

ANNUAL REPORT 2018-19

Transportation and Works





MESSAGE FROM THE MINISTER

As Minister of Transportation and Works, I am pleased to present the Department's annual report for the fiscal year 2018-19. This report was prepared in accordance with the **Transparency and Accountability Act**, under which the Department is a Category 1 entity, and provides an overview of performance over the last fiscal year. It also represents the second year of reporting from the three-year 2017-20 Strategic Plan. I am accountable for the contents and achieved results outlined in this report.

Substantial progress has been made in addressing the Department's strategic issues of multi-year planning, fiscally sound investments and government asset optimization. The Department is committed to modernizing infrastructure that supports core public services using a fiscally balanced approach. Optimization of the province's real estate and vehicle fleet portfolios are also key priorities.

I want to take this opportunity to acknowledge and thank the dedicated staff of the Department of Transportation and Works for their commitment in providing safe and reliable services for the benefit of Newfoundlanders and Labradorians.

A handwritten signature in black ink that reads "S. Crocker". The signature is fluid and cursive.

Hon. Steve Crocker
Minister of Transportation and Works

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Departmental Overview

Organizational Structure

The Department of Transportation and Works is divided into four branches: Operations, Air and Marine Services, Infrastructure, and Strategic and Corporate Services.

Operations

The Operations branch is responsible for the provision of operations and maintenance of provincially owned transportation infrastructure and buildings that includes:

- Summer and winter maintenance (snow clearing and ice control) on 9,710 kilometres of primary and secondary highways and community access roads;
- Snow clearing for external jurisdictions including Gros Morne National Park, through a contract with Parks Canada, and 56 communities throughout the province;
- Purchasing salt and sand for 155 town councils and a number of health authorities, school boards, and other external entities;
- Management of the provincial government's fleet of over 3,000 vehicles including light vehicles, heavy equipment and utility vehicles;
- A Provincial Plow Tracker service, available on the Department's Driving Conditions website (<http://www.roads.gov.nl.ca>), providing residents the ability to track snow clearing equipment position and where they have been;
- Provision of up to date road condition information utilizing one wind warning system, 28 Road Weather Information Systems (RWIS) stations, and 37 highway camera locations throughout the province (<http://www.roads.gov.nl.ca/cameras>);
- Management and maintenance of approximately 623,000 square metres of floor space, consisting of approximately 850 buildings, on 362 sites; and,
- Operation and management of eight airstrips on the island portion of the province (Wabana, Clarenville, Botwood, Fogo Island, Springdale, Winterland, St. Andrew's and Port au Choix) and 12 airstrips in Labrador (Black Tickle,

Cartwright, Charlottetown, Hopedale, Makkovik, Mary's Harbour, Nain, Natuashish [on behalf of the Mushuau Innu First Nation], Postville, Port Hope Simpson, Rigolet, and St. Lewis).

Air and Marine Services

The Air and Marine Services branch is responsible for the provision, maintenance, and management of provincial air and marine services that includes:

- Eight provincially-owned and operated vessels, and seven privately-owned contracted vessels;
- Marine operations transporting approximately 810,000 passengers, 400,000 vehicles, and 12,000 tonnes of freight annually;
- Provision of vessel modification and refits of provincially-owned vessels;
- Operation of provincially-owned vessels with a complement of over 200 marine staff;
- Operation and maintenance of the provincial government's two air ambulances completing approximately 1,400 medical missions annually; and,
- Operation and maintenance of the provincial government's fleet of five water bombers.

Infrastructure

The Infrastructure branch is responsible for the:

- Construction of new buildings and management of other capital projects for provincial government departments and provincial government-funded bodies;
- Construction of new roads and management of road improvement projects; and,
- Development and implementation of:
 - A Multi-Year Plan for Infrastructure Investments
<https://www.tw.gov.nl.ca/works/InfrastructurePlan.pdf>
 - A Five Year Provincial Roads Plan
<https://www.tw.gov.nl.ca/publications/Transportation%20Roads%20Plan%202019.pdf>
 - A Five Year Marine Infrastructure Plan
<https://www.tw.gov.nl.ca/publications/MarineInfrastructurePlan.pdf>

Strategic and Corporate Services

The Strategic and Corporate Services branch is responsible for the provision of:

- Financial services for the Department;
- Strategic and support services (including policy, planning, evaluation and information management services) for the Department;
- Centralized mail and messenger, procurement and landline phone services for the provincial government;
- Security services in government-owned buildings or those held or occupied by provincial government departments;
- Space for provincial government departments in government-owned buildings and leased accommodations;
- Occupational health and safety-related services for the Department; and,
- Services related to real property management, including the purchase and sale of real estate.

