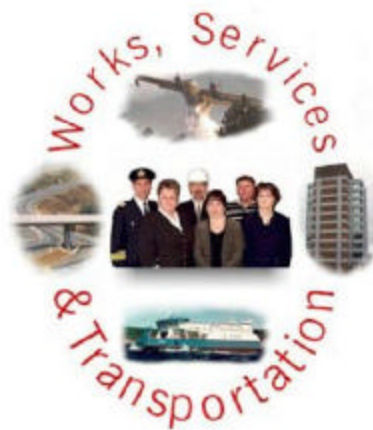




GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

2001-02 Annual Report

Department of Works, Services and Transportation



Message from the Minister



Hon. James Walsh

I have the privilege of presenting the annual report of the Department of Works, Services and Transportation for the fiscal year ended March 31, 2002.

This report is presented to honour the commitment as outlined in the March 19, 2002 Speech from the Throne that departments publish annual reports.

The 2001-02 fiscal year brought many challenges and opportunities for Works, Services and Transportation. In keeping with our mission, our staff have worked diligently to provide safe, efficient and sustainable transportation and public works infrastructure for the people of the province.

To provide ongoing support for the province's economic and social objectives, the department will strive to enhance and maintain this infrastructure through thoughtful planning and prudent operations management.

A handwritten signature in blue ink that reads "James Walsh". The signature is fluid and cursive, with a large loop at the beginning of the first name.

James Walsh
Minister
Works, Services and Transportation

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Departmental Overview

Our Vision

We shall excel at fulfilling the economic and social requirements of the people of Newfoundland and Labrador and our clients for public works and transportation infrastructure.

Our Mission

The mission of the Department of Works, Services and Transportation (WST), working in consultation with the people of Newfoundland and Labrador, is to ensure a safe, efficient and sustainable transportation system, and to meet the needs of the public sector for accommodations, public building facilities and support services.

Lines of Business

The three lines of business for WST are as follows:

WORKS - Provision of facility/building planning and design services, construction and development management, facilities maintenance, accommodations and real property acquisition.

SERVICES - Providing clients with purchasing services, motor vehicle fleet management, water bomber and air ambulance services, airstrip infrastructure, printing, telephone and mail services.

TRANSPORTATION - Provision and maintenance of the provincial highway system, provision of a marine passenger and freight service, port management, and transportation and other related policies.

Departmental Profile

WST is a large, multi-faceted department that impacts the lives of every person in the province in some mannereach and every day. As of March 31, 2002, there were 1,842 WST employees (1,121

permanent; 287 temporary and 434 seasonal/contractual employees) located throughout the province. During peak seasons of a year, this number reaches as high as 2,000 - the largest staff complement by far of any government department.

WST is organized into eight regional offices throughout Newfoundland and Labrador, with a corporate head office at Confederation Building in St. John's. Policy and planning, project management and design, strategic operational management, and corporate administrative services are performed through headquarters. Construction, maintenance and operational services are performed through the regional offices.

WST funding comes from three sources: (i) provincial revenues; (ii) federal revenues and (iii) funding from the provincial budget process.

Provincial revenues include fees for services, contributions from the Labrador Transportation Initiative Fund, sales from auctions, sales of goods and/or services to other government departments and interest. Federal sources are derived from cost shared agreements. WST incurs expenditures in the course of achieving its policy and program objectives. Such expenditures are incurred through: construction projects; investments in infrastructure and equipment; and delivery of administrative activities.

In carrying out its mandate, the department divides its operations into four main program areas:

- maintenance of roads and buildings;
- construction of roads and buildings;
- ferry and air services; and
- support services to government and its agencies.

Key Responsibilities

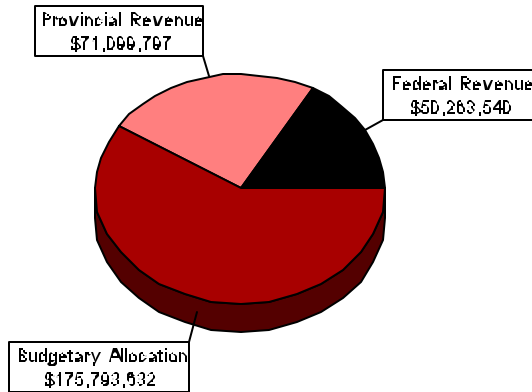
\$569 million during 2001-02);

The department is responsible for:

