged with examining and making recommendations to the Minister on the criteria for determining which municipalities should receive approval to implement a ticketing system. The committee has also been examining the types of offences that would be ticketable, the amount of the voluntary payments and tickets and the time frames for payment.

In the meantime, the Department has proceeded to work with the three cities in the province to develop regulations enabling them to implement a ticketing system for property related violations.

Regional Service Boards Act

In February, the *Regional Service Boards Act* was proclaimed. This Act allows government to formally establish regional authorities in areas where municipalities desire to work together to provide improved municipal services. For those municipalities who want to work as a regional authority, this Act will allow them to provide more economical and beneficial services such as regional water supplies, regional sewage disposal systems, regional storm drainage and/or regional solid waste disposal sites. These authorities, which will be comprised of local government representatives, will also have the ability to impose fees and levies as necessary to finance their operations.

In the past, management of regional service delivery systems was on an informal or semi-formal arrangement with some form of inter-municipal agreement outlining the terms and conditions of the co-operative arrangement. They were not enforceable under a legislative regime which impacted on the scope of the regional arrangement. Under the formal structure of the *Regional Service Boards Act*, dealing with large municipal issues will be greatly improved. Essentially, this Act formalizes and expands existing regional service provisions.

Currently, there are several waste management committees operating within the province which support this approach and are seeking authority status in order to facilitate regional approaches and responses to waste management. In particular, the Waste Management Committees in Green Bay and on the Northern Peninsula are seeking authority status.

The Provincial Waste Management Strategy recognized the need for regional waste management authorities. It promotes this approach as a way to reduce the number of waste disposal sites while giving municipalities, local service districts and unincorporated communities more say in how their waste management is addressed.

Municipal Governance Legislation

On an on-going basis, the Department works in close contact with the Federation of Municipalities and

individual municipalities on various aspects of municipal governance which can range from a review of an entire Act, to bringing forward legislative amendments.

ST. JOHN'S HARBOUR CLEAN-UP

Over the past year negotiations concluded with the signing of a Canada-Newfoundland and Labrador-St. John's Strategic Infrastructure Fund Agreement on the clean-up of the St. John's harbour.

On November 4, 2002, the Governments of Canada and Newfoundland and Labrador with the municipalities of St. John's, Mount Pearl and Paradise agreed to work together to develop a new collection and treatment facility for all the sewage in the St. John's Harbour sewer shed. The total cost of the undertaking will be approximately \$93 million and will be jointly shared between the federal, provincial and municipal governments, on a one third, one third, one third basis.

Currently, 120 million litres of untreated sewage flow into the St. John's Harbour each day. This initiative will help prevent further pollution of the harbour and provide a world class sewage system.

GRAND FALLS/WINDSOR - BISHOP'S FALLS STUDY

In July 2003, a Feasibility Study was initiated to examine the future governance and operational models for the two towns of Grand Falls/Windsor and Bishop's Falls. The study was to focus on the feasibility of creating a new city and/or shared services that currently exist. The Commissioners were further instructed to evaluate the effect of the proposed merger on service delivery, capital works requirements, long term debt, revenues and expenditures, access by the public to elected and/or appointed officials, and commercial identities.

The Feasibility Study on the Co-operative Merger of the Towns of Grand Falls/Windsor and Bishop's Falls was submitted in November 2003.

MUNICIPAL INFRASTRUCTURE DEVELOPMENT

Government continued to make substantial financial investment in municipal infrastructure. The Department administers 5 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 \$92.9 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	10	366,906	14	880,147	—	—	—	—	—	—	24	1,247,053
Water/Sewer	87	11,289,745	78	21,268,116	—	23,882,051	99	358,926	4	2,840,000	268	59,638,838
Paving and/or Road Reconstruction	41	6,679,420	—	—	—	7,516,016	11	88,365	—	—	52	14,283,801
Solid Waste Management	5	136,156	—	—	—	34,000	1	1,000	—	—	6	171,156
Recreation	27	4,705,451	—	—	—	1,407,500	4	35,800	1	330,000	32	6,478,751
Buildings/Firefighting Equipment	19	4,934,425	—	—	—	3,996,046	56	395,355	4	1,727,500	79	11,053,326
TOTAL	189	28,112,10	92	22,148,26	—	*36,835,61	171	879,446	9	4,897,50	461	**92,872,92

