

Gas Tax for Municipalities and Inuit Community Governments

General Questions and Answers

The Gas Tax Agreement

2.1 What is the Gas Tax Agreement?

The Gas Tax Agreement is a federal/provincial agreement that transfers federal funds in support of municipal infrastructure projects that contribute to cleaner air, cleaner water and reduced greenhouse gas emissions.

2.2 Where can I get a copy of the Gas Tax Agreement?

A copy is available at www.ma.gov.nl.ca/ma/gta/.

2.3 How much will Newfoundland and Labrador receive from Canada?

Newfoundland and Labrador will receive \$82.25 million between 2006 and 2010. \$60.37 million will be allocated to municipalities/Inuit Community Governments and \$21.88 million will be allocated to the Provincial Waste Management Strategy.

Administration of the Agreement

2.4 Who administers the Gas Tax Agreement?

The Gas Tax Agreement is administered by the Gas Tax Secretariat in the Department of Municipal Affairs.

2.5 How do I contact the Gas Tax Secretariat?

The Gas Tax Secretariat can be contacted by:

Mail: Gas Tax Secretariat
Department of Municipal Affairs
4th Floor - Confederation Building, West Block
P.O.Box 8700
St. John's, NL
A1B 4J6

Phone: 1-877-729-4393

Fax : 729-3605

Email: gastax@gov.nl.ca

Website : www.ma.gov.nl.ca/ma/gta/

2.6 What is the role of the Gas Tax Secretariat?

The Gas Tax Secretariat is responsible for

- Reviewing Capital Investment Plans (CIP's) for Agreement compliance.

- Providing advice and support to municipalities/Inuit Community Governments on the Gas Tax Program/compliance/problem solving.
- Receiving federal funding and processing payments to municipalities/Inuit Community Governments.
- Reporting to the federal government and the public.

Eligible Recipients

2.7 Who receives funding under the Gas Tax Agreement?

Municipalities and Inuit Community Governments receive funding under the municipal allocations portion of the Agreement. Regional Service Boards receive funding under the funds allocated to the Provincial Waste Management Strategy.

Municipal Allocations

2.8 How much is our Gas Tax allocation?

A copy of the allocations is available at www.ma.gov.nl.ca/ma/gta/.

Accessing funds

2.9 How do the funds flow to the municipality/ Inuit Community Government?

Each municipality/Inuit Community Government must submit to the Gas Tax Secretariat, a signed Local Government Gas Tax Funding Agreement. The agreement outlines the documents to be submitted prior to the approval of funds.

2.10 How are funds accessed?

A Capital Investment Plan must be submitted to access funds. This must be supported by the Resolution of Council.

Accounting of Gas Tax Funds

2.11 How do I account for Gas Tax Funds received?

Gas Tax funds must be accounted for separate from normal operations.

Interest on funds

2.12 What can interest on funds be used for?

Interest may be used for eligible costs of any eligible project or for administrative costs incurred as a result of implementing the Agreement.

2.13 What are some examples of administrative costs that can be charged against interest?

Some examples include: fees charged by the financial institution for the Gas Tax bank account; audit of the Annual Expenditure Report, and other administrative costs incurred as a result of implementing the Local Government Gas Tax Agreement.

Options for the receipt of Gas Tax funds

2.14 Can I choose when I receive gas tax funds?

Yes. A municipality/Inuit Community Government can identify in the Capital Investment Plan one of the following options:

- A. Bank the funds – accumulate the annual funding allocation for use by March 31, 2010.
- B. Apply for an approval to borrow against future Gas Tax allocation – the loan, including interest, will have to be repaid by March 31, 2010. The approval to borrow cannot exceed the four year allocation less any allocations received to date.
- C. Choose not to receive the funds until the end of the four years.

Installments

2.15 How do funds flow?

Once a Capital Investment Plan is approved, semi annual installments will be paid to the municipality/Inuit Community Government for the amount identified in the CIP as long as they are compliant with the Agreement, spend the gas tax funds on Eligible Costs (Schedule B) of Eligible Projects (Schedule A), and reports on the use of the funds (Schedule D).

2.16 When will installments be received?

Installments are paid in October and February.

2.17 Can installments be withheld?

Yes. Gas Tax installments will be withheld if the municipality/Inuit Community Government is not in compliance with the Agreement. An installment will not be issued unless the municipality has submitted an annual budget, audited financial statements and an audited Annual Expenditure Report. Installments will be withheld if the auditor has indicated on the Annual Expenditure Report that the municipality /Inuit Community Government is non-compliant with the Agreement.

