

At 31 December 1996 when the 11 former school boards were created, there were approximately 445 schools in the Province with a total enrolment of 110,450 students.

As part of our work we continue to monitor the financial position and annual operating results of the school boards.

All five school boards had accumulated deficits as at 30 June 2005. The combined financial position of the five boards at 30 June 2005 shows total accumulated deficits of \$110.0 million, a 5% increase from the \$104.4 million reported in 2004. Included in the accumulated deficit is an amount of \$103.6 million related to severance pay and leave accruals. The accumulated deficits will eventually have to be funded by Government. The Eastern Board accounted for \$53.2 million or 48% of the total \$110.0 million in accumulated deficits.

All 5 boards reported operating surpluses for the year ended 30 June 2005 totalling \$6.8 million. Operating surpluses ranged from \$295,000 to \$2.7 million. Because of inconsistent reporting periods resulting from the restructuring of school boards, comparisons with prior years' financial results would not currently be meaningful. It will take a couple of years of consistent reporting of financial information before effective and meaningful comparisons can be performed.

Contrary to the *Schools Act, 1997*, two school boards did not submit their 2005-06 annual budgets to the Minister for approval by 4 March 2005 as required by the Minister. The budget for the Western Board was not submitted until 4 May 2005 and the budget for the Eastern Board was not submitted until 17 May 2005.

2.6 Petroleum Storage Systems

The Department of Environment and Conservation in co-operation with the Department of Government Services is responsible for the registration, inspection and monitoring of petroleum storage systems in the Province. Petroleum storage systems include above-ground and under-ground containers and related piping in a fixed location where gasoline or associated products are stored and would include

for example service stations, bulk plants, and used oil return facilities.

The Department of Environment and Conservation has estimated that there are approximately 7,000 petroleum storage systems in the Province to be registered and monitored. The Department has entered into a Memorandum of Understanding with the Department of Government Services whereby staff at the six Government Service Centres will provide registration, inspection and monitoring services.

Although Government has taken steps to determine the number and type of petroleum storage systems in the Province, improvements are required in registering and inspecting petroleum storage systems, and in enforcing compliance with environmental legislation. Without adequate systems and processes, the risk of environmental damage from petroleum fuel spills is increased. For example:

Registration deficiencies

Only 3,125 of the estimated 7,000 petroleum storage systems in the Province, required to be registered by 30 November 2004, were registered as at 12 October 2005. Furthermore, the information obtained through the registration process was not verified and has resulted in database errors.

Inspections not performed

Inspections are not always performed by the Government Service Centres with the frequency established in the *Inspection Frequency Guide for Fixed and Mobile Facilities/Operations*. Furthermore, the Department of Environment and Conservation could not provide information on how many of the 3,125 registered petroleum storage systems required inspection during 2004-05 and how many were inspected with the required frequency.

The information in the Department's database is not used to assess risk for purposes of scheduling inspections. As well, there is no formal system for tracking deficiencies identified during inspections.

We found that inspectors do not always perform verification of information provided by operators during the inspection process. Furthermore, when inspections are performed, there is no required supervisory review of inspection reports.

Since the departure, in October 2004, of the two inspection officers who perform inspections of used oil facilities, there have been no inspections of used oil facilities from October 2004 to March 2005, when we completed our review.

Issues not followed up

Issues identified during inspections are not always followed up. None of the Government Service Centres have a system which could be used to record issues identified during inspections and which could then be used for subsequent tracking.

Enforcement inadequate

Although the *Storage and Handling of Gasoline and Related Products Regulations, 2003* require that abandoned petroleum storage tanks (in disuse for more than 12 consecutive months or if declared to be abandoned by either the owner or the Minister) be removed and the area restored, the Government Service Centres have not been diligent in enforcing the removal of such abandoned tanks. Of 20 inspection files that we examined, none of the 24 abandoned tanks at 4 locations had been removed.

Although the *Environmental Protection Act* provides enforcement provisions, such as stop work orders, for facilities which have not registered petroleum storage systems as required, the Department of Environment and Conservation has not taken any such enforcement action.

2.7 Investment in Igewater Seafoods Inc.

In 2004, the Province agreed to provide \$3.5 million in financial assistance to Igewater Seafoods Inc. relating to the fish plant in Arnold's Cove. In return, the Province, through the Newfoundland and Labrador Industrial Development Corporation (NIDC), would