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Government Services**

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Department of Finance
Public Service Commission

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Honourable Wade Verge, MHA

GOVERNMENT SERVICES COMMITTEE

Department of Finance

Chair: Clayton Forsey, MHA

Vice-Chair: Steve Crocker, MHA

Members:

John Dinn, MHA
George Murphy, MHA
Paul Lane, MHA
Calvin Peach, MHA
Kevin Parsons, MHA

Clerk of the Committee: Lorna Proudfoot

Appearing:

Department of Finance

Hon. Ross Wiseman, MHA, Minister
Gail Boland, Director, Policy and Planning
Megan Drodge, Executive Assistant
Jay Griffin, Director of Tax Policy
Denise Hanrahan, Assistant Deputy Minister, Financial Planning & Benefits
Alton Hollett, Assistant Deputy Minister, Economics & Statistics
Craig Martin, Assistant Deputy Minister, Tax & Fiscal Policy
Ann Marie Miller, Comptroller General
Wanda Trickett, Departmental Controller
Jennifer Tulk, Director, Communications

Public Service Commission

Ann Chafe, Commissioner
Bruce Hollett, Chair & Chief Executive Officer
Raelene Thomas, Director of Appeals & Investigations

Also Present

Cathy Bennett, MHA
Lorraine Michael, MHA
Laura Dyke, Researcher, Official Opposition Office
Ivan Morgan, Researcher, NDP Office

Pursuant to Standing Order 68, Lorraine Michael, MHA for Signal Hill – Quidi Vidi, substitutes for George Murphy, MHA for St. John's East.

The Committee met at approximately 7:03 p.m. in the Assembly Chamber.

CHAIR (Forsey): Good evening, everyone, if we are ready to go.

I want to thank everybody for coming. First of all, on my right, we will make the introductions of the Committee and the staff, starting with Cathy.

MS C. BENNETT: Cathy Bennett, MHA for the District of Virginia Waters.

MS DYKE: Laura Dyke, Researcher, Official Opposition Office.

MS MICHAEL: Lorraine Michael, MHA, Signal Hill – Quidi Vidi.

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

MR. DINN: John Dinn, MHA, Kilbride.

MR. K. PARSONS: Kevin Parsons, MHA for the beautiful District of Cape St. Francis.

MR. PEACH: Calvin Peach, MHA for the great District of Bellevue.

CHAIR: Clayton Forsey, MHA for the District of Exploits and Committee Chair.

First, what we are going to do is Finance and Public Service Commission but we are going to do the Public Service Commission first. Before the minister introduces his staff, or if they introduce themselves, first of all, I will call for the subhead of the Public Service Commission.

CLERK (Ms Proudfoot): Subhead 1.1.01.

CHAIR: Subhead 1.1.01.

Before I ask the minister, I need a motion for adoption of the Government Services Committee minutes of May 25, Department of Service NL. Could I have a motion for adoption?

Moved by Calvin Peach. Do we need a seconder for that? No, okay.

What we normally do, we will give you a few minutes for introduction, Minister, and we give each one back-and-forth questions at ten minutes each, but the first one usually gets fifteen. I see Lorna has it set up for fifteen; we will go with that.

Minister, you are on.

MR. WISEMAN: Thank you, Mr. Chair.

Welcome to members of the Committee. As the Chair has indicated, we are going to deal with the Estimates of the Public Service Commission first and then we will move into the Department of Finance after we finish that one.

Before we start, maybe I will ask my staff to introduce themselves, starting with my left, Bruce Hollett, who is the Chair of the Public Service Commission. Bruce, go ahead.

MR. HOLLETT: Bruce Hollett, Chair and CEO of the Public Service Commission.

MS CHAFE: Ann Chafe, Commissioner, Public Service Commission.

MS THOMAS: Raelene Thomas, Director, Public Service Commission.

MS TRICKETT: Wanda Trickett, Departmental Controller.

MS DRODGE: Megan Drodge, Executive Assistant to Minister Wiseman.

MS TULK: Jennifer Tulk, Director of Communications for Finance and Human Resource Secretariat.

MR. WISEMAN: Okay, I thought we lost somebody on the way. We will introduce the rest when we get into Finance.

CHAIR: Okay.

Also, Minister, when you or your staff are responding to questions – most of you have been through this before – identify yourselves for the

Broadcast place so they will know who is speaking and who is responding.

Thank you.

MR. WISEMAN: Thank you, Mr. Chair.

Again, thank you to the Committee. First, we are going to do the Public Service Commission. Many of you have some experience with the Public Service Commission, but the Public Service Commission is an arm's-length agency that supports government's efforts to be accountable and transparent in its hiring processes and decisions.

I will not spend a whole lot of time talking about the Commission, per se, and hopefully as we get into the discussion around the Estimates, there may be some questions that arise with respect to its operation and its function and its role so I do not want to eat into that kind of time. Mr. Chair, we are open for questions.

CHAIR: That is great. Cathy, we will start with you.

MS C. BENNETT: In the first section 1.1.01, Services to Government and Agencies, I had some questions around the – I will start at Transportation and Communications. A budget for the last fiscal year was \$97,000, revised was going to be \$50,000, and the budget is back at \$97,800.

I am just wondering what initiatives were undertaken last year to move from the target down to the actual of \$50,000, because you guys did some great work there.

MR. WISEMAN: Just to that Transportation and that whole block of operating accounts here, there is some flexibility within some of those accounts as the savings may be accrued in one because of some spending pressures in some of the others, and that is what happened here. The Commission has made a conscious decision to defer some of the travel because of some of the pressures that they had on their EAP and trying to balance and live within the overall global budget, they had to make some management decisions as to how they spent their money.

MS C. BENNETT: What kind of things did you defer – not choose to spend money on, sorry.

MR. WISEMAN: These would have been travel deferments. Some of the work that the Commission does provides services to people throughout the Province. The base of operation may be here in St. John's, but we have employees around the Province. So some of that travel would have been deferred and handle the issues that arose in a different fashion.

MS C. BENNETT: Is that line to cover travel for staff of the Public Service Commission who does hiring throughout the Province?

MR. WISEMAN: Maybe I should backtrack a little bit because you posed a question about assisting with hiring. The Public Service Commission is not involved in the hiring, recruitment process. It is involved with ensuring that there is compliance in the fairness principle. So there is not travel associated with hiring.

The Public Service Commission might be involved in travelling to – we have EAPs, for example. There are programs that they are involved with respect to professional development opportunities for staff who work within the Commission. Those sorts of things would have been included in this expenditure head. So, they deferred some of those things to be able to respond to some of the pressures they had in other areas.

MS C. BENNETT: Right. Congratulations, great job.

I am just wondering what actual travel was deferred. If there was a budget of \$97,800 the year before and we are back up, obviously there is travel that needs to happen; I am just wondering what travel was actually not incurred.

MR. WISEMAN: It is kind of difficult to tell you that on this particular day they deferred the travel to some particular part of the Province, or they deferred a decision to attend some kind of conference; but, throughout the year on any given month, day, or any period of time, Bruce and his staff would be responsible for making day-to-day management decisions as to what they are going to participate in with respect to professional development, for example, and

some of the work that they do with respect to classification and appeal processes, which is one of their other mandates.

They may defer some of the travel to deal with some of those issues and deal with it in a different fashion. The cumulative impact of those day-to-day decisions that they made resulted in this kind of profile that you see here at the end of a twelve-month cycle.

MS C. BENNETT: In the Purchased Services there was an under expenditure from what was originally budgeted which is great news. I am just curious to know, what were the things that were not purchased?

MR. WISEMAN: If you look at Purchased Services, that covers an array of things which could include meeting room rentals associated with some of the – just tie those two things together, for example. If you are deferring some travel that you may be attending, you are also deferring some of the expenses associated with that.

Whether you are renting meeting rooms or if you are purchasing services like courier services and printing services, those sorts of things are all captured under this Purchased Services area. So as a result of the prudent fiscal management, they made some decisions as the year progressed to not spend some monies in certain areas.

MS C. BENNETT: The EAP that was referred to earlier; just for my own clarity the actual costs of the EAP are not the responsibility of the Public Service Commission. Administration or connections with the EAP are, is that correct?

MR. WISEMAN: The cost of the service – there is a referral to an EAP, for example. Frequently, that may be referred out to some outside counselling service to provide that kind of support. That gets paid for through this fund here.

MS C. BENNETT: Would that be paid through this particular line item?

MR. WISEMAN: Professional Services, yes.

MS C. BENNETT: Okay.

MR. WISEMAN: There are two things that are driving that cost: number one is increased utilization; and number two, the increased cost of providing it or getting access to the services. People who are being contracted have – there are changes, like a fee, to cover their fee schedules.

MS C. BENNETT: Is there a preferred supplier or a supplier that is in place on an annual basis for the EAP services, understanding that the services are very broad and they can be very unique in what the needs might be, and that we may not always be able to have a particular provider for a service. I am just wondering is there a contract in place? Or has there been a process to identify the support services through some type of competitive bid?

MR. WISEMAN: There is a fair number, actually, of service providers. Obviously they reflect the geography of the Province and the distribution of employees in the Province. We have people who provide these services in many parts of the Province.

There are a number of individuals and organizations who provide this service, not just our own Public Service Commission, but do it for a number of employers. There are a number of service providers both here in the Northeast Avalon, Eastern, Western, and throughout Labrador. There is a profile, a list of those service providers in various regions.

MS C. BENNETT: When employees make requests for the EAP, is it an independent individual who funnels those calls out to the service providers, or is that handled through the Public Service Commission?

MR. WISEMAN: It is handled through the Public Service Commission. There is group of – Bruce, I think it is four.

OFFICIAL: Six.

MR. WISEMAN: There are six employees who work with the Public Service Commission and that is their sole focus. They coordinate and handle all of the employee assistance inquires. They make the connection to the services that are needed if required.

MS C. BENNETT: Okay.

Mr. Chair, just out of curiosity, I know there is six-and a half minutes or almost seven minutes left on the clock, if I am finished questions on 1.1.01, do you want me to defer to or – ?

CHAIR: We are doing the Public Service Commission. We will vote on the Public Service Commission. It is only one page.

MS C. BENNETT: Yes.

CHAIR: If you are finished with that, we can pass it over to Lorraine.

Sure, by all means.

MS MICHAEL: I do not have any other questions. The ones I had have been answered.

CHAIR: Okay.

MS MICHAEL: Could I ask one thing, though, of you? Well, it is actually of the minister. So far in Estimates the briefing notes for the ministers have been passed on to us. It really helps. It is just the basic information that you have in your briefing notes. Are you going to be doing that as well, Minister?

MR. WISEMAN: Sure, we can do that too.

MS MICHAEL: Okay great.

That means there are things that we do not have to ask sometimes.

MR. WISEMAN: Sure.

MS MICHAEL: Great.

That is all.

CHAIR: You are finished?

MS MICHAEL: I am finished, yes.

CHAIR: All right. I will call for the subheads of the Public Service Commission.

CLERK: Subhead 1.1.01.

CHAIR: Subhead 1.1.01.

Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, Public Service Commission, total head, carried.

CHAIR: Shall I report the Estimates of the Public Service Commission carried without amendment?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, Estimates of the Public Service Commission carried without amendment.

CHAIR: Good. Thank you.

Your Public Service Commission is free to go.

MR. WISEMAN: Thank you folks.

CHAIR: Okay, so we have some more introductions, Minister?

MR. WISEMAN: Yes, we do.

We have just changed out the troops. Now we will have some further introductions. I will start to my left.

MS HANRAHAN: Denise Hanrahan, Assistant Deputy Minister, Department of Finance.

MS TRICKETT: Wanda Trickett, Departmental Controller.

MR. MARTIN: Craig Martin, Assistant Deputy Minister, Department of Finance.

MR. GRIFFIN: Jay Griffin, Director of Tax Policy.

MS MILLER: Ann Marie Miller, Comptroller General of Finance.

MR. HOLLETT: Alton Hollett, Assistant Deputy Minister of Economics and Statistics.

MS TULK: Jennifer Tulk, Director of Communications, Finance and Human Resource Secretariat.

MS DRODGE: Megan Drodge, Executive Assistant to Minister Wiseman.

MS BOLAND: Gail Boland, Director of Policy, Planning, Accountability and Information Management.

CHAIR: Okay. Thank you.

We will start with Finance. What we normally do here, Cathy – I know Lorraine is familiar with it. We will do the subheads of the different sections. Right now, we are going to call for the subhead of the Executive and Support Services so we will call for the subhead.

CLERK: Subhead 1.1.01 to 1.3.01.

CHAIR: Subhead 1.1.01 to 1.3.01.

We will start with you, Cathy.

