

**Newfoundland and Labrador Municipal
Financing Corporation**

**Activity Plan
For the Period
April 1, 2020 - March 31, 2023**

**NEWFOUNDLAND AND LABRADOR MUNICIPAL
FINANCING CORPORATION**

**Department of Finance
Treasury Management Division
P. O. Box 8700
St. John's, NL A1B 4J6**

Honourable Siobhan Coady
Minister of Finance
Government of Newfoundland and Labrador
Confederation Building
St. John's, NL A1B 4J6

Dear Minister Coady:

The Newfoundland and Labrador Municipal Financing Corporation is a Crown Corporation established to consolidate the long-term borrowing programs of all municipalities in one central agency.

Pursuant to the provisions of the **Transparency and Accountability Act**, the Corporation is required to develop a three-year Activity Plan. The Board of Directors is accountable for the preparation of an Activity Plan and the achievement of its objectives. In the development of this plan, careful consideration was given to the Strategic Directions of Government, as communicated by the Minister of Finance. As this Corporation has discontinued its capital borrowing program and anticipates it will be winding up once collection of its outstanding accounts receivable is achieved, it was determined that the Strategic Directions are not directly applicable to its operations.

As Chair of the Board, it is my pleasure to submit the Activity Plan covering the three year period from April 1, 2020 to March 31, 2023.

Sincerely,



PAUL SMITH CPA, CA, CMA
Chair

Activity Plan

1.0 Overview

The Newfoundland and Labrador Municipal Financing Corporation (“NLMFC”) was established in 1964 and operates pursuant to the provisions of the **Municipal Financing Corporation Act**. NLMFC operates with a March 31 fiscal year end and the results of its activities are fully consolidated in the Province’s annual financial statements.

2.0 Mandate

NLMFC was established to consolidate the long-term borrowing programs of all municipalities in one central Crown agency. The proceeds of these borrowings were then used to provide long-term financing to meet the capital requirements of municipalities. As most municipal projects were cost shared with the Province, the financing provided was recovered partially from the municipality with the balance, representing the Province’s share, paid by the Department of Municipal Affairs and Environment.

NLMFC’s mandate and role evolved over time, however, to a situation whereby most municipalities were capable of financing their capital programs independently through financial institutions, primarily banks. The NLMFC continued to borrow to provide financing for the Provincial share of capital projects for a period of time but, in 2005-06, Government decided it would no longer finance its portion of municipal capital projects but would fund it directly through annual budgetary allocations. Consequently, the NLMFC discontinued its capital markets borrowing program and will wind up operations when it collects its outstanding loans receivable and repays its outstanding debenture debt.

3.0 Primary Clients and Stakeholders

The Board’s primary responsibility is to Government by carrying out functions related to the wind up of operations.

4.0 Board Representation and Accountability

The affairs of NLMFC are overseen by a Board of Directors appointed by the Lieutenant Governor in Council. All Board members are employees of the Province with the position of Chair held by the Deputy Minister of Finance. The Board meets no less often than annually and approves its Financial Statements and Annual Report, both of which are then tabled in the House of Assembly by the Minister of Finance. The current members of the Board and their positions are as follows:

Mr. Paul Smith (Chair)
Deputy Minister of Finance

Mr. Ted Lomond
Deputy Minister of Industry, Energy and Technology

Mr. Sean Dutton
Deputy Minister of Environment,
Climate Change and Municipalities

Ms. Theresa Heffernan
Assistant Deputy Minister
Treasury Management & Budgeting
Department of Finance

Vacant
Director, Treasury Management
Department of Finance

Mr. Thomas Nemec
Manager, Treasury
Department of Finance

5.0 Sources of Funding

The NLMFC has traditionally been self-supporting from a funding perspective, primarily through matching the terms of its borrowing program to the lending program for municipal capital works projects. The NLMFC has independent banking arrangements, including facilities to provide short-term financing of cash flow deficiencies and investment of temporary cash surpluses. The Corporation's day-to-day affairs are managed by employees of the Department of Finance and the NLMFC is billed quarterly by the Province for reimbursement of these expenses on a cost recovery basis.

6.0 Priorities

As stated previously, the NLMFC has discontinued its capital markets borrowing program and will wind up operations when it collects its outstanding accounts receivable. Its focus for the 2020-23 Activity Plan will therefore be the collection of these outstanding receivables. As such, the NLMFC will provide annual reports detailing the activities it undertook to collect the outstanding receivables during each preceding fiscal yearⁱ.

Objective: By March 31, 2021, the NLMFC will enter into agreements with all municipalities for the collection of accounts receivable.

Measure: Number of agreements made.

ⁱ It is noted that the NLMFC opted not to develop a mission statement, a vision statement or values (consistent with Government Guidelines). The NLMFC has discontinued its capital markets borrowing program, therefore, the development of such components was determined to be inappropriate. Additionally, the NLMFC considered the responsible Department's mission statement, vision statement and values, but determined that it had no direct role to play at this time. Lines of business were also not developed; to do so would be repetitive of the NLMFC's mandate.