

8.

HOUSING AND MUNICIPAL AFFAIRS - INFRASTRUCTURE WORKS PROGRAM - PHASE II

BACKGROUND

8.1 The maintenance and replacement of aging municipal infrastructure is a major challenge for Nova Scotia municipalities. The Department of Housing and Municipal Affairs estimates that an investment of more than \$600 million is required to bring municipal water and sewer systems to required standards. The Department also estimates that municipalities will require a further \$200 million in infrastructure investment in the next few years to meet provincial Solid Waste Management regulations.

8.2 In 1994 the Federal government entered into an agreement with each province and territory to implement the Canada Infrastructure Works Program. The Canada/Nova Scotia Infrastructure Works Agreement was signed on January 14, 1994 for the three-year period ended March 31, 1997. The principal objectives of the program were to renew and enhance infrastructure in local communities and to create employment.

8.3 There were 339 projects sponsored under the Agreement with approved costs of \$219.1 million. One-third of approved costs, or approximately \$69 million, were contributed by each of the Federal and Provincial governments. The remaining one-third were funded by municipal units or non-municipal organizations. Although the Agreement was for the three-year period ended March 31, 1997, amendments to the Agreement permitted project completion dates to extend to March 31, 1999.

8.4 In February 1997, further amendments to the Agreement provided an additional \$14.2 million in Federal funding under Phase II of the program. The Province and project proponents were each required to provide, as a minimum, matching contributions. An announcement in August 1997 permitted project completion to extend to March 31, 1999.

8.5 At the time of our audit, in the fall of 1998, 148 projects had been approved with total authorized funding of \$58.1 million. By May of 1999, approved funding for these projects had been amended to \$50.4 million as projects were completed and final costs became known.

8.6 The Agreement is administered by a Management Committee consisting of four members. Two members are appointed by the Federal government and two by the Province. The Committee is co-chaired by Provincial and Federal deputy ministers. Representatives of the Provincial Department of Housing and Municipal Affairs, the Atlantic Canada Opportunities Agency (ACOA), the Union of Nova Scotia Municipalities and other organizations also serve on the Management Committee in an advisory capacity. The Provincial Department of Housing and Municipal Affairs (the Department) reviews and recommends project proposals to the Management Committee. The Atlantic Canada Opportunities Agency and the Treasury Board Secretariat are responsible for implementation of the Agreement for the Federal government. Day-to-day project management is the responsibility of the project proponent.

8.7 Municipal capital expenditures are also funded by the Province through other programs. For example, Section 20 of the Municipal Grants Act provided \$13.9 million in unconditional capital grants to municipalities during the 1997-98 fiscal year. This funding was used for capital equipment and infrastructure acquisitions and for debt retirement related to prior year capital acquisitions.

8.8 Phase I of the Infrastructure Works Program was subject to separate audits by the Auditor General of Canada and by this Office in the fall of 1996. Observations from our last audit were reported in Chapter 9 of the 1996 Report of the Auditor General (page 104). Observations of the Auditor General of Canada were reported in November 1996.

8.9 In the fall of 1998, we conducted an audit of Phase II of the Infrastructure Works Program. This audit work was undertaken jointly with the Office of the Auditor General of Canada. The Auditor General of Canada was conducting an audit of the Infrastructure Works Program on a national basis, and invited all provincial legislative auditors to participate. The Auditor General of Nova Scotia and the Provincial Auditor of Saskatchewan were the only two provincial legislative auditors who opted to do so. This was one of the first audits conducted jointly by Federal and Provincial auditors. The planning for the audit was done jointly by staff of the three participating offices. The fieldwork in Nova Scotia was conducted by staff of the Office of the Auditor General of Nova Scotia and the Federal Office. The participating Auditors General agreed to issue their own separate reports to their respective Houses of Assembly/Parliament on the results of the audits of their own jurisdictions. The Federal Auditor General issued a report on his audit of the national Infrastructure Works Program in November 1999. The Provincial Auditor of Saskatchewan was scheduled to issue a report on the Canada/Saskatchewan Infrastructure Works Program in December 1999. Our audit findings pertaining to Nova Scotia are reported below.