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

** Figures from unaudited internal data base

Canada-Newfoundland Infrastructure Program

2003-04 was the third 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 2003-04, \$22.1 million was committed under this program. Including commitments from the previous year, the total amount expended was \$28.8 million, for which the Federal Government share was \$9.6 million.

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 2003-04, \$28.1 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

2003-04 was the second year of the 2002-2005 Multi-Year Capital Works Program. Under this program, approximately \$36.8 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

This program assists municipalities with various needs, including small scale infrastructure projects. In 2003-04, the Department provided approximately \$0.9 million towards small scale infrastructure projects.

Inuit Peoples Agreement

The Inuit Peoples Agreement is a federal/provincial cost-shared program. In 2003-04, \$3.1 million was expended for various infrastructure projects and miscellaneous equipment purchases. Total expenditures, including commitments from the previous year, was \$4.9 million 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.

Disaster Financial Assistance

In addition to the 5 programs administered by the Department, 2003-04 saw funding of \$12.7 million for disaster assistance administered by the Department as well.

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 three 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 also adopted biological water quality standards and enforces these standards through mandatory testing by officials with the Department

of Government Services. Training for system operators is also a key focus of the strategy involving partnering with the Newfoundland and Labrador Federation of Municipalities.

In 2003-04, government spent approximately \$50,000 on training for system operators which has resulted in the certification of 34 additional operators in the province. The Department of Municipal and Provincial Affairs is working closely with the Department of Environment and Conservation to introduce mandatory certification of all system operators.

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 three 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 received DAP funding for water systems repairs and upgrading at a total estimated cost to government of \$16 million.

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.

Of particular note is the plan to develop three major lined landfills, Avalon, Central and Western, to address the needs of the vast majority of residents of the province. 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 envisaged.

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 ASSISTANCE

The key parameters for reviewing a request for relocation assistance include: the remoteness of the community; the level of government services being provided; the savings that would be realized from the withdrawal of these services; and the benefits that would accrue to residents. Since 2002 government has

received four requests for relocation of communities.

In May 2002, at the request of the council, the province offered the 53 permanent resident households of the extremely isolated 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 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.

The isolated community of Petites, located on the southwest coast, had no road access and consisted of 9 permanent resident households and 13 other residential properties where the owners reside elsewhere. There is no school or medical clinic, and the hydro plant was the only “provincial service” that was being provided in the community. This community also lobbied government for relocation assistance with support from 100% of the residents. At a public meeting on July 15, 2003 the Minister of Municipal and Provincial Affairs offered, and the residents all accepted, assistance equivalent to that offered Great Harbour Deep. This relocation was completed in November 2003 at a cost of \$950,000.

Earlier this year, at the request of the three remaining permanent resident households of the community of Big Brook, government approved funding for relocation. This relocation is expected to be completed by the end of September 2004 at a cost of \$350,000. This assistance will be recovered by government from savings related to the discontinuing of maintenance on the 16 kilometer gravel road leading only to this community and the cost of busing the small community’s children.

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>2004/2005</u>	<u>2003/2004</u>	<u>2002/2003</u>	<u>2001/2002</u>
Funding Level:	\$21,000,000	\$21,500,000	\$21,500,000	\$21,500,000

In the 2004-05 Budget, announced in March, there was an announcement of a \$5 million reduction in the Municipal Operating Grants to be phased in over a three year period. To help ensure that this reduction was targeted to those municipalities with the greatest capability to absorb a reduction, the Department utilized a two stage process.

