



Newfoundland Labrador

MUNICIPAL AFFAIRS



ANNUAL REPORT 2007-2008

MUNICIPAL AFFAIRS

Message from the Minister

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 Affairs for the year ended 31 March 2008.

The mandate of the Department of Municipal Affairs is derived from the Department of Municipal and Provincial Affairs Notice, 2003 under the *Executive Council Act*, and is informed by the legislation set out in the Schedule (see Appendix A for a list of Acts under the Schedule) which outlines my powers, duties and functions as Minister and Registrar General.



I am pleased to report that the Department has made progress towards the strategic issues of sustainable municipal infrastructure, and continuity and increased efficiency/effectiveness of municipal service delivery. To ensure smart capital works investments, the Department developed priority directions for municipal capital works and realigned its funding strategy to meet these priority directions. The Department, in partnership with the Departments of Environment and Conservation, Government Services, the Multi-Materials Stewardship Board, and Regional Waste Management Authorities and Committees, is continuing to implement a \$200M multi-year Provincial Solid Waste Management Strategy. Furthermore, working in collaboration with Municipalities Newfoundland and Labrador, the Department has identified a series of policies and support mechanisms to support regional cooperation initiatives.

I am accountable for the development of the 2007-08 Annual Report and the accuracy of the results reported. I look forward to the future endeavors of the next fiscal year.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dave Denine". The signature is fluid and cursive.

Dave Denine
Minister

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Departmental Overview

The Department of Municipal Affairs envisions a Province where people enjoy healthy, safe and sustainable communities supported by strong local governments. The Department supports the financial stability and viability of municipalities and the efficient and effective delivery of municipal services. The Department assists municipalities in meeting their infrastructure needs and provides the financial and administrative tools to support sound municipal governance.

The primary clients of the Department of Municipal Affairs are the 282 municipalities, 182 Local Service Districts and 136 unincorporated areas in Newfoundland and Labrador. Based on the 2006 census, 89 per cent of the provincial population resides within municipalities, approximately 7 per cent reside in LSDs and 4 per cent are in unincorporated areas.

Organizational Structure

In 2007, the Department reorganized its operations to streamline the delivery of programs and services. Government established a new agency, Fire and Emergency Services – Newfoundland and Labrador (FES-NL), to mitigate against, prepare for, respond to, and recover from major emergencies and disasters that may occur in the province. While the new agency remains accountable to the Minister of Municipal Affairs, creation of the agency resulted in the transfer of staff from the Emergency Measures Organization and the Fire Commissioner's Office to Fire and Emergency Services – Newfoundland and Labrador. The remaining departmental programs and services were organized under three branches: Municipal Support and Policy, Municipal Engineering and Planning, and Employment Support. The three branches deliver four main lines of business: Local Governance, Municipal Infrastructure and Engineering Services, Employment Support, and Provincial Affairs.

Staff Complement

In 2007-08, the Department had a total staff complement of 114 positions – 58 males and 56 females. The educational backgrounds and skills of Departmental staff are diverse and reflect the Department's role in providing technical expertise to municipalities in the areas of financial management, municipal administration, engineering, land-use planning and policy, employment support, and training programs for elected and non-elected municipal officials.

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 Department also maintains staff in Clarenville (Regional Operations). The head office concentrates on policy, planning, and support services, with regional offices primarily providing service delivery.

Finance and General Operations

The Department's original net budget for 2007-08 (less the Fire and Emergency Services - Newfoundland and Labrador allocation) was \$157.5M while its actual net expenditure was \$144.7M, resulting in a net \$12.7M savings. This variance includes the following amounts at the main program level:

Executive and Support Services Program	\$ (123,700)
Services to Municipalities Program	\$ (250,300)
Assistance and Infrastructure Program	<u>\$ 13,094,300</u>
	\$ 12,720,300

The following significant variances contributed to the \$12.7M savings:

