

## Canada-Nova Scotia Agreement on the Transfer of Federal Public Transit Funds Provincial Annual Expenditure Report (AER)

as of March 31, 2007

In accordance with the *Canada-Nova Scotia Agreement on the Transfer of Federal Public Transit Funds*, the Province of Nova Scotia made the following progress in meeting its commitments for the year ending March 31, 2007:

The Province of Nova Scotia jointly signed Transit Funding Agreements (TFAs) with each of the 3 Nova Scotia urban transit authorities [Halifax Regional Municipality (HRM), Cape Breton Regional Municipality (CBRM) and Kings Transit] and jointly signed Community Transit Funding Agreements with 5 Community Transit Organizations. The Province ensured compliance with the terms and conditions of the TFAs during the 2006/07 fiscal year.

\$11,732,152 was transferred to Eligible Recipients of which \$8,288,411 was spent on 6 Eligible Projects and \$3,443,741 was held in Reserve for use in subsequent years. Of the 6 Eligible Projects: 4 are completed, 2 remain in progress. Contributions from sources of financing included \$17,584,177 from municipal sources, \$2,206,112 in other sources, resulting in a total project value of \$28,078,700. (See Table 1)

### Project Spending by Project Category:

- \$ 24,109,734 was spent on 2 Rolling Stock Projects (25 Buses)
- \$ 188,395 was spent on 3 Accessible Transit Projects
- \$ 3,780,571 was spent on 1 ITS Project (Farebox Replacement)
- \$ 28,078,700 was the total cost of all projects

<b>Table 1: Eligible Recipients</b>	<b>Total Project Cost</b>	<b>Federal Transit Funds Expensed</b>	<b>Federal Transit Funds Transfer</b>
HRM	27,890,305	8,222,809	10,889,128
CBRM	0	0	349,336
Kings Transit Authority	0	0	321,179
Central Highlands Association of the Disabled (CHAD)	0	0	50,000
Clare Organization Representing Persons with Disabilities (CORD)	65,395	7,378	33,000
Trans County Transportation Society (TCTS)	93,000	44,224	44,224
Colchester Transportation Coop. Ltd (CTCL)	30,000	14,000	14,000
Kings Para Transit Society (KPTS)	0	0	31,285
<b>Total (fiscal 2006-07)</b>	<b>\$28,078,700</b>	<b>\$8,288,411</b>	<b>\$11,732,152</b>

### Nature of the Investment:

Federal Public Transit Funds allowed for investment in 5 New and 1 Renewal project. Individual community project benefits realized are provided in each of the attached 8 Annual Expenditure Reports.

### **Incrementality of Transit Funds:**

All Incremental Spending of the Federal Transit Funds will be measured and tested using data from April 1, 2003, to March 31, 2006, in the audited Provincial Annual Expenditure Report for the year ending March 31, 2010, as follows:

- a) The Base Amount is \$7.3 million which represents a three year (2003/04, 2004/05, & 2005/06) average of funds spent on public transit infrastructure by Public Transit Organizations in Nova Scotia. The Province of Nova Scotia will ensure that over the period of April 1, 2006, to March 31, 2010, its average annual capital spending on public transit infrastructure will not be less than the Base Amount.
- b) The Province of Nova Scotia will ensure that the funding under the Agreement provides additional revenues for Municipalities rather than displacing other provincial infrastructure funding.

### **Transit Strategy:**

At March 31, 2007, the Province of Nova Scotia has received one of three Transit Strategies (Kings Transit Authority). The Province is expecting to receive Transit Strategies from HRM and CBRM during fiscal 2008/09. Nova Scotia in 2007/08 is developing a Transit Strategy Guide to assist the recipients in completing these studies.