MS C. BENNETT: Sure.

As I mentioned to the Chair earlier, if I ask a question that is inappropriately timed, based on the section that we are going through, I am sure he will correct me and let me know I am offside.

I wanted to ask some questions with regard to some of the salary Estimates, if we could start there. Based on the information that I went through, in the information we had from last year and this year, I see the number of permanent positions in fiscal 2014-2015 at 272 and in 2015-2016 at 271. I am wondering if you can give me some clarity on the number of contractual, temporary, and seasonal positions.

MR. WISEMAN: Right now the department has 355 employees. There are 271 permanent, fifty-seven temporary, eleven contractual, and there are sixteen seasonal.

MS C. BENNETT: The fifty-seven temporary, is that number consistent with the same number as the last four years?

MR. WISEMAN: I do not have the Salary Details from the previous year here. I am not

sure, Denise, if you have some knowledge of that. I will have to find that out for you.

I can verify the number for you, to answer your question, but there have not been huge swings in the staffing levels in the department for a number of years. If there are some variations, they are small numbers, but I can verify the number for you.

MS C. BENNETT: That would be great, thanks.

Budget 2015-2016 expected expenditures are \$1.16 million in other salary costs; the year before it was \$64,000. Can you give us a breakdown of this?

MR. WISEMAN: Are you looking at the Minister's Office?

MS C. BENNETT: It is page 3.6. I am probably ahead of myself, am I?

CHAIR: Yes, you are. You are in Financial Administration.

MS C. BENNETT: I am in 2.1.

CHAIR: We are doing Executive Support now.

MS C. BENNETT: Sorry, my apologies.

CHAIR: That is okay.

MR. WISEMAN: That is all right.

MS C. BENNETT: Of the 271 positions, how many of those positions are expected to be a part of the attrition plan over the next five years?

MR. WISEMAN: Departmental targets, in Budget 2015 there is a target of three. That will repeat itself over the course of the next five years, so there will be fifteen.

MS C. BENNETT: Based on the blend, I guess, of the positions that are inside that make up the 271, have you forecast out the individuals or the positions that will be eliminated?

MR. WISEMAN: Not at this point, no. We have profiled those who would be eligible to retire, so obviously we have a profile of our

employees in terms of their eligibility for retirement and when those dates would occur; but, in terms of setting long-term forecasts about which one of those we may not replace, these are decisions that we have not yet made.

MS C. BENNETT: Has there been any identification of the three positions consecutively over the next five years that will be eliminated through retirements? Has there been any identification of skills gaps inside the departments that will be created with those positions being made redundant?

MR. WISEMAN: That becomes a big consideration in that forecast. All departments have the same responsibility in doing their attrition planning as to recognize that here is your mandate, here is the range of programs and services you provide. In our case, obviously, it is tied back to our role as the Department of Finance. So we need to have the talent and the skill to be able to manage the financial affairs of the Province. When we make those considerations that will become a factor.

MS C. BENNETT: Are those decisions that departmental staff are expected to create a strategy to identify or is there –

MR. WISEMAN: The Executive will have that responsibility to make those decisions.

MS C. BENNETT: The Executive in the department?

MR. WISEMAN: Yes.

MS C. BENNETT: Each department will be responsible for that.

MR. WISEMAN: At a departmental level the Deputy Minister of Finance, together with the Executive team, would make that determination in the Department of Finance. The deputies in other departments, together with their Executive, would make that decision as well for their respective departments. These individual decisions are made by individual departments.

MS C. BENNETT: Okay.

This may not be a question that the Chair will allow me to ask. Finance would have a target of

three over the next five years. I am assuming that other departments have a target as well.

MR. WISEMAN: Exactly.

MS C. BENNETT: Besides the attrition program, will there be any other positions that will be cut in Finance in 2015-2016?

MR. WISEMAN: No.

MS C. BENNETT: How many people retired in the department last year?

MR. WISEMAN: Actually, I do not have that here. I will have to get that for you.

MS C. BENNETT: Okay.

What is the total number that is eligible for retirement over the next five years?

MR. WISEMAN: I will have to get that for you as well.

MS C. BENNETT: With the total number of retirements, has there been an identification of the skills gaps – at the total number of retirements, not the ones for the attrition plan will create in the department. What plans are in place for that skills gap replacement?

MR. WISEMAN: I guess that goes back to the question you posed a moment ago, because it is the same question. So I am going to try to give you the same answer, which is each department – and in our case, I will speak specifically to the Finance. The deputy minister, together with the rest of the Executive team, as a part of their mandate, now have to put together an HR plan that maps that out, giving consideration to the skills that are going to be necessary to provide the services that we are mandated to do.

When we look out this year and the out years over that five-year period, as we identify those individuals who are eligible to retire, we need to make some determination of what we need to do for succession planning, and what we need to do across a department to ensure we have the breadth of skills that we need to do the services and provide the services that we do. Part of that new HR plan that the executive has a mandate to develop will be reflected in that strategy.

MS C. BENNETT: Just for clarity, the information – there have been a couple of questions we asked that the minister graciously offered to provide us the information. Just for my own clarity, can you explain how that information or when that information will come to us?

MR. WISEMAN: We can put it together fairly quickly. It is not something that there will be, necessarily, any great delay in because it is only a matter of assembling the information. The issues of people who retired and a profile of eligibility is something we looked at very recently, so that is something that is readily available.

MS C. BENNETT: Would that information be forwarded to the Official – sorry Lorraine, I am asking probably a stupid question that you know. So a brown envelope slips under my office door?

MR. WISEMAN: What would happen –

MS MICHAEL: John brings it.

MR. WISEMAN: This is a committee of the House and so you have asked that in a committee proceeding.

MS C. BENNETT: Okay.

MR. WISEMAN: What I will do is I will provide it to the Chair. The Chair then has the responsibility for distribution to those on the Committee.

MS C. BENNETT: Okay.

MR. WISEMAN: That is how the information will flow to you and other members of the Committee, through the Chair. We will provide that to him.

MS C. BENNETT: Time frame typically?

MR. WISEMAN: Soon, a matter of days.

MS C. BENNETT: Days, okay. I wanted to make sure that I understood. I want to understand what the expectation is.

Mr. Chair, that covers –

CHAIR: Yes, I was going to say, Cathy, that we actually started with fifteen minutes, but it is supposed to be ten now. It was only in the beginning that it was fifteen.

MS C. BENNETT: Yes. I am happy to turn it over to Lorraine.

CHAIR: To sort of speed things up back and forth, we try to go with ten and ten. If you have no more questions on that section, that is okay, that is fine.

MS C. BENNETT: I am happy to turn it over.

CHAIR: We will go to Lorraine. She may use up ten probably.

MS MICHAEL: Okay. Thank you very much.

CHAIR: Sure.

MS MICHAEL: I am going to start right away with line items. It is a minor one, but still I will. Subhead 1.1.01, under Purchased Services, \$4,000 was budgeted, but revised down to \$600. Very little was used in Purchased Services last year, if we could have an explanation of that.

I think it is normal practice to go back up to the base so that you allow yourself a certain amount of money. You are going back up to \$4,000 in this year. What was the \$600, Minister?

MR. WISEMAN: That covers items such as some training costs associated in there, the photocopying, entertainment, and printing services. Those sorts of costs would be included in that number.

MS MICHAEL: Okay.

Historically, does it ever go up to the \$4,000? Do you know?

MR. WISEMAN: I am not sure what it has historically been. I think we have a profile here of what it was last year – the year before last, rather. I thought we did. I will see if I can find it here for you. I thought I had it here, but I do not.

There was \$1,000 spent the year before that.

MS MICHAEL: Okay.

MR. WISEMAN: The base has always been \$4,000.

MS MICHAEL: Right.

MR. WISEMAN: The previous year it was \$1,000. This past year it was \$600.

MS MICHAEL: Okay. Thank you.

Coming down to 1.2.01, under Salaries the budget was \$1,240,000 and it was revised up to \$1,299,000. Then for this year it is back down partway, actually, between those two, to \$1,277,800. Could we just have an explanation of that whole line there, Minister, please?

MR. WISEMAN: I thought we were still on the Minister's Office part.

MS MICHAEL: No, I am sorry. I thought I said I am just moving to 1.2.01.

MR. WISEMAN: Okay, I am sorry.

The drop in Salaries from last year came about as a result of two employees who retired and there was a deferred replacement. That is why we ended up with the savings from last year. This year –

MS MICHAEL: Last year it was overspent by \$59,000.

MR. WISEMAN: Yes.

Associated with that we had severance; associated with their leaving, there was severance.

MS MICHAEL: Okay. Thank you.

Then I would like to come down to Professional Services. The budget was only \$7,000 and the expenditure was \$607,000. Obviously, something big happened that you had not anticipated under Professional Services.

MR. WISEMAN: That is associated with pension reform. We had to use the services of actuarial consulting services to assist with that

exercise, and that is where we picked up the cost of those services associated with pension reform.

MS MICHAEL: Okay.

Who was it who offered that service, that professional service?

MR. WISEMAN: Eckler was one of the companies and Morneau Shepell was the other; there were two companies that we used. These are people, we use them – and many pension funds do; that is their area of expertise.

MS MICHAEL: I think we all are aware that is a pretty special expertise, the actuarial work, especially around pensions too. Thank you.

That is all the questions I have in that section. Moving to 1.2.03, Transportation and Communications, the budget was \$289,100 and the revision was up to \$450,000. Let's look at that first. What happened last year that made that go up by so much by \$169,900 I think?

MR. WISEMAN: It was primarily associated with increase in mail costs as a result of increases by Canada Post to postage.

MS MICHAEL: I see.

What would be the – I mean, that is a fair chunk.

MR. WISEMAN: Yes, it is. I am not sure, Denise, if there is some additional detail around it, but it is associated with postal increases.

MS MICHAEL: Just with postal increases –

MR. WISEMAN: The amount of activity – I am not sure if there is any one event or something that contributed to more mail outs going out last year, but –

MS HANRAHAN: It would be vendor payments and it would be payroll cheques.

MS MICHAEL: Right.

MS HANRAHAN: So as we move towards EFT, the hope is that that will come down.

MS MICHAEL: Okay, thank you.

I guess it is because of that increase that the budget for this year is higher than it was last year.

MR. WISEMAN: Exactly, yes.

MS MICHAEL: Okay, thank you.

Down to Revenue – Provincial, what is the source of that revenue and why was it so much higher than budgeted last year?

MR. WISEMAN: That is increased revenue from the pooled pension fund, over and above what was budgeted from last year.

MS MICHAEL: Okay, thank you.

Moving to 1.2.04, “Appropriations provide for the purchase of tangible capital assets.”
Purchased Services –

MR. WISEMAN: We did some changes last year to office space we had down on Mews Place. We operate a facility on Mews Place, Topsail Road, here in the building, and in Grand Falls-Windsor locations. We have a small operation where you have an employee embedded in another department’s facility in Corner Brook but the facilities that are have a responsibility for ourselves as a department, one on Topsail Road and the one on Mews Place. These are some improvements we made to the Mews Place facility.

MS MICHAEL: Okay.

You budgeted what you thought it might be, but it turned out to be less.

MR. WISEMAN: Yes.

MS MICHAEL: Yes, that is good.

Then, under Property, Furnishing and Equipment you have not budgeted anything, but you spent \$158,000.

MR. WISEMAN: That was a couple of things. We had six high-resolution scanners to manage our information systems, and then we had a mobile filing system that was purchased as a part of the relocation to Mews Place.

MS MICHAEL: Okay, thank you.

How far was the call? Was it to –

CHAIR: It was 1.3.01.

MS MICHAEL: Okay, great. I will continue on to that then, although I am not sure I have any questions there.

Under Operating Accounts: Employee Benefits, the budget was \$72.3 million and the expenditures \$66.8 million. Could we have an explanation of that, please?

MR. WISEMAN: This area here, 1.3.01, Government Personnel Costs, there is a couple of areas in Finance like this where the Department of Finance absorbs the budget for and then underwrites the cost of those expenditures across government. These are the costs associated with the group insurance program, pension plan contributions, and all of those costs.

Rather than have individual departments dealing with that, all of the money is allocated in Finance, and Finance is kind of a flow-through account held in the Finance budget. These are things that are associated with the Employment Insurance program, the Canada Pension Plan contributions, group medical and group life, and the post-secondary tax paid on payroll. All of that is captured in this category here.

This is a reflection of employee activity, or the amount of employee activity that we have across government. It gets absorbed in here. These changes reflect fluctuations in those expenditures which are influenced by fluctuations in staffing at various departments throughout government.

MS MICHAEL: Right. It would be difficult to do a right-on estimate of that.