1. Under the Executive and Support Services program, the Fire and Emergency Services Agency purchased two vehicles and two command trailers which resulted in the above noted overage.
2. Under the Services to Municipalities Program, variances at the activity level totaled approximately \$246,000 in gross savings. However, the actual Provincial Related Revenue for Engineering Services and Industrial Water Services was \$496,000 less than budget, and therefore the program overspent its net budget by \$250,000.
3. The following variances contributed to the above noted savings of \$13M under the Assistance and Infrastructure Program:
 - a. Expenditures under Municipal Debt Servicing – Current were \$4.6M less than budget because the Department paid certain major projects in cash from the Municipal Infrastructure Program during the Fall of 2007. This significantly reduced the outstanding debt and the applicable interest charges for 2007-08.
 - b. Expenditures for Special Assistance were \$414,000 over budget to cover an additional grant to the Town of Stephenville in connection with the closure of the Abitibi Price Mill.
 - c. The Community Enhancement Employment Program spent an additional \$1.4M in areas where the need was prevalent.
 - d. Expenditures under the Municipal Infrastructure Program were \$2.7M less than budget due to delays in engineering and construction.
 - e. Net expenditures for Federal/Provincial Infrastructure Programs were \$4.5M less than budget due to delays in engineering and construction.

f. Net expenditures under the Canada/Newfoundland and Labrador Gas Tax Program were approximately \$3M less than budget because requests from municipalities were less than anticipated.

Shared Commitments

The Department of Municipal Affairs interacts with several provincial and federal government departments, particularly in the areas of land-use planning, employment support, infrastructure development, environmental issues, regionalization of services, emergency measures, water quality, waste water treatment, and waste management. Consultation and cooperation with organizations responsible for these issues is necessary to develop and work toward shared goals.

The Department has been successful in establishing positive relationships with stakeholders that have led to improved policies, services and programs and thereby supporting the strategic directions of Government. The Department works closely with numerous organizations and associations including, but not limited to, the following:

- Municipalities Newfoundland and Labrador (MNL);
- Newfoundland and Labrador Association of Municipal Administrators;
- Newfoundland and Labrador Association of Fire Chiefs and Firefighters;
- Combined Councils of Labrador;
- Regional joint councils;
- Regional Waste Management Authorities and Committees;
- Royal Canadian Legion;
- Provincial Government Departments including Environment and Conservation, Transportation and Works, Government Services, Labrador and Aboriginal Affairs, Health and Community Services, Fisheries and Aquaculture; and Tourism, Culture and Recreation;
- Multi-Materials Stewardship Board;
- Municipal Training and Development Corporation;
- Infrastructure Canada;
- Atlantic Canada Opportunities Agency;
- Public Safety & Emergency Preparedness Canada;
- Atlantic Canada Water Works Association;
- Lending institutions;
- Educational institutions;
- Professional Engineers and Geoscientists of Newfoundland and Labrador;
- Newfoundland and Labrador Construction Association; and
- Consulting Engineers of Newfoundland and Labrador.

Together with the above organizations, the Department has made significant progress towards its strategic directions of *sustainable municipal infrastructure*, and *continuity and increased efficiency/effectiveness of municipal service delivery*. For example, municipalities, consulting firms, and construction companies participated in discussions with the Department on a province-wide

municipal infrastructure plan. Municipalities Newfoundland and Labrador also provided valuable advice in the development of policies and support mechanisms to facilitate municipal cooperation initiatives. The Northern Peninsula Regional Service Board played a pivotal role as the pilot region for development of a regional service delivery model.

Highlights and Accomplishments

Municipal/Community Infrastructure

Municipalities throughout Newfoundland and Labrador are experiencing a variety of infrastructure needs ranging from the need to upgrade existing infrastructure, to full replacement. In 2007-08, the Department of Municipal Affairs, in partnership with municipalities and the Federal Government, invested approximately \$104.3M in municipal infrastructure projects throughout Newfoundland and Labrador. Examples of projects include water and sewer distribution, water treatment, sewage treatment, solid waste management, roads and storm drainage, and recreation facilities.

Provincial Solid Waste Management Strategy

In May 2007, the Government announced the implementation of the \$200M multi-year Provincial Solid Waste Management Strategy to ensure effective and efficient management of solid waste in Newfoundland and Labrador. The Strategy provides for the establishment of a waste diversion program, waste management regions, development of modern standards and technology, maximization of economic and employment opportunities, and assistance with a public education program.

Critical to the Strategy is the development of three full-service waste management facilities (Avalon, Central, and Western) which will receive waste from all regional systems on the island. Government is exploring unique and innovative solutions to waste management challenges in Labrador and remote and isolated communities. Regional Waste Management Authorities will be established in each of fifteen waste management zones. These authorities will plan, implement and operate modern waste management systems within their region.

