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Government Services**

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Department of Transportation and Works
Labrador and Aboriginal Affairs

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Honourable Ross Wiseman, MHA

GOVERNMENT SERVICES COMMITTEE

Department of Transportation and Works

Chair: Clayton Forsey, MHA

Vice-Chair: Paul Lane, MHA

Members:

John Dinn, MHA
Calvin Peach, MHA
Kevin Parsons, MHA
George Murphy, MHA
Tom Osborne, MHA

Clerk of the Committee: Sandra Barnes

Appearing:

Department of Transportation and Works

Hon. Nick McGrath, MHA, Minister
Kevin Antle, Departmental Comptroller
Scott Barfoot, Director, Communications
Keith Bowden, Executive Director, Works
Gary Gosse, Assistant Deputy Minister, Transportation
Cory Grandy, Assistant Deputy Minister, Works
Max Harvey, Assistant Deputy Minister, Marine Transportation Services
Marietta McGrath, Executive Assistant
Brent Meade, Deputy Minister
Paul Smith, Assistant Deputy Minister, Strategic and Corporate Services

Labrador and Aboriginal Affairs

Janice Barnes, Executive Director
Ron Bowles, Assistant Deputy Minister
Aubrey Gover, Deputy Minister
Wanda Trickett, Departmental Controller

Also Present

Eli Cross, MHA
Randy Edmunds, MHA
Graham Letto, Researcher, Official Opposition Office
Ivan Morgan, Researcher, NDP Office

Pursuant to Standing Order 68, Eli Cross, MHA for Bonavista North, substitutes for John Dinn, MHA for Kilbride.

Pursuant to Standing Order 68, Randy Edmunds, MHA for Torngat Mountains, substitutes for Tom Osborne, MHA for St. John's South for a portion of the meeting.

The Committee met at 6:05 p.m. in the Assembly Chamber.

CHAIR (Forsey): Good evening everyone. My name is Clayton Forsey, MHA for the District of Exploits and Chair of Government Services Committee.

This evening Mr. Eli Cross, the Member for the District of Bonavista North, will replace Mr. John Dinn, the Member for the District of Kilbride.

What I will do now first is do introductions. Before we do, I would just like to inform the Committee, and at the request of the minister as well, that we will do Labrador and Aboriginal Affairs before we do Transportation and Works.

Before we start I will ask for introductions. I will start on my right with Paul.

MR. LANE: Paul Lane, MHA for the District of Mount Pearl South.

MR. LETTO: Graham Letto, Researcher.

MR. EDMUNDS: Randy Edmunds, MHA for Torngat Mountains.

MR. MORGAN: Ivan Morgan, Research, NDP Caucus.

MR. CROSS: Eli Cross, MHA for Bonavista North.

MR. K. PARSONS: Kevin Parsons, MHA for Cape St. Francis.

MR. PEACH: Calvin Peach, MHA for Bellevue district.

CHAIR: I will say that George Murphy is supposed to be here, but he has family sickness

and could not make it. It just was not very good. The recorder will just record for the NDP.

Minister, if you want to do some introductions. Also, if someone besides yourself is speaking or responding to a question, please identify yourselves each time for the person who is doing the recording because that way then they can identify where you are as well.

Minister.

MR. MCGRATH: Nick McGrath, MHA for Labrador West, Minister of Transportation and Works, and the Minister Responsible for Labrador and Aboriginal Affairs.

MR. MEADE: Brent Meade, Deputy Minister of Transportation and Works.

MR. GOSSE: Gary Gosse, Assistant Deputy Minister for the Transportation Branch of Transportation and Works.

MR. GRANDY: Cory Grandy, Assistant Deputy Minister for the Works Branch of Transportation and Works.

MR. BOWDEN: Keith Bowden, Executive Director of Works Branch, Transportation and Works.

MR. SMITH: Paul Smith, Assistant Deputy Minister, Strategic and Corporate Services.

MR. HARVEY: Max Harvey, Assistant Deputy Minister of Marine Transportation Services.

MR. GOVER: Aubrey Gover, Deputy Minister of Labrador and Aboriginal Affairs.

MS MCGRATH: Marietta McGrath, Executive Assistant to Minister Nick McGrath.

MS TRICKETT: Wanda Trickett, Departmental Controller for the Labrador and Aboriginal Affairs Office.

MR. BOWLES: Ron Bowles, Assistant Deputy Minister of Labrador and Aboriginal Affairs.

MS BARNES: Janice Barnes, Executive Director of Labrador and Aboriginal Affairs.

MR. ANTLE: Kevin Antle, Departmental Comptroller for Transportation and Works.

MR. BARFOOT: I am Scott Barfoot, Director of Communications, Transportation and Works.

MR. MCGRATH: Okay, thank you very much everybody for coming out. I appreciate you taking the time after a busy day. It was certainly a busy day for me. For everybody else I would like to say thank you for giving up your time this evening on both sides.

As Clayton mentioned, we will be doing Labrador and Aboriginal Affairs first. That is the smaller of the two departments. That way I will be able to excuse the staff from Labrador and Aboriginal Affairs once we are finished with that. In saying that, you are certainly welcome to stay if you wish.

Also, this is Estimates and I would appreciate it if those asking questions would focus on the Estimates. I really do not want to get into policy. If you want to get into policy I can either do that in the House of Assembly, or you can set up a separate meeting with me, and I will do my best to answer questions. This is Estimates and I prefer to stick to the Estimates.

In saying that, I turn it back to you, Clayton.

CHAIR: Okay, before I call for the subheads I would like to ask for a motion to approve the minutes of the last Government Services Committee meeting which was on April 15. It was for the Department of Service Newfoundland and Labrador, Government Purchasing Agency, Workplace Health, Safety and Compensation Review Division, and Office of the Chief Information Officer, Executive Council.

MR. PEACH: So moved.

CHAIR: I will get you now in a second. Moved by Calvin Peach.

MR. EDMUNDS: Seconded.

CHAIR: Seconded by Randy Edmunds. I forgot my own colleague.

On motion, minutes adopted as circulated.

CHAIR: I will ask for the subhead for Labrador and Aboriginal Affairs.

CLERK (Ms Barnes): Subheads 2.5.01 through 2.5.03 inclusive.

CHAIR: Subheads 2.5.01 through 2.5.03 inclusive.

CLERK: Do you want the clock?

CHAIR: Oh yes. By the way, each person will have –

CLERK: The minister gets fifteen minutes.

CHAIR: Yes, he is finished so we will do ten minutes. Actually, it is only you guys so we do not have to worry about the time.

Talking about time, we usually have three hours allotted so hopefully we will be finished within a three-hour period. Hopefully we will.

If there is nothing else we can start with you, Paul, or Randy.

MR. LANE: (Inaudible).

CHAIR: Oh did you? No, you are finished.

MR. MCGRATH: Yes, we are going to do Labrador and Aboriginal Affairs so Randy is the critic for Labrador and Aboriginal Affairs.

CHAIR: No, we do not need the clock. Okay, Randy.

MR. EDMUNDS: I am just going through a few line by line here. There is not a whole lot there so there will not be a lot of questions. I do have a few probing questions, status updates. I am sure it is directly related to the Estimates, Mr. Chair.

Under 2.5.01, Executive Support, 01, Salaries, it shows a decrease from 2013. A further decrease was in the revised to almost an \$80,000 difference in 2.5.01.01.

MR. MCGRATH: Okay, the explanation for the decrease was where there was a reconfiguration of Labrador Affairs back to Labrador and Aboriginal Affairs, some of the

funding for Salaries went to Municipal and Intergovernmental Affairs. Intergovernmental Affairs was within Intergovernmental and Aboriginal Affairs, so that makes up for the difference. The salary went into Municipal and Intergovernmental and Aboriginal Affairs. There was also money there which reflects savings for a position vacancy.

MR. EDMUNDS: Okay, and 02, Operating Accounts, it does not show any expenditures there for Professional Services in 2013-2014.

MR. MCGRATH: In 2.5 – where?

MR. EDMUNDS: In 2.5.01

MR. MCGRATH: Subhead 2.5.01, Professional Services?

MR. EDMUNDS: Yes.

MR. MCGRATH: That is anticipated external consulting services on issues that may arise during the year, and that is \$6,000. I am not sure what your question is there. Because we did not spend anything, is that what you are questioning?

MR. EDMUNDS: Yes.

MR. MCGRATH: Okay, the reason there was no spend there, sometimes we budget for Professional Services if we happen to need them. This year there was no need for outside consulting services so we did not have any spending there.

MR. EDMUNDS: Okay. The reason I ask that is because of the line just beneath it where there is actually an increase in Purchased Services. You budgeted \$14,000 and your actual was \$8,100, and then you revised again for this year's budget for \$14,000.

MR. MCGRATH: We saw a savings there due to less spending than was anticipated. There was a revision there of \$8,100. That reflects projected expenditure from the year-end.

In actuals we saved \$3,700, or sorry, \$4,400. We did not spend as much. In moving the money around we actually came in lower.

MR. EDMUNDS: Okay. Operating Accounts 2.5.02, line item 02. There is a marginal difference there between what you budgeted for last year, what your actual was, and a proportional increase this year from \$377,900 to \$441,900.

MR. MCGRATH: So we are looking at 2.5.02 in Employee Benefits?

MR. EDMUNDS: Under 2.5.02, line 02, Operating Accounts.

MR. MCGRATH: On 2.5.02.02 is Employee Benefits.

MR. EDMUNDS: Okay.

I am going to jump ahead here to 2.6.01. My question is: What happened to the Intergovernmental and Aboriginal Affairs Secretariat for this year, there is nothing budgeted?

MR. MCGRATH: You are gone to 2.6.01, in the Salaries.

MR. EDMUNDS: The whole section there has nothing budgeted for this year. (Inaudible) dissolved?

MR. MCGRATH: Again, with the revision of the IGA going into Municipal and Intergovernmental Affairs, all of that salary would go into Municipal and Intergovernmental Affairs.

MR. EDMUNDS: Okay.

I will just go back for clarification there, 2.5.02, Purchased Services; you spent \$242,000 but you are looking at a marginal increase of \$309,600. It is 2.5.02 under Operating Accounts, Purchased Services.

MR. MCGRATH: The revision there of \$242,600 reflects the projected expenditure from the year-end of \$89,000 and as of April 15, 2014, the actual for 2013-2014; we did not consume this projection. So in actuals at the time we stood in with \$233,700.

MR. EDMUNDS: I think that is all I have on the actual numbers in these Estimates, but I have

a few questions and some of them I might have already asked you. I have a list of them here. You have said you may not choose to answer them, there may be a better place, but a lot of this is status updates. The first one is –

MR. MCGRATH: As long as they are Estimates, I have no problem answering them.

MR. EDMUNDS: The first one is on the status of the RFP for Lab Marine Services and why it was delayed until May 30.

MR. MCGRATH: Okay, I have already answered that. I will answer it for you. Basically, the answer that I gave you the last time was that when we put out RFPs for contracts, especially as big as the RFP for the Labrador Marine Services, quite often we get contractors that will come back and have specific questions. In this particular case we did have contractors come back and ask questions, so in fairness to all bidders, what we do is we put an extension on there so that those questions are shared with all of the contractors and we then give everyone equal opportunity to get those answers.

MR. EDMUNDS: I have also asked you about a contingency plan for the proposed breakdown with *The Northern Ranger*. Now, the company says that they may have the engines ready by July; you are hoping for the end of June. The question is: What if the company is right and it runs into July before the engines are installed? What is the contingency plan?

MR. MCGRATH: Right now we have the old engines taken out of *The Northern Ranger*. One of the engines is en route, the second one will be en route shortly, and as soon as they get the first engine in they will start to install that engine. I have been informed that *The Northern Ranger* is quite capable of running on the one engine. So if that is the case, what we would do is we would operate *The Northern Ranger* with the one engine and then have the specific crew there to install the second engine en route.

As you and I just had a discussion, it may be mid-July before you will need her anyway; but, just in case, I have had conversations with my senior officials to have a contingency plan in place so the service will run on time.

MR. EDMUNDS: The engines can be installed without putting her on dry dock?

MR. MCGRATH: You will need one engine installed and she would have to go into dry dock for that but then a lot of the work for the second engine can be done while she is running, and then she may come out for a very short time to do the specific work that would need to be done in dry dock.

MR. EDMUNDS: I am hoping that you are right and the company is wrong. I am just throwing that out there.

The calcium program in Labrador: What was the cost of the program before it was cancelled?

MR. MCGRATH: The cost of the calcium program provincially was \$600,000. It was not paying for itself and it was not working, so a budgetary decision was made to cancel the calcium project.

MR. EDMUNDS: Who determined that it was not working?

MR. MCGRATH: We have specialists in place – and again, as I say, it was a budgetary agreement that it is not the dust you see that is dangerous, it is the dust you do not see, the finer dust you do not see. It was determined that budgetary-wise it was not worth continuing.

MR. EDMUNDS: Okay.

On Labrador – I am the critic for Labrador and Aboriginal Affairs. What work is planned for Route 510 from the Quebec border to Red Bay for 2014, for this upcoming year?

MR. MCGRATH: Right now, during the Easter weekend, actually, I had staff work diligently through the whole Easter weekend doing quite a bit of maintenance and repair work there. There will be no upgrading or paving done on that section of the highway. We are concentrating on the upgrade and widening from Red Bay to Cartwright Junction, and on the other end concentrating – as you know, I have a tender out now for eighty kilometres from Happy Valley-Goose Bay on the other side of the bridge coming south towards the Cartwright Junction.