8.10 This audit was conducted in accordance with Section 8 of the Auditor General Act.

RESULTS IN BRIEF

8.11 The following are the principal observations from our review.

- Approximately 85% of the projects funded in Phase II were for core infrastructure (water, sewer, transportation). All 15 of the projects that we examined could be reasonably defined as infrastructure projects. The Program appears to be meeting its primary objectives of infrastructure renewal and employment creation.
- We noted many of the same deficiencies in the audit process and file documentation as reported during our last audit in 1996.
- There was little documentation in Provincial project files to support certain aspects of Program implementation such as technical evaluations prepared by Department staff, on-site inspections and reviews of the financial viability of non-municipal proponents. It was, therefore, not possible to verify that certain aspects of the implementation of the Program complied with the Agreement.
- We examined two projects where Infrastructure Works funding was only a small component of a larger project. In both cases the project files did not clearly identify the component of the project that Infrastructure Works funding was intended to finance. This information is necessary to achieve adequate financial control and accountability, particularly if more than one government program contributed to the achievement of results. The project files also did not describe the impact on Infrastructure Works funding should the project proponent fail to complete the entire project.
- Employment creation outcomes are not being reported in accountability documents for the Program.

- There is no audit process in place to ensure that project proponents comply with the Agreement. Management Committee places reliance on the certifications of senior municipal officials. This reliance should be supplemented by an appropriate audit regime including audit of activity at the municipal/project implementation level.
- The project files tested did not contain copies of approval documents from the Department of Environment to demonstrate that projects complied with Provincial environmental laws. However we confirmed that the Department of Environment had issued the necessary approvals for the projects that we examined. There was also no documentation in the project files that mitigation measures, required to minimize the negative environmental effects of a project, had been complied with prior to payment of claims.

AUDIT SCOPE

8.12 The objectives of this assignment were to determine:

- the adequacy of the financial and management controls and accountability provisions in Phase II of the program including those specified in the Agreement and those implemented by program management to achieve compliance with the Agreement, adequate financial management, accountability to the Legislature, and due regard for economy and efficiency;
- whether the projects undertaken in Phase II conformed with the targeting and project selection requirements of the Canada/Nova Scotia Infrastructure Works Agreement;
- the extent to which Phase II of the program met the requirements of relevant environmental laws; and
- the extent to which the observations and recommendations in the 1996 Report of the Auditor General of Nova Scotia were acted upon during the program extension.

8.13 The following general criteria were used in our review.

- Financial and management control of program expenditures should comply with relevant Provincial policies.
- Program management should ensure that a program accountability framework is developed and clearly communicated, including assignment of responsibility for the achievement of program results.
- Program management should measure, monitor and clearly report on results achieved to the House of Assembly and within and among Federal/Provincial partners.
- Program management should be supported by program information that is reliable, relevant and timely, dealing with program needs, program operations and program performance.
- Program management should develop policies and procedures to ensure compliance with the Agreement and due regard for economy and efficiency.

- Program management should set out clear operational objectives that define “*success*” and provide the basis for program implementation.
- Program processes and procedures and their implementation should further the achievement of program objectives and compliance with the terms of the Agreement, while ensuring due regard for economy and efficiency.
- Program management should ensure that each project has been assessed for potential environmental concerns.
- The program should be implemented in conformity with the requirements of the Nova Scotia Environment Act and Regulations, where applicable.
- Observations and recommendations in the 1996 Report of the Auditor General of Nova Scotia should have been acted upon.

8.14 Audit fieldwork, in this Province, was conducted by staff of the Offices of the Auditor General of Nova Scotia and Canada. Our approach included interviews with staff of the Department of Housing and Municipal Affairs, the Department of Environment, ACOA and a review of project documentation. We did not visit the municipal units. We tested 15 projects with a total approved cost of \$23.2 million. Samples were selected judgementsly consisting primarily of projects with a high dollar value of approved costs. This sample represents 10% of the 148 approved projects and 40% of the \$58.1 million in approved Phase II project costs authorized at the time of our audit.

PRINCIPAL FINDINGS

Follow-up to 1996 Audit

8.15 Chapter 9 of the 1996 Report of the Auditor General recommended the following actions be taken to improve the administration of the Program.

- A more precise definition of infrastructure and the types of projects to be funded by this program was required.
- An audit process was needed to ensure that project proponents complied with the terms and conditions of the Federal/Provincial Agreement and agreements with municipalities for individual projects, particularly with respect to awarding and monitoring contracts for goods and services.
- The reporting of job creation required improvement, in that the only reported figures were based on estimates of jobs created rather than actual jobs created.
- There was a need to improve the Department of Housing and Municipal Affairs’ file documentation of project evaluations and the Department’s reviews of reasonableness of project costs.

8.16 There has been no change in the definition of infrastructure and there has been no more specific definition of the types of projects appropriate for the Infrastructure Works Program. Project selection is largely based on the priorities put forward by the municipal units based on the objectives and criteria defined in the Agreement.

8.17 As described in Exhibits 8.1 and 8.3, approximately 85% of projects approved under Phase II were *core infrastructure* projects comprising sewer, water and transportation projects. All 15 of the projects that we examined could be reasonably defined as infrastructure projects.