MR. WISEMAN: The estimating is based on historical information, but it is an area where we have no control over how costs – the Department of Finance does not, in and of itself, have an influence over how the cost flows and the changes that are incurred. (Inaudible) driven by operational departments that may make

changes in their staffing over any given year, we just absorb it here.

MS MICHAEL: Right.

MR. WISEMAN: We try to budget for it based on what we historically have done and any information we have about forecasting that has been done with respect to staffing in various departments throughout government.

CHAIR: Lorraine, it is okay. If you only have a question or two left –

MS MICHAEL: Just one more.

CHAIR: – we can finish it. The response is probably lengthy at times so it uses up some of your time.

MS MICHAEL: I cannot believe that the minister has lengthy responses. I cannot believe that.

MR. WISEMAN: You are asking such important questions that they deserve a good answer.

MS MICHAEL: They do. Thank you.

CHAIR: You might as well take the other question if you are going to finish up on that.

MS MICHAEL: Again I always like to know – because in some places it is the same, but in other departments it is different – what the provincial revenue source is in this section.

MR. WISEMAN: The revenue. Maybe I will ask Denise, if she can speak to that, actually, because I am not – some of it comes from group insurance recoveries, but I want to make sure I give you the answer that reflects a little more detail.

MS HANRAHAN: When employees go on secondment to other agencies, this is us recovering this portion of their cost. In some cases, that would include group insurance, but it generally includes their employee benefit portions.

MS MICHAEL: Right. Okay.

Could I ask a general question before going back to Cathy?

CHAIR: Yes, sure. I will make it up with Cathy. That is not a problem.

MS MICHAEL: Okay, thank you.

This is more personal interest actually, but I think I am in the right spot to ask it. If, for example, I owe money – to be honest, one time I was travelling and did not know that my Blackberry was roaming. I had a bill of over \$2,000 which I paid. I went down to Finance and paid it. I do not get anything that shows I have paid it.

So if somebody were to look at my expenditures they would say, well, Lorraine Michael spent \$2,500 when she was in – wherever she was. There is nothing to show that I paid that money back. Is that normal?

MR. WISEMAN: There are two answers to your question; one is the receipt itself you get. So you yourself have had the acknowledgment of the payment.

MS MICHAEL: Yes.

MR. WISEMAN: You have been given a receipt. The Comptroller General's office would provide the receipting.

MS MICHAEL: Yes.

MR. WISEMAN: I think what you are more referring to is the manner in which that gets reported in the House of Assembly's report –

MS MICHAEL: Publicly.

MR. WISEMAN: – and the public information that is out there.

MS MICHAEL: That is right.

MR. WISEMAN: All MHAs and their expenditures – there is no revenue stream associated on that line at all.

MS MICHAEL: That is right. Yes.

MR. WISEMAN: So it is much more the way the reports established by the House of Assembly – the construct of the reports. The revenue is clearly put back in the public Treasury and you get a receipt for that. Your concern and your question obviously is much more about how the public looks at your expenditures and sees that you spent all of this money on something, not knowing that you ever paid it back.

MS MICHAEL: That is right.

MR. WISEMAN: It is a reflection of how the House of Assembly itself has constructed your reports.

MS MICHAEL: Right.

MR. WISEMAN: It is something that the Management Commission –

MS MICHAEL: Should look at it.

MR. WISEMAN: – should address so that there is a reconciliation should there be an overpayment that is recovered. That way it is fully accountable for and transparent in its reporting.

MS MICHAEL: Right.

MR. WISEMAN: Now it is paid out of the public purse and that is how you got the money.

MS MICHAEL: That is right.

MR. WISEMAN: Therefore, when it is recovered it goes back to the Exchequer Account and it is recorded in general revenues.

MS MICHAEL: Right.

MR. WISEMAN: It is much more a reporting issue established by the Management Commission.

MS MICHAEL: Right. Thank you.

I will consider bringing that to the Management Commission.

CHAIR: Okay. Thank you, Lorraine.

Cathy, did you have any more questions on this particular subhead?

MS C. BENNETT: I did.

CHAIR: Okay, not a problem.

MS C. BENNETT: Under 1.1.01, Minister's Office, the line item is referenced Transportation and Communications. For a process question that may help me and help speed things up so I do not ask the same question every time; in 2014-2015 we had a budget of \$51,000. Is that a built-up budget, or is that a budget that is built from historical performance?

When I say built up I mean is it built up from a plan, or it is based on the historical results of that particular line item.

MR. WISEMAN: It would be based on historical changes. There is a thing here that influences this. Depending on where the minister's residence would be and their travel – so if you have a minister, maybe two ministers ago, and their residence was here in St. John's, as a minister then, there was very little travel in terms of that constituency travel; whereas if you are a minister where your office space is here but your constituency is somewhere, then this travel may change. The figure that you see built in the base here is a reflection of historical utilization by that department.

MS C. BENNETT: Right.

MR. WISEMAN: What was experienced last year came about as a result of who happened to be the minister and their circumstance, both where their residence would have been and where their district would have been. So that would have been a reflection of that change.

MS C. BENNETT: Then, generally speaking, when we look at the Transportation line, in subsequent areas, the same process would apply that it is a historical budget based on the spending from the past. I guess my question then is: Decisions about travel or about staff training, things that would require travel, are they linked to a strategic plan or are they made based on historical – we have always gone to this convention; we have always done this training.

I guess I am confused as to how a historical budget would link to a strategic plan of activity. Maybe it is just because I do not understand the process.

MR. WISEMAN: Okay, so let's separate the answer in two ways for you because we started off your question with respect to the Minister's Office.

MS C. BENNETT: Yes.

MR. WISEMAN: My answer was with respect to the Minister's Office.

MS C. BENNETT: I understood, yes.

MR. WISEMAN: You are broadening your question to look at how we actually allocate funding in a variety of areas. Let's take that one, travel, for example. Any budgets that you see in here as we walk through, seeing there are other departments here, they would be a reflection of decisions we would have made through a budgetary process.

As a team, we would have said: Let's look at Executive Support for next year, and let's look at what would be our operational plan for next year, how we are going to function next year as a department, what are some of the things we want to do next year and how much money are we going to need to do that – always in the context, though, of what our fiscal reality would have been.

As you go through this document, and you have gone through some of the other Estimates, you will see adjustments in the budget this year relative to what it was last year. They would be a reflection of operational decisions. I think you used the word "historical context" versus "accumulative." In that context – these are not accumulative numbers, so it is not an accumulation of what has happened in the past.

They reflect, historically, what has been our practice, what are some of the things we have done and participated in, and that is how we built the minister's budget.

MS C. BENNETT: Right.

MR. WISEMAN: Other areas that we talk about, as we move forward here, will reflect what we have chosen to do in the next twelve-month period. We have said to a number of others here is where we are fiscally today, here is the nature of our operation, here are some things that we must do.

For example – we will talk about it in a moment as we get to it, but let me use it as an example now – the area of taxation. We have tax auditors. As a part of their program, they need to be travelling. If we are going to have a tax audit function, they need to have resources to do their job and a part of that is the ability to be able to travel. So when we map out the travel budget, we need to consider what the audit activities are for next year. Based on these forecasted audit activities, we need to allocate this much money for travel.

It is based on an operational plan for the coming twelve months.

MS C. BENNETT: Okay.

MR. WISEMAN: We walk through each of those areas of operation in that same fashion and we came to the number that you are going to see as we walk through each of those headings.

You started your question with respect to the Minister's Office, and that is why I framed it the way I did.

MS C. BENNETT: You are obviously right; my question was asked in the context of trying to speed up every time I asked about travel, so I appreciate you giving me both answers.

To this one specifically then, we underspent happily by \$49,000. I am just curious as to what things did not get done, or was that a reflection of what the minister mentioned earlier about the fact that it was a different minister, a different travel costs associated. I am curious to know what was not done.

MR. WISEMAN: Again, the issue of what was not done, I cannot tell you that the minister last year, or prior to my coming last year, what that person may have chosen not to do and did not charge the travel to that account. I can tell you my own experience after becoming minister in

the last fiscal year in that most of my time last year, with the exception of one trip to Ottawa and I think I had one other travel, was pretty much focused in the department around preparation for this year's Budget.

As you recall, last year in July we started to run into some challenges with our revenue stream. So we really needed to dig in, in the fall to start planning for this year's Budget. Therefore, my time was anchored mostly to the office.

What I did not do – it might be that there are a couple of things that I ordinarily would have participated in last year in the fall that I did not, but that was conscious decision about where I devoted my time.

MS C. BENNETT: Okay. That one I am good on, and that one I am good. Thank you.

Heading 1.2.03, Administrative Support, I had a couple of quick questions there. There was a salary of \$112,000 which was allocated last year for students within the Department of Finance. I am wondering: Did you not hire whom you had planned as far as students go?

MR. WISEMAN: There are two groups of students that we have within the department. We have co-op students who participate; most of them would be business students. Most of them were from the College of the North Atlantic or from Memorial University. Then there are some students we provide summer employment to as well.

Last year, we did not have as many requests for students as we budgeted for and would have historically had. I think throughout government you will find that most departments provide educational opportunities, employment opportunities, as a result of supporting programs like the co-op program, whether it is business, engineering, or other areas. Then, in the summer, we provide student employment opportunities for students as well.

Sometimes the demands are high and some more times they are not, depending on other opportunities that may exist in the community.

MS C. BENNETT: Would those positions have been advertised to students to fill or –

MR. WISEMAN: Many of them are done through direct application to the departments. Some of them are through the Human Resource Secretariat. They are not positions that we have decided that we are going to create ten positions and here are their position descriptions and we are going to advertise these jobs this year.

What we tend to do is we direct their applications to the Human Resource Secretariat, direct applications to departments (inaudible) students, through high school students, university students, college students. Depending on the flexibility that departments may have in their budgets for any one year, there may be an ability to accommodate half a dozen, there may be an ability to only accommodate one or two, and some more times there is a flexibility enough to accommodate more than that depending on the demand for student employment.

MS C. BENNETT: I am just curious if, this year, the demand and applications for those positions was less, what is the rationale around budgeting more than what was budgeted last year?

MR. WISEMAN: Again, we believe that last year might have been an anomaly in that the demand was not as high as we have historically had it. My own personal experience with students in areas where I have worked, there are fluctuations. Through some years there are lots of other employment opportunities that students may take advantage of and the demand through various government departments may not be that high; in other years, it is.

MS C. BENNETT: Can we get the numbers for student hires for the last four years?

MR. WISEMAN: We can do that.

MS C. BENNETT: Perfect, thanks.

Okay, that question was asked and I am finished that one. Subhead 1.3 – the last question, a short one – there was an allocation of \$60,000 –

MR. WISEMAN: In what –

MS C. BENNETT: Sorry, 1.3.01, Government Personnel Costs.

MR. WISEMAN: Okay.

MS C. BENNETT: Is that okay?

MR. WISEMAN: Yes.

MS C. BENNETT: I know that Ms Michael asked a question earlier, but I am still sort of confused. Last year there was an allocation of \$60 million in Salaries. The breakdown from last year's Estimate book showed about \$23 million in collective bargaining increases, \$18,000 for a JES block to address – can we have a little bit more detail on the Salaries in this section? I did not understand, Minister, with due respect, the balancing that you were talking about.

MR. WISEMAN: Remember I said, as I answered this question, there are a number of areas throughout government where blocks of money are allocated because the Department of Finance becomes a holding spot for that.

MS C. BENNETT: Yes.

MR. WISEMAN: This is one of those areas where you have the implementation of the Job Evaluation System – the first block was done in the middle of April. We have another group being implemented as of the middle of July. We have put a block of money in here to be distributed to departments of government to cover off the cost of that Job Evaluation System.

Plus, we have some areas where we are trying to – we have had a block of money allocated in here for some service contracts that government will have to fund. There are negotiations taking place with ambulance operators, for example. There are negotiations taking place with the Newfoundland and Labrador Medical Association, to name a couple. So we needed to create a block of money here to make provision for those kinds of decisions that will be made during the course of this fiscal year.

Rather than allocate it to a particular department, we needed to create a block to cover the outcome of those kinds of discussions that will occur.

MS C. BENNETT: In essence, though, this is operating money for operating departments that

is captured here as a result of salary band changes or salary changes.

MR. WISEMAN: Yes.

MS C. BENNETT: Would it not make more sense to have those operation costs captured in the department so that –

MR. WISEMAN: Just so we are clear, it will be captured in terms of its costing. It will costed to the department, but we need to have it here for its distribution. In terms of when the expenditures are reported next year in the accounts of government, it will be charged to the respective department that has incurred the expense.