We will be having maintenance crews monitoring very closely Route 510 from L'Anse au Clair to Red Bay, and when the weather permits we will be going in when we can get hot patch in there and doing repairs as necessary.

MR. EDMUNDS: Okay.

I do not know if this is a question for the minister, but given the fact we are down to one Crown Attorney now in Labrador, aside from Lab West –

MR. MCGRATH: The fact that we are down to – sorry?

MR. EDMUNDS: To one Crown Attorney with the justice system, not including Lab West – are there going to be any plans to fix this or to rectify this situation, or are there going to be further delays in justice delivery to what is already existing?

MR. MCGRATH: I would not comment on any Justice questions through Transportation and Works, nor Labrador and Aboriginal Affairs; but if you would like, I can certainly pass the question on to the Minister of Justice.

MR. EDMUNDS: Okay. A few months ago you actually put out a request for transportation priorities in the districts and we have submitted what we thought were priorities. We are just looking for an update on the priorities that you received from us prior to the Budget.

MR. MCGRATH: That is a policy question, but I can answer it for you. What we do is we go out to everybody and we ask what the priorities in the districts are so that we can form an inventory of the top priorities in the forty-eight districts throughout the Province.

What we do then is we take all of those priorities plus the work that we as a department have recognized needing to be done, and we build that inventory. Then we sit down, myself and the senior officials, and I work with the budget that I have then to try and prioritize where we feel the money is best spent.

As you know this year one of the things that we have done is we have started with larger contracts and getting out larger tenders over

larger periods of time, which the end result hopefully will be that we get more work done for less money.

MR. EDMUNDS: Okay. What is the status of the family resource centre for St. Lewis?

MR. MCGRATH: Again that would not be a question for Labrador and Aboriginal Affairs.

MR. EDMUNDS: What is the status of the New Dawn Agreement?

MR. MCGRATH: That is a policy question, but if you want to be a little more precise because the New Dawn Agreement is.

MR. EDMUNDS: Well they are in between Agreement-in-Principle and the final agreement. I am just looking for an update on the status of where that agreement lies right now.

MR. MCGRATH: As you know in 2011, on November 18, I went in to Natuashish and signed the Agreement-in-Principle then as the Aboriginal Affairs Minister. We have been working very closely since then with the Innu Nation to get the finalization of the New Dawn Agreement in place between the Innu Nation, the federal government, and the provincial government, and will continue on that. As soon as that is ready to go we will finalize the agreement.

MR. EDMUNDS: Okay. Has there been any movement or do you plan to move ahead on the land claims proposals that have been tabled by NunatuKavut?

MR. MCGRATH: I will not answer that. That is definitely a policy question and you know.

What I will say to it is that from an Aboriginal perspective the provincial government will certainly negotiate, talk with, and consult with the NunatuKavut Community Council. Until the federal government recognizes their rights to land claims, then the provincial government really has nothing to negotiate with them.

MR. EDMUNDS: Okay, are there any plans to address the fact that the Internet capabilities are maxed out on the North Coast and the South Coast?

MR. MCGRATH: Again that is a question for IBRD. We talk about it on a regular basis and identifying it is something that we have already done. We realize the incapability there. That would be a question for the Department of Innovation, Business and Rural Development.

MR. EDMUNDS: Okay, I just have one more question. Prior to finalization of the Nunatsiavut Land Claims Agreement I think all three governments or levels of government signed off on a land use plan and that plan is still being discussed. I am just wondering what the holdup is with the finalization of the land use plan?

MR. MCGRATH: That is very much a policy question because we are working on policies. I did have a meeting with President Leo and the former Premier Dunderdale. When Premier Marshall came in as the leader I also had a meeting with President Leo to bring him up to speed on the land use agreement. This is something that we are working our way through. There is a process, but we are working our way through it.

MR. EDMUNDS: It is to my understanding that the courts have ordered one plan and the Province is looking at two; one for Labrador Inuit Lands and one for LISA. This is after the fact that everyone signed off on one land use plan. That is the reason I am asking for an update on that.

MR. MCGRATH: It is a policy. Aubrey, I am going to turn that over to you if there is an update you can give. I would not want to get into too much detail.

MR. GOVER: Well in fact, Minister, we are having a meeting with the Nunatsiavut Government in Nain on Thursday to discuss working towards a single land use plan for the entire Labrador Inuit Settlement Area. That work is ongoing. Subject to weather and flights we will be in Nain on Thursday.

MR. EDMUNDS: Okay, thank you.

CHAIR: That is it?

MR. EDMUNDS: Yes, that is it for me.

CHAIR: Okay, Minister –

MR. MCGRATH: Excuse me Clayton if I could just make a final comment on that. We have made quite a bit of progress in working and collaborating with the Nunatsiavut Government there. I am pleased that things are moving forward.

CHAIR: Randy did go into subhead 2.6.01 there, Intergovernmental and Aboriginal Affairs Secretariat. That comes under your department, correct?

MR. MCGRATH: That would now be under Municipal and Intergovernmental Affairs.

CHAIR: Okay, so what we called for in the beginning is correct. I did not stop Randy when he asked a question because I was assuming that we may have missed it, but that is fine, the subheads that we asked.

OFFICIAL: That was part of restructuring.

CHAIR: Yes, okay. Now I will call for the subheads. We are finished with Labrador and Aboriginal Affairs.

CLERK: Subheads 2.5.01 through 2.5.03 inclusive.

CHAIR: Subheads 2.5.01 to 2.5.03.

On motion, subheads 2.05.01 through 2.5.03 carried.

CHAIR: Shall the total carry?

On motion, Department of Labrador and Aboriginal Affairs, total heads, carried.

CHAIR: Shall I report the Estimates of the Department of Labrador and Aboriginal Affairs carried without amendment?

All those in favour, 'aye'.

On motion, Estimates of the Department of Labrador and Aboriginal Affairs carried without amendment.

CHAIR: Thank you, Minister, for that one.

MR. MCGRATH: Thank you Randy.

CHAIR: They can leave, yes, sure.

MR. MCGRATH: Okay, thank you very much.

CHAIR: Okay, we will do Transportation and Works. We will call for the subheads for Transportation and Works.

CLERK: Subheads 1.1.01 –

CHAIR: Subheads 1.1.01 through to?

CLERK: – through 4.3.03 inclusive.

CHAIR: To 4.3.03 inclusive.

Paul, are you ready?

MR. LANE: Yes. Okay, thank you.

Minister, under 1.2.02, under Salaries, Operating Accounts, Purchased Services.

MR. MCGRATH: Okay.

MR. LANE: In 2013-2014 you had budgeted \$188,000, it came in a little bit over, just slightly, no big deal. Now you are down to \$136,300 for this year. Why the reduction of \$60,000 or \$55,000, whatever?

MR. MCGRATH: Okay, the budget decrease relates to the reduction initiatives decisions and to eliminate interdepartmental billings. What we did basically is we had departments that were billing back and forth to one another and we found that there could be a savings there, so now rather than billing back and forth we built it in. There is no billing back – if I were to send something to the Queen’s Printer, for example, they would send me a bill and then it would be invoiced and I would pay it that way; now the billing is cut out.

MR. LANE: Okay. Is that a reduction in an actual position or something like that?

MR. MCGRATH: No, basically it just cut out red tape.

MR. LANE: No position? It is just a more efficient way of doing things.

MR. MCGRATH: That is correct.

MR. LANE: Okay, good.

Now we are going to move over to 2.1.01, again Purchased Services.

MR. MCGRATH: You are going back now, are you?

MR. LANE: No, I am going ahead: Road Maintenance, 2.1.01, Administration and Support Services. Under Purchased Services you budgeted \$523,000 last year but actually went significantly over, to \$799,000, and now we are back down to \$490,000. There was a large expenditure that occurred last year that was not budgeted for.

MR. MCGRATH: Basically that was training staff for the lift bridge in Placentia.

MR. LANE: Okay. It was \$260,000 to train some staff on a lift bridge?

MR. MCGRATH: Sorry, and also the electrical costs for the lift bridge itself.

MR. LANE: Okay. I was going to say that is some training.

We are going to move over now to Maintenance and Repairs, 2.1.03, Salaries: \$7.4 million is what was budgeted and it was actually \$9.12 million and this year \$8.6 million. Salaries were up quite a bit last year and it is going to be reduced somewhat this year but still higher than what was budgeted last year.

MR. MCGRATH: Basically the reason for the increase there is summer maintenance on the roads and there was a small amount for the payment of the \$1,400 credit paid during Christmas, the signing bonus, but most of it is through summer maintenance projects.

MR. LANE: So additional summer maintenance than what you had budgeted for?

MR. MCGRATH: That is correct, yes.

MR. LANE: Okay.

On that same section 01, Property, Furnishings and Equipment, you had budgeted \$8,300 but actually spent \$41,000 and now we are back to

\$8,300. So there was like a \$33,000 bump last year.

MR. MCGRATH: That one, I am not quite sure why that is.

Paul, do you know right off hand; if not, we will get an answer for you.

MR. SMITH: The nature of Property, Furnishings and Equipment generally is harder to predict in the precise year what you need, so there is some miscellaneous equipment and whatnot associated with the programs. That is simply a situation whereby in that particular year there was a demand for more property, furnishings and equipment of various types. I am not sure exactly right now what types would be into that, but that is simply the explanation for it.

MR. LANE: If we could get the details – I mean, it is five times what was budgeted and now we are back down to what it was before. If we can get that, it would be great.

Under 09, Allowances and Assistance, \$100,000 budgeted, last year you only spent \$25,000 and we are budgeted \$100,000 again. So you only used one-quarter of what was budgeted last year.

MR. MCGRATH: That has to do with damage claims. We put \$100,000 out there for the budget for damage claims and fortunately, this year, damage claims were lower and we only used up \$25,000 of that.

MR. LANE: What do you mean by damage claims?

MR. MCGRATH: Damage claims could be damage that we do to someone else's property.

MR. LANE: With your equipment and stuff, is it, you mean?

MR. MCGRATH: Yes.

MR. LANE: This is not like somebody hitting a pothole, and then going after you and suing or anything like that?

MR. MCGRATH: It could be that if they can prove it –

MR. LANE: It could be that too?

MR. MCGRATH: – that we were actually at fault.

MR. LANE: Okay.

MR. MCGRATH: Yes. It could be a snow drift hitting your garage door.

MR. LANE: Okay. Judging by all of the potholes around, it is going to be up this year.

Subhead 2.1.04, Snow and Ice Control, under Supplies, \$25.6 million budgeted, but \$29.3 million was the actual, and now we are back down to \$25.9 million. There is about a \$3.5 million bump there.

MR. MCGRATH: That is all due to the cost of salt. It is really difficult to judge exactly what salt is going to cost and throughout the year, there was an actual increase.

MR. LANE: Okay.

They are all done on separate tenders, aren't they? Do you tender out for salt each highway depot or is it done one big –

MR. MCGRATH: No.

MR. LANE: It used to be done by each.

MR. MCGRATH: It used to be, but part of the spend analysis is if we put it out in one bulk – and that is one of the ones that we did this year, hoping to decrease the cost.

MR. LANE: Okay, but it actually went up instead of down – right?

MR. MCGRATH: It is volume rather than price that is driving it up. We bought more salt this year.

MR. LANE: You bought more, so there was more volume?

MR. MCGRATH: Yes.

MR. LANE: Okay.

Still under Snow and Ice Control, 02, Revenue, you were expecting \$3.4 million last year and again this year, but last year you only had revenue of \$2.8 million. There was a \$600,000 shortfall on what was projected.

MR. MCGRATH: One second now, Paul. Which section are you in now?

MR. LANE: I am still under Snow and Ice Control, 2.1.04, under provincial revenue. You had predicted \$3.4 million last year and again this year, but you only had \$2.8 million. So there was a \$600,000 revenue shortfall there from what was predicted.

MR. MCGRATH: Basically, the revised reduction is in revenue and that is due to unanticipated decrease in revenue from community councils for their snow clearing, their salt, and sand purchases.

MR. LANE: So they did not use as much or they purchased it somewhere else or whatever?

MR. MCGRATH: I do not know if they purchased it somewhere else or not.

MR. LANE: You do not know? They just did not purchase as much from you.

MR. MCGRATH: They did not purchase as much from us.

MR. LANE: Okay.

Moving on to Building Maintenance, Operations and Accommodations, 2.2.01, under Salaries you had budgeted \$4.2 million and it actually came out to be \$4.5 million, closer to \$4.6 million; we are up to \$4.5 million. So there are some additional positions, I guess, hired last year than what you anticipated and you are going to keep them, is that it?

MR. MCGRATH: No, basically what that is, is severance pay and the \$1,400 bonus.

MR. LANE: Okay, so that would have been severance from when there were positions – people laid off and so on, you paid them out severance.

MR. MCGRATH: Almost \$270,000 was in severance pay and the rest would have been the \$1,400 bonuses.

MR. LANE: Okay.

Operating Accounts, 02, \$625,000 projected, the actual was \$700,000 and this year we are down to \$481,000.

MR. MCGRATH: Where are you now? What line number?

MR. LANE: Line 02. We are still under 2.2.01, Administration, 02, Operating Accounts. It was \$625,900 projected, actual was \$700,700, this year you are predicting \$481,000. There is a decrease of a couple of hundred thousand dollars there, a little more.

MR. MCGRATH: The big difference there is due to increased travel requirements and increased communication costs. It is due to the level of transportation and communications costs. They are basically in-line with the other fiscal years.

MR. LANE: That is why it went up to \$700,000.

MR. MCGRATH: Yes.

MR. LANE: This year you are down to \$481,000, so you are not going to do as much travelling or communications this year.