- ▶ providing and maintaining a transportation system that includes: (i) summer and winter maintenance (snowclearing and ice control) on 8,937 kilometres of primary and secondary highways and community access roads; (ii) operating and maintaining eight aircraft for air ambulance and water bomber services; and; (iii) managing 21 ferries (16 routes) in marine operations;
 - ▶ managing and maintaining approximately 575,300 square metres of floor space in 860 government-owned buildings and properties;
 - ▶ constructing new roads and managing other capital roads projects with annual expenditures of \$114,607,600 during the reporting period;
 - ▶ constructing new buildings (focus on schools and hospitals) and managing other capital projects for government departments and government-funded bodies with annual expenditures of \$81,686,400 during the reporting period;
 - ▶ maintaining a fleet of 2,212 vehicles comprised of 865 light vehicles, 695 heavy equipment vehicles and 652 other utility vehicles (snowmobile, all terrain vehicles, etc. primarily for other departments);
 - ▶ providing space for government departments and agencies in government-owned buildings and leased accommodations;
 - ▶ providing central purchasing for all government departments (purchases totaling
- ▶ providing printing services for government including in-house and contracted services; and
 - ▶ providing centralized mail and messenger services for government.

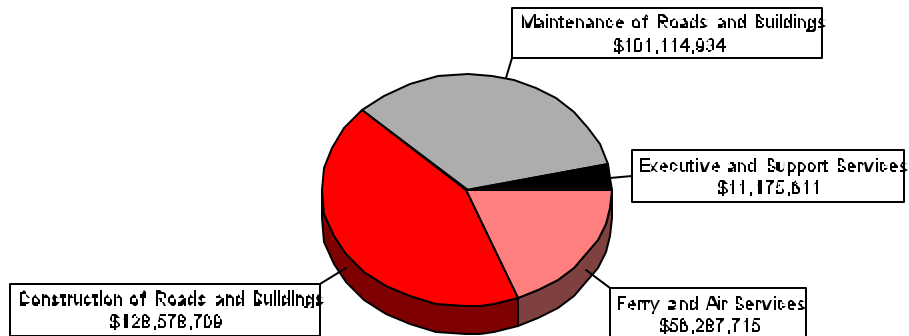
Summary of Financing Resources - 2001-02

