

ANNUAL REPORT 2019/20



Transportation and Infrastructure





MESSAGE FROM THE MINISTER

As Minister of Transportation and Infrastructure (formerly Transportation and Works), I am pleased to present the Department's annual report for the fiscal year 2019-20. 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 final year of reporting from the three-year 2017-20 Strategic Plan and will report on those three-year goals. I am accountable for the contents and achieved results outlined in this report.

Significant achievements have been made in addressing the Department's strategic issues of multi-year planning, fiscally sound investments and government asset optimization. The Department has modernized infrastructure that supports core public services using a fiscally balanced approach. The province's real estate and vehicle fleet portfolios were also key priorities that have been optimized.

I would like to acknowledge the substantial commitment and contribution of the dedicated staff of the Department of Transportation and Infrastructure in providing safe and reliable services for the benefit of Newfoundlanders and Labradorians.

A handwritten signature in black ink, appearing to read 'Derrick Bragg'. The signature is stylized and fluid.

Hon. Derrick Bragg
Minister of Transportation and Infrastructure

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Departmental Overview

Organizational Structure

Departmental restructuring recently combined the former Department of Transportation and Works with the Municipal Infrastructure Division from the former Department of Municipal Affairs and Environment, resulting in the formation of the new Department of Transportation and Infrastructure.

The Department of Transportation and Infrastructure 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 9,701 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 43 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 790,000 passengers, 390,000 vehicles, and 13,000 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 four active 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;
- Support for capital works projects encompassing a wide range of municipal infrastructure;
- Construction of new roads and management of road improvement projects; and,

- Development and implementation of:
 - A Multi-Year Plan for Infrastructure Investments – each Plan identifies approximately 55 projects and allocates approximately \$600 million annually.
 - A Five Year Provincial Roads Plan – each Plan identifies approximately 115 projects and allocates approximately \$77 million annually.
 - A Five Year Marine Infrastructure Plan – each Plan identifies approximately 75 projects and allocates approximately \$5 million annually.

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 Infrastructure can be found by visiting www.gov.nl.ca/ti.

Staff and Budget

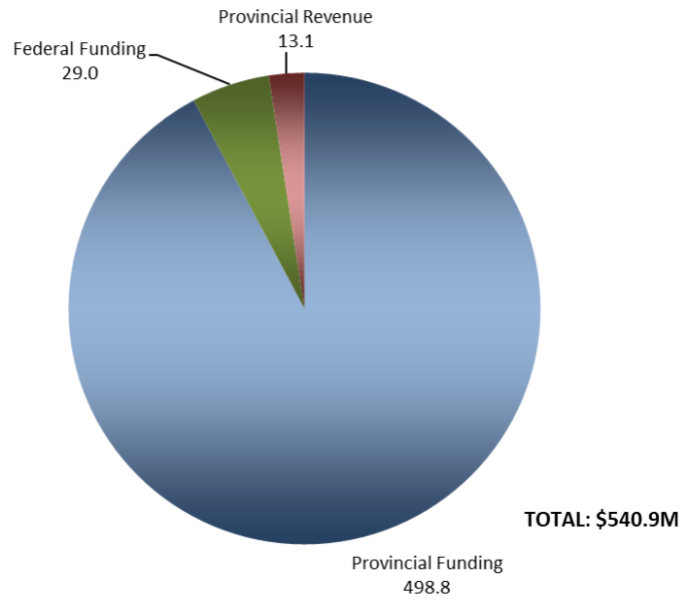
Division	# of Employees	Budget
Executive and Support Services	139	\$12,643,343
Operations (Maintenance of Roads and Buildings)	985	\$229,419,785
Infrastructure (Construction of Road and Buildings)	314	\$205,202,225
Air and Marine Services (Transportation Services)	245	\$93,635,285
Total	1683	\$540,900,638

Note: Employee counts are as of March 31, 2020.