In 2007-08, three of the fifteen Regional Services Boards were established on the Northern Peninsula, in the Central Region and on the greater Avalon. Regional waste management committees have been formed in several other areas of the Province to begin planning and enhancing public awareness of the need for modernization and compliance with modern waste management practices.

Land Use Planning

Regional plans provide a framework to ensure a balance between the demands for development, natural resource use, and the need to protect and enhance tourism potential. Regional planning is facilitated by Regional Planning Advisory Authorities. Such authorities are mandated to review and provide recommendations regarding development applications in areas outside municipal jurisdiction and oversee the preparation of a regional plan including the development of an appropriate public

consultation process.

A Regional Planning Advisory Authority was recently established to support preparation of a regional plan for the Corner Brook-Humber Valley region. This Authority is comprised of municipal and provincial government representatives. There are a total of three regional land use planning advisory authorities in the Province: Northeast Avalon; the Labrador Inuit Settlement Area and Corner Brook - Humber Valley.

Regional Initiatives

The Department of Municipal Affairs supports sharing of services within regions, including fire and emergency services, water and sewer services, and waste management services. In 2007-08, the Bay de Grave Regional Service Corporation was established to begin the process of planning regional fire protection services for the Towns of South River, North River, Clarke's Beach, Cupids and the Local Service District of Makinsons. In addition, the Department initiated discussions with the following entities:

- Long Range Mountains Advisory Council regarding sharing of municipal services from Belburns to St. Pauls;
- Burin and Fox Cove regarding a potential merger;
- York Harbour and Lark Harbour regarding a potential merger; and
- Communities on Fogo Island regarding one governance structure for the entire island.

During 2007-08, the Department finalized feasibility studies on merging: Victoria and Salmon Cove; Baine Harbour, Parkers Cove and Rushoon; Heart's Delight-Islington and Cavendish; Port Saunders, Port au Choix, Hawke's Bay, and River of Ponds. The Department is now facilitating negotiations between those communities that have expressed an interest in implementing recommendations for the feasibility studies.

Gas Tax

The Provincial/Federal Gas Tax Agreement supports environmentally sustainable municipal infrastructure for municipalities in Newfoundland and Labrador. The Agreement is administered by the Department of Municipal Affairs and provides \$82.3M to eligible project categories which include water, waste water management, solid waste management, public transit, community energy systems, municipal capacity building, and roads and bridges. In fiscal 2007-08, the Department transferred \$18.6M to eligible recipients: \$17.6M in predetermined municipal allocations and \$1M for waste management initiatives. In addition \$164,000 was spent for administration costs.

Public Transit Funding Agreement

The Transfer of Federal Public Transit Funding (TFA) is part of a one-time federal contribution to provinces and territories for public transit infrastructure to support environmental protection through the reduction of gas emissions and increased use of public transit. The provincial and territorial

allotments were determined on a per capita basis.

In 2007-08, the TFA overall allotment for this Province was \$20.6M. The \$20.6M funding will enhance existing municipal transit infrastructure in St. John's and Corner Brook, the only two municipalities in the Province that provide public transit services. St. John's will use this funding to construct a new bus terminal. Corner Brook will construct new bikeways for cyclists, a bus transfer station and bus shelters.

Municipal Operating Grants (MOGs)

The Municipal Operating Grant (MOG) program provides support to municipalities to meet their day-to-day operating expenses. In 2007-08, the Department of Municipal Affairs provided \$17.8M to municipalities in Newfoundland and Labrador.

Debt Servicing Subsidies

The Municipal Debt Servicing Program provides grants and subsidies to assist municipalities in their repayment of capital debt held by various financial agencies. Municipalities accumulated this debt to finance the development of municipal infrastructure, recreation facilities and other municipal capital improvements that were considered to be essential, such as water and sewer systems. These debts were financed through the Newfoundland and Labrador Municipal Financing Corporation (NMFC), banks and other financing institutions.

In the Fall of 2007, as an alternative to borrowing funds, the Department initiated a pilot project to commence paying cash for the Province's share of completed infrastructure. Consequently, no new long term debt has been set up since the Fall of 2007. The budget for Provincial subsidies for debt servicing for 2007-08 totalled \$56.6M: \$32.8M in direct capital contributions and \$23.8M in interest charges. Actual expenditure for interest charges was \$19.2M.