MS C. BENNETT: I understand. Okay.

CHAIR: Okay.

You have one more question, Lorraine?

MS MICHAEL: Yes.

CHAIR: Sure. Okay.

MS MICHAEL: Yes, just one question that I missed under 1.2.03, the Salaries line. It looks like it might be only one person, but budgeted \$112,800 and then the revision was down to \$39,600.

MR. WISEMAN: This allocation here is for students. It is a block of money for students.

MS MICHAEL: Oh, that is for the students. Okay.

MR. WISEMAN: That is the student conversation we just had a moment ago.

MS MICHAEL: Good enough. Okay.

I thought it might have been that, but I missed it because it did not say that specifically.

Thank you very much. That is it.

CHAIR: Okay.

No more questions, Lorraine?

MS MICHAEL: No.

CHAIR: No problem. We will call for the subheads of the Executive and Support Services.

CLERK: Subheads 1.1.01 to 1.3.01.

CHAIR: Subheads 1.1.01 to 1.3.01.

Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 1.1.01 through 1.3.01 carried.

CHAIR: Now we will call for the subhead for Financial Planning.

CLERK: Subhead 2.1.01 to 2.1.05.

CHAIR: Subhead 2.1.01 to 2.1.05.

We will start with you now, Lorraine.

MS MICHAEL: Thank you very much.

Subhead 2.1.01; it seems always to be the beginner. The Salaries line, please, Minister; budgeted at \$754,600 and down to \$606,100, then this year up to \$777,000.

MR. WISEMAN: There were two vacancies that occurred in that unit last year. We deferred filling them. Then, the other increase reflects the 3 per cent general salary increase.

MS MICHAEL: Right.

MR. WISEMAN: In all of those areas, just as a general commentary, the original budgets for this year of 2015-2016 reflect a 3 per cent increase in salaries.

MS MICHAEL: Right.

MR. WISEMAN: Some of the changes that you might see in some of those categories reflect that 3 per cent increase.

MS MICHAEL: Have those two vacancies been filled, or at least you expect to fill them, one or the other?

MR. WISEMAN: One of them is.

MS MICHAEL: Okay and the other will be filled?

Okay. Thank you.

Under Professional Services, \$337,000 approximately was budgeted and \$291,000 approximately spent.

MR. WISEMAN: Part of that are the changes that we had made. Last year, you might recall in the fall we started making some conscious decisions about discretionary spending.

MS MICHAEL: Yes.

MR. WISEMAN: This was one area where we were able to make some changes from last year. Some of the costs we were able to defer.

MS MICHAEL: What would normally be the Professional Services that you would be contracting there, or paying for, whichever?

MR. WISEMAN: Denise, do we have any history there of what we paid out of this one here. This is the Pensions Administration fund.

MS HANRAHAN: Yes. Historically, that would be paying actuaries, such as Morneau, for evaluations of the pension plan as well as maintenance contracts for our pension benefits system.

MS MICHAEL: Maintenance contracts.

MS HANRAHAN: Maintenance contracts for the IT system.

MS MICHAEL: Yes, right.

Okay. Thank you.

MR. WISEMAN: It is the software that administers the plan.

MS MICHAEL: Right.

Then under Purchased Services, budgeted at \$56,600, but only spent \$29,000. It looks like you have done a reassessment of what you need in that line for this year which is only \$36,600.

MR. WISEMAN: Last year's dip in what our forecast was, again, was as a result of that decision on discretionary spending.

MS MICHAEL: Okay.

MR. WISEMAN: We were able to realize some savings.

MS MICHAEL: Right. We have asked this question of others: Where you have made cuts due to discretionary spending, is it in any way affecting negatively what you are doing? Or are you making sure that you have what you need to do the work that needs to be done?

MR. WISEMAN: It is an interesting question actually, and the fact that you have asked it of everybody – it is a fair question to pose. Obviously, anywhere that we have made some changes in our spending patterns and our forecast expenditures, we believe that we are able to do this by making some modifications in how we deliver services.

We have not had to discontinue doing anything in the department. In some cases, we have looked at how we might do things slightly different, but we have not had to discontinue providing any service or program to live within our forecast.

MS MICHAEL: Thank you.

Under Property, Furnishings and Equipment you seem to have a baseline of \$20,700 and last year spent only \$13,500. I do not know if you have the historical information there. Is that a usual revision in terms of the ratio?

MR. WISEMAN: Denise, I do not know if we have any historic data there of what we spent that on.

MS HANRAHAN: (Inaudible).

MS MICHAEL: Pardon?

MR. WISEMAN: In the previous year to this, the one just ending, we spent all of that allocation.

MS MICHAEL: Okay, thank you.

Let's go to 2.1.02, Budgeting. Again, let's start with Salaries and taking into consideration what you said, I will be more interested in the difference between the budget which was \$1.1 million, approximately, and the revision down to \$1.2 million.

MR. WISEMAN: Are you talking about the Budgeting –

MS MICHAEL: Yes, what was the revision downwards; I think it is \$81,400 is the difference between the budget and the revision.

MR. WISEMAN: Are we looking at the same page, Budgeting –

MS MICHAEL: Heading 2.1.01.

MR. WISEMAN: The \$1.145 million was last year's budget and the actual was \$1.2 million.

MS MICHAEL: Yes, \$1,145,300.

MR. WISEMAN: Yes, so the increase over last year –

MS MICHAEL: The decrease.

MR. WISEMAN: I am sorry, you are asking –

MS MICHAEL: No, I am sorry. You are right; it is an increase. I apologize. It has been a long few days.

MR. WISEMAN: Okay. I was starting to question myself there for a second.

There was an initial severance we had to pay out as a result of employees leaving, and that is what drove that cost up.

MS MICHAEL: Okay, thank you.

Over to 2.1.03 and here – well, it is not much of a difference, but I will still ask – the budget was \$221,100 and this time it is revised down to \$208,300.

MR. WISEMAN: There was a position that went partway through the year before it got filled. There was a vacancy and it was not filled for the full fiscal year.

MS MICHAEL: Right, thank you.

MR. WISEMAN: This is one of those grants, the small complement, we are back at complement. If you add on the 3 per cent salary increase, then you get this figure here. That is why it grew back up again.

MS MICHAEL: Right.

I am not usually asking that because I can see that; it is only if it is going to be a large number that I will question that.

Thank you.

Down to 2.1.04, Financial Assistance:
“Appropriations provide for promoting business opportunities and financial support for departments and Crown agencies for initiatives consistent with government’s objectives with relevant funding transferred to departments during the year as required.”

I know it goes into a second page; that is why I am getting my pages ready here. We see that you have \$1.2 million, approximately, budgeted in 2014-2015. That was not spent and now this year you are budgeting \$2.2 million, approximately. I would like some explanation of this money, please.

MR. WISEMAN: Again, this is one of those areas where Finance holds the block but will not end up spending it as a department. For example, the Muskrat Falls oversight activity, there is \$500,000 in here for that.

MS MICHAEL: A half million.

MR. WISEMAN: Yes. Then there is another \$300,000-and-some-odd allocated in here for some additional pension reform initiatives. We are in the process of finalizing the NLTA, and we have the Uniformed Services one that we will work on next. So we have allocated a block of money in here for some activity around that.

Under the revisions to the new legislation we have made some provision in here for the implementation of ATIPP. The Privacy Commissioner has indicated that it will be in June. I think he might have, as a part of the Management Commission process, indicated to the Management Commission that it would be June before he had a chance to get a better feel for what resources he would need.

MS MICHAEL: Yes.

MR. WISEMAN: So we needed to make a provision so we have a block of money in here for that. There is some \$700,000 in here for that activity because he has indicated that he needed to have some time to figure that out. Aligning with his activity, the Office of Public Engagement also needs to make some adjustments in how they are going to support that new legislation.

We have taken a block of money, some-\$700,000, and put it in a block and placed it here to facilitate that happening. This block of money represents that kind of decision. It is a pretty broad description you will see in the Estimates for it, but the money that is allocated in this year, it is for those items that we have just identified here. Plus, we have an additional \$300,000 for Professional Services embedded in here as a provision for services akin to those sorts of activities.

MS MICHAEL: Okay.

CHAIR: That is a good way to finish it – oh, you are still on the same question?

MS MICHAEL: Yes, I am still on the same question.

CHAIR: Okay.

MS MICHAEL: If I can finish it?

CHAIR: Yes, you can finish.

MS MICHAEL: Okay, thank you.

I have a follow-up. Number one – this is just a comment – you have all of that so when we get the notes, we will have that detail.

MR. WISEMAN: Yes.

MS MICHAEL: I just want to question – if I am reading my notes here correctly – last year we were told that the money that was being estimated was for Deloitte & Touche for its strategic procurement. Obviously that did not happen because no expenditure happened.

MR. WISEMAN: Are you talking about last year's Estimates?

MS MICHAEL: Yes, it was last year's Estimates? Last year \$1,223,000 was being estimated and it was not spent. Our notes tell us that we were told it was going to be for Deloitte & Touche to do a strategic procurement.

MR. WISEMAN: I just want to go back to the question I answered a moment ago from Ms Bennett about the way this goes in the previous account, how it gets expended. I think your question earlier was around why won't you then transfer it out to that department.

When it gets expensed, it gets expensed out to that. The expenditure for that money would be captured in the Cabinet Secretariat expenditures, so the money would have been transferred out to them. That piece of work that Deloitte was doing on that project, that work was done last year I believe.

MS MICHAEL: So it is showing up somewhere else?

MR. WISEMAN: Yes, as an expenditure.

MS MICHAEL: Yes.

MR. WISEMAN: It is this issue with the placeholder in the budgetary process. We need to make a provision for it somewhere, so we block it here. Then when the expenditure occurs, the relevant department, we transfer the money out to them and they incur the expense.

MS MICHAEL: Okay.

MR. WISEMAN: It is accounted for as an expenditure item.

CHAIR: Thank you, that is good.

Cathy.

MS C. BENNETT: With the Chair's indulgence, if it is okay, I am going to keep asking questions on 2.1.04 and go back to the beginning –

CHAIR: Yes, we are at 2.1.01 now to 2.1.05. So if you want to go back to 2.1.01, that is fine.

MS C. BENNETT: Is it okay if I stay on 2.1.04 and finish the line of questioning?

CHAIR: Sure.

MS C. BENNETT: I am still confused. Muskrat Falls oversight, as an example, \$500,000 was budgeted last year for it so when that expense took place, that expense was charged to the Department of Natural Resources in a line item?

MR. WISEMAN: Muskrat Falls oversight would have been in Cabinet Secretariat.

MS C. BENNETT: Last year if we knew we had to make an allocation for it and we know there is going to be an expense this year, why would that still be in this year's budget?

MR. WISEMAN: We transfer that as they draw down on it. If they only spend \$300,000 that is all they get. It is earmarked specifically for that project.

MS C. BENNETT: Okay.

So then their department operational expenses, it is a special thing that does not happen on an annual basis that is why you are keeping it there. Okay, I got it now.

In 2013-2014 it was \$4.5 million that was budgeted and zero was spent. The reason I would assume that zero was spent is that the \$4.5 million was expensed out as it needed to be – got it; I understand now.

That would include, as an example, what Ms Michael just referred to, some of the expenses related to the procurement cost-savings initiative.

MR. WISEMAN: To the Deloitte contract.

MS C. BENNETT: Yes, got you. These are one-time, never to be repeated, never to build into our annual budget – I got it now. It just took me a moment, thank you.

On the procurement cost-savings initiative, I am wondering if the minister or even staff would like to give some indication of what exactly some of the things were that were identified in that.

MR. WISEMAN: We can get that information for you. Keep in mind, we were the placeholder for the money; the expenditure was incurred by someone else. We will get the answer for you, but it is not something we are responsible for the administration of, and we would not have been involved directly in the project.

MS C. BENNETT: Right.

Who would have owned accountability for the project?

MR. WISEMAN: On that one it would have been SNL under GPA – Government Services under GPA.

MS C. BENNETT: Okay.

The money that is allocated, the \$2.2 million that is budgeted for this year, if I have heard correctly, there is still the money for the Muskrat Falls oversight.

MR. WISEMAN: Yes.

MS C. BENNETT: There is still an amount for the continuation of pension reform initiative.

MR. WISEMAN: Yes.

MS C. BENNETT: There is a new amount that builds up to cover what the minister just referred to, I am guessing cost associated with Bill 1.

MR. WISEMAN: Seven hundred thousand, exactly, yes.

MS C. BENNETT: Okay.

With the Chair's permission, I will go back to 2.1.01, Pension Administration, if that is okay.

Under the line item Professional Services I am wondering where the savings come from to move from \$337,000 as a budget to a revised estimate of \$291,000.