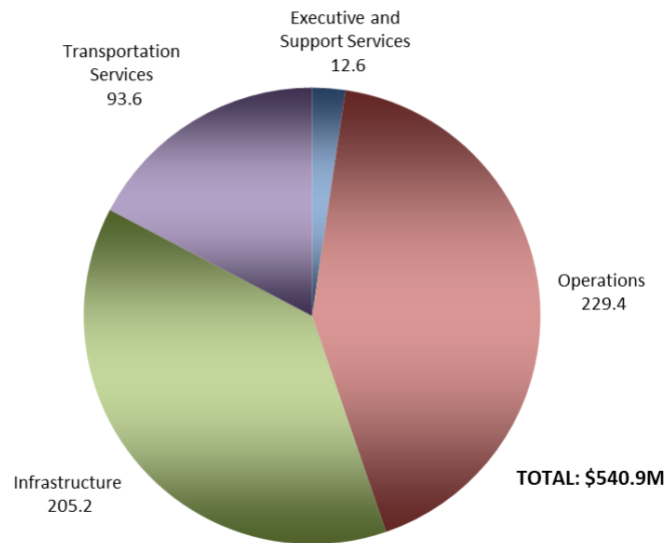
Revenues and Expenditures 2019-20

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

Where the Money Comes From (\$Millions)



How the Money is Spent (\$Millions)



Highlights and Partnerships

Highlights

In November 2016, the Government of Newfoundland and Labrador made commitments which focused on a variety of actions aimed at reducing spending and supporting economic growth. Subsequent commitments continued the work of the first phase by building a stronger economic foundation and 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 Infrastructure plays a key role in achieving the desired results set out in those commitments. Achievements made from those commitments by the Department in 2019-20 include:

- Reduction of approximately 164,900 square feet of Government's leased building footprint since 2016, achieving savings of \$4.3 million annually as of March 31, 2020. This reduction exceeds the targeted amount of 110,000 square feet that Government had previously committed to reduce between 2016 and 2020; and,
- Construction of the new acute care hospital in Corner Brook began in 2019-20 and is anticipated to be completed in 2023. The new seven-story, 600,000 square foot facility, with an estimated contract value of approximately \$700 million, will have 164 beds and the same services currently provided at Western Memorial Regional Hospital, as well as an expanded cancer care program, including radiation services.

Partnerships

The Department of Transportation and Infrastructure is the lead department for government for the management of major infrastructure projects throughout the province. This work is done in partnership with the Department of Health and

Community Services, the Department of Justice and Public Safety, and the Department of Education. The Department of Transportation and Infrastructure also manages new developments, renovations, extensions and upgrades relating to public health care, justice/correctional and education infrastructure.

During the 2019-20 fiscal year, the following shared accomplishments were made:

- New Correctional Facility in St. John's – In March 2019, it was announced that a new 21,000 square metre correctional facility would be built in St. John's utilizing best practices in facility design. It will more than double the capacity of the existing Her Majesty's Penitentiary, allowing for more programming, recreation, and better mental health services. In March 2020, the Department awarded three contracts for technical advisory services, financial and procurement advisory services and fairness advisory services. A Request for Qualifications will be issued early in 2020-21 to establish a short list of businesses interested in designing, building, financing and maintaining the facility.
- Paradise Intermediate School – Construction began on a new 11,000 square metre intermediate school in Paradise that will include three floors and accommodate more than 800 students from Grades six to nine. The construction contract was valued at \$30.9 million and is expected to be completed before the school year begins in September 2021.
- Acute Care Hospital in Corner Brook – Construction of a new seven-story, 600,000 square foot facility, with a contract value of approximately \$700 million, began in August 2019. The facility will include 164 beds and will provide the same services currently provided at Western Memorial Regional Hospital, as well as expanded cancer care program, including radiation services. Over the course of construction, an estimated 4,000 person years of employment and \$460 million in GDP is expected to be created. The hospital is anticipated to be completed in 2023.

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:

- **A Multi-Year Plan for Infrastructure Investments – 2017 Edition**
- **A Five-Year Provincial Roads Plan – 2017 Edition**
- **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 Statement

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

2019-20 Objective

By March 31, 2020, Transportation and Infrastructure 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.