8.18 We noted many of the same deficiencies concerning the audit process, the reporting of job creation outcomes and file documentation as reported during our last audit. These matters are discussed in more detail below.

Phase II - Accountability for the Program

8.19 *Roles and responsibilities* - The principal roles and responsibilities of ACOA, the Management Committee, the Department and municipal units are defined in the Agreement and are summarized in Exhibit 8.2.

8.20 *Project authorization* - Project applications are submitted to the Department by the project proponent. Each project must receive the concurrence of the municipal unit. Some municipal units submitted prioritized project listings (see paragraph 8.32 below). Technical feasibility and the reasonableness of project costs are to be assessed by the Department. Depending on the results of the review, the projects are nominated by the Deputy Minister to the Management Committee for approval.

8.21 *Program management guidelines* - There are no standards concerning the nature and extent of documentation required to be retained in Department files in the following areas:

- technical evaluations prepared by Department staff;
- assessments of financial viability for non-municipal organizations; and
- on-site inspections conducted by Department staff.

8.22 The absence of standards for what constitutes sufficient documentation has led to a lack of information in project files at the Provincial level. Therefore, we found that it was not possible to verify certain aspects of the implementation of the Infrastructure Works Program such as whether technical evaluations had been carried out (see paragraph 8.24 below).

8.23 For each nominated project, Department staff prepare a Project Evaluation Summary which indicates whether project criteria have been met. Staff providing input to the Summary included professional engineers and others with knowledge of municipal infrastructure requirements. There was little documentation in the project files indicating what exactly had been examined by Department staff and who they had consulted to support the conclusions documented on the Project Evaluation Summary.

8.24 *Technical evaluations* - Infrastructure projects are required to be evaluated for technical feasibility. For larger projects, technical evaluations are satisfied by pre-engineering studies prepared by private engineering firms, which accompany applications submitted by the project proponents. Pre-engineering studies are reviewed by Department engineering staff for reasonableness.

8.25 For smaller projects, technical evaluations are conducted by Department engineering staff. Internal technical evaluations include a review of project plans and consultations with the Department municipal advisors and staff from other Provincial government departments including Transportation and Public Works, and Environment.

8.26 As with Project Evaluation Summaries, there was little documentation in the project files indicating the scope and results of technical evaluations conducted by Department staff. For eight projects tested, with approved costs of \$5.5 million, there were no pre-engineering studies prepared by private engineering firms. Department staff informed us that only problem areas identified during a review were documented in the project files. The Department considers its recommendation of the project to the Management Committee as implicit approval of the project's technical feasibility.

8.27 In our view, Department staff should document the areas examined, the consultations that took place and the results of the review process to provide evidence that all important areas of technical feasibility have been properly considered.

8.28 *Assessment of financial viability* - The project proponents for six of the fifteen projects examined were non-municipal organizations. There was a lack of documentation in the project files for four of these projects, with approved funding of \$4.5 million, to indicate that the financial viability of the project proponent had been assessed by Department staff. There is no requirement for non-municipal project proponents to submit financial statements and business plans although some files did contain these documents.

8.29 *Claims files* - The Department maintains separate files to document the payment of claims to project proponents. In general, we found claim payments to be well documented.

8.30 *On-site inspections* - There is no mandatory requirement for on-site inspections by Department staff either prior to approval, or during the construction of a project. We were informed that most projects were visited by Department staff. There was little documentation in the project files indicating whether or not an inspection had taken place. Department staff informed us that inspection results are documented on an exception basis when deficiencies are identified.

Phase II - Selection of Projects

8.31 *Project application* - Application forms and program guidelines were sent to all municipal units and other organizations who had projects nominated but not approved under Phase I. Applications were submitted to the Department and evaluated by Department staff.

8.32 All project applications require the concurrence of the municipal units even if there is no municipal funding. In some cases municipal units submit letters indicating which projects should receive the highest priority. However this was not a consistent practice in the files that we examined. We were informed that the Minister of Housing and Municipal Affairs consults with appropriate Members of the Legislative Assembly, and that Members of Parliament are consulted to solicit their views on regional infrastructure priorities.

8.33 Funding was allocated to the 18 counties based on the 1991 population census and the January to September 1996 unemployment rates in these areas. A summary of approved Provincial funding by county at the time of our audit is provided in Exhibit 8.3. The municipal units within the counties submit projects and priority listings to the Department. Department staff try to accommodate municipal priorities given the constraints of available funding and Provincial priorities. Department staff make final decisions on which projects are recommended to Management Committee for approval. There was no allocation of funding to universities under Phase II as there had been in Phase I.