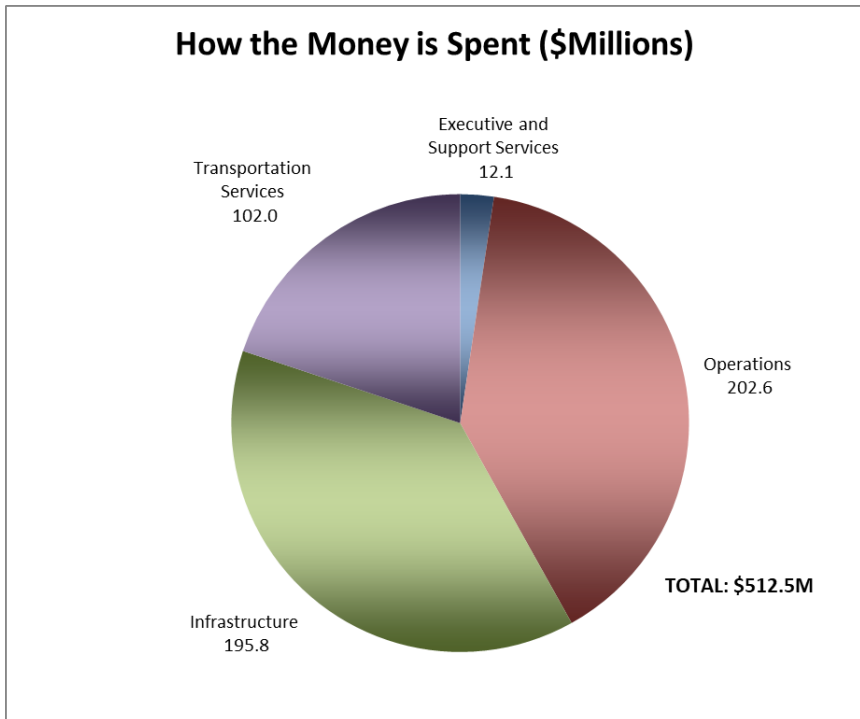
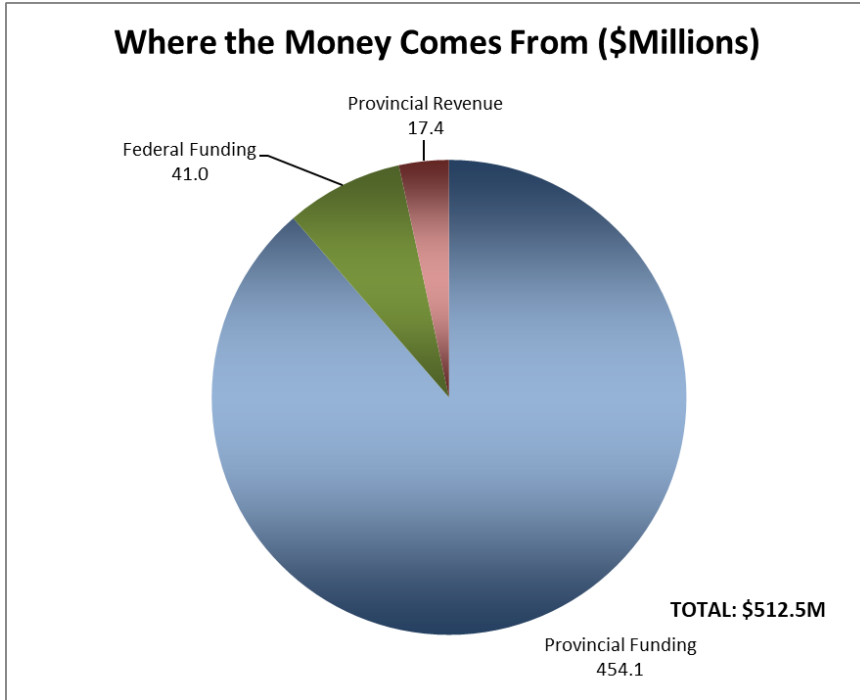
More information about the Department of Transportation and Works can be found by visiting www.tw.gov.nl.ca.