Special Assistance

The Special Assistance Fund provides financial aid to support municipalities and related organizations for: emergencies related to health or life safety; assistance to municipalities experiencing difficulties; general assistance to municipalities beyond the municipal budgetary process and special projects or initiatives involving municipalities, local service districts or other entities. This program is application based and approval is overseen by a Departmental Finance Committee. Funding provided under this program in 2007-08 was \$2.8M.

Mandate

The mandate of the Department of Municipal Affairs is derived from the Department of Municipal and Provincial Affairs Notice, 2003 under the *Executive Council Act*, and is informed by the legislation set out in the Schedule (see Appendix A for a list of Acts under the Schedule) which outlines the powers, duties and functions of the Minister, who is also appointed Registrar General. The Department of Municipal Affairs is directly responsible for all matters relating to municipal and

provincial affairs.

Lines of Business

Lines of business are the major programs, products or services provided to our primary clients. The Department of Municipal Affairs has four main lines of business: Local Governance, Municipal Infrastructure and Engineering Services, Employment Support, and Provincial Affairs. These lines of business are set forth below and include a description of the associated parameters for each.

Local Governance

The Department strengthens local governance by:

- formulating land use policy and regional approaches to service delivery;
- providing municipal training to elected and administrative officials;
- providing legislative interpretation to assist in the development of municipal by-laws;
- advising local government officials;
- conducting reviews of municipal administrative matters;
- administering grants and subsidies for community infrastructure;
- examining local governments' financial operations;
- monitoring levels of debt;
- providing operational support;
- participating in inter-provincial policy development and knowledge sharing; and
- supporting regional cooperation initiatives.

Municipal Infrastructure and Engineering Services

The Department guides infrastructure investments by:

- assessing needs and prioritizing municipal infrastructure investments;
- providing financial support for the development of municipal infrastructure;
- monitoring and providing guidance and advice on municipal infrastructure projects; and
- advocating to the Federal Government, on behalf of municipalities, to secure long-term sustainable funding.

Employment Support

The Department works with local, community-based sponsors to create short-term employment initiatives that provide enduring benefits to communities. Additionally, government has assigned to the Department the responsibility to provide similar employment support programs in areas affected by permanent closure of fish processing plants and to coordinate interdepartmental efforts to assist workers affected by permanent fish plant closures.

Provincial Affairs

The Department has statutory responsibilities in relation to the following provincial affairs:

- coordinating annual ceremonies to honor our veterans;

- approving the use of legislated provincial identification symbols;
- prescribing and evoking *Newfoundland Daylight Time*;
- Great Seal of the Province; and
- Registrar General for the Province.

Vision

The vision of the Department of Municipal Affairs is of communities with viable, sustainable municipal services led by strong local governments.

Mission

The mission statement identifies the priority focus area of the Minister over two planning cycles. It represents the key longer-term result that the Minister and the Department will be working towards as they move forward on the strategic directions of Government. The statement also identifies the measure and indicators that will assist both the Department and the public in monitoring and evaluating success.

One of the biggest challenges facing all municipalities in the Province is providing appropriate levels of municipal services in a cost-effective manner. Another challenge is the fiscal impact of new waste management practices. Costs are expected to increase, in part, as a result of updated environmental regulations that require new landfills to be lined with a leachate collection and treatment system to ensure protection of the environment. Changes to environmental standards are also expected in the areas of water treatment and waste water treatment. These too will lead to increased demand and costs for services. Finally, construction cost escalation has been substantial and municipalities are facing enormous pressure to maintain existing infrastructure.

Lastly, to guide these future infrastructure and capital investment costs, municipalities will need funding to develop and/or revise municipal land use plans and sustainability plans. Given these challenges, the long term mission is:

By March 31, 2011, the Department of Municipal Affairs will have improved the efficiency of municipal service delivery.