Phase II - Summary of Funded Projects

8.34 Under Section 6.2(a) of the Agreement, the Government of Canada generally contributes up to one-third of eligible costs of an individual project with the Province providing matching funding.

Water projects were generally limited to 25% Provincial funding. The project proponent was required to provide the remaining funding.

8.35 We encountered documentation problems in the project files for two projects (Lunenburg - Sewage Treatment, Art Gallery of Nova Scotia).

8.36 The Lunenburg project was approved by Management Committee in January 1998. This project consisted of several individual components which collectively totalled \$5.0 million in approved funding. Federal and Provincial contributions under the Infrastructure Works Program were \$150,000. The remaining funding was described in the project documents as “*Municipal/Other*”.

8.37 Department staff informed us that Infrastructure Works Program funding was intended to finance only one component of the larger project (Linden Avenue Upgrading) at an estimated cost of \$225,000. However, this fact was not clear in the project files and was not mentioned in the Management Committee minutes. A lack of clarity concerning the intended use of Infrastructure Works funding increases the risk of claim payments not being made for the purpose intended.

8.38 File documentation indicated that the Town of Lunenburg was having difficulty securing financing for the entire project. Project file documentation was also unclear about the impact on Infrastructure Works funding in the event that the Town failed to secure funding for the entire project. Department staff informed us that this component of the project provided benefits regardless of the ability of the Town to proceed with the other components of the project.

8.39 We enquired as to why the total project cost was approved at \$5.0 million if the intention was to use Infrastructure Works funding for only a small component of the larger project. Department staff informed us that the funding was approved at the larger amount so that additional funding could be redirected to other phases of this project should surplus monies become available due to underspending or cancellations of other projects. Having the project approved at the higher amount avoided a lengthy approval process which could take several months. We note that the final project cost of this project was amended in February 1999 to a total of \$225,000 when the possibility of additional funding under the program no longer existed.

8.40 The Management Committee minutes stated that the Lunenburg project was approved “in principle only” because full financing had not been secured for the project. We could not locate subsequent final approval of this project in the Management Committee minutes. Final authorization documents were approved by the Federal and Provincial co-chairs.

8.41 The Infrastructure Works Program provided Federal and Provincial funding of \$150,000 each for the Art Gallery project. The Art Gallery was to provide an additional \$2.2 million through a capital campaign.

8.42 This project file was also unclear as to which project components the Infrastructure Works funding was intended to finance. The impact on Infrastructure Works funding in the event that the capital campaign was unsuccessful in securing the remaining funding for the entire project was also not clear. The final project cost of this project was amended in March 1999 to a total of \$450,000.

Phase II - Job Creation

8.43 *Employment reporting* - Although the Canada-Nova Scotia Infrastructure Agreement specifies employment creation as one of two principal objectives, the primary focus in Nova Scotia was on infrastructure renewal. As a result of this and because of difficulties in measuring employment outcomes, there has been no attempt to report employment creation information for Phase II of the Program.

8.44 Project proponents report estimated short and long-term job creation on payment claims submitted to the Department. This information is entered into a database maintained by the Department. The information is not used for internal or external reporting purposes.

8.45 A weekly *Fact Sheet* is forwarded to the Minister and Deputy Minister of the Department. The number of persons employed as a direct result of the Infrastructure Works Program is reported for Phase I of the Program only. A quarterly report is prepared for the Minister.

8.46 Employment creation was a primary objective of the Canada/Nova Scotia Infrastructure Works Agreement approved by the Province. Employment outcomes should be reported.

Phase II - Compliance with Agreement

8.47 *Project eligibility guidelines* - Section 3.5(b) of the Agreement requires the Management Committee to develop guidelines for project eligibility having due regard for the following criteria:

- incrementality and/or acceleration of investment;
- short and long-term job creation;
- enhancing Canada's and Nova Scotia's economic competitiveness;
- use of innovative technology;
- bringing infrastructure standards up to community standards, codes and by-laws;
- enhancing long-term skills in the workplace;
- enhancing environmental quality and sustainability;
- use of sound innovative financing techniques which may include private capital; and
- distribution of program benefits within Nova Scotia.

8.48 During Phase I, program guidelines were developed pursuant to Section 3.5(b) of the Agreement. The guidelines were made available to project applicants and helped define certain project eligibility criteria including incrementality, acceleration and short and long-term job creation. However, criteria were not developed in sufficient detail for proponents, Department staff or auditors to determine whether they were met. For example, there is no detailed definition of incrementality or the type of documentation that would be required to demonstrate the incrementality of a project.