Results: The 2020 editions of the multi-year plans were released as follows:

- A Five-Year Provincial Roads Plan – Due to the COVID-19 pandemic, the Five-Year Provincial Roads Plan was not finalized prior to March 31, 2020. However, a listing of 2020-21 Provincial Roads Projects was published and road project work continued.
- A Five-Year Provincial Marine Infrastructure Plan – Due to the COVID-19 pandemic, the Five-Year Provincial Marine Infrastructure Plan was not finalized prior to March 31, 2020. However, marine infrastructure project work continued throughout 2019-20.
- A Multi-Year Plan for Infrastructure Investments – Due to the COVID-19 pandemic, the Multi-Year Plan for Infrastructure Investments was not finalized prior to March 31, 2020. However, infrastructure project work continued throughout 2019-20.

- Number of projects from year three (2019 editions) of the multi-year plans completed.

Results: The number of projects completed from the 2019 editions of the plans were as follows:

- Five-Year Provincial Roads Plan – 43
- Five-Year Provincial Marine Infrastructure Plan – 9
- Multi-Year Plan for Infrastructure Investments – 3 (Transportation and Infrastructure -led projects)

- Number of projects for year four (2020 editions) of the multi-year plans identified.

Results: The number of projects identified for year four (2020 editions) of the plans are as follows:

- Five-Year Provincial Roads Plan – 121

- Five-Year Provincial Marine Infrastructure Plan – 23
 - Multi-Year Plan for Infrastructure Investments – Due to the COVID-19 pandemic, the number of projects identified for year four of the Multi-Year Plan for Infrastructure Investments was not finalized prior to March 31, 2020.
- Amount of funding allocated for projects included in year four (2020 editions) of the multi-year plans.
Results: Funding allocated for projects included in year four (2020 editions) of the multi-year plans include:
 - Five-Year Provincial Roads Plan – \$168 million
 - Five-Year Provincial Marine Infrastructure Plan – \$4.4 million
 - Multi-Year Plan for Infrastructure Investments – \$610 million (includes the funding allocated for the above noted road and marine plans)

The commitment to release multi-year plans annually provides better value for money, greater accountability and transparency to the public, and greater predictability for the construction industry which in turn helps the Province build infrastructure in a timely and cost effective manner. While the 2020 editions of the multi-year plans were not publicly released as a result of the COVID-19 pandemic, planning and project work continued that expanded upon the 2019 editions.

2017-20 Goal Reporting

2017-20 Indicators

- Number of road tenders awarded.
Results: There were 304 road tenders awarded over the three year period.
- Number of construction projects completed.
Results: There were 262 construction projects completed between April 1, 2017 and March 31, 2020.

- Number of facilities with major upgrades/renovations completed.
Results: Over the last three fiscal years there were 219 government-owned facilities that had major upgrades or renovations completed.
- Amount of funding spent on infrastructure projects.
Results: Funding spent on infrastructure projects for fiscal years 2017/18, 2018/19 and 2019/20 totaled \$638.6M.

Through the development of multi-year plans, the Department modernized public infrastructure that supports core public services for Newfoundlanders and Labradorians. This forward-thinking, long-term planning approach to infrastructure development provided predictability for the construction industry and allowed infrastructure projects to be completed in a timely and fiscally-responsible manner.

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 Infrastructure 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.

Goal Statement

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

2019-20 Objective

By March 31, 2020, Transportation and Infrastructure 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.

Results: 2 projects reached financial close and had post-contract award VFM assessments completed in 2019-20

During 2019-20 the Central Long Term Care and Corner Brook Acute Care Hospital projects reached financial close. Post-contract award VFM assessments were completed on both projects indicating that using the design-build-finance-maintain procurement method provided savings of 12.1 per cent for Central Long Term Care and 11.7 per cent for the Corner Brook Acute Care Hospital when compared to traditional design-build procurement.

2017-20 Goal Reporting

2017-20 Indicators

- Number of projects approved for cost-shared funding.

Results: 51 projects approved for cost-shared funding

- Amount of funding leveraged from cost-sharing.

Results: Cost-shared funding totaling \$168 million was leveraged on those 51 projects since 2017 that were eligible through federal programs such as the New Building Canada Plan, the Investing in Canada Plan, the Disaster Mitigation and Adaptation Fund and the Low Carbon Economy Leadership Fund.