MR. WISEMAN: I guess when you go back to this, if your savings – we just were able to, as I said earlier, in a lot of these discretionary spending decisions, some of them were decisions that we were able to defer an activity, and some of them were areas where we completed a project maybe cheaper than we would have had thought we would have been in the forecast. Some of these savings, the difference between the \$291,000 and the \$337,000, would have been a result of day-to-day management decisions that would have been made that accumulated to give you that differential.

MS C. BENNETT: The source of provincial revenue – again, just to refresh my memory – can you provide the details on that?

MR. WISEMAN: Again, this is associated with the recovery from the pooled pension fund. That is a couple of times that question have come up. It would be recovery from the pooled pension fund. I will ask Denise to give you an explanation of how the revenue stream works from the pooled pension fund.

MS HANRAHAN: All of the costs that are related to the administration of the pension fund are ultimately charged back against the fund and they pay back to government to cover the costs of salaries and operating. You will always find that activity nets to zero.

MS C. BENNETT: Okay.

I guess my question then now is with the changes in some of the pension programs as we go forward, and this being a transition year, how have we changed the budget process to reflect that going forward; or is it timed to be with the end of the fiscal year, March next year?

MR. WISEMAN: It is an interesting question you are posing because we are moving into some slightly different territory for the administration of the pension fund now as a result of the changes we have made. Historically, the pension plan has been

administered by this division in the Department of Finance. Government was responsible for all of the liabilities of the fund and the Minister of Finance was the trustee.

Now, as a result of the joint trusteeship, we now have established a separate corporation. Remember we dealt with the legislation here in the House.

MS C. BENNETT: Yes.

MR. WISEMAN: We now have an entity that is going to be responsible for that and we are in that transition phase now where the entity is taking control of the administration of that plan.

At some point in the future you might find that this may not be an item in our Estimates, because the pension plan will be administered by a corporation and they will pay their own expenses as a corporate entity; but, for now, in the transition, we are continuing as business as usual to provide the administrative support for the plan and charge it to the fund.

As time progresses, depending on the decisions of that corporation, they may in fact look to government say listen, you have been administering the plan for a while, can we continue to pay you a fee and let you do it; or, they may choose to do it in some other fashion. That is the corporation's responsibility and the trustees would make those decisions as to how they see the plan being run.

This area in these Estimates will start to evolve over time, so this is very much a transition year. I would suspect we will not see any change in the fiscal year that we are moving into now, because the corporation is just getting itself working and they will start to decide how they manage the fund into the future. I would not expect that will change much in the next eight or ten months.

As we move forward in coming years, depending on the decisions they make, this may change totally and this may disappear from our Estimates.

MS C. BENNETT: In the past when government had 100 per cent of the liability, it had 100 per cent accountability to do the work.

Going forward, it is a shared liability. Obviously the accountability will shift from government directly, in the Department of Finance, it will shift to the corporation. Yet, as a shareholder, government will still be responsible. What is –

MR. WISEMAN: Just so that we are clear, it is a joint trusteeship so government will be responsible for –

MS C. BENNETT: Yes, for its portion.

MR. WISEMAN: – 50 per cent of the liabilities and will be, in theory, the benefactor of any growth that the plan experiences. So it is a shared responsibility now between the plan members and the government as an employer. What we have done as an employer and what the employees themselves have done is made a decision to appoint trustees. So there have been appointments from both the employer and from the plan members to this corporation and they have a fiduciary responsibility to the plan.

MS C. BENNETT: The skill matrix for the trustees on the corporation has been defined by who?

MR. WISEMAN: That was an interesting kind of discussion actually because the plan members and the various unions that represented the plan members in the Public Service Pension Plan in particular, there was a fairly lengthy discussion around what constituted the credentials that would be required to sit on that board. Keep in mind that the employer gets to pick who they want to appoint as trustees and the employee groups get to pick who they want to represent their interests. So there was – I would not use the word a negotiated understanding of what that would be, but recognizing that the plan needed to have certain skill sets to be able to carry out their fiduciary responsibility, it was agreed at the end of the day that the employer would appoint people who were capable and competent broadly defined to the board, and the employee groups would do that same thing.

There was a belief that the management agreement for the plan should not be prescriptive and dictate who the employees should put on that board. The language in the agreement is broad in that it does not nail down specifically

the skills, but it acknowledges that there are competencies required to be on that board.

MS C. BENNETT: Right.

MR. WISEMAN: That was an agreed upon language that grew out of the negotiations between the employer and the various unions that represented the employees in that plan.

CHAIR: Okay, thank you.

Lorraine.

MS MICHAEL: Does Cathy have a follow-up question to finish off discussion?

CHAIR: I am assuming she has more than just one follow-up question in this section?

MS C. BENNETT: I can wait.

MS MICHAEL: Okay.

For the last section in this part, 2.1.05, Financial Assistance: Loans, Advances and Investments, I know what a large part of the \$11.2 million was spent on last year, but not all of it was spent. Could we have an explanation, Minister, please? The revision down, I think \$1.2 million was not spent.

MR. WISEMAN: That amount is basically the Corner Brook Kruger deal.

MS MICHAEL: The money that went to Kruger, yes. That is what we were told last year.

MR. WISEMAN: That \$9.7 million is what is anticipated to be the drawn down against that \$110 million in this year coming.

MS MICHAEL: In this year coming, okay.

MR. WISEMAN: Last year \$9.96 million was drawn down.

MS MICHAEL: Okay.

We were told it was going to be \$10.7 million.

MR. WISEMAN: For this year?

MS MICHAEL: No, for last year. We were told it was going to be \$10.7 million, but it was actually \$9.96 million.

MR. WISEMAN: It was \$9.96 million, yes; and then \$9.759 million is what is forecasted for this year coming.

MS MICHAEL: Okay.

That is all still Kruger so we are talking –

MR. WISEMAN: It is all still Kruger, yes.

MS MICHAEL: Okay. They got that last year and they are getting this this year?

MR. WISEMAN: Based on the \$110 million, there is still \$5.5 million in change left over to be drawn down in subsequent year.

MS MICHAEL: Okay.

When you come down to the provincial revenue, what is that?

MR. WISEMAN: That is the interest.

MS MICHAEL: That is the interest, okay. So they are paying the interest, great.

Of course you probably did not know when you were setting it up, you could not budget for knowing what exactly the interest rate was going to be, et cetera, I suspect; that is why there is no budget for the revenue.

MR. WISEMAN: I am not sure, Denise, if you understand why we had a zero in the budget for last year but we had a revenue stream. Did we not anticipate what that would have been?

MS HANRAHAN: There was no estimate made.

MS MICHAEL: There was no estimate made.

MR. WISEMAN: I think the rate would have been understood, but I cannot explain why there would not have been a number in there.

MS MICHAEL: Right. Maybe the contract was not finished, maybe there were things in the

contract that would have – although the rate would have been the thing, wouldn't it?

MR. WISEMAN: I think in the revenue forecasting we recognize it as a revenue if we are able to (a) have confidence that we will realize it, but we understand what it will be.

MS MICHAEL: Right.

MR. WISEMAN: That is when we enter it into the budget as forecast revenue. I would assume that at the time of the budget last year we were not in a position to determine what they would be, nor were we in a position to say that we were going to realize the interest payment in that year.

MS MICHAEL: Right.

Minister, would that then be done directly between the Department of Finance and Kruger, or Natural Resources and Kruger?

MR. WISEMAN: I suspect it would be Finance and Kruger. The payment would have come to directly to Finance?

OFFICIAL: (Inaudible).

MS MICHAEL: It looks like the interest rate did.

MR. WISEMAN: We will verify it to be certain, but I would not be surprised that it goes directly to Finance rather than to Natural Resources.

MS MICHAEL: Okay.

Now I am sure the bottom line, whether it is you or Natural Resources, is that they are honouring the loan –

MR. WISEMAN: Yes.

MS MICHAEL: Is anybody interested in what is happening at Kruger in terms of are things going well, is business going well, et cetera? I actually heard – I forget; where were we today?

MR. MORGAN: (Inaudible).

MS MICHAEL: Yes, it sounded like – was that this morning?

MR. MORGAN: Yes.

MS MICHAEL: Yes, that was this morning; I have done so many Estimates this week. We did hear this morning, I think, from Minister Granter that things are going well there. Do you have a sense of that also, or do you look at it from a business perspective like that?

MR. WISEMAN: I understand – it is not a file that Finance has a responsibility in terms of relationship directly with Kruger, other than relative to this contract.

MS MICHAEL: Right.

MR. WISEMAN: I understood, the interest we would have obviously as a Department of Finance only, not as government but just purely as the Department of Finance, is whether or not we are living to the financial obligation – and their ability to live up to their obligation financially.

MS MICHAEL: That is right.

MR. WISEMAN: I understand they have been able to make some changes that reduce their operational costs, the production costs at the plant. They have been very successful in reducing their costs compared to other industries, or other mills within the industry. That has bodes well for them but beyond that, Natural Resources would be in a much better position to speak to, operationally, what they are doing.

MS MICHAEL: Right, thank you.

That is all the questions I have for this section.

CHAIR: That is it for this section?

MS MICHAEL: Yes.

CHAIR: Okay.

Seeing we are also halfway through our time, we only have one person in the Broadcast so we are going to take five and give him a break.

MR. WISEMAN: It is your call, Mr. Chair.

CHAIR: We will take five and we will come back to Cathy.

Recess

CHAIR: Okay, if we are ready.

Mr. Minister, okay.

Yes, Lorraine, you had another question before we went to –

MS MICHAEL: Yes.

CHAIR: Sure.

MS MICHAEL: Might as well get me out of the way.

CHAIR: Yes, not a problem.

MS MICHAEL: I forgot that we had this. This morning when we were in Estimates for the Forestry and Agrifoods Agency we had a few questions regarding the royalty exemptions granted to Corner Brook Pulp and Paper for things such as the construction of forest roads. Another one was the degree of the slope on which pulpwood was harvested – just a couple of examples.

I am just wondering, Minister, can we get a clearer picture of these royalty exemptions and how they work? How much money is actually involved with these exemptions? How much is it that we are not collecting?

MR. WISEMAN: Craig, I do not know if you are –

MR. MARTIN: (Inaudible) directly by Forestry and Agrifoods.

MS MICHAEL: They told us it was you.

MR. MARTIN: They deferred to us?

MS MICHAEL: Yes.

MR. WISEMAN: That is why I deferred to Craig. It has not come across my desk on that.

MS MICHAEL: Right.

MR. WISEMAN: We will commit to get the answer for you.

MS MICHAEL: Okay.

MR. WISEMAN: Regardless of who has it, we will commit to get the answer for you.

MS MICHAEL: Okay.

Thank you very much.

CHAIR: Okay.

Thank you, Lorraine.

Cathy, you are still on this subhead.

MS C. BENNETT: Yes.

CHAIR: Okay.

MS C. BENNETT: Just so that we are all on the same page, back to 2.1.01, Pensions Administration.

CHAIR: Yes.

MS C. BENNETT: This year is the transition year for the new pension format. I am just wondering what plans or strategies have been put in place, that are reflected in these budget lines, that takes into account that transition? We have several pension plans that are going into the corporation, some left for government to do what it chooses to do in conjunction with the unions. I am wondering what transition plan has been budgeted for in this with regard to the staff.

I understand that we are going to still manage. I get that, but there will be new tasks; tasks that will be moving off individual's job descriptions. As that transition happens, has there been discussion about increases in work or decreases in work depending on how the transition goes?

MR. WISEMAN: A couple of parts to your question; the first one, as I understood it, was what plans have we built into this budget we are looking at here now. I go back to an earlier answer I provided in that we are not envisaging a change in this fiscal year that we are currently

dealing with in this budget. So we are envisaging a status quo in terms of that relationship that government has in the administration of the plans for this fiscal year.

I suspect that as we get closer to the end of this fiscal year and the new corporation has established itself, then we will enter into discussions around what transitional plans we may need to build in next year's forecast. This budget here does not reflect any shifting of any roles and responsibilities in this fiscal year.

It is difficult to start forecasting. Keep in mind now with the new corporate entity that we are one side of that discussion and that corporate entity is the other side. So in the absence of that entity being fully operational, it is difficult for us to enter into a discussion with them to talk about what this might look like.

What we have assumed, a judgement call we have made is that based on what we believe to be the task ahead of that new corporation for the next fiscal year, there will be other things that they will want to focus their attention to. The administration of the plan is not that they need to make a change to in this twelve-month period.

We have assumed the status quo in this period. Now in theory, I suppose, sometime in the course of this fiscal year that entity could come to us and say, listen, as of tomorrow we want to start doing business differently. Here is how we would like to do it. We do not want you to do it anymore and we are gone. We are going to take this and do it some other way.