TOTAL \$297,156,969



Summary of Gross Expenditures - 2001-02

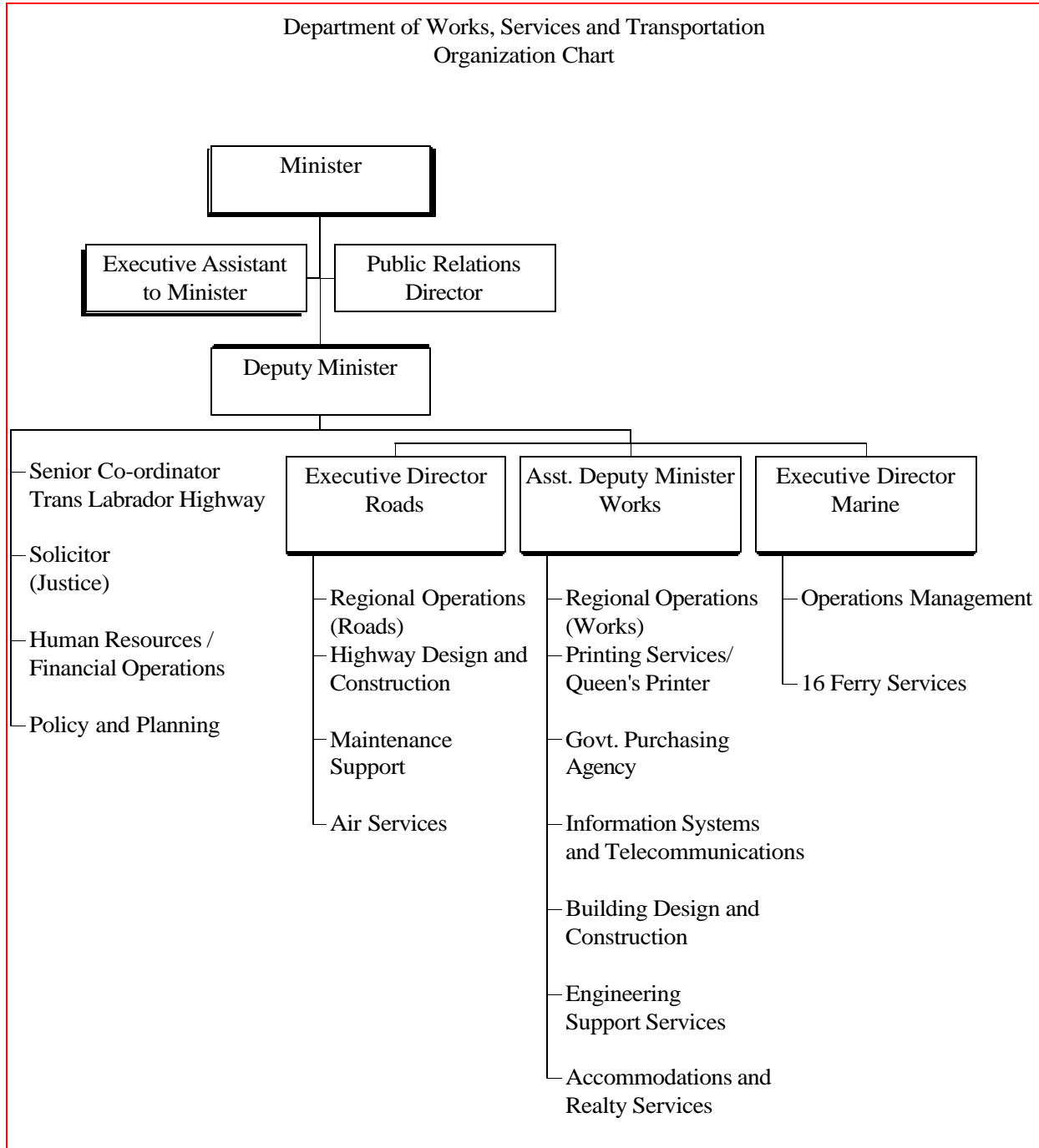
TOTAL \$297,156,969



As illustrated by the financial chart above, the greatest expenditure of the department is for the construction of roads and buildings. Ferry and air services along with the maintenance of roads and buildings are also key elements of WST's activities. WST has the mandate to provide a safe and efficient transportation system, landlord services for all government departments and support services such as printing, purchasing, mail and leasing services for government overall as well as water bomber and air ambulance services.

Organizational Structure

- Organization Chart as of March 31, 2002



Shared Commitments

Partnering With Other Departments

WST plays an integral role in the daily lives of Newfoundlanders and Labradorians who use our roads, ferries and buildings.

The Government of Newfoundland and Labrador committed to making major improvements to the province's infrastructure in 2002. Through the Jobs and Growth Consultations, the people of the province stated that improvements to transportation infrastructure was a priority.

WST partners with the Department of Labrador and Aboriginal Affairs on the Trans Labrador Highway (TLH). During 2001-02, government continued to work on Phase II of the TLH and in March 2002, announced its commitment to build Phase III.

WST is a key project management resource for other departments in fulfilling their mandates.

During 2001-02, the Department worked closely with the Department of Health and Community Services in the building design and construction phases of a number of health care facilities across the province. WST also managed many repair and construction projects on behalf of the Department of Education.

Commitment to Restoring Labrador Airstrips

In June 2001, the Governments of Canada and Newfoundland and Labrador announced the Labrador Airstrip Restoration Program for 2001-02. Under a 1982 Coastal Airstrips Agreement, Transport Canada committed to fund this program, while WST managed the actual work. Projects announced for 2001/02 included restoration of airstrips at Cartwright, Black Tickle, Makkovik, Hopedale, Postville, Davis Inlet and Rigolet. These communities rely heavily on air transportation and

the restoration program ensures that Labrador is equipped with safe and reliable airstrips.

Cost Shared Agreements with Federal Government

The provincial government continues to recognize the need for improvements to provincial highways. During the reporting period, WST lobbied the federal government for necessary funding to allow the province to carry out upgrades to the Trans Canada Highway.

Atlantic Canada Ministers' Meeting

In September 2001, at the annual Atlantic Transportation Ministers' meeting in St. John's, Ministers from the four provinces highlighted their common concerns over national highway funding, air transportation and the need for a national transportation strategy. The consensus reached was to focus efforts and attention on immediate priorities which are: federal funding of highway infrastructure; provincial participation in the National Transportation Blueprint; improved federal policies dealing with air transportation; and uniform regulations governing vehicle weights and dimensions.