MR. MCGRATH: What we have there, we have a reduction resulting from the procurement that we have been working on over the past year with the procurement project. This is retention of consulting firms to identify areas where efficiencies could be identified. We are hoping to see some significant savings there. Also, there was an increase in the meal allowance rates.

MR. LANE: Okay.

Subhead 2.2.02, Building Utilities and Maintenance, under Transportation and Communications you had budgeted \$74,200, the actual came in at – well, not double, but \$53,000 more, this year you are budgeting \$80,000. Why the increase last year?

MR. MCGRATH: We had a lot more travel, a lot more increase in travel and communication costs for staff. There was a lot of training done this year, and the necessity there was to have staff travelling for different –

MR. LANE: What type of training would that involve?

MR. MCGRATH: What examples could I use here?

MR. LANE: Is it like safety training or stuff like that?

MR. MCGRATH: Yes, mostly safety training. One of the best examples I could use would be the water bombers. The new water bombers all had to be completely retrained.

MR. LANE: Okay.

MR. MCGRATH: They have to go out of Province for that.

MR. LANE: That would be out of Province for that. Okay.

MR. MCGRATH: It may not all be out of Province travel, but some certainly would.

MR. LANE: Some could, yes, because it would not be available here.

MR. MCGRATH: For the water bombers, they have to go to North Bay, Ontario.

MR. LANE: It makes sense. Yes, okay, that is fine.

Just a couple of lines down, Purchased Services, \$34.6 million budgeted, actual was \$33.3 million. You spent about \$1.3 million less than budgeted.

MR. MCGRATH: Yes, most of that – sorry?

MR. LANE: First of all, you spent about \$1.3 million less than what was budgeted.

MR. MCGRATH: Yes. Most of that is through our leased properties, and leases have expired. We feel it was not necessary to renew all of the

leases, and that is the savings we saw through that.

MR. LANE: Okay.

MR. MCGRATH: It may have downsized in some departments, or in the leased properties that we had.

MR. LANE: Okay. So you have more leased properties this year, because this year it is jumping up to \$35.8 million. There is a \$2.5 million increase for this year.

MR. MCGRATH: That is the Captain William Jackman Hospital, and the Hoyles-Escasoni.

MR. LANE: Okay.

Under this Building Utilities and Maintenance, is any of this related to this building, Confederation Building, and the ongoing projects for this building, the exterior and –

MR. MCGRATH: No, that will come up later.

MR. LANE: That will come up under another category?

MR. MCGRATH: Yes.

MR. LANE: Okay.

Projected revenue, a couple of lines down. You projected \$1.4 million, the actual is \$950,000. That was \$460,000 less than projected, yet this year you are projecting \$1.73 million. Why down last year and why up even more this year, given it was down last year?

MR. MCGRATH: It went down last year because we did not implement a program that we had talked about implementing last year with the parking meters. So once that goes into implementation, you will see that increase come on next year.

MR. LANE: Okay. Can you explain to me, like parking meters for what?

MR. MCGRATH: The parking meters on the public parking lots that the provincial government owns. We are looking at bringing them on par with the rest of the Northeast

Avalon parking meters. So the fines for being parked in expired parking meters will be on par with the rest of the meters within the Northeast Avalon.

MR. LANE: The fines are going to go up on meters at government buildings?

MR. MCGRATH: That is correct.

MR. LANE: That is hospitals and all government buildings and whatever, is it?

MR. MCGRATH: No, I think it is just this building right here. The hospitals, for example, are on a different system now.

MR. LANE: Okay. When you say in line with the rest of the Northeast Avalon, we were charging lesser fines here in this building –

MR. MCGRATH: Yes, ours were much less here.

MR. LANE: – than you were doing at some other government building?

MR. MCGRATH: Downtown, for example.

MR. LANE: Is that right?

MR. MCGRATH: Yes.

MR. LANE: Pardon?

MR. MCGRATH: With the city, so we want to come online with the City of St. John's.

MR. LANE: Okay. So it is not a case of our buildings here having one fine, our building in Clarendville having a different fine. It is just that we are raising the fines for government parking lots to coincide with, say, an expired meter on George Street. Is that the idea?

MR. MCGRATH: Sure.

MR. LANE: Or Water Street, anywhere, but basically a higher fine for when the meter expires.

MR. MCGRATH: Yes, and it is just bringing it in-line with the rest of the Northeast Avalon.

MR. LANE: Yes, with what the city is doing. Okay.

Not to belabour it too much, but when we look at that amount that is a pretty significant piece of change here. Those meters would be at all government buildings, it is not just this one. For example, we are projecting we are going to collect \$1.7 million here on this parking lot this year in fines?

MR. MCGRATH: No, it will not be all fines, Paul. I should let you know that some of that will be cost recovery on the Offshore Safety and Survival Centre through the Marine Institute. We are working on some stuff there that we should see some cost recovery.

MR. LANE: Okay, if you could explain that one to me. That is out in Foxtrap, right?

MR. MCGRATH: Yes.

MR. LANE: Can you explain to me how we would be getting money for what? Recovering costs on –

MR. MCGRATH: We are looking at some amalgamations.

MR. LANE: Of what, programs or...?

MR. GRANDY: The Foxtrap facility, while it is a Marine Institute operation, right now TW is responsible for maintaining the building. We are in discussions right now with Memorial University to be able to recover our costs of operating that facility on their behalf through their programs. So we are in discussions now with Memorial University on ways that we can do that. Right now, while it is a MUN program –

MR. LANE: Yes, it is our building.

MR. GRANDY: It is our building. Transportation and Works is operating the building. It is coming out of our costs, out of our budget. So we are trying to discuss with them to get that money from their program as revenue to offset our operating costs.

MR. LANE: In order to do that, I will ask the question, does that mean if I am doing a

program – like firefighting, it used to be, I suppose it still is. Firefighting used to be done out in Foxtrap. In order to recoup that cost – the university does not have money trees or whatever, so I would assume they would have to tack that onto the program. So if I am doing a firefighting course now, then my tuition rates are going to go up – I am just saying in theory – in order for the department to recover those funds. That would be the only way available would be through the students, wouldn't it?

MR. GRANDY: That is part of our discussion with them as to what impact that would be on their programs, but for the most part the programs offered out of that facility are for the offshore. So I would not be able to speak to your question on whether they do firefighting up there still or not, but the vast majority of the programs operated out of that facility are at the offshore survival training centre. It is those programs through the Marine Institute.

MR. LANE: Okay, but the programs, whether it is firefighting or if it is offshore, if there was an increase and it had to be recovered, is it companies that are putting people – are we charging, say, Hibernia and they are putting their company through or are these individual people? In other words, what I am looking at is a student who is not getting sponsored or paid for by a company, his or her tuition rates are going to go up because we need to recover this money.

MR. MCGRATH: That is a decision that would be made by MUN. Those decisions would be entirely up to the university.

MR. LANE: How they recover the money is their issue, the bottom line is you want to recover your funding?

MR. MCGRATH: Yes.

MR. LANE: Okay.

Under 2.2.03, Rentals, \$65,000 was budgeted, only \$7,000 was actually spent, that was the actual, and we are budgeting \$65,000. Obviously, we did not rent – that was under Professional Services, under Rentals. Some consulting that you were going to get done did not happen last year but you are predicting it will happen again this year. Is that basically...?

MR. MCGRATH: Well, as I commented, in a lot of the leases that will be expired we will not need as much consulting fees. So that one contributes to the other.

MR. LANE: Can you explain to me what that has to do with a lease?

MR. MCGRATH: If we are having less in the earlier column, I said that a lot of leases are coming up for expiration –

MR. LANE: Yes.

MR. MCGRATH: – so we are not leasing as many properties, therefore we will not have as much consulting done with less properties, so we will see that savings there.

MR. LANE: Yes, but you are budgeting the same amount. You are budgeting the exact same amount; it is just that last year it was down. There must be some lease or something that did not happen that now is happening.

MR. MCGRATH: Yes. We only used \$7,000 this year, as you can see, but the \$65,000 we will keep there in anticipation that we may need consultants for adapting a space.

MR. LANE: Again, I am just trying to understand. In terms of renting a space, what would a consultant have to do with renting a space? You are renting a space, you get a lease, and you pay the money for it. Why...?

MR. MCGRATH: Quite often we will call on a consultant to give us a layout.

MR. LANE: A layout of what?

MR. MCGRATH: Of the space that we are looking at renting. We will get a consultant to come in to determine how much space we will actually need.

MR. LANE: You have an office, to use an example, you are going to set up an office somewhere and you are saying, okay, we have five employees or whatever, and then it is either going to be open to the public or it is not. Then there is the need for a receptionist or no receptionist and a washroom, and all of that good stuff. We have to pay a consultant

basically to say here is the size of the office you need and the number of spaces or whatever. Is that what you are telling me?

MR. MCGRATH: Quite often we will do that because in the department it is very difficult to retain the engineering staff and consulting staff to be doing a lot of that in-house. We try our best, but quite often it is cheaper to go outside and hire a consultant.

MR. LANE: All right, it just seems a little odd to me. Maybe it depends on the size of the space, the number of people or whatever, but I think if you were to look at a lot of private businesses and so on, when you set up an office you do not necessarily spend that kind of money for a consultant to tell you how many cubicles or offices you need and whatever. Unless there is something else I am missing here, I just find that a little unusual in terms of spending money.

Salt Storage Sheds, 2.2.04, under Operating Accounts, 02. So \$1.4 million budgeted and spend last year. This year we are going up to \$2.4 million. There is a \$1 million increase under Operating Accounts, Salt Storage Sheds. That is Capital though isn't it?

MR. MCGRATH: Yes.

MR. LANE: Okay. You must be putting up some new buildings or something are you?

MR. MCGRATH: Yes, we have to replace most all of our salt storage sheds. I think there are sixty-two throughout the Province. We have been doing so many each year.

MR. LANE: Okay.

MR. MCGRATH: Because as you know, now the salt has to be covered. There has to be a deck and everything for it, so we are working through that process.

MR. LANE: Okay. That makes total sense, but I guess the question would be if you were doing \$1.4 million, now you are doing \$2.4 million – if you are doing so much every year, why are we upping it a million, almost doubling it this year?

MR. MCGRATH: Trying to get through it, basically.

MR. LANE: Just trying to –

MR. MCGRATH: Increasing the amount that we are doing.

MR. LANE: Okay.

When you are doing this, I would assume you look at the condition of all of the buildings, you could do a priority list in terms of what is in need of the most repair and you pick it off that way. Is that generally the...?

MR. MCGRATH: That is correct.

MR. LANE: It seemed like the rational approach, okay.

All right, moving on; 2.3.01, Equipment Maintenance, under Purchased Services we budgeted a little over \$1 million, only spent \$650,000. So about a \$400,000 savings or money not spent. This year we are budgeting \$821,000. Why the decrease over the budgeted amount, and then of course this year's number?

MR. MCGRATH: Because we were very good and went out and got better rates on our insurance.

MR. LANE: Insurance, okay.

MR. MCGRATH: Yes.

MR. LANE: We got better rates last year, and now they are going to try to get some of their money back this year. Is that the gist of it?

MR. MCGRATH: Again, that is something that changes all the time.

MR. LANE: Yes, once they have you then they can probably up it a little bit. Okay. That is all insurance, that is what that is?

MR. MCGRATH: That is all insurance, yes. That is the vehicle fleet insurance, though.

MR. LANE: Okay.

Is vehicle fleet insurance – I would assume that is all tendered through the Public Tender Act, right? That does not – yes.

Under 2.3.02, Maintenance of Equipment, Purchased Services, budgeted last year of \$766,000, the actual spend was \$1.5 million. So that is double, or pretty much almost double.

MR. MCGRATH: Basically, a lot of that is increased cost in getting equipment repairs done. Quite often trying to retain our mechanics is very difficult, especially in the economic boom right now, and we have to get work done outside of the government shops.

MR. LANE: Okay. So this is all outside of our own employees. You have to sub it out to different companies and so on.

MR. MCGRATH: Yes, trying to retain the employees is very difficult there in certain areas in the Province.

MR. LANE: Yes. That is a big jump. We had to use a lot more of them obviously. This year you are budgeting \$1.06 million. Does that mean we are not planning as much maintenance? Or does it mean that we have more employees who can actually do the work this year than we had last year and therefore we are not anticipating spending as much? Why the projection?

MR. MCGRATH: Again those are numbers that are budgeted numbers. We are hoping to get as much in-house done as we possibly can, but that could change depending on the calibre of work that will need to be done.

MR. LANE: Yes. I do understand to a great degree I suppose the rationale. I can seem to recall in reading the Auditor General's report, and I stand to be corrected on it, there were some issues with a lot of stuff being put in perhaps for emergency under the department. If something breaks down and you need it on the road, you need to get it fixed as soon as possible. Therefore a lot of times it was not tendered out or maybe not three quotes received.

Does that happen a lot? I can understand perhaps in some of the more remote areas where you may be limited in the number of contractors who are out there, mechanics who can do the work. In the Greater St. John's area when there are perhaps more of them, do you generally say every time we are in a pinch we are going to this

particular contractor and you use him or her all the time?

MR. MCGRATH: In the procurement process we will try to negotiate with contractors and you used the example of the greater metro area, that we are using the same one again to get a better price. If you are out in a remote area, a rural area and you lose your exhaust system, for example, or your driveshaft, that would be considered an emergency and you may have to avail of emergency for that.

MR. LANE: Yes, but as best we can around here we do try to tender it out I guess.

MR. MCGRATH: Yes.