Staff and Budget

Division	# of Employees	Budget
Executive and Support Services	138	\$12,133,864
Operations (Maintenance of Roads and Buildings)	956	\$202,604,679
Infrastructure (Construction of Road and Buildings)	313	\$195,779,564
Air and Marine Services (Transportation Services)	245	\$101,967,642
Total	1652	\$512,485,749
Note: Employee counts are as of March 31, 2019.		

Revenues and Expenditures 2018-19

A detailed statement of expenditures and revenues is included in the Financial Statements section at the end of this document.



Highlights and Partnerships

Highlights

On April 1, 2018, the Government of Newfoundland and Labrador released Phase 3 of **The Way Forward: Building for Our Future**, which continues the work carried out under the previous two phases of **The Way Forward** by advancing work to further strengthen our economic foundation and improve public-sector efficiency, while improving services and outcomes for Newfoundlanders and Labradorians. The Department of Transportation and Works plays a key role in achieving the desired results set out in Phase 3. Achievements made from **The Way Forward** commitments by the Department in 2018-19 include:

- Reduction of approximately 113,400 square feet of Government's leased building footprint since 2016, achieving savings of \$3.0 million annually as of March 31, 2019; and,
- Construction of the 145-bed long-term care home in Corner Brook continued throughout 2018-19 and remains on schedule to open in 2020. At year-end, ongoing work at the facility included construction of interior walls, electrical work, plumbing and heating, ventilation and air conditioning (HVAC) duct work. A comprehensive value-for-money assessment for the long-term care home concluded that partnering with the private sector will result in savings of 10 per cent over the 30-year agreement – up from the originally estimated 8.9 per cent – for a total estimated savings of \$14.6 million. Once operational, upwards of 200 public service employees will be required at the long-term care home. In addition, the 120 long-term care beds, 15 palliative care beds and 10 rehabilitative care beds will help meet demand for long-term care in the region. The project also included a requirement for a Women's Employment Plan to improve gender diversity within government and through its procurement efforts.

Partnerships

As the lead department for government infrastructure, the Department of Transportation and Works continues to manage major infrastructure related projects throughout the province. The Department of Transportation and Works, in partnership with the Department of Health and Community Services, the Department of Education and Early Childhood Development and the Department of Justice and Public Safety, manages new developments, renovations, extensions and upgrades relating to public infrastructure, health care and education.

During the 2018-19 fiscal year, the following shared accomplishments were made:

- Coley's Point Primary - In February 2019 a \$16.2 million contract was awarded for the construction of a new school to replace Coley's Point Primary in Bay Roberts. The new school will accommodate students from Kindergarten to Grade Three and will be a single-storey, 4,100 square-metre facility featuring 18 classrooms, a gymnasium, a music room and a cafeteria.
- Heavy Equipment Centre of Excellence - In April 2018, a \$15.1 million contract was awarded for the final construction phase of College of the North Atlantic's Heavy Equipment Centre of Excellence at its Bay St. George campus. Work on the building is nearing completion. The \$18.5 million project is cost-shared with the Government of Canada through the Post-Secondary Institutions Strategic Investment Fund.
- Two central long-term care homes - In July 2018, a shortlist of proponents from the Request for Qualifications stage were invited to submit proposals to design, build, finance and maintain the two new 60-bed long-term care homes in Gander and Grand Falls-Windsor. The successful proponent will be selected in early 2019-20 with construction to begin later in 2019.

Report on Performance

Issue One: Multi - Year Planning

Multi-year planning provides greater predictability for the construction industry, which in turn helps the provincial government build infrastructure in a timely and cost effective manner. It also provides more accountability and transparency to the public about how public funds are being invested. In early 2017, the province released the following multi-year plans:

- **The Way Forward: A Multi-Year Plan for Infrastructure Investments - 2017 Edition**
- **The Way Forward: A Five-Year Provincial Roads Plan - 2017 Edition**
- **The Way Forward: A Five-Year Provincial Marine Infrastructure Plan - 2017 Edition**

Each multi-year plan guides priority infrastructure investments throughout Newfoundland and Labrador over the next five years across various sectors including transportation, health care, education, municipal infrastructure, and justice and public safety. Multi-year plans will be updated each year to report on project progression and identify further projects for upcoming fiscal years.