8.49 The Management Committee required municipalities and other project proponents to certify on the application form their agreement to comply with the terms and conditions of the Agreement. The application form requires the municipal officials to describe how the project meets the eligibility criteria for incrementality/acceleration of investment and the consequences to the project if no financial assistance is provided.

8.50 The Department relies heavily on the certification and explanations provided by senior municipal officials and on the advice of Department municipal advisors as to whether projects meet eligibility criteria. There was little documentation in the project files to support that explanations were verified and there have been no internal audits of project proponents to verify their compliance with the Agreement. We believe that when the Province enters into agreements where Provincially-funded projects are implemented by municipal governments or other proponents, there needs to be an effective audit regime to ensure compliance with terms, conditions and eligibility criteria.

8.51 *Testing of project files* - We reviewed 15 approved projects for compliance with the Agreement. We found no material instances of non-compliance with the Agreement during our testing.

8.52 *Procurement process* - There is no requirement in the Agreement for project proponents to follow a competitive procurement process to ensure contracts are awarded in an economical manner. Section 5.1 of the Agreement states that “*a project shall be awarded and administered in accordance with the administrative, management and contract procedures within the Province*”. The detailed terms and conditions of project approval which proponents must sign contain wording similar to the Agreement. Existing contracting procedures may or may not require competitive tendering.

8.53 We examined copies of tender advertisements for 13 of the 15 projects tested which provided evidence that, in most cases, a competitive procurement process was followed. Department staff have indicated that most municipal units follow a competitive procurement process. However, if the Agreement explicitly required a competitive procurement process, and if procurement practices were subject to internal audit verification, controls over procurement would be strengthened.

Phase II - Other Audit Activities

8.54 *Audit plan* - Phase II of the Canada/Nova Scotia Infrastructure Works Program was authorized by an amending Agreement signed in February 1997. Section 8.5 of the amending Agreement requires the Management Committee to approve an audit plan for Phase II within two months of the signing of the amending Agreement. An audit plan that called for ACOA to conduct an audit of Phase II of the program was approved by Management Committee in February 1998.

8.55 *ACOA audit* - ACOA conducted the audit in the fall of 1998. Although a report had not been released at the time of our audit, we understand that the scope of the audit did not include a visit to municipal units to ensure that proponents complied with the terms and conditions of the Agreement. As we reported in 1996, there is a need for Management Committee to improve the audit regime for this Program.

8.56 *Municipal auditors* - Claims for project costs are submitted by the municipal unit to the Department. Approved claims are paid until payments reach 90% of approved funding. The release of the remaining 10% requires the municipal unit to submit a final statement of claim. The final statement of claim requires a registered municipal auditor to express an opinion on whether the statement of claim presents fairly the costs incurred on the project.

8.57 It is not clear whether the scope of the audit opinion includes verifying the eligibility of expenditures or whether a site visit was conducted. The audit does not determine whether a competitive procurement process was followed. We note that there are no guidelines defining the scope of audit coverage, and we recommend that such guidelines be prepared by the Management Committee.

8.58 *Program evaluation* - Section 9.4 of the amended Agreement requires a program evaluation report to be submitted to the Federal and Provincial Ministers no later than March 31, 2000. A program evaluation report had not been completed at the time of our audit.

8.59 In our view, an audit process should be established to ensure that proponents comply with all aspects of the Agreement and to ensure that procurement contracts for goods and services are awarded in a competitive manner.

Phase II - Compliance with Provincial Environment Legislation

8.60 *Background* - The program guidelines require that all projects be undertaken in accordance with Federal, Provincial and Municipal legislation. Provincial environmental legislation is contained in the Environment Act. This legislation requires the approval of the Department of Environment for water and sewer projects prior to their construction start date.

8.61 Program guidelines for the Canada/Nova Scotia Infrastructure Works Program state:

“Environmental Screening - Senior government will not share in the cost of any construction activity prior to the municipality having obtained all necessary regulatory approvals. Every project is subject to an Environmental Assessment Report (Federal). It must be fully demonstrated that the project applicant has complied with these conditions as a condition of funding.”

8.62 Given the strong wording of the program guidelines we expected to find evidence in the project files confirming compliance by the project proponent with Provincial environmental regulations. Of the fifteen projects that we examined, seven required the approval of the Provincial Department of the Environment. Project files did not contain copies of approval documents from the Department of Environment for any of these projects because the Department of Housing and Municipal Affairs considers this a responsibility of the project proponent and Department of Environment staff.

8.63 Although the project files did not demonstrate compliance with Provincial environmental legislation, we confirmed with the Department of Environment that the necessary approvals had been issued for six of the seven projects. The remaining project approval was still pending at the time of our audit.