Performance Measure: Improved efficiency of municipal service delivery

Indicators:

- Increased investment in regional service delivery
 - solid waste disposal sites
 - water supply
 - waste water disposal
- Expansion of regional service boards across the Province
- Allocation of new funding for the development and/or revision of

- municipal land use plans
- Completion of regional land use plans for the Northeast Avalon and Corner Brook-Humber Valley regions
- Increased investment in the development or enhancement of water and waste water treatment plants
- Allocation of new funding to develop community sustainability plans
- Reduced number of communities with a debt-service ratio of 30% or greater
- Increased cost-sharing ratio of provincial to municipal investment in capital infrastructure
- Implementation of new threshold standards pertaining to average per unit cost of water and sewage services funded in any way by the Department

Progress and Accomplishments

In the first two years of addressing its mission, the Department made substantial improvements in the efficiency of municipal service delivery in the Province. With the announcement of the Provincial Solid Waste Management Strategy, \$200M is being invested in solid waste management. Some 200 plus dumpsites, scattered throughout the Province, are being reduced as three full-service waste management facilities are developed. The Department is also providing supports for the completion of regional land use plans for the Northeast Avalon and Corner Brook-Humber Valley regions with Regional Planning Advisory committees established in these areas. The Department is also providing planning support for the Labrador Inuit Settlement Area.

Outcomes of Objectives

In consideration of Government's strategic directions and the mandate and financial resources of the Department, the following areas were identified as the key priorities of the Minister for the period of April 1, 2006 to March 31, 2008. The goals identified for each issue reflect the results expected in the two year timeframe while the objectives provide an annual focus. This is the second of two annual reports on the 2006-2008 strategic plan.

Emergency Preparedness

The Department of Municipal Affairs was reorganized in 2007. This restructuring provided for the creation of Fire and Emergency Services -Newfoundland and Labrador which is headed by a Chief Executive Officer who reports to the Minister of Municipal Affairs. Fire and Emergency Services-Newfoundland and Labrador is a Category 2 agency under the *Transparency and Accountability Act* and, as such, is required to report independently on its annual progress. Progress on the measures and indicators for Goal 1 of the Department of Municipal Affairs' Strategic Plan 2006-2008 will be accounted for in the Fire and Emergency Services- Newfoundland and Labrador Annual Report. This report is accessible on the Department of Municipal Affairs' website.

Municipal Infrastructure

Municipal infrastructure in this Province is rapidly aging while new demands are emerging. Existing municipal infrastructure requires funding for ongoing maintenance while new economic and social needs require funding for new infrastructure investments. At times, infrastructure maintenance is deferred or put on hold so that current funding can be targeted towards other municipal needs. At other times, funding is diverted from smart investments to sustain the operation of old, outdated infrastructure. To achieve a balance, the Department developed a strategic provincial municipal infrastructure plan, which identified priority directions and an effective funding strategy. This contributed to the strategic direction of *sustainable municipal infrastructure*.

Goal 2: By March 31, 2008, the Department of Municipal Affairs will have developed, implemented and refined a provincial municipal infrastructure plan.

Performance Measure	Indicators
Provincial municipal infrastructure plan is developed	<ul style="list-style-type: none">• Identification of priority directions for municipal infrastructure investments• Completion of provincial municipal infrastructure plan

Performance Measure	Indicators
Provincial municipal infrastructure plan is implemented	<ul style="list-style-type: none">• Development of funding strategy to address priority directions• Fiscal commitments are consistent with identified priorities

Objective 2.2: By March 31, 2008, the Department of Municipal Affairs will have implemented and refined a municipal infrastructure plan

Performance Measure	Indicators
Implementation and refinement of a Provincial Municipal Infrastructure Plan.	<ul style="list-style-type: none">• Adjustments to the plan (if necessary)• Ministerial approval of refined Provincial Municipal Infrastructure Plan

Progress and Accomplishments

The Department completed its year two objective and successfully met its goal of having developed, implemented and refined a provincial municipal infrastructure plan. Discussions were held with municipalities, consulting firms, and construction companies, along with various stakeholder agencies to seek input into the administration of municipal capital works projects. Following this administrative review, consultations were held with regional offices and construction and

engineering industries. Priority directions for municipal infrastructure investments were identified in the areas of water and sewer services, water and sewer treatment, roads, buildings, fire equipment, recreation and waste management. A targeted funding strategy was subsequently developed that directed funding towards these areas. Capital works budgets were aligned with the identified capital investment targets. The Provincial Municipal Infrastructure Plan was refined in 2007-08 and the updated Provincial Municipal Infrastructure Plan was approved by the Minister. The Plan was implemented by assessing all 2007-08 municipal infrastructure funding applications according to the criteria developed under the Provincial Municipal Infrastructure Plan. The Department provided project funding based on the application assessments.