That could in theory happen. How realistic is it? Well I guess it is the \$64 question. We are suggesting that it may not happen like that in this fiscal year. Therefore, this budget does not reflect any operational change in this year.

MS C. BENNETT: Have the trustees all been appointed?

MR. WISEMAN: They have.

MS C. BENNETT: When will the names be released?

MR. WISEMAN: We could do it now. I can get them for you. I do not have them here with me, but I can get them for you.

MS C. BENNETT: Okay.

The pension overpayments that government is currently collecting from pensioners now, is that activity going to be expensed in this line area? The cost associated with the individual who has been asked to mediate and discuss with the pensioners, is that in this section?

MR. WISEMAN: I think that cost right now is being borne by the Department of Finance. Do you know what category we put that in? The cost right now is to the Department of Finance and, not the Pensions Administration, not the pension fund.

MS C. BENNETT: Is there an estimate on the costs associated? Is there a maximum allowable that is going to be used for that?

MR. WISEMAN: Yes. What we base this on is we have taken a classification with a pay level attached to it and said on an annual basis this piece of work should be paid at this level. What we have done is then equated it to an hourly rate because a person does not work every single day. Therefore, we then equate it to an hourly rate with a cap based on that annual salary.

I can get that for you. I do not have it with me.

MS C. BENNETT: Is there a total dollar amount that the department is expecting to spend to collect?

MR. WISEMAN: No, we anticipate this to be, maybe a three-month exercise. We do not anticipate it going beyond that. The group of people who might be impacted here – well, forget the full number for a moment. As I have indicated many times, some of the amounts are smaller amounts. We have approximately eighty people where there is a material – and obviously material is relative to the individual's circumstance, I appreciate that.

We have about eighty people where the dollar value is \$1,000 or up. The contacts that are being made would appear that – these would be the people who would have the greatest interest

in having a discussion about their circumstance and wanting to look at a repayment arrangement that may need some modification or special consideration. That kind of number, we believe, can be completed in about a three-month period.

MS C. BENNETT: Of the original amount that government had hoped to recover, has there been any amount that has been written off so far to date, or considered uncollectable?

MR. WISEMAN: There is a piece of work that Mr. Bonnell is proceeding with. He has not provided me yet with a – at least that summary has not come to me of the work that he has done to date. The intent would be that he will meet with individuals who have an interest in meeting with him. It is not mandatory that they meet with him.

If an individual has been contacted and expressed an interest in meeting with him, he has a process that he will go through. When he has concluded, he will make a recommendation on each individual case and provide that as a summary format for my consideration. We have not actioned any of those individual cases that he has actually met with to date.

MS C. BENNETT: Some people have already received communication that they will no longer be required to repay. Has that number been quantified?

MR. WISEMAN: I am not aware that people have been advised that they will not have to repay.

MS C. BENNETT: I am sorry. I understood that there were individuals who had – it had been indicated that due to length of life or personal health situations, that those individuals had been.

MR. WISEMAN: You are speculating on something I am not aware of.

MS C. BENNETT: Okay. My apologies, I misunderstood.

Subhead 2.1.02, one of the questions I had here, and I am sure I am just missing something, the two-year increase in the Salaries line is 7.6 per

cent. I am wondering if there is some explanation for –

MR. WISEMAN: Subhead 2.1.02 you mean?

MS C. BENNETT: Subhead 2.1.02, under Budgeting, with the Salaries line, if you go back historically to the prior year, the actual increase over a two-year period is 7.6 per cent increase.

MR. WISEMAN: Right.

MS C. BENNETT: That seems inconsistent with the salary – it is a 3 per cent salary increase on an annual basis, isn't it?

MR. WISEMAN: If you are going back to a prior year, I am looking at the – the Estimate I have here looks at a 2014-2015 budget and a 2015-2016 budget.

MS C. BENNETT: Right. Yes, so back to the 2013-2014 going forward by two years.

MR. WISEMAN: Okay.

MS C. BENNETT: This is a 7.6 per cent increase. I am just curious is that because staff complement changed?

MR. WISEMAN: The 7 per cent – there is a 3 per cent increase this year. What was the last year? It was 2 per cent. You had 2 per cent and 3 per cent, and you had step progressions.

So 7 per cent is probably in the order of magnitude with the same staffing levels. I would have to reconcile the numbers for you, but just as a crude measure, 2 per cent on one year compounded and now the 3 per cent, and a couple of step progressions, that is about right.

MS C. BENNETT: Okay.

Can we get some more detail on that one?

MR. WISEMAN: Yes, we can do that.

MS C. BENNETT: Perfect.

MR. WISEMAN: So your question is the salary profile –

MS C. BENNETT: An explanation of 7.6 per cent.

MR. WISEMAN: The salary profile in 2013-2014, 2014-2015, and 2015-2016, and the salary profiles for those two fiscal years.

MS C. BENNETT: Yes.

MR. WISEMAN: Okay, or three fiscal years, two actuals and one forecast.

MS C. BENNETT: Thank you.

CHAIR: Do you have another question, Lorraine?

MS MICHAEL: No, not in the section.

CHAIR: Okay.

Do you have another one, Cathy?

MS C. BENNETT: We are going to 2.1.05, right?

CHAIR: Yes, we are.

MS C. BENNETT: Yes, so just let me double check here. No, I am good there.

CHAIR: You are good there?

Okay, so we just did the Financial Planning and I will call for the subhead.

CLERK: Subhead 2.1.01 to 2.1.05.

CHAIR: Subhead 2.1.01 to 2.1.05.

Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

Thank you.

On motion, subheads 2.1.01 through 2.1.05 carried.

CHAIR: Okay, so now we will do Taxation and Fiscal Policy.

CLERK: Subhead 2.2.01 to 2.2.05.

CHAIR: Subhead 2.2.01 to 2.2.05.

Lorraine.

MS MICHAEL: Thank you.

In 2.2.01 looking specifically at Professional Services, there was nothing budgeted in Professional Services last year, but \$224,000 approximately was spent. This year, the estimate is \$1.3 million approximately. If we could have an explanation, Minister, please.

MR. WISEMAN: I will provide an introduction to it and then I will ask one of the officials to provide a more detailed commentary. It has to do with an audit that we are doing about HST that we are entitled to receive.

The \$224,000 was as a result of some fees that we paid for a service to do an audit, and it is based on a percentage of amounts collected. The \$1.3 million, as you will see in next year's forecast, is again a fee, but that fee is based on an estimated recovery of \$8.6 million.

So this is a special audit on HST that we are doing to establish an entitlement to HST funds and it is based on a percentage of what is collected. That is how the fee structure is with the consultant that we are using. I gave you that broad introduction and I will have – Craig, you can provide a deeper explanation of where this exists.

MS MICHAEL: In plain language.

MR. MARTIN: What this is – this was an activity undertaken last year with respect to the group health plans and group insurance fund.

MS MICHAEL: Okay.

MR. MARTIN: What it is, it is an external auditor on (inaudible) case in the first instance came in, was contracted to do a review of the monies going through those funds from the purpose of looking at whether or not all the HST paid through those funds was captured back and

claimed back from the federal government. As a result of that review, it was determined that there was HST there that could be recaptured. So this is being done on a fee for service, a recovery basis.

MS MICHAEL: Okay.

MR. MARTIN: When you see for this year a fee of \$224,000 there, the actual recovery on that fee – you will see a related revenue there in the current year of \$260,700, there in the 2014-2015 year. Also, for that particular \$224,000, there was another \$1.146 million recovered. That was credited back to the group insurance fund.

MS MICHAEL: Okay, so it is paying off.

MR. MARTIN: Yes. Then the budget we see for the \$1.3 million is for them to continue this activity into the current fiscal year. The anticipated estimated recovery on that is about \$8.6 million.

MS MICHAEL: That is the \$8.6 million. Okay, sounds good, smart move. Thank you.

Coming down to 10, Grants and Subsidies, \$50,000 was budgeted and \$89,500 was spent. This year the estimate is down to \$30,000. It is a line item, so are the grants and subsidies that you give out there consistently the same, or is it a one-off kind of thing?

MR. WISEMAN: Last year we provided \$80,000 to Memorial's Department of Economics for some research that they were doing. It is a program – the acronym is CARE, which is the Collaborative Applied Research in Economics program that the Department of Economics at Memorial has. We provide them with a grant to do some of that economic research that they were working on. That is why the difference you are seeing.

MS MICHAEL: Okay.

This coming year you are not allowing very much money there.

MR. WISEMAN: No.

MS MICHAEL: Was that a policy decision?

MR. WISEMAN: No, actually it was a one-off process with them.

MS MICHAEL: Okay.

MR. WISEMAN: It is a piece of work that they were doing. We assisted them with the grant.

MS MICHAEL: Okay.

Had you a sense that was going to be happening when you budgeted? It was more than what you budgeted? You budgeted \$50,000 last year.

MR. WISEMAN: Yes. I am not sure what the logic would have been. I do not know if there is any detail the officials have that talk about the \$50,000 from last year.

MS MICHAEL: Okay.

OFFICIAL: (Inaudible).

MR. WISEMAN: I am sorry; last year the \$50,000 was the – you remember the harness racing discussion that we had?

MS MICHAEL: That is right, yes.

MR. WISEMAN: The regulation around the harness racing. Remember, last year we went with the Atlantic Provinces to do the regulatory piece for us.

MS MICHAEL: Yes, I do. Actually I have it written in front of me here too.

MR. WISEMAN: It was \$50,000.

MS MICHAEL: Yes.

MR. WISEMAN: We had budgeted \$50,000, but it became \$30,000.

MS MICHAEL: Okay. Then you had the money –

MR. WISEMAN: We have the annual fee associated with that.

MS MICHAEL: Okay. Thank you very much.

Okay, let's go to 2.2.04. I will do line items first and then I have a couple of questions related. I

might not get to them right at this moment. Salaries: once again the budget was \$3,475,000 but the revision was down by \$641,500. Could we have an explanation?

MR. WISEMAN: There were a number of vacancies in that area last year and we delayed filling them. As a result of that, then we had positions that were vacant and we had salary savings, and we did not move quickly to fill them because of some of the cost reduction initiatives that we wanted to undertake. Now with those vacancies filled, together with the 3 per cent salary increases, that is what we are seeing in the change here.

MS MICHAEL: Right.

About how many positions were vacant?

MR. WISEMAN: There were three individuals in total who left, resigned or retired, and then we had some changes that occurred – delays in the refilling of those.

MS MICHAEL: Right, thank you.

Down to Professional Services, you budgeted \$152,000, nothing was spent, and you are still budgeting \$152,000 this year.

MR. WISEMAN: That is a result of a tax audit that we are doing on a client. We had thought we were going to spend the money last year, but we did not. The audit is still ongoing and these are fees associated with that audit.

MS MICHAEL: Okay, thank you.

I think that is the audit on Vale. Last year we were told that there was money allotted for an audit of Vale for possible transfer pricing practices. I am assuming that must be the money there; that is the client that we were told last year.

I think that is all that I had – it is still going ahead, the audit on Vale?

MR. WISEMAN: That is proceeding, yes.

MS MICHAEL: Okay.

Do you have any expectation – do you think it will be completed this year?

MR. WISEMAN: Audits are sometimes lengthy in their process depending on the level of detail that needs to be evaluated, so it is obviously proceeding to do the work – I would not want to try to pin down when any audit might be finished. I am not sure what kind of detail and what kind of information would need to be reviewed.

MS MICHAEL: Would there be an expectation that the report from that audit would be made public? Could it be made public?

MR. WISEMAN: One of the things you have to keep in mind with audits is that under the Financial Administration Act there is a very strict provision around the confidentiality of subjects that are –

MS MICHAEL: Yes.

MR. WISEMAN: Any individual, whether it is you or I, are subject to tax audits. Corporations are subject to tax audits.

MS MICHAEL: Right.

MR. WISEMAN: Information coming from those audits is protected by the Financial Administration Act which is very specific around the confidentiality of any information on any client who gets audited.

MS MICHAEL: Okay. That is not surprising I will let you know.

Subhead 2.2.05 – wait now, just let me make sure.

Just out of curiosity; the Grants and Subsidies under 2.2.04 was \$3,000, and \$2,500 was spent last year. What is that?

MR. WISEMAN: It is associated with a fuel tax project. I do not know, Craig, if you are familiar enough with the project to comment on it. It is the Fuel Tax Uniformity Project, but I am not sure of the detail of the project.