MR. LANE: In terms of that, sticking with the tender for a second, have you considered or do you have it in place to say, in terms of the tenders, we will have a tendering process whereby we put out for bids and say in the case of an emergency, at any given time, put in a bid and then we will always use you for the rest of the year, type of thing, based on your low bid. Is that how it is done now?

MR. MCGRATH: Yes, we always had that clause.

MR. LANE: Okay. The only times that we see an exception of that really is in the remote areas where you have to get who you can and that is it.

MR. MCGRATH: Yes.

MR. LANE: Okay. Under 02, Revenue, you had anticipated \$350,000 in provincial revenue, but only got \$25,000, and this year \$50,000. What was the big loss in revenue?

MR. MCGRATH: Fuel costs were one thing and vehicle maintenance.

MR. LANE: Under revenue?

MR. MCGRATH: Sorry, Paul. You are on M27, Related Revenue.

MR. LANE: I am under 2.3.02, Maintenance of Equipment, provincial revenue. It said \$350,000 is what you had anticipated last year, but you only had \$25,000. Now this year you are only

anticipating \$50,000. There is a big source of revenue gone there somewhere.

MR. MCGRATH: Yes, and that was a reduced revenue that we were receiving from other departments for vehicle repairs.

MR. LANE: Okay, why aren't you receiving it anymore? They are doing it themselves or what?

MR. MCGRATH: Where do we stand on that Gary? We are trying to maintain as much of our own as we possibly can.

MR. LANE: You were expecting other departments to come to you to repair their vehicles and you would charge them for it. That did not happen because they were going out to other private contractors and getting the work done instead of coming to you? You did not have the employees probably.

MR. MCGRATH: It is a capacity thing.

MR. LANE: Okay, it all makes sense. It all adds up after a while.

I will keep going. Tom, are you...?

MR. OSBORNE: Carry on until you are ready.

MR. LANE: All right. Subhead 2.3.03, Equipment Acquisitions, under Property, Furnishing and Equipment, last year you budgeted \$4.1 million, spent \$4.2 million, which is really no big deal in the big scheme of things. This year you are planning on spending \$8 million, which is not quite double but almost double, as to what you did last year.

MR. MCGRATH: That increase there is a one-time funding reduction that occurred last year. Basically we would allot so much money for new vehicles every year. Last year we did not do that. Now we will go back to it.

MR. LANE: Okay, so if we were to go back then to say, 2012-2013, we would have seen a number at around \$7.5 million, \$8 million or whatever.

MR. MCGRATH: Yes.

MR. LANE: Okay. Last year as a restraint measure you did not purchase much and now spending is up there again. That is all vehicles, is it?

MR. MCGRATH: And heavy equipment.

MR. LANE: Heavy equipment. Just a general question around that, how often do you replace vehicles? Do you have a standard template that says after X number of years they are replaced automatically? Is there a vehicle replacement plan is what I am asking?

MR. GOSSE: Our target on our heavy equipment, and we will focus on the plow trucks, is a maximum of twelve years old and we have over 300 in the fleet. There is a certain percentage that we roll over every year in order to keep our fleet at twelve years or newer, which is kind of the industry standard on a piece of heavy equipment like a plow truck.

On our loaders and other heavy equipment along those lines, twenty years is about the industry standard so that is the goal we target there. Then on light vehicles I believe it is seven years or 200,000 kilometres, and you take that out of your fleet and renew it. There are standards that we work around and try to achieve.

MR. LANE: Okay, so there are these established standards. You have somebody then, whether it is yourself, Gary, or whoever, who sort of has a flow chart or something for lack of a better term perhaps, and looking at – okay this is all of our equipment, the inventory, this is how old it is so this needs to be replaced and then you try to stick to that. Is that the idea?

MR. GOSSE: We have an equipment management system so we can track the ages of all our equipment.

MR. LANE: It is all on the computer?

MR. GOSSE: Yes, correct.

MR. LANE: In terms of our fleet, is the fleet in good shape within those standards? Are we behind? Are we doing better than others?

MR. GOSSE: Our plow trucks are meeting the twelve-year-old cycle for replacement.

MR. LANE: Okay, so what about the other ones?

MR. GOSSE: Some of our heavy equipment is a little older than twenty years but we are working on that.

MR. LANE: Okay. With the twenty years, if we go past the twenty years and what have you, are we getting into potential safety issues and stuff like that?

MR. GOSSE: Once we get beyond the twenty years then it cost us more to keep them safe. We do not use them if they are not safe. If they are not safe we take them out of the fleet anyway. What it does, once they get to a certain age, and twenty years seems to be the right number for heavy equipment, it costs more to keep them safe for use on the highway.

MR. LANE: Yes, because everything starts going, right?

MR. GOSSE: Correct.

MR. LANE: Yes, okay. Well you have a replacement plan. That is a good thing.

Total: Maintenance of Roads and Buildings, it was \$161 million budgeted; \$170 million was the actual this year, now \$171 million. So there is a \$10 million increase there in terms of the Total: Maintenance of Roads and Buildings put in for this year, right?

MR. MCGRATH: Yes.

MR. LANE: In terms of that, what would necessitate – you could argue it is good, we are going to put more money into maintenance of roads and buildings and so on, but I guess it is just part of the budgetary process and everything here, given the fact that we would be running a deficit and so on. One question, why would you spend more, right?

MR. MCGRATH: Yes, and if you go down through the list here, you can see there are a number of things here that relate to that extra \$10 million. When you are talking \$161 million, \$10 million is a very small number of an increase.

MR. LANE: Yes, okay.

In terms of the roads portion of that, I am not seeing it here per se, maybe it is somewhere else, but it does say roads and buildings. How much additional money went into roads this year versus...?

MR. MCGRATH: That is later in the, as you work through that.

MR. LANE: That is later, even though it is covered here. Okay.

Tom, are we still good or do you want to...?

MR. OSBORNE: Whenever you are ready.

MR. LANE: It does not matter to me. I will do a couple more and then we will move on.

Subhead 3.1.01, Salaries, under Supplies you budgeted \$120,000, you spent half of that, and this year we are going back up to \$120,000 again.

MR. MCGRATH: Again, we budgeted to \$120,000. This particular year we happened to need less a requirement for engineering and drafting supplies. We anticipate next year we may need engineering and drafting supplies again, so we budgeted for that.

MR. LANE: Okay.

Purchased Services, \$39,000 budgeted last year, again this year, but last year the actual was \$104,000. That is a \$65,000 increase, which is more than double, for sure – yes, triple.

MR. MCGRATH: The increase there was for repairs to equipment, and also there were electrical costs for installing traffic installations.

MR. LANE: I am sorry, for installing?

MR. MCGRATH: Traffic installations, when you are putting in new lights, for example.

MR. LANE: Traffic lights?

MR. MCGRATH: Yes.

MR. LANE: Where would we be putting in traffic lights? That is usually in municipalities, isn't it?

MR. MCGRATH: Not necessarily. Gary, where –

MR. LANE: Where would we do traffic lights, I am just wondering?

MR. MCGRATH: If you come down to –

MR. LANE: That we would be responsible for?

MR. GOSSE: We have traffic lights on the Torbay Bypass, for example. That is two new installations just into the system. We have them in CBS, we have the lights on the Harbour Arterial.

MR. LANE: Okay.

While you mentioned the Harbour Arterial, I am not sure if it falls under here or not, but just as a general question. Is there any particular reason why, when you are on the Harbour Arterial – say you leave Mount Pearl and you are driving down, the first half of the lights are off, they are never on, and then you get to a section where every second light is on. I can see that may be a cost savings, but why are you driving in total darkness for the first section and then it gets light as you get closer towards the...? Is that a cost-saving measure?

MR. GOSSE: No, it is not a cost-saving measure. There is a short there underground somewhere. We could not find it in the winter because everything was frozen in the conduits. So, we are having our contractor – and part of this cost is associated with that. We are having our contractor go back again now to try to find that short. There are two different circuits there. One comes from the east, one comes from the west. Obviously, the one on the west is the one with the short.

MR. LANE: Okay.

MR. GOSSE: We have just been unsuccessful –

MR. LANE: So you are going to be looking at –

MR. GOSSE: Absolutely.

MR. LANE: Okay.

MR. GOSSE: We tried repeatedly over the winter.

MR. LANE: All right, that is good to know. It just dawned on me; I thought I would throw it in there because I have actually had a couple of constituents who asked about that.

Property, Furnishings and Equipment, \$25,900 budgeted last year, again this year, but last year only \$1,900 spent, so a savings of \$24,000. Again, that was just part of the restraint in the last budget, is that –

MR. MCGRATH: Well, basically we did not need it. It reduced requirements for engineering and lab equipment is what that was. We did not need it, and we passed the savings on.

MR. LANE: Okay. So this year you are going to need it again.

MR. MCGRATH: Well, we budget for it. We do not know – last year we looked and we did not need to replace it, but you need to budget for it just in case.

MR. LANE: Yes, just in case you need to.

Moving on down to 3.1.02, Project Management and Design, under Purchased Services, \$2.7 million was budgeted, spent \$2.8 million, actually it was less than a million, but this year \$3.2 million. Basically, we spent about \$100,000 more last year. This year it is going to be up another \$400,000-plus under Purchased Services. What services are you going to be purchasing that you did not purchase last year?

MR. MCGRATH: Most of those extra costs came from higher than anticipated advertising printing costs for putting (inaudible).

MR. LANE: That was what happened last year, the slight bump?

MR. MCGRATH: Yes.

MR. LANE: What about this year, it is going up to \$3.2 million?

MR. MCGRATH: That is the building insurance.

MR. LANE: The building insurance.

MR. MCGRATH: Our building insurance is going up.

MR. LANE: Okay. Back there the vehicle insurance went up, and this year now the building insurance is also going up.

MR. MCGRATH: Yes.

MR. LANE: Is that the same insurer for vehicles and buildings, by the way?

MR. MCGRATH: Again, it goes out on tender.

MR. LANE: Does that go out separately? Would you do one tender for vehicles and a separate tender for buildings, or do you do one? I know you are into bundling now these days. Why would you not bundle all the insurance in a tender and save money that way, or try to?

MR. MCGRATH: Paul, you would have to check with Finance. They do all of the tendering for insurances.

MR. LANE: They do all the tendering for insurance.

MR. MCGRATH: We can find out for you, if you would prefer.

MR. LANE: Yes, okay.

Yes, because I guess it would include all vehicles. You would be responsible for more – there would be more vehicles in the system than falls in your department –

MR. MCGRATH: Definitely.

MR. LANE: – but all the buildings do fall under your department, right?

MR. MCGRATH: No, not necessarily. Once a building is commissioned – I will use a hospital, for example. Once a new hospital is commissioned, and I will use the one in my district in Labrador West, when we commission

that over now later this summer that goes into Health.

MR. LANE: To the health care authority.

MR. MCGRATH: So they are responsible then.

MR. LANE: Okay.

MR. MCGRATH: We get it back when they are finished with it.

MR. LANE: There you go, it is their worry then.

So 3.2.02, that is pre-engineering for future road projects. Under Purchased Services you budgeted \$40,000, only spent \$15,000 and this year we are up to \$40,000 again.

MR. MCGRATH: Sorry, Paul, can you give me that question again?

MR. LANE: Yes, no problem. It is under 3.2.02, the pre-engineering work for road projects. Under Purchased Services, \$40,000 was what was budgeted for last year and again this year, but last year you only spent \$15,000, so there is a \$25,000 differential there.

MR. MCGRATH: Again, that was where we did not purchase as many, so the cost on insurance went down.

MR. LANE: Did not purchase as many what?

MR. MCGRATH: I am sorry, vehicle rentals; we had lower purchased services requirements. We did not go through as many rentals as we normally would go through.

MR. LANE: Maybe I am a little confused here. What it says in the explanation here is, “Appropriations provide for pre-engineering work for future road projects.” That does not say anything about vehicles. So, I am wondering why we are talking about vehicles, unless I am missing something here.

MR. MCGRATH: When we are out doing engineering work, we quite often may rent vehicles to go out there. There was less work done this year, so we had less reason to rent the vehicles to be out there.

MR. LANE: Okay, I got you. So we have a fleet of vehicles, but, in addition to our fleet of vehicles, we are also renting vehicles besides that.

MR. MCGRATH: At times, yes.

MR. LANE: I am just trying to understand how it all works. Why would that happen, because some of your vehicles break down, so you need to rent one? Is that the idea?

MR. MCGRATH: It could be a maintenance issue or it could be that you are in a certain area of the Province where your vehicle has gone one way within a certain district; for example, if I have a vehicle in Grand Falls and that vehicle may be gone down to Buchans and I also have a job that is happening down in Bay d'Espoir. Normally, I would not need two vehicles; but in a case like that, trying to expedite it, it is cheaper to rent a vehicle.

MR. LANE: Okay.

Another question on that then, and it does relate to cost because we are talking about the number of vehicles we are renting versus owning and so on, but when you have vehicles in your department – I do not have any solid evidence other than, I will say, hearsay, someone had mentioned to me one time. If you have a certain number of vehicles in any given location that belongs to the department, do those vehicles belong to the department and everybody at that particular office or location, or is it assigned to a person?

The reason why I say that – and there were a couple of occasions where a member of the general public would mention this to me, just sort of in chatting, and say it is ridiculous the fact that I know such and such in one of the government buildings or whatever and here they are renting a vehicle when there is a vehicle or two vehicles on the parking lot, just sat there, that could have been used. Even though they might be sharing a depot or whatever, because it belongs to one department versus another department or one person versus another person, they cannot share it.

I guess the bottom line is that if you had two or three government employees, or even a couple

different departments perhaps, and they are operating out of one government location, they have two or three vehicles and some guy needs a vehicle to do something related to their job and the other guy, who might be in a different position, maybe not in the same division, yet he is on holidays or he is not using it – no, you cannot use his vehicle. So now we have to pay for a vehicle to sit on the lot while, at the same time, we are renting another vehicle.