- Number of projects delivered through alternate procurement methods.
Results: Five infrastructure projects were initiated, advanced or completed over the last three years through public-private partnerships with value for money assessments completed that showed significant savings when compared to traditional design-build procurement methods.
- Number of person years of employment generated from infrastructure spending.
Results: The last three editions of the Multi-Year Plan for Infrastructure Investments have estimated that the infrastructure projects included in those plans will result in an average of \$560 million in annual GDP and 5,100 person years of employment per year over a five year period.

The Province has a responsibility to address key infrastructure priorities while at the same time ensuring that they are addressed using fiscally sound investments. Since 2017, the Department has undertaken a number of initiatives that have maximized investments through early tendering, leveraging cost-shared funding and completing infrastructure projects by alternate procurement methods, including having completed value for money analyses on those projects to ensure these methods resulted in savings to Newfoundlanders and Labradorians.

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 Infrastructure 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 Statement

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

2019-20 Objective

By March 31, 2020, Transportation and Infrastructure 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.
Results: New government space standards have been developed and are currently in use. Changes, however, may be required before full implementation is complete to address COVID-19 protocols.
- Finalized and implemented an accountability framework for client departments to help ensure responsible space utilization throughout government.
Results: An accountability framework for client departments has been finalized. Implementation was placed on hold due to the COVID-19 pandemic and is expected to be implemented in 2020-21.
- 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.

Results: The Department continually monitors government's light duty vehicle allocation and has replaced high-consumption vehicles with more fuel efficient options, where practical. The Department continues the use of shared vehicle pools in regional centres across the province.

- Implemented a new, streamlined, light vehicle maintenance process, reducing the turnaround time for light vehicle maintenance.

Results: The Department of Transportation and Infrastructure has entered into a contract with Element Fleet Management Inc. for the provision of maintenance services for the light vehicle fleet.

The Department has improved processes around space management and vehicle fleet management through a number of initiatives undertaken over the last year. New government space standards and an accountability framework for client departments will ensure responsible space utilization throughout government.

The introduction of vehicle pools has enabled government to reduce the number of vehicles dedicated to individual departments - employees from any department can now reserve vehicles from the shared pools for occasional vehicle use. In addition, fuel efficiency calculations have been incorporated into the light vehicle tender evaluations and have since made an impact to whom the tenders are awarded. Now the fuel efficiency calculation is factored into the total cost of operation and has had an impact on who the successful bidders are.

The contract with Element Fleet Management provides an oversight role in the light vehicle maintenance process – drivers are now able to present their Element card at a number of different maintenance vendors throughout the province and have any required maintenance or repairs completed in a timely manner. The maintenance approval and payment process is coordinated between Element and the Department of

Transportation and Infrastructure staff, reducing the turnaround time required for light vehicle maintenance due to the improved administrative function.

2017-20 Goal Reporting

2017-20 Indicators

- Percentage reduction in the total square footage of leased space.
Results: Leased space square footage was reduced by approximately 21.2%.
- Percentage reduction in the total square footage of government-owned buildings.
Results: Government owned space square footage was reduced by approximately 2.7%.
- Reduction of costs associated with government's vehicle fleet.
Results:
In 2018, the Department of Transportation and Infrastructure took over management of the entire light vehicle fleet and responsibility for a total of 1,121 vehicles. The fleet was subsequently reduced by ten percent. The vehicle fleet has stabilized and a maintenance contract established. Going forward, a baseline has been established by which maintenance costs can be compared across fiscal years. Further, fuel costs in 2018 of approximately \$4.17 million have decreased to approximately \$3.53 million in 2019-20.

Since 2017, the Department has made significant achievements in the optimization of the province's real estate and vehicle portfolios. A review of government's leased space requirements and of vacant and underutilized space, led to the development and partial implementation of new office space standards and an accountability framework to ensure responsible space utilization. As a result of these initiatives, the department has

reduced government's total square footage of leased space by approximately 164,900 square feet and the reduced government's owned space by approximately 183,000 square feet.