Viability Study of Smaller Airports

In 2001/02 WST joined together with other provincial departments responsible for transportation to study the viability of smaller airports. The objective of this interprovincial project was to assess the future financial viability of smaller Canadian airports and to identify possible solutions or processes to resolve the problems. This study was an opportunity to provide the needed data to review the viability of small airports and as part of a potential overall review of the National Airport Policy by Transport Canada. The final report of this study was completed in August 2002.

Intelligent Transportation Systems [ITS]

- The four Atlantic Provinces in cooperation with Transport Canada and the Atlantic Canada Opportunities Agency completed an Atlantic Provinces Regional Intelligent Transportation System Strategic Planning Study. It was the view of the Atlantic region, that a regional plan would allow for greater efficiency and harmonization of technologies. As well, the study included a sector/ economic development component and an academic/ research component.

Air Policy, Aerospace and the Military Committee of Cabinet

WST participated in a multi-departmental committee to provide advice to the Cabinet Committee on commercial air presence into and out of the province and other ongoing airport and aviation activities. Issues involving the aerospace industry and military presence were also addressed.

Highlights and Accomplishments

Televising the House of Assembly

WST played a lead role in having the proceedings of the House of Assembly (HOA) televised to the people of the Province. As part of government's commitment to openness and accountability, televising of the proceedings of the HOA commenced in November 2001. The opening of the legislature to cameras is part of a larger package of government accountability initiatives. The department managed the installation of the necessary equipment and partnered with satellite companies and provincial cable TV operators to distribute the signal.

Highway Cameras and Road Conditions Internet Site

In an effort to provide the motoring public with the most up-to-date road and driving conditions, WST used digital camera technology and the Internet in 2001-02. The site is aimed at encouraging drivers to take a proactive approach to safe winter driving by providing a means of checking conditions before they head out on the road. During 2001-02, there were over 300,000 visitors to the site. WST continues to be committed to providing the public with information so that they can make informed decisions about winter driving. Indeed staff are also available 24/7 via telephone to answer any highway condition queries.

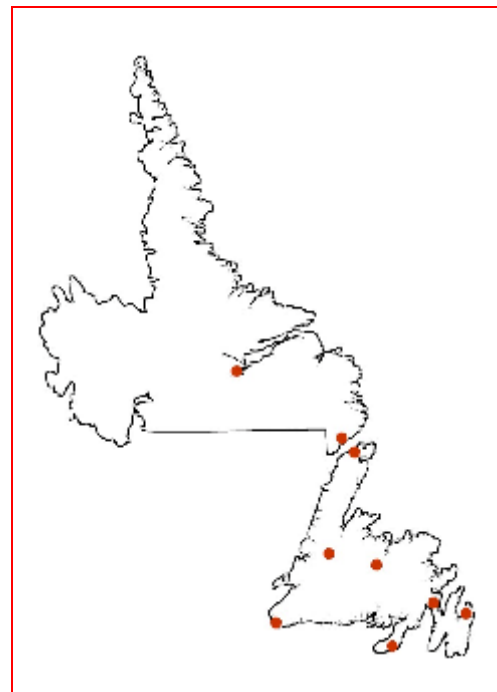
Opening of another section of the Trans Labrador Highway

In 2001-02, WST built approximately 40 kilometres of road between Cartwright and Port Hope Simpson. During this same time period, WST built 2 major bridges - one at Alexis River and the other at St. Lewis Inlet. A significant piece of road work was completed - providing the motoring public with access to Mary's Harbour and Charlottetown as well as the other communities

along that road.

Energy Efficiency

Energy Performance Contracting (EPC) is one means of improving energy efficiency in public buildings. It involves having private sector companies implement and finance improvements. Resulting energy and operational savings are then used to repay the incurred costs. In 2001-02 there were two EPCs in place - one in Western Region and one in the Central Region. These achieved, over the one-year period, a reduction in energy cost totaling \$542,500. This program was also an important contributor to reduction in greenhouse gas emissions.



