

five regions along with their own knowledge of bridge conditions and opinions with regard to safety and economics to set its annual work priorities.

- Officials at the Department have indicated that the funding for the bridge maintenance program is not sufficient. If the required maintenance is not performed on bridges, there will be extra costs for rehabilitation work and the work will be required sooner.

2.37 Ferry Operations

The Department of Works, Services and Transportation is responsible for the Province's ferry operations. As at 31 March 2003, the Province's ferry operations included 21 vessels, 20 of which are serving 15 routes around the Province and 1 vessel, Hull 100, which is undergoing a major refit at Clarenville. Of the 21 vessels, 9 are owned by private operators and the remaining 12 are owned by the Province.

Vessel Renewal and Replacement

Departmental officials have informed us that the normal life expectancy of a vessel is approximately 25 years. At 31 March 2003, 7 of the Province's 12 vessels were more than 25 years old, the average age of all 12 vessels was 26.4 years and ranged from 13 years to 40 years.

The Department has developed a four phase plan to replace 5 of the Province's older vessels; however, no cost or time frame has been established.

Hull 100

In May 1999, the Department purchased the Hull 100 (formerly the Ahelaid), for \$930,000. At that time, the Department estimated that the purchase and refit of the Hull 100 would cost \$2.9 million and that the vessel would be available for service in 2001. However, as at September 2003, the vessel is still not in service and actual costs to date for the purchase and refit are approximately \$8.4 million. Furthermore, Departmental officials indicated that the final

estimated cost of the Hull 100 will exceed \$9 million and it will not be available for service until 2004.

As a result of an amendment to the *Public Tender Act* in December 2001, the Department paid \$500,000 for refit work considered as unknown without having to issue a public tender for the additional work. Furthermore, as a result of the amendment, members of the House of Assembly are no longer required to be notified of this type of additional work not tendered.

Labrador Transportation Initiative Fund

In 1997, the Province received approximately \$348 million from the Federal Government and assumed responsibility for the Labrador ferry service. The \$348 million was intended to fund this service in perpetuity. However, \$207 million of the Fund has been used to construct the Labrador Highway and \$96.1 million has been used to fund operating costs of the ferry service. At 31 March 2003, the balance of the Fund was \$107.4 million and officials of the Labrador Transportation Initiative Fund have indicated that, if Phase III of the Labrador Highway is funded through this Fund, it is expected to be fully depleted by the 2005-06 fiscal year.

Labrador Ferry Service

The Department contravened the *Public Tender Act* by awarding three contracts valued at \$12.2 million without a public tender call. Each of these contracts were extensions of existing contracts. Furthermore, these exceptions were not reported to the House of Assembly as required under the *Act*.

The Department made payments totalling \$98,520 to two contractors for costs that were not required under the contracts.

Chapter 3

Update on Prior Years' Report Items

This year we continued a process whereby our recommendations are monitored and the results reported within two years of the original report date. This chapter provides the results of this monitoring process relating to the recommendations contained in 2001 and prior