Goal:

By March 31, 2020, Transportation and Works will have modernized infrastructure that supports core public services for Newfoundlanders and Labradorians.

2018-19 Objective:

By March 31, 2019, Transportation and Works will have delivered upon commitments as set out in year two of the multi-year plans and identified priorities for year three of the multi-year plans.

2018-19 Indicators:

- Updated editions of the multi-year plans released.

Results: The 2019 editions of the multi-year plans were released as follows:

- A Five-Year Provincial Roads Plan - released on January 30, 2019
- A Five-Year Provincial Marine Infrastructure Plan – Document was completed in 2018-19
- A Multi-Year Plan for Infrastructure Investments – Document was completed in 2018-19

- Number of projects from year two of the multi-year plans completed.

Results: The number of projects completed from the 2018 editions of the plans were as follows:

- Five-Year Provincial Roads Plan: 52
- Five-Year Provincial Marine Infrastructure Plan: 44
- Multi-Year Plan for Infrastructure Investments: 6 (Transportation and Works-led projects)

- Number of projects for year three of the multi-year plans identified.

Results: The number of projects identified for year three in the 2019 editions of the plans are as follows:

- Five-Year Provincial Roads Plan: 60
- Five-Year Provincial Marine Infrastructure Plan: 20
- Multi-Year Plan for Infrastructure Investments: 51 projects and initiatives identified, 31 of which are led or managed by the Department of Transportation and Works

- Amount of funding allocated for projects included in year three of the multi-year plans.

Results: Funding allocated for projects included in year three of the multi-year plans include:

- Five-Year Provincial Roads Plan: \$77.2 million
- Five-Year Provincial Marine Infrastructure Plan: \$5 million
- Multi-Year Plan for Infrastructure Investments: \$594.3 million (includes the funding allocated for the above noted road and marine plans)

The commitment to release multi-year plans annually facilitates forward thinking, long-term planning for all infrastructure development using a fiscally-responsible approach.

Some of the highlights of progress made on infrastructure projects in 2018-19 include:

- Completion of wharf assessments at 14 intra-provincial ferry ports and repairs at 15 intra-provincial ferry ports;
- Over 800 lane kilometres of road paved, which included the opening of a new 4.2 kilometre section of the Team Gushue Highway from Kenmount Road to Topsail Road; and,
- Western Memorial Regional Hospital replacement - In June 2018, a shortlist of proponents from the Request for Qualifications stage were invited to submit proposals to design, build, finance and maintain the new 164-bed acute care hospital in Corner Brook. By March 31, 2019, Request for Proposal submissions from proponents had been received and were in the evaluation stage. The successful proponent will be selected in summer 2019 with construction to begin later in 2019.

2019-20 Objective:

By March 31, 2020, Transportation and Works will have delivered upon commitments as set out in year three of the multi-year plans, identified priorities for year four of the multi-year plans and evaluated information contained in the plans where appropriate.

2019-20 Indicators:

- Updated editions of the multi-year plans released.
- Number of projects from year three of the multi-year plans completed.
- Number of projects for year four of the multi-year plans identified.
- Amount of funding allocated for projects included in year four of the multi-year plans.

Issue Two: Fiscally Sound Investments

Ensuring value for tax-payers' dollars is a critical consideration in how the Department provides services for Newfoundlanders and Labradorians. The Department is committed to seeking out innovative and alternate procurement methods to achieve the most cost-effective means to deliver infrastructure projects. Transportation and Works will find more cost-effective ways to do business and provide services to meet the needs of residents. We will also review federal programs and policies to ensure that Newfoundland and Labrador is strategically leveraging federal funding, as outlined in **The Way Forward**.

Goal:

By March 31, 2020, Transportation and Works will have balanced fiscal responsibility with the need to address the province's key infrastructure priorities.

2018-19 Objective:

By March 31, 2019, Transportation and Works will have advanced infrastructure projects using alternate procurement methods.

2018-19 Indicators:

- Number of projects advanced through a public-private partnership procurement process.

Results: Three projects were advanced through a public-private partnership procurement process.

- Results of Value for Money (VFM) assessments released and quantified after contract award.