MR. MARTIN: I will have to confirm for you, but I believe the Uniformity Project is a national

project wherein they are trying to set up a uniform tax return for basically all companies that are remitting in multiple jurisdictions. As a result, the costs associated with that program were slightly less than they anticipated.

MS MICHAEL: Okay.

That is a continuing program?

MR. MARTIN: That is a continuing program.

MS MICHAEL: Okay. Thank you very much.

I am finished.

CHAIR: You usually watch the clock. That is why I left you alone.

MS MICHAEL: Thank you.

CHAIR: Cathy.

MS C. BENNETT: I will go back to 2.2.01, Tax Policy. On the HST recoverable on the group insurance, how did we identify there was a possibility that there was a recoverable?

MR. GRIFFIN: It is a type of work that had been done previously in earlier fiscal periods, so I guess we had experience of some modest sort of recoveries. Since the time of those original reviews, data mining techniques and technologies have developed, and specialized consultants with specific expertise in these areas have been honing their techniques and skills.

This particular project was the result of some interest from certain consultants who had made some proposals to us which we looked favourably upon.

OFFICIAL: Nova Scotia (inaudible).

MR. GRIFFIN: Yes, fair enough. One of the consultants had also done some work for Nova Scotia which had resulted in some very significant recoveries. It was a situation where there was really nothing to lose by having a look at this.

MS C. BENNETT: Just so that I understand – I am pretty sure I heard it right, but I do not know if I wrote it down right so I want to make sure I

have it – the \$1.376 million under Professional Services this year is expected, if history repeats itself, to yield an \$8.6 million recoverable.

MR. GRIFFIN: This is a result of expanding the scope of the work, as well as expanding the period under review.

MS C. BENNETT: Yes.

MR. GRIFFIN: The consultants looked at the scope that they have covered and the period that they have covered already, and basically extrapolated that out to a larger period. They feel that this is a reasonable assumption of what they will be able to recover.

MS C. BENNETT: Okay.

On the Grants and Subsidies, just to make sure I understood, the \$50,000 for membership in the Maritime Provinces Harness Racing Commission actually came in at \$30,000. I did not catch the amount on the care grant. Was that the remaining difference between the – it is \$50,000. It was \$89,000, I think, so the difference between the \$30,000 and \$89,000?

MR. WISEMAN: Yes.

MS C. BENNETT: Okay.

Under 2.2.03, Project Analysis – and this may not be the appropriate section for the question, so I apologize. I am not sure exactly where to ask it so I will try it here. Expenses related to internal auditors, is that under Project Analysis here? Where do they actually get – so the internal audit team –

MR. WISEMAN: That is the Comptroller General's department.

MS C. BENNETT: Okay. Cool.

We are not there yet, right?

MR. WISEMAN: Yes.

MS C. BENNETT: Okay.

I was not 100 per cent sure where it was going to be so I appreciate your patience.

In Project Analysis I am good. Tax Administration, 2.2.04, the Salaries; Minister, you mentioned that there were a number of positions that were vacant in the last fiscal year. From the notes that I have, there were positions that were also vacant in the prior fiscal year –

MR. WISEMAN: Yes.

MS C. BENNETT: What I would like to ask is if the positions were the same, or if you can provide me with what the actual vacancies were for the last number of years so that we can also take a look at what the vacancy forecast is that we talked about earlier tonight. I am wondering if you could give me some clarity on that.

MR. WISEMAN: We will get that information for you.

MS C. BENNETT: Particularly what I am looking for is if they are the same positions for the two consecutive years.

MR. WISEMAN: The issue of positions, just so we are clear, to make a distinction here between classifications –

MS C. BENNETT: You are right.

MR. WISEMAN: We could have a group of individuals in the same classification, so two were out yesterday and two of them are out today. They are two different individuals but they just happen to come from the same grouping because they are tax auditors, so there are probably a larger number of them in the same classification. Just not to mistaken the fact that they may be the same individuals.

MS C. BENNETT: I understand. Sorry, I should say same positions, or the same classification of positions.

MR. WISEMAN: Yes.

MS C. BENNETT: From the question I asked earlier this evening, the information I am assuming that we will get around the forecasted retirements, globally in Finance, will include a breakdown by division, so how many retirements are actually in this particular area.

MR. WISEMAN: Yes.

MS C. BENNETT: Okay.

Subhead 2.2.05, Debt Management, there was a reimbursement of Salaries and other operating costs from the Newfoundland Municipal Financing Corporation Sinking Fund. Is that what the revenue line is here under Debt Management? It is the same thing that happened last year; there is a recovery under that?

MR. WISEMAN: Yes.

MS C. BENNETT: Okay.

With regard to Salaries in 2013-2014 we under spent in this division by \$150,000 and the reason that was given at the time was that the manager for capital markets and a debt analyst had been unfilled during a certain period. We have under spent again. I am just wondering if those two positions specifically have been filled and they are new positions that are vacant now, or if it is a continuation of positions that have been vacant?

MR. WISEMAN: The manager of the capital markets is still vacant. The other one was filled, but there was another vacancy that occurred, other than the one that you referred to earlier.

MS C. BENNETT: Okay.

Mr. Chair, I am sorry; I think I am at the end here.

CHAIR: Are you?

MS C. BENNETT: I think so. I am not sure. Can you remind me we are supposed to be ending?

CHAIR: Yes, at 2.1.05.

MS C. BENNETT: Yes, then I am.

CLERK: Subhead 2.2.05.

CHAIR: Subhead 2.2.05. Yes, I am sorry; thanks, Lorna, for correcting me.

MS C. BENNETT: With three minutes on the clock, I will stop.

CHAIR: Lorraine, did you still have a couple of questions on that?

MS MICHAEL: No, the questions I had on that section Cathy has asked, so that is fine.

CHAIR: Okay. So no more questions on Taxation and Fiscal Policy?

Okay, if that is the case, I will call for the subheads.

CLERK: Subhead 2.2.01 to 2.2.05.

CHAIR: Subhead 2.2.01 to 2.2.05.

Shall the total carry?

All in favour?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 2.2.01 through 2.2.05 carried.

CHAIR: The next one we call is –

CLERK: Economics and Statistics Branch.

CHAIR: Subhead?

CLERK: Subhead 2.3.01 to 2.3.02.

CHAIR: Subhead 2.3.01 to 2.3.02.

Lorraine.

MS MICHAEL: Okay, thank you.

The Salaries line again, there is a variance from the budget to the revision of \$218,400. If we could have an explanation, Minister, please.

MR. WISEMAN: There were some vacancies that we delayed recruiting.

MS MICHAEL: Right.

Are they back in place now, those positions?

MR. WISEMAN: I have to verify that for you. Actually, I am not sure which ones are filled and

which ones are vacant. I will find out what vacancies are there for you.

MS MICHAEL: Okay, please. Thank you.

MR. WISEMAN: Maybe I can find out for you now.

MS MICHAEL: Okay.

That is why you have all of that crew there.

MR. WISEMAN: That is why I have that crew here, yes.

MR. HOLLETT: There were a variety of reasons for the savings there. There were some vacancies, but we had some issues in getting positions filled because there was a backlog at the Public Service Commission. As we got later into the year and we got into restraint, there were just some positions that we would have liked to fill, we just held them. So there are a variety of reasons there for that.

MS MICHAEL: Okay.

MR. HOLLETT: I think besides a couple of positions that we have actually identified as being frozen, the rest of it is moving ahead as fast as it can.

MS MICHAEL: Okay, thank you very much.

Under Revenue – Provincial, what is that revenue and why was it more than you anticipated last year?

MR. HOLLETT: The revenue there came from ACOA and it is contributions that they made to some work that we do, Community Accounts and that sort of thing.

MS MICHAEL: Okay.

MR. HOLLETT: The reason it was over is because they actually paid us more than we expected them to.

MS MICHAEL: Oh, very good. You do not always get money from ACOA that you are not expecting.

MR. HOLLETT: Yes, and it does not happen often.

MS MICHAEL: No, right. Thank you very much.

Subhead 2.3.02 – it probably gets tedious answering this question about the staffing, but I think we have a responsibility to ask. This time the variance from the budget down to the revision is \$357,200, so once again –

MR. WISEMAN: It is the same answer as the previous one actually.

MS MICHAEL: Okay.

The whole answer is the same?

Okay, great. Thank you.

It looks like you plan on bringing up the complement this year. Under Professional Services the budget was \$115,000, and the revision was down by \$85,000. Could we have an explanation of that? Did you have expectations around the Professional Services, something did not happen?

MR. WISEMAN: We just made some decisions. Those are discretionary spending decisions that we made to defer certain things we were proposing to do.

MS MICHAEL: Okay, great.

They will be happening this year.

Under Purchased Services, again, budgeted at \$851,600 and was down somewhat to \$767,200 where it is remaining for this coming year. What gets purchased there? Why was it down from what you had budgeted?

MR. WISEMAN: A big chunk of that \$657,000 is a rental cost for space that we have outside of this building.

MS MICHAEL: Right.

MR. WISEMAN: Some of the other changes came about as a result of some data purchases that we delayed doing last year. That is part of

that discretionary spending decision that we made.

MS MICHAEL: Right. Okay. Thank you.

Under Revenue – Provincial – well I will ask for the federal too. I am curious about getting \$20,000 from the federal that you did not expect. Under the provincial you are almost \$100,000 above what had been budgeted. If you could just explain those two lines, please.

MR. WISEMAN: I will get Alton to give you a little more detail. This is one of these areas where we have a particular expertise and a talent, and we are able to produce work for sale. The Newfoundland Statistics Agency is a tremendous source and a wealth of information sought after by many, so we have an opportunity to generate some revenue.

I will ask Alton to give you some sense of who we get the revenue from.

MS MICHAEL: Okay. Thank you.

MR. HOLLETT: It varies from year to year. There are some that we do each year. We do forecasts for Hydro, we do forecasts for the City of St. John's, and we did some work for the university.

This year most of the revenue came from the university, the City of St. John's, the Housing Corporation, Hydro, East Coast Trail, and Goss Gilroy. One reason why that is up a little bit this year too is that there were – sometimes the timing of the billing does not match when the books close off.

MS MICHAEL: Right.

MR. HOLLETT: So we had almost \$75,000 this year carried forward. It is a combination of the carry forwards plus the external work that we do for people.

MS MICHAEL: Okay. Thank you.

What was the \$20,000 from the federal government? I am curious.

MR. HOLLETT: The \$20,000 from the federal government; actually that was from ACOA as

well. It was on the statistics side instead of the economics.

MS MICHAEL: We made money from ACOA this year. Okay.

Moving on to 2.4 – that is the wrong sheet. I thought you said 2.4. I am missing a sheet, I think.

CHAIR: We are not up to 2.4 yet.

MS MICHAEL: No, I know. That is why I think I am missing a sheet.

No, I am not. Okay, that is it.

OFFICIAL: (Inaudible) there are only two.

MS MICHAEL: Yes. Those are all my questions then for that section.

CHAIR: That is it?

MS MICHAEL: Subhead 2.3.02, was that the last heading?

CHAIR: That is it, yes.

MS MICHAEL: Okay, yes.

CHAIR: Okay, great.

Thank you, Lorraine.

Cathy.

MS C. BENNETT: On 2.3.01, under Economics, last year there were eighteen permanent positions in the division. This year there are nineteen. Is there anything else that accounts for the \$240,000 increase in Salaries besides that position?

MR. WISEMAN: The 3 per cent increase and step progressions.

MS C. BENNETT: The 3 per cent?

MR. WISEMAN: The 3 per cent increase.

MS C. BENNETT: Okay.

I will move on to 2.3.02. The entrepreneur in me wants to say can we not make this a cost centre, if you can get revenue coming in. I am not suggesting that be a government policy, but it was exciting there that revenue is coming in for services rendered. I just had a little entrepreneur moment there. I am sorry about that.

One of the questions I had here was that we underspent Salaries by \$357,000. What positions exactly were not filled? Were there any special projects here that did not materialize?

MR. WISEMAN: We will get you the detail on the positions that may have not been filled.

MS C. BENNETT: Okay.

That was it on those two sections for me.

CHAIR: That is it for you?

MS C. BENNETT: That is it.

CHAIR: That is it for you, Lorraine?

MS MICHAEL: Yes, it is.

CHAIR: Okay. That is it for Economics and Statistics Branch.

So I will call for the subhead.

CLERK: Subhead 2.3.01 to 2.3.02.

CHAIR: Subhead 2.3.01 to 2.3.02.

Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried. Thank you.

On motion, subheads 2.3.01 to 2.3.02 carried.

CHAIR: Next subhead.

CLERK: Subhead 2.4.01.

CHAIR: Subhead 2.4.01.

Who finished off?

MS C. BENNETT: I did.