Municipal Cooperation Initiatives

Municipalities are continually challenged to meet the service needs of their residents. The cost of delivering municipal services is increasing while, for many municipalities, revenue generation capacity is decreasing. To deliver municipal services in the most effective and efficient means possible, on an ever more frequent basis, municipalities are exploring and pursuing regional cooperation initiatives. The goal of the Department was to develop policies and support mechanisms to facilitate municipal cooperation initiatives leading to stronger local communities. This initiative contributed to the strategic direction of *continuity and increased efficiency/effectiveness of municipal service delivery*.

Goal 3: By March 31, 2008, the Department of Municipal Affairs will have policies and mechanisms to support municipal cooperation initiatives.

Performance Measure	Indicators
Policies and mechanisms	<ul style="list-style-type: none"> • Completion of consultations with Municipalities Newfoundland and Labrador (MNL) • Development of a discussion paper on municipal cooperation initiatives • Completion of analysis report on discussion paper feedback • Identification of policies and support mechanisms to facilitate municipal cooperation initiatives

Objective 3.2: By March 31, 2008, the Department of Municipal Affairs will have policies and support mechanisms to facilitate municipal cooperation initiatives.

Performance Measure	Indicators
•Draft policy developed	<ul style="list-style-type: none"> • Development of consultation paper • Report on Consultations

•Support mechanisms identified	<ul style="list-style-type: none"> • Draft Policy Paper • Identification of facilitative support mechanisms
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Progress and Accomplishments

The Department has met its second year objective and successfully completed its goal of identifying policies and mechanisms to support municipal cooperation initiatives. The Department consulted with MNL and developed a discussion paper on municipal cooperation initiatives for Government consideration which identified and developed a series of policies and support mechanisms. Subsequent to development of the discussion paper, the Department identified alternate approaches to municipal regional cooperation initiatives. Instead of completing the public discussion paper process, the Department identified an approach to regional municipal cooperation to be implemented in 2008-09. This approach included policies and mechanisms to support municipal cooperation initiatives. One of these mechanisms was development of the Municipal Self Assessment Toolkit, a resource which helps a municipality to examine its capacity for municipal service delivery and consider options for municipal regional cooperation. The Department financially supported MNL to develop the Toolkit, and participated in its development through the Community Cooperation Resource Centre.

Regional Service Delivery Model

Standards for acceptable levels of municipal services are increasing and municipalities are constantly challenged to meet these increasing standards in an effective and efficient manner. There is a need and desire for greater cooperation among municipalities and between regions. One alternative way local governments can deliver services is through the Regional Service Delivery Model. However, parameters and best practices that support sharing of regional services needed to be clearly identified. As a first step towards achieving this outcome, the Department sought to assess what works and what does not work. This initiative contributed to the strategic direction of *continuity and increased efficiency/effectiveness of municipal service delivery*.

Goal 4: By March 31, 2008, the Department of Municipal Affairs will have piloted the regional service delivery model.

Performance Measure	Indicators
The implementation of the regional service delivery model is initiated	<ul style="list-style-type: none"> • Completion of communications session with Municipalities Newfoundland and Labrador (MNL) on the model • Identification of region for piloting the model • Development of parameters for piloting the model in the identified region • Identification of evaluation measures for the Pilot • Appointment of representatives to Regional Service Boards as selected by municipalities

	<ul style="list-style-type: none"> • Provision of funding support mechanisms for the Pilot
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Objective 4.2: By March 31, 2008, the Department of Municipal Affairs will have piloted the model for regional service delivery.

Performance Measure	Indicators
Model Piloted	<ul style="list-style-type: none"> • Identification of Evaluation Measures • Appointment of Representatives to Regional Service Board • Minutes of Regional Service Boards meetings

Progress and Accomplishments

In consultation with MNL, the Regional Service Delivery Model has been piloted through the Northern Peninsula Regional Service Board. Parameters for the pilot were developed, evaluation measures were identified and funding support was provided through the Multi-Materials Stewardship Board. Based on the success of the pilot to date, the boundaries of the Board have been expanded to include the towns, local service districts and unincorporated areas north of River of Ponds. Original Northern Peninsula Regional Service Board members are in place, and regularly prepare minutes of their meetings. As a result of the Board's adoption of an expanded governance model, which includes additional communities in a wider geographic area, additional Board members were required to represent these residents. This necessitated a nomination process as per the *Regional Service Boards Act*, which prolonged the appointment process. While these members were not appointed by March 31, 2008, the Board has commenced its nomination process for the newly expanded Board.