Results: There were no post-contract award VFM assessments to release during the year as the contracts for the two 60-bed long-term care facilities in Gander and Grand Falls-Windsor, as well as the new Corner Brook Hospital, will not be awarded until early 2019-20. Updated VFM reports will be released for these projects following contract award and completion of financial close during 2019-20.

The three projects advanced through a public-private partnership procurement process were:

- Gander and Grand Falls-Windsor long-term care homes - In July 2018, a shortlist of proponents from a Request for Qualifications (RFQ) process were invited to submit proposals to design, build, finance and maintain the two new 60-bed long-term care homes. The successful proponent will be selected in spring 2019 with construction to begin later this year.
- Corner Brook acute care facility - In June 2018, a shortlist of proponents from a RFQ process were invited to submit proposals to design, build, finance and maintain the new 164-bed acute care hospital. The successful proponent will be selected in spring 2019 with construction to begin later this year.
- St. John's mental health and addictions facility - In November 2018, the procurement of a new 94-bed mental health and addictions facility began with the release of a RFQ to establish an industry short list of businesses interested in designing, building, financing and maintaining the new facility. A short list of proponents will receive the Request for Proposals in spring 2019.

2019-20 Objective:

By March 31, 2020, Transportation and Works will have completed infrastructure projects under an alternate procurement model.

2019-20 Indicators:

- Number of projects that have reached financial close and have post-contract award VFM assessments completed.

Issue Three: Government Asset Optimization

Management and maintenance of public buildings and vehicle fleet throughout the province is a key priority for the Department. Transportation and Works is committed to enhancing the use of government's real estate portfolio and vehicle fleet. The Department will implement measures to optimize space utilization through the rationalization of space requirements and the identification of vacant and unnecessary space. The Department will also employ new models of delivery and reduce the number of government vehicles and associated costs.

Goal:

By March 31, 2020, Transportation and Works will have optimized the province's real estate and vehicle fleet portfolio.

2018-19 Objective:

By March 31, 2019, Transportation and Works will have optimized government's real estate portfolio and vehicle fleet.

2018-19 Indicators:

- Continue to work toward the commitment of reducing government's leased-space footprint by 130,000 square feet over 2016 requirements in 2020 which will also include:

- Development of new government space standards based on open space planning.

Results: During 2018-19 the Department drafted an Office Accommodations Policy (OAP) that includes new, open-plan Office Space Allocation Standards based on the Federal Government's model.

- Development of an accountability framework for client departments to help ensure responsible space utilization throughout government.

Results: The OAP includes an Office Accommodations Agreement to be signed by client departments ensuring responsible space utilization throughout government.

- Number of light-duty vehicles in fleet reduced by 10%.

Results: Since the Department assumed responsibility for Government's light vehicle fleet on April 1, 2018, 187 light vehicles (over 10%) have been removed from service.

- Increase in the number of light duty vehicles available in government's pooled vehicle system, allowing more vehicles to be shared amongst various departments, by transitioning them from (and reducing) vehicles dedicated to specific departments only.

Results: In 2018-19, fifteen vehicles were transitioned from vehicles dedicated to specific departments only to the pooled vehicle system.

- Review completed on government's recreational vehicle fleet and recommendations made for implementation in 2019-20.

Results: A review of GNL's recreational vehicle fleet was initiated in 2018-19 by developing an inventory of the current recreational vehicle fleet.

Office space is a valuable resource and a fundamental input to the programs and services delivered by the Government of Newfoundland and Labrador. The provision of office space for government departments, along with a number of other public bodies, is the responsibility of the Department of Transportation and Works. In delivering an OAP, the Department aims to maximize the utility and cost-effectiveness of office space across its portfolio through the included space standards based on open-space planning.

With hundreds of office locations across the province housing thousands of employees, this can only be achieved by working in close partnership with client departments and entities. To help enhance the effectiveness of the OAP, the Department will implement Office Accommodations Agreements with all client departments/entities. The agreements will outline the services provided by the Department along with corresponding client responsibilities and will contribute to a well-defined accountability framework for government office space use and management.

The Department of Transportation and Works has improved the safety and reliability of government's light vehicle fleet in 2018-19 by removing light vehicles from the fleet that were deemed to be no longer required or unfit for service. Five light vehicle pools were also created throughout the province in St. John's, Clarenville, Gander, Corner Brook and Happy Valley-Goose Bay. Fifteen vehicles were added to these pools throughout the year allowing more vehicles to be shared amongst various departments. A review of the recreational vehicle fleet was initiated by completing an inventory of all of government's recreational vehicles. In developing the inventory, a number of recreational vehicles were removed from service due to age and condition. Recommendations with respect to the recreational vehicle fleet are expected to be made upon completion of the review in 2019-20.