8.64 *Mitigation measures* - Provincial environmental approval documents often list mitigation measures to minimize the negative environmental effects of a project. Of the seven projects that required Department of Environment approval, two had submitted claims. There was no documentation in the project files that mitigation measures had been complied with prior to payment of the claims, again because Department of Housing and Municipal Affairs considers this a responsibility of the project proponent and Department of Environment staff.

CONCLUDING REMARKS

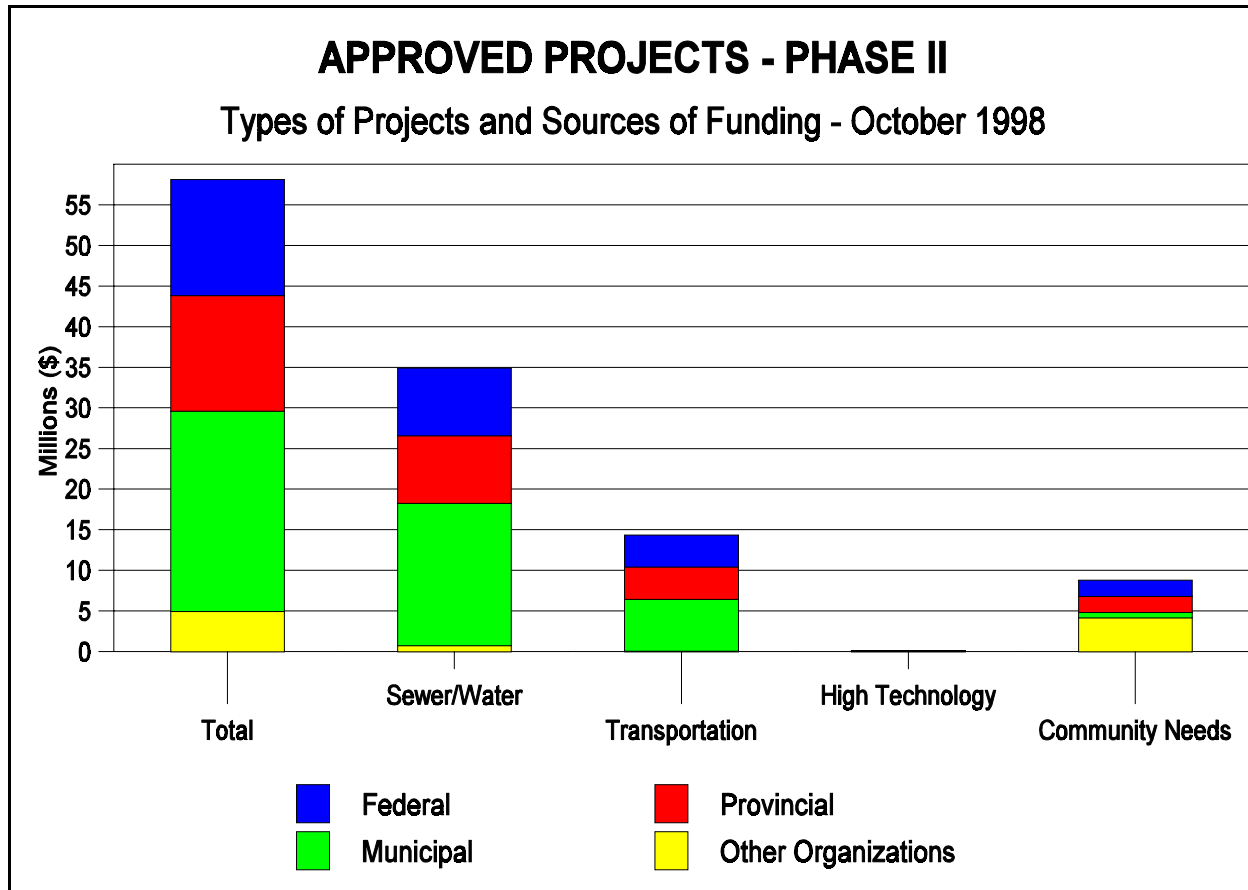
8.65 The Canada Infrastructure Works Program is an example of three levels of government working in partnership to achieve common policy objectives. Determination of project priorities and the day-to-day administration of projects are conducted at the community level thereby ensuring that projects meet community needs. There is no doubt that the program has been largely successful in meeting its primary objective of infrastructure renewal. We encountered no evidence of projects that could not be reasonably considered core infrastructure projects.