### **Federal Gas Tax/Transit Educational Workshops:**

The Province of Nova Scotia conducted 3 educational workshops during the month of May 2007 to educate the 55 municipal units and 8 funded public transit organizations on the reporting requirements under the Federal Gas Tax and Public Transit Transfer Programs. An Annual Expenditure Report Guide and Terms of Reference for a compliance audit was developed and posted on the Canada-Nova Scotia Infrastructure Secretariat's website. There were 63 attendees at the workshops, including representation from 65% of the municipal units and several transit organizations. An additional workshop is planned for March, 2008.

### **Outcomes Report:**

The Federal Gas Tax and Transit Agreements call for the Province to disseminate an Outcomes Report by September 30<sup>th</sup>, 2009. The Province is participating in the national committee, chaired by Infrastructure Canada, to develop a performance measurement approach to identify appropriate outcomes to meet reporting requirements of the program. Outcomes Reports are planned to be collected with the 2007/08 AER's.

In terms of the broad program outcomes of cleaner air, cleaner water, and reduced greenhouse gases the outcomes achieved in 2006-07 were:

<b>Cleaner Air</b>	<b>3 projects</b>
<b>Lowered Greenhouse Gas Emissions (GHGs)</b>	<b>3 projects</b>

### **Adoption of PSAB accounting Rules:**

The Canadian Institute of Chartered Accountants (CICA), through the Public Sector Accounting Board (PSAB), now require municipalities to follow Public Sector Accounting Principles to obtain an unqualified opinion on their annual financial statements. Recognizing this, Service Nova Scotia and Municipal Relations (SNSMR) led a Provincial / Municipal team of senior finance officials to develop the Financial Reporting and Accounting Manual (FRAM). FRAM requires municipalities to follow Public Sector Accounting Principles in accordance with CICA standards, and in June, 2006, SNSMR passed a regulation under the Municipal Government Act that had FRAM replace the previous system of municipal accounting in Nova Scotia.

SNSMR's Municipal Services division led a series of educational workshops with Nova Scotia's municipalities to review the FRAM and its implications on the annual municipal financial reporting process. The workshops were well attended with 80% of municipalities represented. To date, 95% of Nova Scotia's municipalities have financial

statements that comply with FRAM and the new PASB accounting standards.

SNSMR continues to work with the municipalities as they transition to meet new annual reporting requirements in accordance with PSAB standards. Municipal Services is currently leading a working group of municipal finance staff to implement tangible capital asset reporting requirements. These new PSAB reporting standards will take effect in fiscal 2009-2010. Leading Nova Scotia's municipalities through these changes in municipal reporting requirements is an ongoing priority for SNSMR.

### **Communications Protocol:**

Schedule 6 of the Canada-Nova Scotia Agreement on the Transfer of Federal Gas Tax and Public Transit Funds identifies the guiding principles of the communications protocol. These conditions were accepted by Transit Authorities under the signed Transit Funding Agreements (TFAs). In 2006, Nova Scotia provided a draft communications plan to the Canada-Nova Scotia Oversight Partnership Committee (OPC). The OPC, in November 2006, directed that a communications sub-committee review the plan and make recommendations to the OPC.

Nova Scotia engaged consultants, in 2007, and has re-drafted a communications plan for the Gas Tax/Transit Agreements, which incorporated Federal messaging. The communications protocol will be implemented, under the coordination of the Canada-Nova Scotia Infrastructure Secretariat, through the municipalities, by a series of communication support materials and activities. A website is being developed which contains Gas Tax and Transit communications toolkits. Other activities include the development of brochures, site signage, bus decals and event support materials. These will be presented to OPC during fiscal 2007/08 for implementation.

### **Reporting under the Federal Public Transit Trust Program:**

The Province of Nova Scotia has elected to continue the practice of providing a provincial Annual Expenditure Report to report to the Federal Government annually in 2007/08, 2008/09 and 2009/10 on expenditures through the Federal Public Transit Capital Trust Program. The Province will use the same process which has been developed under the 2006/07 Canada-Nova Scotia Agreement on the Transfer of Federal Public Transit Funds. It is acknowledged that this is not a requirement of the Federal Public Transit Capital Trust Program.