Now I do not know if that totally accurate, but that was the scenario that was described to me on a couple of occasions. So I am just wondering: With the vehicles, would you try to share vehicles amongst staff, amongst departments, if you are utilizing a particular facility?

MR. MCGRATH: Most definitely. We do that all the time in my department; that is what I will speak for. Most vehicles are assigned to particular people. For example, Gary would have a vehicle assigned to him; but if someone within the department needs a vehicle for a specific purpose, Gary would be the first one to say, as would anyone else in the department, that look, the vehicle is there. Because it is assigned to a particular person within the department, they pool all the time and a last resort would be to rent a vehicle, but there are several situations where it is actually cheaper to rent a vehicle than have another purchased. We certainly do share the vehicles on a regular basis.

MR. LANE: Yes, I get that. That would be within your department?

MR. MCGRATH: Within my department, I will not speak for another department.

MR. LANE: Because you manage all the buildings, with the exception of the hospital, but most of the government buildings, there would be government buildings, I assume, around the Province in different communities or areas where there could be somebody there from Transportation and Works and there could be somebody else there from some other government department or whatever and you might have a vehicle and the other person could have a vehicle and you are all operating out of the same office, even though you are different divisions or departments or whatever.

In that particular case, where it is not interdepartmental, I wonder could it be a case like if you had another person there in a different department could the employee say look, I want to borrow your vehicle because we are both government employees.

MR. MCGRATH: I do not have an issue with that, but it sounds like speculation – you are basing it on hearsay, so I really have no comment on that.

MR. LANE: Okay.

Subhead 3.2.03, Salaries, \$4.5 million was budgeted you only spent \$3.4 million and this year \$7.6 million. That is under Improvements – Provincial Roads, repair and maintenance of provincial roads. Salaries are going up big time from what it was last year.

MR. MCGRATH: This past year was an extraordinary year. As you know, we had a fatality on our highways and there was a stop-work order put in place which brought the wages down significantly due to very little overtime as well as an awful lot of lost work. Every one of our road crews employees had to be retrained and certified, so that shows the big difference this year and we are hoping to have the extras out this coming year to get back on par.

MR. LANE: Okay. That would explain the reduction from \$4.5 million down to \$3.4 million; that is a \$1.1 million dollar reduction. I can see that, but assuming that that did not happen with \$4.5 million last year and \$7.6 million this year, it is like \$3 million more this year.

MR. MCGRATH: Yes, and we put an awful lot of extra roadwork out there this year. The normal budget is around \$59 million or \$60 million; this year it is \$81 million, so that is going to take extra personnel to be out there to get the extra work done.

MR. LANE: I thought the roadwork was done by contractors, not our employees.

MR. MCGRATH: Some of it is, a lot of it is done by – but all the maintenance in our summer program, we are going to see a huge increase in staff this year.

MR. LANE: Okay, so there is big jump in staff doing maintenance. I would assume if you are redoing a road, you are going to hire a contractor and you are going to put out tenders, so this is basically almost a doubling of the amount of staff doing maintenance work like potholes and smaller jobs like that. Is that the idea?

MR. MCGRATH: Yes.

MR. LANE: Is that brush clearing too?

MR. MCGRATH: Brush cutting may be tendered out, but we do all our summer maintenance work. We will be hiring extra engineers, for example, to go out there. All of our patching we will be doing ourselves and upgrading on roads. We will be having extra personnel there for that road maintenance.

MR. LANE: Okay. In terms of the number of –

MR. MCGRATH: I am sorry, Paul, this is road construction.

MR. LANE: What I am reading here now, and correct me if I am wrong, it says, “Appropriations provide for repairs and maintenance of Provincial roads, bridges and causeways.” It does not say construction here, it says repairs and maintenance. With \$4.5 million budgeted last year, this year it is \$7.6 million. That is a huge jump in Salaries. You are doubling up on the number of people filling in potholes and doing whatever according to this.

MR. GOSSE: What you are looking at here is our Provincial Roads Improvement Program so this is all contracted work. This is not pothole patching. These are the tenders that we call for repaving, putting in new culverts and so on.

The salary component of that is a straight ratio of the total program. When you increase the number of projects and the amount of work you are doing, you need more materials inspectors, you need more surveyors, and you need more technicians and engineers looking after the work that is on the ground. That is what that is.

MR. LANE: Okay. I am going to say we basically doubled up compared to last year. Maybe it is not quite doubled but practically doubled up on the number of provincial

government employees managing, if I can use that terminology loosely, all of the roadwork that is going to be done.

MR. GOSSE: Managing the roadwork, you also have people in the scale house weighing materials, you have people on the road signing that the loads and material are actually delivered to the site. These are all the checks we do to make sure that we are getting the work done that we are paying for.

Some of those are labourers, some of them are engineering aids behind the surveying instrument, some of them are technicians, and some are engineers. Some are materials inspectors out testing the asphalt. The more work you do in the same period of time, then the more people you need to look after that work and make sure we are getting what we are paying for.

MR. LANE: Okay, that all makes sense.

MR. GOSSE: It is the whole contract administration piece.

MR. LANE: That makes sense. It is just following along with the fact that you are doing so much more roadwork this particular year than you did before.

MR. GOSSE: Correct.

MR. LANE: Now you need all these extra government staff to make sure that it is done properly.

MR. GOSSE: That we are getting what we are paying for, absolutely.

MR. LANE: Well, yes, that is what I would mean by properly, but yes. Even on that I guess that was just an overall Cabinet budgetary decision to say we are going to spend all this additional money on roads and stuff this year, in a deficit year.

MR. MCGRATH: I had asked for \$852 million, I am spending \$81 million.

MR. LANE: Okay, yes, perfect.

MR. MCGRATH: Perfect would be \$852 million.

MR. LANE: Yes. The next one under Transportation and Communications, \$500,000 was budgeted. You spent just half of that at \$250,000, and this year we are going up to \$884,000. That is a huge jump from what was spent last year. That falls under Improvements – Provincial Roads.

MR. MCGRATH: Basically what we had there was less than anticipated staff travel, communication requirements – that is what brought it down – for the road maintenance projects last year.

MR. LANE: What do you mean? Okay, so \$500,000 and you only spent \$250,000. What kind of staff travel would be involved in that?

MR. MCGRATH: With that number where we had the stop-work order in place again this year, that would have brought the number down. If we were not doing the work, then we did not have the staff out there to do the work. It would have brought it down. They are not moving as much when there is a stop-work order on it and that is the significant difference there.

MR. LANE: When we talk about staff travel – and I am just trying to understand this. If I was working in the Greater St. John's area or whatever, and then there was this stop-work order, that would not really impact travel. I would just leave my house and drive to work like everybody else. What is the travel? I am just trying to understand.

MR. MCGRATH: What you are not understanding is there was a stop work order put on all the provincial highways. There are 10,000 kilometres of provincial roads that we are responsible for. We are not responsible for the roads in the metro region; we are responsible for 10,000 kilometres of highway and roads throughout the whole Province. To cover those 10,000 kilometres, you have to do some travelling. If there is a stop-work order on those 10,000 kilometres then you stop travelling.

MR. LANE: Okay, so everything was shut down.

MR. MCGRATH: Everything was shut down.

MR. LANE: I did not realize that everything was shut down like that.

MR. MCGRATH: A full stop-work order on the complete Trans-Canada Highway.

MR. LANE: Okay.

CHAIR: Okay, Paul and for the Minister, we have one girl in audio, so we are going to give her five minutes. If anybody wants to get up and shake a leg, go to it.

Recess

CHAIR: Okay, if everyone is ready, we can get back to it.

Paul, you finished up on 3.2.03, Improvements – Provincial Roads.

MR. LANE: Salaries, yes, and I am going to continue on.

CHAIR: Professional Services, I think, you were on.

MR. LANE: No, Transportation and Communications was the last one I did, wasn't it? Yes, so now Supplies.

Under Supplies \$350,000 was budgeted, just \$250,000 spent and this year we are going to spend \$590,000, so almost \$600,000. That is a pretty big jump. What are we...?

MR. MCGRATH: Basically, the same thing again with the stop-work order in place last year, there was a lot less spent.

MR. LANE: Okay.

MR. MCGRATH: Now we are getting back on track.

MR. LANE: Okay.

Now, Professional Services, the next one, \$34,700 was budgeted, \$59,000 this year, but you spent \$200,000 last year in Professional Services.

MR. MCGRATH: With the stop-work order came all of that training and consulting.

MR. LANE: Training, right.

The next line Purchased Services, \$34.8 million budgeted, \$26 million spent and this year \$59.4 million. That is a huge amount of money there: \$30 million.

MR. MCGRATH: Again, I will mention the stop-work order there. What that was, was contracts not getting completed. Thus, looking at it this year, why we wanted to get the tenders out earlier and that went to the Heavy Civil Association, hopefully, to cut out all carry-overs in the future.

MR. LANE: Okay, so that is people bidding on work and not getting it done in time, for whatever reason?

MR. MCGRATH: Yes, but I will say that this past year, going down to the \$26 million, was partly uncontrollable because of the stop-work order.

MR. LANE: Yes, okay.

MR. MCGRATH: In saying that, going to the \$59,495,000, we are hoping that there will be no more carry-overs. Our goal is to cut out all carry-overs.

MR. LANE: Okay.

Grants and Subsidies, \$1.3 million budgeted and spent last year; this year only \$300,000. That is a \$1 million differential.

MR. MCGRATH: There was a budget allocation that was \$300,000 for community grants and \$1 million for brush cutting services. The grants were paid up until April 8. Now the brush cutting is moved; we have increased that to \$2 million.

MR. LANE: The \$1 million differential is the brush cutting that has moved somewhere else?

MR. MCGRATH: Moved up to Purchased Services.

MR. LANE: Under Purchased Services?

MR. MCGRATH: Yes.

MR. LANE: Why would it be under Grants and Subsidies – you just happen to move it a different –

MR. MCGRATH: What we used to do there before for the brush cutting it was almost like make-work projects, we would go out to smaller – and that is cut out because it was very ineffective to be giving out a grant and they would go out with their chainsaws and stuff. We found that it just was not working, so now it is gone to the different method of the brush cutting where you see the big machine go in and cut it down and mulch it.

MR. LANE: I recall seeing, over the last couple of years, these big machines actually. I have not actually seen, like you said, the make-work projects or whatever you want to call them. I have not noticed people on the side of the road with chainsaws, as you say, in the last few years. That was years ago that used to happen, but you are saying that did happen last year.

MR. MCGRATH: Gary, do you want to take that one?

MR. GOSSE: Up until two years ago there were actually people out on the side of the road cutting with chainsaws and even burning the brush was done in the fall of the year; but that was, as the minister said, very ineffective so we have moved to all contracted brush clearing. The \$1 million that was in Grants and Subsidies, which surely was grants at the time, has been moved up into Purchased Services, but we have also parked \$2 million for brush cutting over the \$1 million that was done (inaudible) –

MR. LANE: So there was actually \$1 million worth of work done last year by people with chainsaws and stuff?

MR. GOSSE: Not last year. Last year was the first year that we did it all with contracted services, even though the money stayed in Grants and Subsidies. This year we corrected our budget allocations and moved it from Grants and Subsidies into the Purchased Services.

MR. LANE: Okay, so it was just that you had it in the wrong place last year and now you are moving it to the right place –

MR. GOSSE: It was just a carry-over, I guess, from historically where it was.

MR. LANE: All right, now it makes sense. Thank you.

I guess the final line there then is Total: Improvements – Provincial Roads; \$41 million budgeted, \$31 million spent, so the \$10 million difference is the stop-work order I take it, and this year you are doing \$69 million worth of roadwork.

Subhead 3.2.04, Canada Strategic Infrastructure Fund, "...highway maintenance and rehabilitation projects to be cost shared with the Federal Government." You budgeted \$1.1 million, only spent \$200,000. Is that impacted by that stop work order as well?

MR. MCGRATH: Yes, that was the larger projects that were stopped, one in Central, one in Western.

MR. LANE: Why are we only doing \$557,000 this year then? Why a \$500,000, \$600,000 difference from what was budgeted last year?

Last year you budgeted \$1.158 million. I understand the difference that it was only \$200,000 because of the stop work order, but you would think if you had the federal grant and the money to do the work last year you would see it picked up this year and that \$557,400 would be more like \$1.557 million.

MR. GOSSE: The salaries component, the federal share or the cost-share program does not give us – it gives us a total sum of money. We divide that up as we see the need, to cover salaries or supplies, or transportation and communications and so on.

What you would see there last year, salaries are generally just a straight ratio of the total program. Last year, for some reason or other, we were over budget on salaries. It ended up being 10 per cent of the total, when 5 per cent is really about the right number, which is what it is for this year. It was just an overstatement of the

salary requirement last year originally with the \$1.158 million.

MR. LANE: Okay, all right. So you overstated what –

MR. GOSSE: We overstated the salary, so we –

MR. LANE: Now you are realistic and that is what it probably should be, okay.

MR. GOSSE: We fixed it this year.

MR. LANE: Okay. Then the \$200,000 was because of the stop work order.

MR. GOSSE: That is it.

MR. LANE: Okay.

This stop work order would not impact – if we were going to get federal funds to do work, we would still get it. If we could not do it last year, we would not lose that money. We would just carry it over, right? We would not lose out on anything.

MR. GOSSE: No, that is just cash flow adjustments in the cost-shared program.

MR. LANE: Okay.