8.66 For a program which involves multiple levels of government to be successful in meeting its objectives, selection criteria and desired outcomes should be clearly specified in the Agreement and understood by all. There should also be adequate reporting on results achieved. For this program, there is a lack of clarity with respect to the meaning of some of the criteria, and a lack of reporting on employment outcomes.

8.67 Management Committee is responsible for ensuring that program funding is expended in a manner intended by Parliament and the Legislature as defined in the Agreement and for ensuring that

public monies are expended with due regard for economy and efficiency. To demonstrate that these responsibilities are being adequately discharged, it is important that Management Committee ensure appropriate project documentation is maintained and that an audit process, to ensure compliance with the Agreement, is functioning.

8.68 This was the first time that audit work was undertaken jointly by our Office with the Office of the Auditor General of Canada. We believe that the joint nature of this audit led to efficiencies both for the audit offices and staff responsible for management of the program, and a more thorough audit of a program which involves more than one level of government. As governments participate in more collaborative arrangements like this one, we believe that there will be an increased role for joint audits.

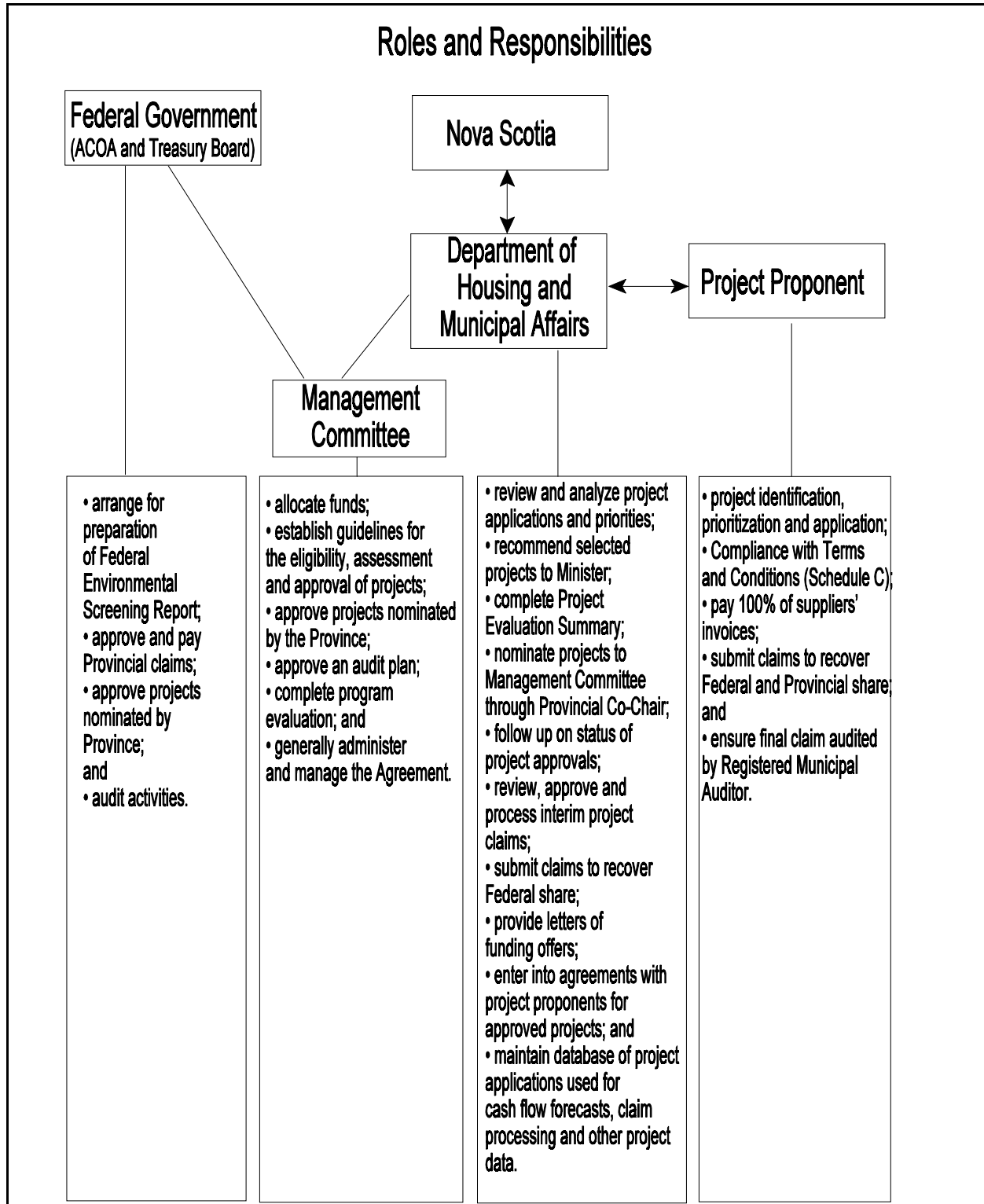
Exhibit 8.1

Note 1 - Under Section 6.2(a) of the Agreement, Federal contributions are generally one-third of approved project costs. The Province of Nova Scotia generally provides matching funding leaving the municipality or other organization responsible for the remainder which may exceed one-third of a particular project's total cost. Funding provided by municipalities or other organizations may include capital assistance originating from other Federal or Provincial programs.