● - Location of Highway Cameras

Key Achievements and Priorities

During the 2001-02 fiscal year, WST focused on three main strategic priorities. These priorities were viewed as paramount to achieving WST's vision and delivering its mission. Encompassing the operations and activities of the entire department, they were as follows:

- ▶ **Service Delivery** *While needed improvements to infrastructure and services continue to be pursued, the most appropriate level of service delivery must be determined within the context of the operating environment, particularly fiscal and demographic changes.*
- ▶ **Stewardship of Public Infrastructure** *The department is responsible for a large and varied public infrastructure - roads, buildings, ferries, airplanes, and highway vehicles and equipment. Proper stewardship of these assets, including appropriate use and maintenance, is essential to ensure the greatest public value possible is derived from this substantial economic investment.*
- ▶ **Managing Safety, Security and Environmental Issues** *Life safety, security and environmental sensitivities are priorities in the management of public buildings and transportation infrastructure, including vessels and ports. It is imperative to factor these considerations into WST's approach to policy making, operations and development activities.*

Achievements in Building Infrastructure

The Government of Newfoundland and Labrador places health care and education as two key priorities. In 2001-02, WST managed a number of ongoing construction and renovation projects

totaling approximately \$82 million. This included approximately: \$34.15 million in health care facilities; \$27.2 million in school construction and repairs, and \$20.36 million in construction and repairs of other public buildings. While WST managed these projects, funding for some of them were budgeted in client departments. These projects included:

Health care Facilities

Health care Facility Location	2001-02 Expenditures
Bonne Bay *	\$4,407,000
Clarenville *	\$360,000
Fogo **	\$1,948,000
Gander **	\$16,800,000
Grand Bank **	\$600,000
Harbour Breton *	\$112,000
Melville *	\$136,000
Old Perlican*	\$387,000
Stephenville **	\$9,400,000
Total 2001-02 expenditures	\$34,150,000

Project status: * - Completed in 2001-02
** - Ongoing project

The total expenditures on these health care projects to March 31, 2002 was \$ 117,103,300.

K-12 Educational Facilities

Project	2001-02 Expenditures
Extension and renovation projects	\$3,168,900
New school construction	\$20,880,600
Reorganization (Avalon East School Board)	\$749,600
Roofing projects	\$2,374,600
Total educational projects expenditures	\$27,173,700

Other Facilities

Project	2001-02 Expenditures
The Rooms project	\$7,824,500
Exterior remediation, Sir Wilfred Grenfell College - Corner Brook	\$1,882,800
Renovations and repairs, College of the North Atlantic - St. John's	\$6,432,500
Renovations, College of the North Atlantic - Corner Brook	\$216,900
Renovations to various government buildings including building envelope, life safety and accessibility projects	\$4,000,000
Total project expenditures	\$20,356,700

Achievements in Roads Infrastructure

In 2001-02, government embarked upon the second largest capital roads program since Confederation - the largest was in 2000-01- bringing total government commitment to some \$644 million over a six-year period. The expenditure for this reporting period was:

Project	2001-02 Expenditures
Trans Labrador Highway - Work included the building of 114 new kilometres of highway and access roads; construction of 3 bridges.	\$37,517,300
Trans Canada Highway - Work on 71 kilometres of road; construction/repair of 5 bridges and phase III (Portugal Cove Road - Torbay Road) of the Outer Ring Road.	\$34,742,300
Provincial Roads Program Work on 186 kilometres of road. Work involved the upgrading/paving of roads as well as bridge/culvert rehabilitation.	\$27,441,300
Regional Trunk Roads - Work on 34 new kilometres of road including the Goulds By Pass, Conception Bay North and South By Pass Roads. Work also involved bridge/culvert rehabilitation.	\$14,904,700
Total expenditures	\$114,605,600

Achievements in Facilities Management

Improvements to Energy Efficiency -Energy Performance Contracting is a means of improving energy efficiency in public buildings by having private sector companies implementing and financing the improvements. The contractor is paid from the resulting energy and operational cost savings. The company guarantees that the savings achieved will pay off the project over a fixed time period, otherwise the company pays the balance owing.

The process starts with the department calling for proposals from qualified energy service companies and implements a contract with the proponent whose proposal has the best technical and financial benefits. In 2001-02 there were two Energy Performance contracts in place - one in Western Region involving 19 sites and one in the Central Region involving 6 sites. In general the work involves improvements to building lighting, heating and ventilation systems. The estimated annual cost reduction to be achieved in these two projects, once the projects are completed, is \$698,000. The actual cost reduction achieved in 2001-02 was \$542,500.

Building Maintenance - During the reporting period, WST maintained over 860 buildings at more than 219 sites. The annual cost to maintain these buildings was in excess of \$20 million, which includes: heating costs; garbage and snow removal; security and fire protection; custodial services; as well as routine building maintenance.