A review of how government manages its light duty vehicle fleet led to changes that has resulted in overall savings and process improvement to the province. Vehicles were removed from service that were deemed no longer required or unfit for service and light vehicle pools were created and expanded to allow more vehicles to be shared amongst various departments and thus reducing the need for dedicated vehicles that were often idle. The light duty vehicle maintenance process was also changed with a contract that is anticipated to reduce the turnaround time required for vehicle maintenance.

Opportunities and Challenges

Partnering with the Private Sector

The Department of Transportation and Infrastructure recognizes the need to provide infrastructure in a way that is fiscally responsible. Partnering with the private sector to design, build, finance and maintain new infrastructure often provides better value for money than a more conventional delivery model. Public infrastructure projects in the past have often experience cost overruns and delays when government assumes the project risk. Partnering with the private sector diminishes that risk as this approach allocates risks and responsibilities to the public and private sectors based on their areas of expertise. The Department has realized significant savings through a number of projects to-date that have had value-for-money assessments completed.

Improve Highway Safety

The Department is continually seeking ways to improve safety on our highways particularly on well-travelled routes to ensure the travelling public can make informed decisions before driving. Increasing the use of modern technology is something the Department will continue through initiatives including the use of the NL 511 app, modernizing a province-wide public safety radio system and expanding and improving highway cameras.

Maintaining Services Through the COVID-19 Pandemic

The COVID-19 outbreak has caused significant challenges throughout the world and the Department of Transportation and Infrastructure is no exception. The Department must respond to the public health crisis to minimize the health, economic and social impacts to Newfoundlanders and Labradorians. This response will include collaboration with all levels of government and stakeholders as well as maintaining operational flexibility to evolve as new information becomes available.

Financial Information

Statement of Expenditures and Revenues

Summary of Expenditure and Related Revenue (unaudited)

For the year ended 31 March 2020

	Estimates		
	Actual	Amended	Original
Executive and Support Services			
Minister's Office	277,621	279,400	285,100
General Administration	12,365,720	12,471,700	14,146,300
Less: Revenue	(1,056,816)	(601,600)	(601,600)
	11,586,525	12,149,500	13,829,800
Operations			
Road Maintenance	99,027,550	99,167,100	90,608,900
Less: Revenue	(3,190,032)	(4,238,100)	(4,238,100)
Equipment Maintenance	42,810,549	42,855,400	42,615,700
Less: Revenue	(14,685)	(262,000)	(262,000)
Building Maintenance, Operations and Accommodations	85,019,811	88,856,900	88,939,600
Less: Revenue	(2,080,707)	(6,251,500)	(6,251,500)
Airstrip Maintenance	2,561,875	2,599,700	2,665,500
Less: Revenue	(1,536,098)	(1,830,900)	(1,830,900)
	222,598,263	220,896,600	212,247,200
Infrastructure			
Highway Design and Construction	1,283,755	1,288,000	1,465,400
Road Construction	157,155,741	166,871,800	165,331,000
Less: Revenue	(27,431,300)	(64,152,500)	(64,152,500)
Resource Roads	3,432,535	3,454,200	3,689,300
Building Design and Construction	39,195,714	45,840,200	54,382,000
Less: Revenue	-	(4,727,300)	(4,727,300)
Marine Infrastructure	4,134,483	4,166,300	4,501,000
	177,770,928	152,740,700	160,488,900
Air and Marine Services			
Marine Operations	82,548,771	82,836,100	80,516,700
Less: Revenue	(6,557,711)	(8,000,000)	(8,000,000)
Air Services	11,086,513	11,115,700	12,086,100
Less: Revenue	(204,874)	(1,000,000)	(1,000,000)
	86,872,699	84,951,800	83,602,800
Total Expenditure	540,900,638	561,802,500	561,232,600
Total Related Revenue	(42,072,223)	(91,063,900)	(91,063,900)

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 2020. 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.

Inactive Entities

Minister's Advisory Committee on Labrador Transportation

The Minister's Advisory Committee on Labrador Transportation is a Category 3 entity under the **Transparency and Accountability Act**. The committee provides a two-way forum to share views and provide advice on policy, programs and services, as well as, represents a common understanding of the transportation needs of people and businesses throughout Labrador. This committee is currently inactive but will resume planning and reporting activities should it become active again.