Capital Investment Plans

2.18 What is a Capital Investment Plan?

A Capital Investment Plan is a four year plan that details the infrastructure projects that a municipality/Inuit Community Government proposes to complete.

2.19 Where can I find more information on how to complete a Capital Investment Plan and eligible projects?

More information on Capital Investment Plans and eligible projects can be found on the Gas Tax Secretariat website www.ma.gov.nl.ca/ma/gta/ or by contacting the Gas Tax Secretariat.

Eligible Costs

2.20 Is the use of our resources (employee and equipment) an eligible cost?

Yes, under certain circumstances. Schedule B (Section 1.1.1) identifies the costs that may be eligible under certain conditions, with prior approval of the Oversight Committee. Please contact the Gas Tax Secretariat for further information.

Funding from other sources

2.21 Can Gas Tax funds be combined with other infrastructure funding?

Yes, however there are strict rules around the combination of various sources of federal funding. If you are considering funding a Gas Tax project with any Canada/ Newfoundland and Labrador Infrastructure Program, please contact the Gas Tax Secretariat to discuss limitations.

2.22 Do I have to follow the Public Tender Act for all projects?

Yes. A Municipality is obligated under the *Municipalities Act, 1999* to follow the Public Tender Act. This requirement is also included in Section 4.3 and Schedule C of the Local Government Gas Tax Funding Agreement.

Reporting Requirements

2.23 Why do we have to report to the Gas Tax Secretariat?

The Government of Newfoundland and Labrador has committed to report to the Government of Canada. The reporting requirements of the municipalities and Inuit Community Governments provide the information needed to meet this commitment.

2.24 How do we report?

Audited Annual Expenditure Reports have to be submitted to the Gas Tax Secretariat. The Gas Tax Secretariat will send out an annual information package with forms and instructions. Please visit our website www.ma.gov.nl.ca/ma/gta/ or contact the Gas Tax Secretariat for more information.

2.25 Our reporting is to include outcome indicators that have not been defined. How will we define these?

The Gas Tax Secretariat is hiring a consultant to develop the outcome indicators. The Consultant will work with the municipalities/ Inuit Community Governments to collect the data.

Communications

2.26 What are our obligations with respect to Communications?

The Communications Protocol is included in Schedule F of the Agreement.

PSAB

2.27 What is PSAB?

PSAB stands for the Public Sector Accounting Board (PSAB). It is an independent body with the authority to set *accounting standards* for the public sector, which includes municipalities.

2.28 What are Accounting Standards?

Accounting standards are standards set by PSAB for financial accounting and reporting. These standards specify how transactions and other events are to be recognized, measured, presented and disclosed in government/municipal financial statements. The objective of such standards is to meet the needs of users of financial statements by providing the information needed for accountability and decision making. Accounting standards are the primary source of generally accepted accounting principles (GAAP). The CICA Public Sector Accounting (PSA) Handbook contains accounting standards applicable to federal, provincial, territorial and local governments.

2.29 When do I have to be compliant with PSAB Accounting Standards?

Local governments, which include municipalities and Inuit Community Governments, are to be compliant with PSAB Accounting Standards by March 31, 2009, per Local Government Gas Tax Agreements. This will be reported to the Department through local government Financial Statements which are due on **June 30, 2009**.

Requirements:

2008 Financial Statements; local governments are required to provide a note of its PSAB compliance efforts, particular regarding Tangible Capital Assets (TCA). Further information is also available on the PSAB resource website, www.ma.gov.nl.ca/ma/psab/pdf/correspondence/Jan2009_Circular_Statements.pdf.

2.30 Where can I get more information on PSAB

A good resource for keeping up-to-date on PSAB is the PSAB resource website www.ma.gov.nl.ca/ma/psab. This website contains reference materials, all correspondence from the Department on PSAB, FAQs, as well as much more!

You can also get information on PSAB by calling our toll free number **1-877-729-4393** or by email PSAB@gov.nl.ca.

Integrated Community Sustainability Plans

2.31 What is an ICSP?

An ICSP, or Integrated Community Sustainability Plan, is a long-term plan, developed in consultation with community members, that provides direction for cities, towns and regions to realize sustainability objectives for the **environmental, cultural, social, economic and governance** dimensions of its identity. In its most basic form an ICSP is a long-term strategic plan.

2.32 When do I have to have my ICSP completed?

Each local government in receipt of Gas Tax Funding must submit a completed ICSP, supported by a resolution of council, by March 31, 2010.

2.33 Where can I get more information on how to complete an ICSP?

To get more information about ICSP development you can call our toll free number **1-877-729-4393** or email ICSP@gov.nl.ca.