Note 2 - Other organizations include not-for-profit entities and Provincial crown agencies such as the Art Gallery of Nova Scotia and the Bedford Waterfront Development Corporation. Infrastructure funding contributed by these organizations may have originated from Provincial grants to the organization, fund raising or other sources of revenue which these organizations may have.

Note 3 - By May 1999, approved funding for these projects had been amended to \$50.4 million as projects were completed and final costs became known. See Exhibit 8.3 - Note 1 for details.

Exhibit 8.2



*Exhibit 8.3***APPROVED PROJECTS - PHASE II (BY COUNTY)
OCTOBER 1998**

County	Approved Projects					Provincial Share
	Sewer/Water	Transportation	High Technology	Community Needs	Total	
Annapolis	\$1,225,335	\$143,866	\$0	\$0	\$1,369,201	\$388,875
Antigonish	371,800	698,700	0	0	1,070,500	300,431
Cape Breton	8,444,000	1,850,000	0	0	10,294,000	3,029,293
Colchester	1,350,000	885,000	0	0	2,235,000	745,000
Cumberland	2,516,723	401,000	0	494,211	3,411,934	641,190
Digby	2,094,500	0	0	36,000	2,130,500	446,827
Guysborough	689,542	0	0	0	689,542	229,847
Halifax	5,832,000	5,500,000	0	3,911,616	15,243,616	3,500,872
Hants	704,268	1,240,000	0	200,000	2,144,268	670,504
Inverness	850,500	375,000	0	355,000	1,580,500	526,833
Kings	920,000	1,240,150	75,000	426,500	2,661,650	803,850
Lunenburg	5,039,000	738,000	0	1,328,242	7,105,242	621,577
Pictou	2,038,304	240,000	0	804,000	3,082,304	836,952
Queens	601,044	0	0	0	601,044	200,348
Richmond	300,000	0	0	630,000	930,000	310,000
Shelburne	192,000	420,500	0	289,531	902,031	300,676
Victoria	505,000	90,000	0	303,800	898,800	257,514
Yarmouth	<u>1,244,002</u>	<u>535,000</u>	<u>0</u>	<u>0</u>	<u>1,779,002</u>	<u>442,696</u>
Total	<u>\$34,918,018</u>	<u>\$14,357,216</u>	<u>\$75,000</u>	<u>\$8,778,900</u>	<u>\$58,129,134</u>	<u>\$14,253,285</u>

Note 1 - By May 1999, approved funding for all projects had been amended to \$50.4 million as projects were completed and final costs became known. Details as follows:

Sewer/Water	\$ 28,475,002
Transportation	15,030,335
High Technology	75,000
Community Needs	<u>6,867,733</u>
Total	<u>\$ 50,448,070</u>
Provincial Funding	<u>\$ 13,816,414</u>

Exhibit 8.4

**Phase II Projects with Approved Funding Greater than \$2 million
October 1998**

Project	Total	Sources of Funding			
		Federal	Provincial	Municipal	Other
Town of Lunenburg Sewage Treatment & Collection System	\$5,000,000	\$75,000	\$75,000	\$4,850,000	\$ -
Halifax Regional Municipality's Timberlea Interchange Connector	4,750,000	850,000	850,000	3,050,000	-
Halifax Regional Municipality's Beaverbank Area Project	3,000,000	1,000,000	1,000,000	1,000,000	-
Art Gallery of Nova Scotia - Phase II Expansion	2,500,000	150,000	150,000	-	2,200,000
Town of Oxford New Wellfield Development	<u>2,000,000</u>	<u>200,000</u>	<u>200,000</u>	<u>1,300,000</u>	<u>300,000</u>
Total	<u>\$17,250,000</u>	<u>\$2,275,000</u>	<u>\$2,275,000</u>	<u>\$10,200,000</u>	<u>\$2,500,000</u>

Note 1 - By May of 1999, approved funding for these projects had been amended as follows:

Town of Lunenburg Sewage Treatment & Collection System - Total Funding - \$225,000
 Art Gallery of Nova Scotia - Phase II Expansion - Total Funding - \$450,000