Transportation and Communications, \$173,000 budgeted, only \$16,000 spent. Is that again into the same thing?

MR. MCGRATH: Yes.

MR. LANE: That was overstated slightly as well?

MR. MCGRATH: Exactly.

MR. LANE: Okay.

Professional Services, \$20,000 budgeted last year, we only spent \$5,000, but this year we are going to do \$99,000. Is that because of all the extra work we are doing?

MR. MCGRATH: Yes. Again, last year the reason for the huge decrease there, we did not need to hire as many consultants.

MR. LANE: Yes, and this year we are doing more work.

MR. MCGRATH: Yes.

MR. LANE: Okay.

Purchased Services, again, the big drop last year from what was budgeted is because of the stop work orders.

MR. MCGRATH: Yes. Then there is an adjustment there bringing it in line.

MR. LANE: Yes.

Operating Accounts is the same thing?

MR. MCGRATH: Where are you gone now?

MR. LANE: The next one 02, Operating Accounts.

MR. MCGRATH: Yes, that is your total of everything involved.

MR. LANE: Yes, that is the total. That is the big – okay.

That really put us behind, that stop work order. A lot of work and stuff never got done because of that.

MR. MCGRATH: Yes, but there are certainly no apologies. I was the Minister of Service NL at the time. It was a necessity, and your background concerning how important Occupational Health and Safety is –

MR. LANE: Absolutely.

MR. MCGRATH: – it had to be done.

MR. LANE: Yes. There is no argument from me on that one.

MR. MCGRATH: Good.

MR. LANE: We can agree on some things.

Subhead 3.2.05, that is Canada/Newfoundland and Labrador Infrastructure Framework Agreement. “Appropriations provide for highway rehabilitation projects...” Again, that

is cost-shared money. So \$998,000 budgeted, only \$500,000 spent, and this year \$1 million. So that is the same thing again?

MR. MCGRATH: Exactly. Yes, if you go down through those columns you will see –

MR. LANE: Yes, and all the other columns, Transportation and Communications, Supplies, Purchased Services, it is all the same thing. All of those numbers went down because –

MR. MCGRATH: Yes.

MR. LANE: Okay. There is no need to belabour that.

Subhead 3.2.06, "...highway construction projects to be cost shared..." Okay, this is Capital. Under Professional Services, \$600,000 budgeted, spent \$1 million, and this year down to \$544,000. Obviously, there was something fairly significant that was done last year that was not anticipated. Now you are back down to –

MR. MCGRATH: Well, with the projects we were working on, the consulting fees that we were hiring for some of the projects, that really drove the prices up. That was the design.

MR. LANE: Say that again.

MR. MCGRATH: Hiring consultants for design work.

MR. LANE: Hiring consultants for design work, for all the extra work you are doing this year, you mean?

MR. MCGRATH: No. Well it may be this year, but when certain projects are in a certain stage – and I will use the long-term care here in St. John's, for example. Once that gets into a certain stage, you are going to be hiring extra consultants for the design work that you would not have needed the year before, you will not need in the following year. Once you get into certain –

MR. LANE: You did not anticipate it last year, though, because you only budgeted \$600,000 and spent \$1 million.

MR. MCGRATH: We ended up getting more design work done than we thought we would.

MR. LANE: Than you thought you would be getting done. Okay.

Federal revenue, last year you had anticipated you were going to get \$47 million, you only got \$5 million. That is like \$42 million less than what was anticipated. This year you are expecting half of that at \$25 million.

MR. MCGRATH: That is a cash flow thing. It is just moving the money around from one to another. We anticipated that we would be spending the \$47 million. We did not spend it.

MR. LANE: You did not spend it.

MR. MCGRATH: Yes, you are just moving cash flows around.

MR. LANE: This is not an expense. This is a revenue item. This is \$47 million that you expected to get from the federal government; you only got \$5 million. This is not you spending money. This is the federal government not giving you \$42 million.

MR. MCGRATH: Because we did not have the need for it that year.

MR. LANE: Okay.

MR. MCGRATH: It is just a cash flow that would move when you do need it.

MR. LANE: Again, that money is not going to get lost, because this year there is \$25 million.

MR. MCGRATH: No, it is just a cash flow movement.

MR. LANE: Okay.

In addition to the \$25 million being spent here, there is another \$17 million sitting around, if you will, that could be spent next year, that we have access to and we are not going to lose.

MR. MCGRATH: Exactly. Yes.

MR. LANE: Okay, that is fine.

Subhead 3.2.08, Improvement and Construction – Provincial Roads; under Salaries, \$998,000 was budgeted, only \$410,000 spent, and \$576,000 this year. Is the drop in terms of the stop work order, too?

MR. MCGRATH: There was a drop, actually, in staffing requirements because we did not have the completion in some of the construction that we had anticipated.

MR. LANE: Because of the stop work order?

MR. MCGRATH: Not necessarily because of the stop work order.

MR. LANE: No? Okay.

MR. MCGRATH: It would have had some effect on it but –

MR. LANE: Okay, but this year we are still only going \$576,000, even though we had budgeted \$998,000 last year?

MR. MCGRATH: Yes.

MR. LANE: We are not planning on doing as much in that end.

MR. MCGRATH: Yes, in that particular area.

MR. LANE: In that particular area. Okay.

Purchased Services, \$15.6 million budgeted, less than half of that spent. Now we are back up to \$14,073,000.

MR. MCGRATH: Again, that is based on project delays for different reasons. The stop work order did have some effect on that. Now we are trying to get it back in.

MR. LANE: Okay.

Moving along here; 3.2.09, Canada Strategic Infrastructure Fund, \$1.1 million budgeted and spent last year. This year it is down to \$784,000. So that is a decrease of about \$350,000.

MR. MCGRATH: The reason for the decrease to the \$784,000 is the level of activity within the projects.

MR. LANE: Okay.

Professional Services: \$200,000 budgeted, \$280,000 spent and this year half of that budgeted, \$140,000.

MR. MCGRATH: Again, that is Professional Services, engineering services and stuff, so it depends on where you are in the projects.

MR. LANE: Okay.

The last one for me – I am going to pass it over to my colleague here – under Purchased Services \$17 million budgeted, \$10 million was the actual, and this year we are budgeting for \$8.7 million.

MR. MCGRATH: Again, the decrease was lower than anticipated expenditure requirements on the construction projects.

MR. LANE: Compared to \$17.1 million this year we are only spending \$8 million, so we are spending a lot less under here.

MR. MCGRATH: Yes, because of where we are with certain projects.

MR. LANE: Okay.

That is it for me. I am going to pass it over now to my colleague for St. John's South.

CHAIR: Yes, Tom, go ahead.

MR. OSBORNE: Thank you.

Minister, under Trans-Labrador Highway, I have just a couple of questions on that. If I understand correctly, I think it is \$7.3 million to cover the cost of paving the additional sixty kilometres of Phase I. Is that correct?

MR. MCGRATH: Yes.

MR. OSBORNE: Okay.

You have bundled that with some additional work.

MR. MCGRATH: I did.

MR. OSBORNE: Okay, can you show me in the budget the additional work?

MR. MCGRATH: The additional work was just put out at tender and that is part of the \$81 million that is there. That tender is out now, closing on May 14. The tender is actually for 145 kilometres. You have eighty kilometres leaving Happy Valley-Goose Bay going south to the Cartwright Junction. You have the sixty kilometres between Churchill Falls and Happy Valley-Goose Bay. You have 2.2 kilometres in Hamilton River Road, approximately 2.2 kilometres, and then there is a small amount, a little less than 2 kilometres, of chip seal that has to be replaced. The chip seal was one of the projects that was first monitored doing the Trans-Labrador Highway. That tender is out and closing on May 14.

MR. OSBORNE: What budget line is that? Is that under the Trans-Labrador Highway?

MR. MCGRATH: That would not be in this.

MR. OSBORNE: Pardon me?

MR. MCGRATH: That would not be in here, would it? Where is that, Gary?

MR. GOSSE: It would be under Purchased Services.

MR. OSBORNE: So the bundled work is under the Trans-Labrador Highway as well?

MR. MCGRATH: Yes.

MR. OSBORNE: The additional part of that?

MR. MCGRATH: Yes.

MR. OSBORNE: That is under Purchased Services?

MR. MCGRATH: Yes.

The Hamilton River Road, we went through that earlier, but again the Hamilton River Road was retendered and that is the reason that is before –

MR. OSBORNE: Okay. What budget line is the Hamilton River Road?

MR. MCGRATH: Do you know which line exactly, Gary?

MR. GOSSE: Subhead 3.2.03.

MR. OSBORNE: Okay. That would be under Purchased Services here?

MR. MCGRATH: Yes.

MR. OSBORNE: Okay.

Is the full appropriation there for the Hamilton River Road or are there other things under Purchased Services there?

MR. MCGRATH: All kinds of things there.

MR. OSBORNE: Okay, so what is the total amount for the Hamilton River Road?

MR. MCGRATH: Until the tender closes, we will not know.

MR. OSBORNE: You do not have a rough idea or a rough estimate?

MR. MCGRATH: I do, but I will not be saying until the tender closes.

MR. OSBORNE: I cannot squeeze it out of you?

MR. MCGRATH: You can, but it is going to take a lot – nice try, though.

MR. OSBORNE: Okay.

You said I could, so there is always hope.

MR. MCGRATH: Anything is possible.

SOME HON. MEMBERS: Oh, oh!

MR. OSBORNE: I am just looking at the 2012-2013 budget for the Trans-Labrador Highway and we had \$2.290 million and there was –

MR. MCGRATH: Which line are you on now, Tom?

MR. OSBORNE: That is under last year's, same thing, 3.2.01.

Do you have last year's budget there, Minister?

MR. MCGRATH: No.

MR. OSBORNE: You don't?

MR. MCGRATH: No.

MR. OSBORNE: I knew we were better prepared on this side of the House, just an observation.

MR. MCGRATH: We have access to it; I just do not.

Go ahead and ask your question.

MR. OSBORNE: Okay so under last year's budget there was \$2.290 million budgeted and the revised was \$1 million.

MR. MCGRATH: Yes.

Gary, do you have an explanation for that, please?

MR. GOSSE: You are looking at 2012-2013, is that right?

MR. OSBORNE: I am, correct. I am just wondering, under last year's, why there was less than half of the money that was budgeted actually spent.

MR. MCGRATH: We will get clarification on that and get back to you on it.

MR. OSBORNE: Okay, because I am noticing as well that under the 2013-2014 Estimates, again there was about half of what was budgeted was actually spent for Salaries.

MR. GOSSE: On the Trans-Labrador Highway we have had difficulty recruiting our own staff. So you will see a fairly large expenditure there under Professional Services because we have had to hire consultants to look after the work for us on the Trans-Labrador Highway. We live in hope of recruiting our staff, so we budget for it.

MR. OSBORNE: Okay. The reason I am wondering is because we had \$2.29 million budgeted in 2012-2013, only spent \$1 million, then in 2013-2014 we had \$2.335 million

budgeted but only spent \$1.15 million. Now the budget is gone up this year to \$3.792 million.

MR. GOSSE: That is correct. Last year it was the same issue with recruiting our own staff to do the work, so we went with consultants.

This year the work is a little closer to Goose Bay, so we are a little more optimistic that we will be able to get our own staff to do the work closer to the Goose Bay area. We have budgeted for the salaries on that premise.

MR. OSBORNE: Okay.

Transportation and Communications, under 3.2.10, in 2012-2013 there was \$400,000 budgeted and only half of that was spent at \$200,000. In 2013-2014 there was \$400,000 budgeted and only \$150,000 spent and now we are gone to \$665,000.

MR. MCGRATH: Gary, can you take that?

MR. GOSSE: The same issue: less staff, less requirement for communications and travel. If we were successful in recruiting the staff that we needed, we would have used all of the budget associated with staff employment. We were not successful in doing that; therefore, we used less in communications and we used less in travel. We had less people travelling on the road. It was all done through our consultant.

MR. OSBORNE: Without going through the numbers for Professional Services, I mean we have the same situation there on the discrepancies between last year's Estimates and budgets and this year's?

MR. GOSSE: When we did our budget we had to budget for what it was going to cost us to retain our consultant, but the cost came in a little less as a result of our RFP. We budget for what we think it is going to be, but the competitive bid process sometimes allows us to see a little savings here.

MR. OSBORNE: Okay. The Land Acquisition under 3.2.11, do you have any idea on where you are intending or hoping to purchase the land?

MR. MCGRATH: Give me that question again, Tom, please.

MR. OSBORNE: Under 3.2.11, the Land Acquisition.

MR. MCGRATH: Yes.

MR. OSBORNE: I know that is a normal year to year thing for government, but I am just wondering what area you are at?

MR. MCGRATH: It is all over. That is a budgeted amount that could be anywhere in the Province.

MR. OSBORNE: Okay. There are no specific plans in place for land purchase other than the day-to-day...?

MR. MCGRATH: Well, again, the \$2 million is based all over. It is a budget amount that we put in for the Province.

MR. OSBORNE: Okay, all right. I guess the point is there are no specific plans at the moment?

MR. MCGRATH: No specific plan.

MR. OSBORNE: No specific plans for land acquisition?

MR. MCGRATH: Not right now, no.

MR. OSBORNE: Okay, just back to the Trans-Labrador Highway for a moment. The first tender call, the sixty kilometres for Phase 1 was not included in that. Are you able to tell me why?

MR. MCGRATH: Basically, when we were packaging it together there was a little bit of tweaking that had to be done there. The other one was ready to go as I explained this afternoon in the House.

I had a very small window there; I had a tender ready to go. When I decided that the best way to move was to get this sixty kilometres bundled in with it, we had a little bit of wording to change there. That was why.