Employment Support

The Community Enhancement Employment Program is targeted at creating short-term employment for eligible participants. Employment is provided through community projects that provide an enduring benefit to communities, focusing on public health and safety, economic development, community infrastructure, and beautification.

International competition, declines in natural resources, quota reductions and other factors are affecting communities with fish processing plants. In response, the Provincial Government has introduced a set of transitional support services for workers affected by fish plant closures. The Department of Municipal Affairs' role in this initiative was to deliver employment support programs for a short-term adjustment period and to coordinate the services of several other departments for displaced fish processing workers.

GOAL 5: By March 31, 2008, the Department of Municipal Affairs will have ensured an effective employment support program is made available to qualified individuals in communities designated by government as needing assistance due to downturns in the fishing industry.

Performance Measure	Indicators
Effective Employment Support Program	<ul style="list-style-type: none"> • Designation of communities needing support • Employment of qualified individuals • Evaluation of program

Objective 5.2: By March 31, 2008, the Department of Municipal Affairs will have evaluated and made improvements to the employment support program.

Performance Measure	Indicators
<ul style="list-style-type: none"> • Evaluation of Program • Improvements to Program 	<ul style="list-style-type: none"> • Evaluation report • Modified guidelines reflecting approved recommendations in the evaluation report

Progress and Accomplishments

During the period 2006-07 to 2007-08, Government designated workers at the fish plants in Fortune, Marystown, Port aux Basques and Trouty to be eligible for the Fish Plant Workers Employment Support Program. A total of 613 qualified individuals from these four plants were employed under the program by March 31, 2008.

The evaluation of the Fish Plant Workers Employment Support Program was not fully achieved by the target date, as the development of an evaluation framework took significantly longer than expected. By March 31, 2008, the Department had finalized the evaluation framework and initiated recruitment of a researcher to compile the evaluative data. As indicated in the previous paragraph, this variance from the stated objective did not impact the goal of deploying the employment support program for the benefit of plant workers affected by downturns in the fishing industry, but it has delayed efforts to evaluate and, if necessary, improve the program's effectiveness. The Department gathered the required evaluative data during the spring and summer of 2008, and will complete the evaluation by October 2008.

Opportunities and Challenges Ahead

There are many opportunities and challenges ahead as the Department moves forward with improving the efficiency of municipal service delivery in Newfoundland and Labrador. One area of opportunity is building on the recent successes of regional service delivery. Regional delivery of municipal services has been clearly demonstrated to be an effective and efficient mechanism to strengthen local governance and deliver municipal services. Over 40 communities in ten locations throughout the Province have expressed an interest in exploring innovative ways to deliver municipal services over a broad geographic area.

A constant challenge for municipalities has been meeting the ever increasing costs of maintaining aging infrastructure, paying down decades old municipal debts, and meeting new health and environmental standards for water quality, waste water treatment, and solid waste management. To address this challenge, the Department is committed to working with Municipalities Newfoundland and Labrador and other key stakeholders to identify innovative, practical and cost effective solutions to these fiscal and technical challenges.

Many municipalities in the Province lack the necessary tools to assess and determine the state of their municipal assets. There is a lack of empirical data on municipal assets throughout the Province. This presents challenges to effectively assess, manage and plan municipal infrastructure. Best practices in municipal asset management are emerging. Effective asset management approaches will provide evidence based assessments of needs and determine priorities to inform, refine, and shape municipal infrastructure investments.

Although the Department has many challenges in the areas of municipal service delivery, fiscal sustainability, and infrastructure, innovative ways of doing business and new technologies are being applied with notable successes. The Department of Municipal Affairs envisions a Province where people enjoy healthy, safe and sustainable communities supported by strong local governments.

Appendix A

Legislative Acts

The following legislation informs the mandate of the Department of Municipal Affairs.