Achievements in Marine Infrastructure The Marine Branch during 2001-02 ensured the 21 vessels operating on the 16 ferry routes provided safe and reliable service. The operations included vessels:

- owned and crewed by the department (10);
- owned by the department and operated by the

private sector (2); and

- owned and operated by the private sector (9).

The vessels under the care of the department provided a wide variety of service levels based on public interest and the requirements of users.

Achievements in Human Resources

Training - During the reporting period, 419 employees engaged in approximately 10,000 training hours offered by the department to address job specific training needs, with primary focus on information technology and frontline leadership.

Achievements in Other Essential Public Services

Air Ambulance and Water Bomber Services - The Air Services Division is responsible for the operation and maintenance of government-owned aircraft as well as the acquisition and monitoring of aircraft for dedicated government use. During the reporting period, WST's air ambulance services, along with that of the Grenfell Regional Health Services, airlifted 712 patients.

WST's water bombers are utilized for forestry protection and management programs. In the 2001-02 fire season, water bombers were used to fight 201 fires, all of which were quickly contained. The six air tankers flew 83 missions and dropped 6,537,600 litres of water/foam. One water bomber spent four days out of province assisting the Province of New Brunswick with its forest fire activities.

In September, 2001, as part of government's regionalization program, headquarters for Air Services moved from St. John's to Gander.

Achievements in Interdepartmental Services

WST provides a number of key services that assist other departments in fulfilling their own mandates. These services include: tendering and procurement of goods and/or services; printing of various government documents such as the Provincial Budget, pamphlets, brochures and reports. In the fall of 2001, the department played a key role in televising the House of Assembly.

Televising of the House of Assembly(HOA) - As part of government's commitment to openness and accountability, WST engineered the televising of the HOA's proceedings. WST designed and implemented this project, successfully meeting its strict deadlines. This project was comprised of two main components, namely (i) space renovations to the HOA to allow for camera and

audio installation and (ii) the supply, installation, commissioning and training associated with the new equipment. On November 19, 2001, the proceedings of the HOA went live on local cable channels throughout the province via satellite.

Printing Services - The Queen's Printer is mandated by legislation to exercise the printing and publishing functions for the government. This includes *The Newfoundland and Labrador Gazette*, all official departmental and other reports, forms, documents, commissions and other papers that the Queen's Printer is required to print and publish by the authority of the Lieutenant-Governor in Council. In 2001-02 Printing Services completed 2,369 print jobs at an approximate value of \$762,500. Micrographics completed 275 jobs, valued at \$60,700.

Government Purchasing Agency (GPA) - GPA procures goods and services directly on behalf of all government departments in accordance with the Public Tender Act and Regulations. In addition to its procurement responsibility, other activities include the disposal of assets, administration of procurement agreements, advertising, and the administration of the government charge card. For the reporting period, GPA issued \$320 million in goods and services purchases; \$216 million in building, transportation and maintenance contracts and \$33 million in consumable goods contracts.

Achievements in Safety, Security and Environmental Issues

Security Improvements - Safety and security of those working and visiting government buildings was a high priority for 2001-02. WST undertook a review of security issues for government to help achieve a security-sensitive environment within its facilities and amongst its employees. The focus of this review was to detail a comprehensive security plan for the East and West Blocks of the Confederation Complex, as

well as other key government buildings. In February, 2002, the security plan received approval to proceed. The plan included:

- the mandatory use of photo ID cards;
- security controlled access to key government buildings;
- controlled access to areas inside government buildings;
- development of mail handling protocols and
- procedures for security staff.

Fire and Life Safety Inspections - Over the 2001-02 reporting period, 199 fire and life safety inspections were conducted on government-owned buildings, and 78 on government-leased buildings. The fire and life safety inspections are aimed towards ensuring an appropriate level of life safety for those working in and visiting public buildings.

Safety of the road traveling public - Public safety continued to be a priority of WST. During 2001-02 the department maintained a visible profile through radio, television, internet access and the print media by continuing to inform Newfoundlanders and Labradorians about road conditions as well as advocate a winter driving strategy - "Be an informed driver this winter". To provide the motoring public with up-to-date, internet accessible, images of driving conditions, the Department added three (3) highway camera locations. By December 2002, WST had nine camera locations throughout the province.

Occupational Health and Safety (OHS) - WST had several OHS initiatives during the reporting period. These included:

- Approximately 200 Equipment Operator Skills Assessments were completed during the 2001-02 fiscal year. These assessments were conducted to assess competencies of employees in "real life" situations on various types of heavy

equipment. The remaining 103 assessments will be completed during the next fiscal year.