2019-20 Objective:

By March 31, 2020, Transportation and Works will have implemented improved processes around space management and vehicle fleet management.

2019-20 Indicators:

- Finalized and implemented new government space standards based on open space planning.
- Finalized and implemented an accountability framework for client departments to help ensure responsible space utilization throughout government.
- Review government's light duty vehicle allocation across departments to ensure that high-use vehicles are the most fuel-efficient and environmentally friendly vehicles possible for their intended use and reallocate where necessary.
- Implemented a new, streamlined, light vehicle maintenance process, reducing the turnaround time for light vehicle maintenance.

Opportunities and Challenges

Efficient Asset Management

The Department of Transportation and Works' assets include land, buildings, marine vessels, aircraft, road infrastructure, machinery and equipment. Steps are being taken to manage government assets more efficiently, which will lead to considerable savings for Newfoundlanders and Labradorians.

The Department continues to find ways to optimize government-owned and leased office space as well as review and implement changes to the vehicle fleet. The disposition of unused and aging assets will result in sales revenue in addition to reducing costs associated with maintenance, rental and security.

Leverage Federal Cost-Shared Funding

In order to efficiently manage the assets of the Department of Transportation and Works, it is imperative to leverage federal funding whenever possible. The Federal Government's New Building Canada Plan provides funding for projects of national, local or regional importance for highways and major roads, airstrip operations and marine port infrastructure. Phase II of the Federal Government's Investing in Canada Plan provides funding for public transit, green and social infrastructure, transportation and trade infrastructure, and rural and northern communities.

The Department will continue to collaborate with the Federal Government at every opportunity to avail of these and any other applicable funding opportunities to meet the needs of Newfoundlanders and Labradorians.

Financial Information

Statement of Expenditures and Revenues

Summary of Expenditure and Related Revenue (unaudited)

For the year ended 31 March 2019

	Estimates		
	Actual	Amended	Original
Executive and Support Services			
Minister's Office	278,317	280,800	277,800
General Administration	11,855,547	12,009,250	11,015,400
Less: Revenue	(2,761,364)	(605,000)	(605,000)
	9,372,500	11,685,050	10,688,200
Maintenance of Roads and Buildings			
Road Maintenance	94,913,460	95,078,663	89,152,600
Less: Revenue	(3,550,330)	(4,388,100)	(4,388,100)
Building Maintenance, Operations and Accommodations	64,743,707	65,047,504	64,853,200
Less: Revenue	(903,425)	(2,322,600)	(2,322,600)
Equipment Maintenance	42,947,512	43,371,388	42,125,300
Less: Revenue	(3,000)	(207,000)	(207,000)
	198,147,924	196,579,855	189,213,400
Construction of Roads and Buildings			
Administration and Support	6,464,945	6,481,520	5,723,300
Road Construction	152,130,307	200,445,800	199,719,700
Less: Revenue	(40,617,348)	(66,140,800)	(66,140,800)
Building Construction	7,372,822	8,715,200	10,460,500
Less: Revenue	(635,768)	(161,700)	(161,700)
School Facilities	26,451,543	37,395,000	43,342,000
Less: Revenue	-	(590,900)	(590,900)
Resource Roads	3,359,947	3,589,300	3,689,300
	154,526,448	189,733,420	196,041,400
Transportation Services			
Air Support	2,842,672	2,924,306	3,038,700
Less: Revenue	(793,586)	(1,380,000)	(1,380,000)
Marine Operations	86,809,002	87,408,923	87,314,100
Less: Revenue	(7,529,063)	(7,777,000)	(7,777,000)
Air Services	12,315,968	12,374,846	12,715,200
Less: Revenue	(1,605,334)	(2,700,000)	(2,700,000)
	92,039,658	90,851,075	91,211,000
Total Expenditure	512,485,749	575,122,500	573,427,100
Total Related Revenue	(58,399,219)	(86,273,100)	(86,273,100)

Note: Expenditures 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 2019. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process, however the Department of Transportation and Works is not required to provide a separate audited financial statement.