In order to be considered for an MOG reduction, a municipality must have experienced growth in its total assessed property value and secondly, that growth must have yielded in excess of \$100,000 in tax revenue at an assessed tax rate of 10 mils. As a result of the application of this process, 14 municipalities were targeted for a \$2.1 million reduction in their MOG with effect for the calendar year 2005. A further review and identification for phase 2 of the planned reductions will be undertaken in the coming year.

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.

Special Assistance:

The Special Assistance Fund provides monetary aid to address such things as municipal emergencies of a health and/or life safety nature; financial support for the acquisition of needed fire fighting equipment; general emergency assistance to municipalities and special projects, etc. Funding provided under this program in 2003-2004 was \$4,266,800.

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.

Since inception of the Program, 162 municipalities have had their NMFC debt reduced and /or restructured at a cost of approximately \$47 million. Of the 162, 127 have been analyzed through the Debt Relief Program. The other 35 did so on their own initiative. The latter were municipalities that did not qualify for debt assistance, but took advantage of the Program to restructure their debt with NMFC. These municipalities that have refinanced their debt took advantage of lower interest rates through the chartered banks. In excess of \$125 million of government guaranteed debt owing to the Newfoundland Municipal Financing Corporation has been refinanced in this manner. This initiative has resulted in considerable

savings in annual debt servicing costs for municipalities.

There are a further 26 municipalities identified by the Department which will require debt relief. Based on present Debt Relief Program criteria approximately \$9 million will be needed to complete and thus meet the objectives of the Program.

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.

As of March 31, 2004, \$177,333,000 of accumulated debt plus penalty has been paid off by municipalities and refinanced through private financial institutions and NMFC. Of this amount, \$135,400,000 has been provided in bank loans and \$ 47,055,000 has been provided for debt relief.

LAND USE PLANNING AND DEVELOPMENT CONTROL

Over the past year, the Department, through the Urban and Rural Planning Division which has responsibility for administering the Urban and Rural Planning Act, 2000, registered 6 Municipal Plan Reviews, 72 Municipal Plan Amendments, and 136 Development Regulation Amendments. There are a total of 138 municipalities with plans and implementing regulations.

Protected Roads

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. Planning staff have prepared Protected Road Plans for the Trans Labrador Highway (Happy Valley-Goose Bay to the Quebec Border and the Southern Section from Red Bay to Cartwright), have undertaken public consultation with municipalities and interest groups along these routes and are now preparing to hold public hearings prior to Ministerial consideration for approval.

Land Use Policy

Planning staff have commenced, in conjunction with other Departments that have interests in land use, discussions and research into the development of Provincial Land Use Policies aimed at expressing Government interest in the way in which land and resources are utilized. The first draft policy deals with 'Flood Risk' and results directly from flood events experienced in 2003.

Appeals

Sixty-one (61) appeals were received and heard by the four Regional Appeal Boards covering the Eastern, Central, Western, and Labrador regions of the Province. Planning staff provide administrative and technical support to the Boards.

Special Projects

Staff in the Urban and Rural Planning Division are continuing to work with the Department's Information Technology and Engineering Divisions to systematically include planning coverages into the Department's Geographic Information System;

The Division, in partnership with the Surveys and Mapping Division of the Department of Environment and Conservation, is participating 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.

The Department also hosted the annual meeting of Provincial and Territorial Directors of Planning.

REGIONAL OFFICE OPERATIONS

The Department continues to provide its programs and services to its primary stakeholders, the province's 286 municipalities and 182 local service districts through a Regional Office network that has four offices located in St. John's, Gander, Corner Brook and Happy Valley-Goose Bay. The activities of the Regional Offices are encompassed in three program/service areas, namely, Financial Monitoring and Support, Interpretive and Support Services, and Inspection Services.

Financial Monitoring and Support

Regional Office personnel, through a variety of means, continue to carry out extensive monitoring of the financial affairs of municipalities and local service districts. When these monitoring activities identify weaknesses, corrective measures are recommended and in many instances, Regional Office personnel assist the municipality or local service district with the implementation of these measures.