Assessment Act, 2006	Avian Emblem Act
Building Standards Act	City of Corner Brook Act
City of Mount Pearl Act	City of St. John's Act
Coat of Arms Act	Commemoration Day Act
Crown Corporations Local Taxation Act	Emergency Measures Act
Evacuated Communities Act	Family Homes Expropriation Act
Fire Prevention Act, 1991	Firefighter's Protection Act
Floral Emblem Act	Housing Act
Housing Association Loans Act	Labrador Act
Mineral Emblem Act	Municipal Affairs Act
Municipal Authorities Amendment Act, 1999	Municipal Elections Act
Municipalities Act, 1999	Provincial Anthem Act
Provincial Flag Act	Regional Service Boards Act
Remembrance Day Act	City of St. John's Municipal Taxation Act
St. John's Centennial Foundation Act	St. John's Municipal Council Parks Act
Standard Time Act	Urban and Rural Planning Act, 2000
Taxation of Utilities and Cable Television Companies Act	

Appendix B

Financial Statements

Unaudited

Annual Report for Municipal Affairs 2007-08*

	<u>Original 07/08 Budget</u>	<u>Actual</u>
Executive and Support Services		
Minister's Office		
Minister's Office: 1.1.01	272,400	241,707
General Administration		
Executive Support: 1.2.01	710,100	731,193
Administrative Support: 1.2.02	1,020,800	1,036,877
Less Provincial Revenue	<u>-5,000</u>	<u>-700</u>
	1,015,800	1,036,177
Administrative Support - Capital: 1.2.03	<u>20,000</u>	<u>132,957</u>
Total Executive and Support Services	2,018,300	2,142,034
Services to Municipalities		
Regional and Financial Support Services		
Support to Municipalities: 2.1.01	1,301,700	1,155,543
Municipal Finance: 2.1.02	301,200	345,208
Policy and Planning		
Policy and Planning: 2.2.01	500,300	586,178
Urban and Rural Planning: 2.2.02	483,800	527,559
less Provincial Revenue	<u>-5,200</u>	<u>-5,753</u>
	478,600	521,806
Engineering Support		
Engineering Services 2.3.01	1,680,100	1,404,600
Less Provincial Revenue	<u>-441,800</u>	<u>-127,447</u>
	1,238,300	1,277,153
Industrial Water Services: 2.3.02	684,100	686,408
less Provincial Revenue	<u>-684,100</u>	<u>-501,935</u>
	0	184,473
Total Services to Municipalities	3,820,100	4,070,361
Assistance and Infrastructure		
Financial Assistance		
Municipal Debt Servicing: 3.1.01	23,854,000	19,223,126
Municipal Operating Grants: 3.1.02	17,850,000	17,784,291
Special Assistance: 3.1.03	2,389,800	2,803,889
Community Enhancement: 3.1.04	4,925,000	6,372,771

	Original 07/08 Budget	Actual
Municipal Infrastructure		
Municipal Infrastructure – Capital: 3.2.01	79,635,200	76,915,648
Federal/Provincial Infrastructure Programs – Capital 3.2.02	28,172,200	18,224,917
Less Federal Revenue	<u>-13,892,000</u>	<u>-8,405,861</u>
	14,280,200	9,819,056
Canada/NL Gas Tax Program – Capital: 3.2.03	21,845,000	18,766,092
Less Federal Revenue	<u>-13,160,000</u>	<u>-13,160,000</u>
		5,606,092
	8,685,000	
Municipal Transit 3.2.05	20,600,000	20,588,904
Less Federal Revenue	<u>-20,600,000</u>	<u>-20,588,904</u>
	0	0
Total Assistance and Infrastructure	151,619,200	138,524,873
Fire and Emergency Services Agency		
Executive Support 4.1.01	1,200,000	607,030
Fire Commissioner's Office: 4.1.02	1,030,000	1,000,030
Emergency Measures Organization 4.1.03	670,400	587,006
Less Provincial Revenue	<u>-1,500</u>	<u>-49,262</u>
	668,900	537,744
Joint Emergency Preparedness Projects 4.1.04	282,000	197,624
Less Federal Revenue	<u>-282,000</u>	<u>-147,710</u>
	0	49,914
Disaster Assistance – Capital: 4.1.05	3,200,000	11,460,252
Less Federal Revenue	<u>-21,057,000</u>	<u>-279,349</u>
	-17,857,000	11,180,903
Total Fire and Emergency Services Agency	-14,958,100	13,375,621
Total Department	142,499,500	158,112,889

* Expenditure and revenue figures included in this document are un-audited and based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the Year ended 31 March 2008. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process; however the Department of Municipal Affairs is not required to provide a separate audited financial statement.