MR. OSBORNE: Okay. You were not anticipating pulling that contract at the time the Budget was done?

MR. MCGRATH: No.

MR. OSBORNE: Okay. What work will be completed on Phase 2 in 2014?

MR. MCGRATH: On Phase 2, as I said, we have tendered now for the –

MR. OSBORNE: Hamilton River.

MR. MCGRATH: No, we have tendered for the eighty kilometres from Happy Valley-Goose Bay going south to Cartwright Junction. We have tendered for the sixty kilometres between Churchill Falls and Happy Valley-Goose Bay. There is other work that we have tendered for widening and upgrading from Red Bay going north to Cartwright Junction.

MR. OSBORNE: Okay. Under 3.3.02, I am just wondering what buildings. You have \$690,000 there estimated to provide for the construction of new buildings and the extension of existing facilities. Are you able to give some indication as to what your plans are?

MR. MCGRATH: There was a delay in the depot. The depot was in Roddickton and Whitbourne, and the hangar I think in Gander. There was a delay in it.

MR. OSBORNE: The \$690,000 is for those projects?

MR. MCGRATH: Yes.

MR. OSBORNE: Okay. That is under Salaries. Just for clarification for Hansard it is 3.3.02 and it is Salaries.

MR. MCGRATH: Those Salaries are covering the management of those projects.

MR. OSBORNE: Okay. Looking at 2012-2013 we had budgeted \$325,000 for Salaries under that section and there was only \$51,500. Last year we budgeted \$800,000 and only \$60,000 was spent. Again I am seeing a trend there of \$325,000 being estimated in 2012-2013 and only spending \$51,000, and last year budgeting

\$800,000 and only spending \$60,000. I am just wondering what the explanation would be for that?

MR. MCGRATH: Cory.

MR. GRANDY: I do not have 2012-2013 right in front of me.

MR. OSBORNE: Okay.

MR. GRANDY: The Salaries in these subheads are for charging off salary costs that are associated with the specific capital projects. We call it recharging. We have recharged to the capital budget so that time spent on a capital project is charged appropriately to that capital project.

The \$690,000 that is budgeted for this year would apply to the capital projects that we plan on undertaking this year. There are several depot replacement projects in that, as well as work on the Gander hangar as the minister said.

MR. OSBORNE: There seems to be a trend though of budgeting high and spending very low.

MR. GRANDY: I can speak specifically to the past year. The previous year I would not be able to speak to, I do not have the details. I was not in the department to know exactly what projects were in that 2012-2013. I know last year we did not get out of the ground as quickly as we had hoped on some depot replacement projects.

In Whitbourne and Roddickton we had a tender award late in the construction season; therefore, there was not much project management activity that was able to occur in last year's construction season. The salary costs associated with that project would also be down. The salary cost, basically, has a direct relation to how much we are spending on Purchased Services which is where the construction spend is.

MR. OSBORNE: Okay. I know under Professional Services in 2012-2013 we had \$1.65 million and only spent \$170,000. Last year, the budget was \$4 million and only spent \$210,000. This year we are estimating \$3.475 million. I see a trend there of budgeting very high and spending very low.

MR. MCGRATH: One relates to the other as we just said. If we were not moving forward with the projects then we were not getting the consultants to come in. That would have brought the price down. We budgeted for it, did not get the work to where we thought it would be, and so we did not have to hire the consultants to get the work done.

MR. OSBORNE: The work that was anticipated in 2012-2013 did not get done?

MR. MCGRATH: No, not as much as we would think.

MR. OSBORNE: Was that carried over to 2013-2014 and then still did not get done?

MR. MCGRATH: Do you want to take that Cory? There are different issues that would affect it, capacity being one of them. Just finding the people to get the work done has been a big issue and it is slowing down projects, but we still have to budget for it.

MR. OSBORNE: Okay. Are you able to find out for me what projects were scheduled there for 2012-2013, and what projects were scheduled for 2013-2014 versus what projects are scheduled for 2014-2015?

MR. MCGRATH: Remember, these projects are in phases but we can get that, no problem.

MR. GRANDY: I can attempt to answer part of that question now on 2013-2014 if you like. You asked would the money be carried over. The answer to your question is yes. The contract that we awarded late in the season last year, again for depot replacements at Whitbourne and Roddickton, that work is carried over to this year. As well, there are other depot replacement projects; Victoria Cove being one – and my memory is slipping, but we can get you further details on that but again –

MR. OSBORNE: Under these headings and subheadings if you could indicate for the 2012-2013 year what projects were scheduled, and again for the 2013-2014 year what projects were scheduled and now for 2014-2015.

MR. GRANDY: We can provide that.

MR. OSBORNE: We had some banter back and forth, Minister, on the Bay d’Espoir and Baie Verte highways in the House. I appreciate your answers in the House and so on, and you’re welcome for the media coverage.

With the cash flow constraints – and that is part of what the banter back and forth was about there, and I know under the multi-year projects the cash flow constraints that are there. In speaking to some contractors – I did not speak to all of them, but I did speak to some and they have some concern about the cash flow constraints, first time seeing those – I realize these are multi-year projects. With the cash flow constraint there and understanding your response that if they want to do more work than the cash flow constraint allows they are welcome to do it, they just will not get paid until next year’s budget; do you foresee any difficulties or problems as a result of the cash flow constraint?

MR. MCGRATH: I acknowledge the fact that you spoke with some of the contractors and I also compliment you for trying to speak with all of the contractors. With the cash flow restraints we sat with the contractors and explained to them exactly the way that the project would be working. I will not get into detail for more bantering, but the whole purpose of bundling these large projects together is to try to move forward. We always hear you are doing a kilometre, a kilometre, and a kilometre, and we are not moving forward. That is the whole purpose of that, and the Bay d’Espoir Highway is the best example I can use.

Now by putting out the large contract, we feel it was the right way to go and we sat with contractors and explained to them exactly the process that would take place. They were quite happy with that project happening that way and some of the contractors came back and questioned: With the cash flow projection, can I go beyond that so that the beginning of the next fiscal year I have that cash? That is entirely up to a contractor if they want to do that. We do not anticipate that as a problem; we see that as a plus. Then, in the following year, they can continue to move forward and the cash is right there. On April 1, they have their cash, and that is how that works.

When we spoke with the contractors, they were quite content with that. I think now that I have straightened them out after our bantering, they are quite content again.

MR. OSBORNE: Okay. Well, not all of them; I will say that for the record.

I understand and I publicly support the multi-year projects and giving contractors the ability to plan well ahead, do the engineering and whatever they need to do well in advance because they know what work is on the books this year and next year. Based on the work that is projected or supposed to be done this year, does the cash flow constraint limit them in the ability to carry out everything that is supposed to be completed by September of this year?

MR. MCGRATH: Again, I am confused; maybe you can explain to me. You keep using September of 2014. I am not sure where you are coming up with that.

MR. OSBORNE: That is in the tender document that a certain portion of the work – and it gives specific –

MR. MCGRATH: By 2014?

MR. OSBORNE: Yes, absolutely. It is in the tender documents.

MR. MCGRATH: I will have a look at that.

MR. OSBORNE: A certain number of kilometres –

MR. MCGRATH: Remember, the cash flow is exactly what we are saying; it is a projected cash flow. It is sitting with the contractors and explaining the whole process to them. They did not have issues and we do not anticipate an issue.

MR. OSBORNE: I do not think any of the contractors had an issue with the multi-year project aspect. I think everybody who wants to see progressive work – and I use that word “progressive” very lightly – are thinking very liberally about what they can actually do. I am sorry for the puns.

Seriously, there are a specified number of kilometres that has to be completed by September of 2014 and a specified number of kilometres that would have to be completed by September of 2015. The concern that some of the contractors raised was that the number of kilometres that they are bound to complete by September of 2014, they feel that that work would potentially go beyond what the cash flow constraint is.

MR. MCGRATH: Again, we project cash flows on historical data is what cash flows are projected on. I am not quite sure where you are going with that.

MR. OSBORNE: Okay.

I do not know if there is an easier way to try to explain it, but if there is a specified number of kilometres that have to be done and contractors are concerned that the cash flow constraint, the amount of money that they can be paid, is less than what their costs will be to complete the work that they have to complete this year.

MR. MCGRATH: Yes, I understand you are saying that, but they have not conveyed that to us and we do not anticipate that at all.

MR. OSBORNE: Okay, well they have conveyed it to me. Now maybe the winning bidder did not have a concern with it, but I know that other contractors that I spoke with did have that concern – delighted with the multi-year project; concerned with the cash flow constraint.

MR. MCGRATH: They are more than welcome to come and talk to us.

MR. OSBORNE: Part of the reason maybe they did not – I am not sure – is that the ones that spoke to me asked not to be identified because they are concerned that it might affect their working relationship with government. That is unfortunately a reality of anybody bidding and looking for work.

MR. MCGRATH: Brent, do you want to speak to that?

MR. MEADE: Yes.

When we decide to take the approach of large projects, multi-year projects, and early tenders, we had extensive engagement with the Heavy Civil Association to talk about how we were to begin to redesign our approach to road tendering. In those discussions we made them aware in multi-year that we would project cash flows over those two-year projects. They were not at all surprised with that. In fact, they agreed with it, because they knew that most projects of those size – Bay d'Espoir, for example – would take a couple of years to finish.

Now, where the line is drawn in terms of cash flow projection, yes, maybe some contractors could debate: Well, I could get more than that done than what you are saying. Others would say: No, I think I can work with that. In the main what Heavy Civil is telling us is that they agree with the multi-year projects – you acknowledged that as well – and they agree with the cash flow projections we have there.

It is a way for us to manage our roads program. It is a way for the industry to manage their mobilization, and the bidding that they will do on a number of projects. The thing about early tendering and the thing about the cash flow projections is that when they are bidding, they can then determine the level of effort they are going to require to do any number of projects in the Province this year.

So that was, for us, the number one objective: How do we align ourselves with industry so they have an ability to sit down and better bid and then plan, when they are successful on the bidding, to complete that work? That was our objective. The Heavy Civil Association was in full agreement with our approach on this. So, if there are dissenting contractors, to be quite honest, we are not hearing them. We have had extensive consultations with the board of Heavy Civil and they have been very, very supportive of the approach we have taken.

MR. OSBORNE: Again, I do not think they have an objection to a cash flow constraint per se, I think it was with the amount of the cash flow constraint. Whether or not, and time will tell – maybe there is absolutely no reason for concern but I think on these projects time will tell whether or not the cash flow constraint was

limiting. I believe that some contractors, it may have affected their ability to bid when they saw the cash flow constraint number.

MR. MEADE: We have seen very robust bidding on these projects. We would have seen the bidding that we would have expected, and the pricing that we would have expected. To date, again, we have not heard that concern. The reality of it is that contractors will weigh all of those issues, but there are many, many more pros to what we have done here than there would be any perceived cons from the industry.

To your point of time will tell. I would suggest to you that as a department we are open to seeing how the early tender process unfolds this year and how it leads to us getting work mobilized and completed. Secondly, in the multi-year, I would concur with you, that let's see how this works. Maybe next year we do need to adjust cash flows on it a bit more. Maybe we do need to do that, but what we have committed to is open dialogue with industry around those processes to see how it unfolds. Maybe later in the year we will get some feedback on how some things were very, very positive and how some things we could improve upon.

Again, I would say to you that the feedback we have had to date has been very positive and very productive in terms of a relationship with industry.

MR. OSBORNE: Okay.

MR. MCGRATH: Also, to that point, when we met with Heavy Civil Association I had agreed that I would meet with them at the end of the season for that exact dialogue, that we will meet and compare notes to see: Are the changes that we are making working? If not, how can we improve on them? If so, the status quo will stay status quo.

We will be meeting with them in the fall of the year to go over those exact things. Right now, in the regular meetings we are having, they are very enthusiastic with the approach we are taking. In January, when we announced this, and in our regular meetings with them, they seemed quite pleased.

MR. OSBORNE: Okay.

Minister, how much was spent on Confederation Building repairs to date, any indication?

MR. MCGRATH: What line number are you going to?

MR. OSBORNE: That is just a general question.

MR. MCGRATH: A general question. The budget was \$51 million. Right now, the budget is at \$55 million.

Cory, do you have those with you?

MR. GRANDY: (Inaudible).

MR. MCGRATH: It is \$56 million, sorry.

Do you have those pictures, Cory? I am going to share some pictures with you. They say a picture tells a thousand words – if I could get the Page to pass these over.

When we took the exterior brick off the tower of the building, what we found underneath was frightening. Basically, it was a matter of an emergency decision that we had to invest an extra \$5 million to fix what you are about to look at. When the building was built under a Liberal Administration back in the late 1950s, you will see the type of work that they did back in the late 1950s. Any scrap that was left over is in the tower of this building.

Those pictures will speak for what you are about to see. There is no way I could justify covering that up without – I did not want to cover that up without it being remedied. Needless to say, by looking at the pictures you can see it is a safety issue. So that did put an extra \$5 million onto the building repairs.

MR. LANE: Is any asbestos involved in this?

MR. MCGRATH: Pardon me?

MR. LANE: Was there any asbestos issues?

MR. MCGRATH: No, there was no asbestos.

I would appreciate it if those were passed back to me. I do not want those to leave the room. I wanted to share them with you because I did want you to see exactly what we are dealing with, but I would appreciate it if they were passed back to me. If the Clerk would be so kind as to collect them after they have seen them.

OFFICIAL: (Inaudible).

MR. MCGRATH: Paul, there is some asbestos around the mechanical and the electrical. So, that, too, we have to deal with.