Interpretive and Support Services

There are 15 provincial statutes which govern various aspects of local government operations. Most of the province's municipalities and local service districts do not have ready access to private legal services, consequently the department's Regional Office personnel are required and do provide a considerable amount of statutory and regulatory interpretation to municipalities and local service districts and to the general public as well.

Inspection Services

The *Municipal Affairs Act* provides the authority for the Minister of Municipal and Provincial Affairs to require that financial and administrative inspections of municipalities and local service districts be conducted. Such inspections, carried out by Regional Office personnel involve on site reviews of the financial and administrative records and policies of municipalities and local service districts to ensure compliance with fiscal practices, statutory, regulatory, financial and administrative requirements.

EMERGENCY PREPAREDNESS AND RESPONSE

In order to minimize the impact of fires in our Province, the Department through the Office of the Fire Commissioner (FCO), continued to provide a variety of services to the public as well as municipal and provincial entities, as legislated in the *Fire Prevention Act, 1991*.

The Office of the Fire Commissioner continued to diversify its mobile training program with the delivery of training programs in 13 different fire protection topics. The topics ranged from Fire and Emergency Instructor, which will recognize the valuable work done by the fire departments themselves, to Fire Officer

I which will help to enhance the management skills of the fire officers. This past year the program delivered 40 of the 50 courses scheduled reaching 90 municipalities and local service districts and 644 firefighters. This accounted for 11,290 total person hours of training by the fire service of this Province. The FCO continues to support the over 300 Fire Departments and the 6000 firefighters in the Province.

In 2003 the Office of the Fire Commissioner received accreditation and re-accreditation from the International Fire Service Accreditation Congress with respect to 5 fire service program areas. Firefighters who are successful in meeting the testing requirements are awarded certification that is recognized internationally.

This year saw the completion of the trailer units as part of the Provincial Hazardous Materials Response Initiative. Negotiations with the potential host municipalities is still ongoing and is expected to be concluded during the fall of 2004. Training with the core members of each potential host Fire Department was undertaken at the North Atlantic Refinery in Come by Chance and in the town of Clarenville.

The Department, through the Newfoundland and Labrador Emergency Measures Organization, is also responsible for the continued development, promotion and delivery of the emergency measures program. The roles and responsibilities are further defined in the "Emergency Measures Act".

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 269 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. In 2003/04, 8 projects were approved primarily for communications equipment.

NLEMO continues to coordinate and authorize air search and rescue with Air Services, the RNC and the RCMP. Over the course of 2003/04, NLEMO participated in 30 searches.

International Emergency Management Group

The Province continues to participate as an active member of the International Emergency Management Group (IEMG). This consortium of New England states and Eastern Canadian provinces meets semi annually to develop policy and emergency management protocol, to apply both nationally and internationally. This province is expected to sign on to the IEMG compact in 2005. The compact formalizes the arrangements for cross border support during times of emergencies. Support can vary from physical assets to human resources to technical guidance and any other assets that can be deployed. This Province will be hosting the June 2005 meeting of the IEMG.

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, processed 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 \$6 million dollars and will be cost shared with the federal government through the Federal Disaster Financial Assistance Arrangement (DFAA) program. The department is in the process of submitting its final claim to the federal government and reimbursement of the federal share is expected in early 2005.

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.

In conjunction with the Department of Human Resources and Employment, NLEMO located short and long term accommodations and provided financial support to residents who were displaced from their homes.

The Department established a damage claim process with a temporary office established in Grand-Falls Windsor which was maintained until December 2003. Over 240 claims for personal, business, municipal and provincial infrastructure were received. By the end of 2003/04 the majority of claims had been settled. Total damages would be estimated to be over \$7 Million dollars. Funding is again to be cost shared with the federal government through the DFAA program.

Integration of the Fire Commissioner and Emergency Measures

Integration of the Fire Commissioner's Office and Emergency Measures Organization is actively under review. It is anticipated that Treasury Board will approve this initiative in 2004-05. This integration will enable 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.

STRATEGIC DIRECTIONS

STRATEGIC ISSUES AND GOALS

The Departmental Plan 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.