- Right to refuse unsafe work policy and procedures were developed and approved by the departmental executive and were implemented in 2001-02.
- The development of a departmental occupational health and safety program started in 2001-02. Many of the program's components have been developed in draft form. These components include workplace inspections, hazard assessments, accident investigations, OHS committees, internal responsibility systems and corrective action.

Road Salt Management - As a result of Environment Canada's study on road salt, the department developed a salt management strategy that focuses on the more efficient use of salt to minimize environmental impacts along roadsides and storage facilities. Some of the remedies included the implementation of automated spreader controls, better storage practices, training of personnel in salt management and researching alternatives to salt.

Removal of Underground Fuel Storage Tanks - WST undertook a two-year program starting in the spring of 2001 to remove from service all of the underground storage tanks at transportation depots throughout the province. A total of 90 tanks were scheduled to be removed over a two-year program. At a cost of \$400,000, the following achievements were made for the 2001-02 fiscal year:

- 23 underground gasoline tanks removed;
- 23 underground diesel tanks removed;
- 2 other fuel tanks decommissioned; and
- 8 new supply tanks installed.

Opportunities and Challenges Ahead

- **Aging infrastructure - Government Facilities**
Priorities must be continually reviewed to address maintenance issues as they arise.
- **Future Highway Funding** - The provincial and federal governments have a long history of cooperation in highway agreements that has been beneficial to the province and the country. In 2002, Newfoundland and Labrador submitted a proposal for a new cost shared highways agreement between the Governments of Newfoundland and Labrador and Canada. WST is prepared to enter into a partnership with the federal government and will assume its share of the costs to make this happen. WST will continue to lobby the federal government to deliver on its responsibility for transportation in a meaningful manner. Benefits of such a partnership include: (i) a more effective and efficient means of transporting people and goods to, from and within the province; (ii) increased tourist traffic; and (iii) resulting economic growth.
- **Federal devolution of ports and harbours** - In recent years, the federal government has been implementing programs that allow for the transfer of federal assets such as airports, harbours and buildings. These programs afford opportunities for local communities to make important decisions on infrastructure that affects their regions. Divestiture can create both infrastructure improvement benefits and impose challenges in terms of sustainability and environmental remediation liabilities.
- **Changing demographics** - As with all government departments, WST operates in an environment undergoing significant demographic changes.

With the largest number of employees of all provincial government departments, WST will see a great impact on our human resources as our departmental “baby boomers” quickly reach retirement age, many of whom have been with the department for most of their careers. There are significant human resource issues that must be addressed including: (i) the loss of corporate knowledge; (ii) recruitment and retention of staff; and (iii) succession planning.

Over the last quarter in 2001-02 the department developed a Strategic Human Resource Plan to address these human resource challenges. Opportunities may arise as employees retire, whereby the department may hire new graduates, reducing the number of new graduates leaving the province.

Financial Information**Department of Works, Services and Transportation**

Summary of Net Expenditure -
For the year ended 31 March, 2002

	<u>Estimates</u>		
	<u>Actual</u> \$	<u>Amended</u> \$	<u>Original</u> \$
Executive and Support Services			
Minister's Office	260,320	272,600	254,800
General Administration	6,785,686	6,883,600	6,729,400
Maintenance of Roads and Buildings			
Road Maintenance	43,983,601	44,662,350	43,925,000
Building Maintenance Operations & Accommodations	30,365,962	30,828,600	31,019,500
Equipment Maintenance	22,305,286	22,616,350	21,186,400
Construction of Roads and Buildings			
Administration & Support	2,559,273	2,673,500	3,163,900
Road Construction	27,386,677	29,549,500	27,099,500
Building Construction	7,259,491	8,304,000	8,605,000
Transportation Services			
Air Support	1,155,706	1,318,600	1,256,100
Marine Operations	21,592,237	21,423,900	20,299,900
Air Services	9,540,329	9,649,000	9,362,400
Government Services	<u>2,599,066</u>	<u>2,567,500</u>	<u>2,205,400</u>
TOTAL	<u>\$ 175,793,634</u>	<u>\$ 180,749,500</u>	<u>\$ 175,107,300</u>

Please refer to Volume III of the Public Accounts which were previously tabled in the House of Assembly, for detailed financial information.



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

Department of Works, Services and Transportation

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