MR. OSBORNE: How much has been spent to date? Is that the \$56 million figure you had mentioned?

MR. BOWDEN: We have spent approximately \$43 million to date; \$42 million to \$43 million. It is anticipated another \$12 million to \$13 million to take us to the \$55 million, \$56 million range.

MR. OSBORNE: I can see why you put the blue windows on, though, because some of the bricks are red.

MR. MCGRATH: I wanted you to see those. I really wanted to highlight the red bricks. If you notice, the red ones are much smaller than the blue ones.

MR. OSBORNE: There are no blue bricks. I am waiting for the next phase of the building. I am wondering if we are going to put red windows with the blue ones, but time will tell.

MR. MCGRATH: No comment.

MR. OSBORNE: What is the cost to repair and replace the windows that have already been installed?

MR. MCGRATH: Pardon me? I am sorry.

MR. OSBORNE: What was the cost to repair and replace the windows already installed? I know the figure that you mentioned involves other work but the –

MR. BOWDEN: We do not have that number broken out. It is a single contractor for the

masonry repair around the windows, and the openings and the windows. So it is not split out windows alone. The total piece spent to date is around \$42 million to \$43 million, which leaves us the remainder to be spent in the current year to finish it in 2014-2015, to take us up to the \$55 million, \$56 million number.

The windows themselves are not broken out as a specific, distinct from the surround or the masonry work that is being replaced as well.

MR. OSBORNE: I wanted to talk a little bit more about the blue windows. Some of them, we understand, were defective. Can you elaborate on that?

MR. MCGRATH: There is talk that some of the windows were defective. The contractor has been made aware of that, and they are under warranty. So anything that was defective will be replaced. It had nothing to do with the colour.

MR. OSBORNE: At no additional cost?

MR. MCGRATH: At no additional cost. They are under warranty.

MR. OSBORNE: One would argue that is the reason they were defective, though, Nick.

Can you tell me the final cost of the Labrador West Health Care Centre?

MR. MCGRATH: It will come in, in the – I am proud to say this because I was the Chairperson for the planning committee for the hospital when we were starting to build it, and I said then it would be –

MR. OSBORNE: I am proud to ask the question. I was the Health Minister who announced that, by the way.

MR. MCGRATH: Yes, I remember, and I told you then that it would cost around \$95 million. If I am not mistaken, the price is very close. It is at \$90 million right now. I am hoping to find another \$5 million to go into it, so it will put me right on the mark.

MR. OSBORNE: So, \$95 million is –

MR. MCGRATH: Ninety million.

MR. OSBORNE: Yes, but you are estimating \$95 million?

MR. MCGRATH: No, we are estimating \$90 million.

MR. OSBORNE: Okay.

OFFICIAL: You also did a demonstration.

MR. MCGRATH: I did two demonstrations, which again, I am very proud to say that the government listened and that is why we have a \$90 million project almost finished. I chaired both demonstrations and spoke very vocally on behalf of the people of Labrador West. I am very proud to say it.

OFFICIAL: So did I.

MR. MCGRATH: I know. You were there.

MR. OSBORNE: The construction of the new ferries, is that on schedule?

MR. MCGRATH: The construction of the new ferries is very much on schedule. The keel placement on the first ferry will be in August, and the steel cutting for the second ferry will be in August. Both ferries are right on schedule.

MR. OSBORNE: The deadline for the RFP for the Labrador ferries was extended.

MR. MCGRATH: Yes.

MR. OSBORNE: Can you explain the reason?

MR. MCGRATH: I spoke on that earlier. Mr. Edmunds asked the same question. Basically what happened there, with a tender of that magnitude you get some contractors who come back and ask specific questions. When we get a contractor who comes back to ask questions we like to share the information with all bidders. We extended it by a month so they could go and get the information they needed there.

MR. OSBORNE: Okay. On the *Norcon Galatea*, can you tell me how much was spent on that in total?

MR. MCGRATH: In repairs?

MR. OSBORNE: No, the government's –

MR. MCGRATH: In our contract?

MR. OSBORNE: Yes, the government's contract.

MR. MCGRATH: Max, can you take that, please.

MR. HARVEY: The charter cost for the *Galatea*, there were three elements to the total cost. One was the charter cost, which was about \$814,000. The crew cost was about \$400,000. It was crewed by our crews. The other cost was fuel, which was about \$100,000. That was the *Galatea*.

MR. OSBORNE: Do I understand correctly, some of the contracts for external ferries are an all-in price?

MR. HARVEY: The contracted services, for example, on the South Coast, are the vessel and the crew; we will pay for the fuel. Yes, some are all-in. The *Galatea*, we chartered the bare boat. It was basically a bare boat charter, and we provided the crew and paid for the fuel.

MR. OSBORNE: Okay, was there an amount in addition to that for potential repairs or maintenance?

MR. HARVEY: The *Norcon*, when we did it, we negotiated that they would be responsible for all maintenance except the day-to-day greasing of certain elements of it. Yes, I think it was \$25,000 a month for that.

MR. OSBORNE: Okay, that is over and above the amount you have already mentioned?

MR. HARVEY: It should be included prior to that (inaudible).

MR. OSBORNE: It is included in the \$814,000?

MR. HARVEY: Eight hundred and fourteen thousand dollars, yes.

MR. OSBORNE: How many trips in total did that make on the Bell Island run?

MR. HARVEY: I do not know how many trips it made. I will say that it did experience difficulties. I would say that, by far, the majority of trips that it did not make were because of operational considerations due to wind or surge.

That was very typical of when it was the *Hamilton Sound*. At that time of year, when the high winds were there, they had trouble operating because it did not have a bow thruster, and the surge, tide, and wind conditions there are problematic for the vessel.

MR. OSBORNE: Are you able to get me the total number of trips made?

MR. HARVEY: Yes, I can.

MR. OSBORNE: Just a rough estimate, would you say that it was tied up 50 per cent of the time?

MR. HARVEY: I will get the numbers. It was a very difficult fall and winter, absolutely, but I do not have the number.

MR. MCGRATH: We will get the numbers.

MR. OSBORNE: Okay. Were there any staffing issues? Were there any difficulties around staffing, and that led into some of the time it was tied up?

MR. MCGRATH: I made a comment in my preamble that we would stick to Estimates. These are policy questions that you are asking. Certainly, if you want to have a meeting we will give you all the answers to your policy questions, but we are here for Estimates. I do not want to get into policy here at Estimates. I am more than willing to sit with you in a private meeting and answer your questions on policy.

MR. OSBORNE: Okay. I think this does tie-in to the cost of operation of the ferry and the effectiveness of the ferry though.

MR. MCGRATH: You are getting into policy. If you want to have a private meeting on policy, I have no problem with that.

MR. OSBORNE: What is the status of the ferry contract for La Poile to Rose Blanche?

MR. MCGRATH: Max.

MR. HARVEY: The tenders are in. There was one bidder. We are just doing the final evaluation on that. It has not been awarded yet. That contract will start mid-June.

MR. OSBORNE: Okay. Just a couple of other questions; has the total cost of providing – I will not call it twenty-four seven snow clearing, but the ability to have call back or on-call for times that we do experience weather difficulties and to ensure that the highways are safe?

MR. MCGRATH: This is something that we monitor on a daily basis throughout the season. If we feel that it is necessary then we provide that service, but to come out and commit to a twenty-four seven service just for the sake of anticipating that we are going to need it, we do not do that. We will continue to monitor and if we feel it is necessary for the service to be there then we provide it.

MR. OSBORNE: Is there any plan to increase the level of service based on feedback and some highways not being done for several hours and so on.

MR. MCGRATH: As I said, we will continue to monitor it. It is something that we monitor on a regular basis. We will continue to do that and provide the services we deem necessary.

MR. OSBORNE: Okay. I guess one final question on that, are there any plans to expand that service?

MR. MCGRATH: Again, I told you it is something that we are monitoring, so the plan is to continue to monitor.

MR. OSBORNE: It has probably been monitored for years though. Okay, I think those are all of questions for now.

CHAIR: Okay.

MR. OSBORNE: Yes, sorry, one final question, Mr. Chair. The moose detectors on the highway, can you tell us the cost to date of operating the moose detectors?

MR. GOSSE: The cost of operating the detector systems themselves is zero. The only cost we have paid, or incurred for those detection systems right now is the original purchase and installation cost.

MR. OSBORNE: What was that?

MR. GOSSE: It was \$1.6 million for both systems.

MR. OSBORNE: What is the status of those now? We hear lots of talk that they have not been effective or operated effectively. What are the plans for those? What is the status of those moose detectors at the moment?

MR. MCGRATH: As you know that was a pilot project. The pilot project finished a little while ago and we have all of the analysis put together now. In the very near future we will be coming out with the findings of the pilot project and going on a go-forward basis from there.

MR. OSBORNE: All right, thank you.

CHAIR: Okay, thank you, Tom.

I will call for the subheads – oh, I am sorry.

MR. LANE: I am just wondering, now that we are talking about the moose, we talked earlier about the brush cutting. I think you said there was \$1 million extra put in this year. That is \$2 million worth of brush cutting this year versus \$1 million last year.

Have you done a survey, for lack of better terminology, of all of the highways, whether it is the TCH or a lot of the main arteries and so on going throughout Newfoundland and Labrador to determine just how much brush cutting would still be required to be done? Would you be planning on doing \$2 million a year now every year and as you go forward, is that going to clear all the brush or are you just concentrating on the TCH only?

What is the overall plan for brush cutting? Because when you are on the Trans-Canada Highway or you are going down the Bay d'Espoir Highway or you are going down towards New-Wes-Valley or whatever and if there are woods on the side of the road, it is just

as dangerous; there could be a moose there anywhere. What is your overall plan for brush cutting?

MR. MCGRATH: You just answered your own question. Basically, we monitor the whole Province. As we told you we have 10,000 kilometres of roadwork, roads that we are responsible for in the Province. We monitor the whole Province. We sit down every year and we decide where the highest volumes are. We keep a very close eye on the moose generation. Then we monitor where we feel it would be most effective to spend the \$2 million.

Another thing with the \$2 million in brush clearing, again, comes down to capacity. We could say that we were going to put \$5 million into the budget for brush clearing but the capacity is not there, so what we do is we monitor the whole Province, where we see the highest populations and we think we would get the best value for our spending. That is where we do the brush cutting.

MR. LANE: So when you say the highest populations of moose, you are saying – or do you look at accident statistics, for example, where the most accidents are?

MR. MCGRATH: It is all accumulated together where you see the populations of moose, where you see the highest volume of moose-vehicle accidents. All of that is monitored into it. We put it all together and then we make our decisions.

MR. LANE: Yes. So in terms of the – what did you say, 10,000 kilometres of –

MR. MCGRATH: Yes, 10,000 kilometres.

MR. LANE: So of those 10,000 kilometres, what percentage do you think of the brush is done versus what is not done?

MR. MCGRATH: Well, again it is always a challenge and the brush is different in different geographical areas in the Province. If it has not been done in a while, it is a thicker brush. So you get less done for more money. If it is something that we have been keeping a close eye on and we have been starting to be able to keep up with it, then you get more done for less

money. It is a case-by-case situation. We have increased the budget by \$1 million this year and we will continue to monitor and work away at it.

MR. LANE: Okay. That is brush clearing.

In terms of the moose fencing, there was some moose fencing put up on, I think, the West Coast. I have not actually seen it. It is up around Port aux Basques area somewhere, is it?

MR. MCGRATH: The Stephenville area, St. George's.

MR. LANE: The Stephenville area. That has been there how long now, two or three years, three or four years?

MR. MCGRATH: Yes, it is in our third season now.

MR. LANE: Let me ask, has that been effective?

MR. MCGRATH: As I stated earlier, we had the pilot projects out there; the moose fencing was part of the pilot projects. We have all of that analysis put together now and in very short order, we will be making an announcement as to the findings of those pilot projects and our go-forward basis.

MR. LANE: Okay.

On the detection systems that you have – I know that is part of your pilot project and so on, I am assuming. I know for a fact the moose detection system out by the Rod and Gun Club – because I drove out there over the weekend out to Gander – a big sign there saying it is not operating and so on. I know you said there was just the one capital cost that you had to pay for, for the project to get them installed. So every time they go out, it is costing us money to send technicians out to keep repairing them?

MR. MCGRATH: Not any more. Those projects are closed now. The pilot projects are finished and both sets of lights are off now, are they?

OFFICIAL: (Inaudible).

MR. MCGRATH: Yes, both we have turned off now. Again, we will be releasing our findings and our go-forward plan in the very near future.

MR. LANE: So, neither one of them are operating at all now?

MR. MCGRATH: Not right now, no.

MR. LANE: Okay.

We will find out now if you are going to keep them or get rid of them, basically, soon?

MR. MCGRATH: That is correct.

MR. LANE: Okay.

CHAIR: Thank you, Paul.

I will call for the subheads for Transportation and Works.

CLERK: Subhead 1.1.01 through 4.3.03 inclusive.

CHAIR: Subhead 1.1.01 through 4.3.03 inclusive.

On motion, subheads 1.1.01 through 4.3.03 carried.

CHAIR: Shall the total carry?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, Department of Transportation and Works, total heads, carried.

CHAIR: Shall I report the Estimates of the Department of Transportation and Works carried without amendment?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, Estimates of the Department of Transportation and Works carried without amendment.

CHAIR: Thank you.

With that, seeing as we are finished, I would like to thank everyone for their time.

I will ask for a motion for adjournment.

Moved by the Member for Cape St. Francis,
Kevin Parsons.

That is it. Thank you, Minister. I thank everyone.

On motion the Committee adjourned.