

at 31 March 2003, the Department had not completed its evaluation for any of the 21 lessees relating to these 31 active leases and therefore, it had not determined whether the lessees were required to provide the information outlined in the *Mining Act* and *Mining Regulations*. Although the remaining 17 lessees holding 35 active leases were required to comply with the *Mining Act* and *Mining Regulations*, all were in violation of the *Act* and *Regulations* in that the Department has indicated that not all of the required information had been obtained.

As a result, the Department has not determined the potential environmental impact for all 66 active leases held by 38 lessees in the Province and the potential liability to the Province of any future remediation and rehabilitation costs.

2.30 Debt Relief Program

In 1996-97, the Department of Municipal and Provincial Affairs introduced a Debt Relief Program to assist municipalities in debt refinancing or debt restructuring.

In 1997, the Department estimated there were 170 municipalities which should be reviewed to determine whether they required assistance under the Debt Relief Program. The Department targeted municipalities which spent 30% or more of their municipal operating grant and tax revenues on debt servicing costs. In May 1999, the Department estimated that it would complete its review of the 170 affected municipalities by 31 March 2000.

As of July 2003, 39 months after the Department's target date of 31 March 2000 to prepare a plan and provide the necessary assistance for the estimated 170 municipalities, only 114 of the 141 municipalities meeting the 30% debt servicing cost to revenue ratio identified in 1997 had been reviewed and assisted. Of the remaining 27 municipalities in this category, 22 had reviews at various stages of completion while 5 have not been reviewed. However, 13 municipalities were reviewed and assisted even though they did not meet the 30% debt servicing cost to revenue ratio identified in 1997. Of these 13 municipalities, 6 received financial assistance while 7 received non-financial assistance. Three of the 6 municipalities which received financial assistance still had a debt servicing cost to revenue ratio of less than 30% when they received assistance.

Program Guidelines indicate that the debt servicing cost to revenue ratios will be the basis for targeting municipalities for review. Although the Department determined the debt servicing cost to revenue ratios in 1997 to identify which municipalities would be reviewed for assistance under the Program, this information has not been updated since that time. Instead, the Department concentrates on Newfoundland and Labrador Municipal Financing Corporation (NLMFC) arrears and requests from municipalities seeking assistance. As a result, the Department has not identified which municipalities currently meet the debt servicing cost to revenue criterion necessary to prioritize reviews and determine eligibility for assistance.

Although reviews in progress in July 2003 have identified that the municipalities will require debt relief funding of approximately \$9 million, there was no Program funding in the approved 2003-04 budget. Furthermore, a request for more funding for 2003-04 to continue the Debt Relief Program was deferred by Treasury Board.

Although Program Guidelines provide for an action plan that will permit the municipality to maintain stability in its financial affairs, the financial analysis and resulting agreements with municipalities did not address future capital works and funding requirements. As a result, there may be issues relating to future financial stability.

Monitoring and reporting is inadequate in that inspection targets were not established, annual inspections were not performed subsequent to assistance being provided, action plans addressing non-compliance with agreements were not being prepared, and quarterly reports outlining the status of instances of non-compliance, are not being provided to the Assistant Deputy Minister.

2.31 Disinfection Assistance Program

The Disinfection Assistance Program was introduced as a part of the Safe Drinking Water Initiative in 2001. The purpose of the program was to assist municipalities currently under a boil water advisory by providing them with 100 percent funding up to a maximum of \$100,000 to install or upgrade water disinfection systems.