CHAIR: Yes, I thought. Okay, Lorraine. I wanted to make sure.

MS MICHAEL: Okay, thank you.

The last heading, once again the Salaries. It seems like you did have, throughout different parts of the department, a number of vacancies and that is what it seems we have again here. So how many vacancies were there, minister?

MR. WISEMAN: Let me get that for you, actually, because that is a similar question to ones you have posed on a couple of other areas.

MS MICHAEL: Yes.

MR. WISEMAN: I want to make sure we give you the right answer in terms of what positions we had vacant and for how long.

MS MICHAEL: (Inaudible).

MR. WISEMAN: I am sorry. Were you waiting for me?

MS MICHAEL: I was waiting for you. I thought you said –

MR. WISEMAN: Oh no, I am sorry. I said I would get it for you. I did not mean right away.

MS MICHAEL: Oh, you did not mean right away. That was funny.

MR. WISEMAN: I thought you were reading your notes, I was leaving you alone.

MS MICHAEL: I was waiting for you to find your information.

Okay, well, I look forward to getting that.

MR. WISEMAN: Okay.

MS MICHAEL: Okay.

Why I was looking through my papers was, as I said, you seem to have had two and three vacancies in various branches along the way,

but, I guess, cumulatively it did not affect the whole department because they were in different offices.

About how many in total across – do you know? Have you done the arithmetic on that? If not, could you do it? How many vacancies all together in the department?

MR. WISEMAN: Vacancies are – depending on when you ask the question because it is a snapshot in time. So March 15 here is what it would look like and then September 15 here is what it might look like.

Over the course of a twelve month period, in any one of those divisions, there may have been some changes in staff; people coming and going. So we can give you an answer about the number of vacancies we had over the course of a year but it may not necessarily reflect the snapshot in time.

MS MICHAEL: Right.

MR. WISEMAN: To speak to your point that you raised with respect to impact, it goes back to a question I responded to early in the evening, of the changes we have made and the decisions we have made to either delay recruitment or defer recruitment in an effort to save some money. We have been sensitive to our mandate and our responsibility to provide services. So there may have been a variety of vacancies that have occurred over a twelve-month period, but at any given point in time one department may have been short one or two and some other departments may have been flush.

MS MICHAEL: Right.

MR. WISEMAN: Six months later it may have been changed slightly different.

So it has meant that we have had – fortunately, we have a good, capable, competent, dedicated group of people working for us who do some really good work and they are able to respond to the changes that have occurred in their respective areas. It allowed us to continue to provide the service that we have always (inaudible).

Now we have put together a – as a part of our way forward, we talked earlier about an attrition plan and I said then that we would map out a staffing plan for the next five years to help us manage through the changes that we are forecasting to be made. We want to make sure that we maintain the skillsets that we need to provide the depth and breadth of services that we have and will continue to provide.

MS MICHAEL: Thank you. You did answer that quite fully at the very beginning, so thank you.

Under Purchased Services, the budget was \$794,300 and the revision was down to \$695,600. What are the services purchased in the Comptroller General's office, and why was it down so much?

MR. WISEMAN: The biggest chunk of that money is a \$456,000 lease – we have space on Topsail Road. There is a lease on that of \$456,000 annually, so that is the biggest chunk of that.

MS MICHAEL: Okay.

MR. WISEMAN: Then some of the other changes we have made come about as the result of some of those adjustments we made in discretionary spending that we referred to earlier, and that we deferred.

MS MICHAEL: That is the biggest chunk, is the lease. What else would be under the Purchased Services, generally speaking?

MR. WISEMAN: Maybe Ann Marie can tell us, because I do not have profile –

MS MILLER: Banking services would be another portion of that.

MS MICHAEL: Pardon?

MS MILLER: We are responsible for banking services for government –

MS MICHAEL: Okay.

MS MILLER: – so a portion of that would be our cheque costs and costs associated with banking services.

MS MICHAEL: Okay, which would be pretty high for government, I would say.

MS MILLER: Yes.

MS MICHAEL: Okay, thank you.

Knowing how high it is for an individual.

MS MILLER: Yes.

MS MICHAEL: Under Revenue – Provincial, the \$41,000 expected and \$41,000 delivered. What was that?

MR. WISEMAN: Ann Marie, do you want to comment on that, please?

MS MILLER: Can you say that again?

MS MICHAEL: Under Revenue – Provincial, \$41,400 was budgeted, and that amount was spent. I am just curious what that was.

MS MILLER: That was money that we would normally recover from the pension fund for costs associated with the – because we produce the cheques for the pensions.

MS MICHAEL: Right.

MS MILLER: I guess we assumed that there would not be for the transition year, whether or not that service would continue into this year.

MS MICHAEL: All right, and so that is why you have budgeted nothing –

MS MILLER: Yes.

MS MICHAEL: – but if you had to, I am sure the money could be found.

MS MILLER: Yes, it is revenue.

MS MICHAEL: Yes – oh, it is revenue? Right.

I have a couple of general questions. They are all related to the issues, but general.

One, Minister, is about the royalty dispute between IOCC and the government, and we have over the years gotten information on this. Can you shed any light at where things are at the

moment with regard to this dispute? I am not looking for details, but has arbitration begun?

MR. WISEMAN: (Inaudible) provide a comment on the status of that?

OFFICIAL: I will follow up on that one and respond.

MS MICHAEL: Okay, so you will let us know. Thank you very much.

Also, in the Consolidated Revenue Funds last year the revised income from Mining Tax and Royalties was \$107,642,000 and this year's estimate is up by \$36.6 million, up to \$144,234,000. So I am wondering, what are the indications to you that we can expect another almost \$37 million in mining tax and royalties?

MR. WISEMAN: You are into the Consolidated Fund now?

MS MICHAEL: Yes. We read all the books.

MR. WISEMAN: So your question is why the optimism about –

MS MICHAEL: That is right.

MR. WISEMAN: I did not anticipate dealing with the Consolidated Revenue Fund tonight. I thought we were going to deal with that in Committee of the Whole.

CHAIR: Actually, if it is not in this – she just had a couple of general questions –

MS MICHAEL: Oh, that is right. Yes.

MR. WISEMAN: Okay.

CHAIR: That is not part of these Estimates tonight.

MR. WISEMAN: When we deal with Consolidated Fund, I will have the answer for you because I do not know the answer – I cannot give it to you now; although if I did, I would give it to you.

MS MICHAEL: You would give it to me, okay.

MR. WISEMAN: I did not anticipate this discussion around the Consolidated Revenue Fund.

MS MICHAEL: Okay, thank you.

I just have one more general question – general in the sense that it is not a line item. It has been a while since we have asked about VLT and the VLT strategy. Two years ago we were told the department was developing a full, broader strategy on all forms of gambling. I am wondering if there been any movement on that.

MR. WISEMAN: No.

MS MICHAEL: No. Is it a discussion at all right now inside of the department?

MR. WISEMAN: We are continuing with the VLT strategy that was announced in 2005. We are still focused on the objectives and we have met the targets that are outlined in that initiative, but there is not any current activity with respect to that issue today.

MS MICHAEL: Okay, thank you.

CHAIR: That is it?

MS MICHAEL: I would like to think that discussion will go on to look at it because people do have a lot of concerns around gambling, so I think it is important that we stay on top of it.

CHAIR: Okay.

Thank you, Lorraine.

Cathy.

MS C. BENNETT: Office of the Comptroller General, 2.4.01. This is where the internal audit is. If I had read the heading I would have known that earlier, my apologies.

I know we have asked a lot of questions about the vacant positions. I think part of the reason those questions are so important – not only to those of us on the Committee, but certainly to the public as a whole – is when there are big chunks of positions that are not covered, there is obviously work that does not get done. I was wondering if I could get a little bit of clarity on –

I will start with the internal audit – where the direction comes from to the internal auditors as to the work that they are supposed to be undertaking on an annual basis.

MR. WISEMAN: Just let me correct something in your assumption. The fact that there are vacancies – you should never assume that there are big chunks of work not getting done. Vacancies are vacancies and work gets realigned. Sometimes it may not get done in the same time frame it ordinarily would be done, but it would not be fair to suggest that it does not get done at all.

There is an internal audit committee of government chaired by the Clerk, and obviously the Comptroller General's Office, headed by the Comptroller General who is responsible for the internal audit process. I will ask her to provide some commentary in terms of the mechanism that we have in place to conduct those internal audits, and the structure that facilitates that happening.

Ann Marie?

MS MILLER: Last year, we developed a formal internal audit plan. What we would do is we would meet with the deputy ministers of the departments and ask them if they could identify any areas where they felt were high risk areas that they would want us to look at for that coming year. It would be a combination of that or some direction from the internal audit committee, as well, as to specific reviews that they would like to have undertaken for that fiscal year. We get all the feedback back and then we allot out the hours and create the plan for the year.

MS C. BENNETT: How are the risk assessments – I am going to back up for a second. How are the profiles of risk assigned? How do you determine which is high risk and which is low risk?

MS MILLER: Yes, we apply a certain methodology to that. We did do a piece of work this past year in developing a formal risk assessment process. We did have a consultant help us just with developing the methodology because it was new to us. We did do a risk assessment for a particular area of one

department. Now we will apply that methodology each year and do so many risk assessments on a yearly basis with different departments on a go-forward.

MS C. BENNETT: When we look at the Salaries – so you said you worked with a consultant last year. Is that consultation ongoing? Has the methodology been identified, adopted, and communicated through all departments? Obviously, internal audit, through the Comptroller General, would not necessarily be driven singularly by the Department of Finance. It would be driven by the risks that would be identified in other departments.

MS MILLER: Sure. What they did is they helped us with developing the methodology. We also came up with templates to assess risk. So now that we have that process in place, we will work with the departments to go through the risk assessment process where we will go out and – I mean, the one we did last year, we just went through the methodology that they provided to us. There was a knowledge transfer during that whole process. Now an Internal Audit Division would have the expertise to go out and do so many of these risk assessments on a yearly basis with departments.

MS C. BENNETT: The audit plan has not been drafted based on risk assessment though, it has been driven –

MS MILLER: Well we did do an allocation of risk, but it was more our own experience versus a formal methodology.

MS C. BENNETT: Yes. I am assuming the methodology will appear on the audit plans going forward.

MS MILLER: Yes.

MS C. BENNETT: The reference to the methodology will –

MS MILLER: There will be a certain portion of the audit plan each year on doing these formal risk assessments.

MS C. BENNETT: The Comptroller General's Office would manage – it directs the internal auditors, is that right? I am not sure.

MS MILLER: Yes.

MS C. BENNETT: Is there any reporting mechanism into Executive Council or Cabinet, or is it solely the responsibility of the Department of Finance to direct through the Comptroller General's Office the internal audit?

MS MILLER: We do have this audit committee which is chaired by the Clerk of the Executive Council. It has a number of deputy ministers on it. We would also get direction from them as well.

MS C. BENNETT: Does that direction come from the Clerk via the Premier's Office? Who else would influence the audit committee? Who else drives the priorities for the audit committee?

MR. WISEMAN: The audit committee (inaudible) autonomously. They will not take direction from a minister or from the Premier. Their role is to ensure there are internal controls and processes in place to mitigate any risk associated with any financial exposure.

MS C. BENNETT: Okay.

So in the results from the Budget to the Estimates, I am just wondering where there any special projects planned as part of the operations plan for the Office of the Comptroller General that were not actually executed last year due to a variety of reasons?

MS. MILLER: No, we did fairly well. The only audits that did not happen were only one or two and they were because of departments really not – we met with the departments and they wanted to switch out another project for the one that we had originally put on to our audit plan, because, I guess, they identified during the year that this was another area that they wanted to look at. So we would have swapped out, but we would have done, for the department, the number of reviews that we had planned to do.

MS C. BENNETT: Okay.

Sorry, I should have prefaced that I was moving to Purchased Services and was curious if any special projects that were originally budgeted in the \$794,000 did not get executed to result in the

Estimates of \$695,000. I should have been a little more clear, my apologies.

I am happy to have that answer too, that you gave me, but –

MR. WISEMAN: The answer to that is no as well.

MS C. BENNETT: Okay.

What accounts for the increases in the staff salaries in 2015-2016?

MR. WISEMAN: A couple of things, one is we have a 3 per cent salary increase. With the numbers of staff that we have there that is a sizable – so we are going from a budget of \$7,087,000 to \$7,190,000. So if you look at the 3 per cent salary increase, then we are pretty close to that, together with step progressions that occur.

MS C. BENNETT: I will ask the question again in the same way I asked it earlier. From 2013-2014 with a budget for Salaries of \$5,157,000 to this fiscal year to a budget of \$7,190,000 – I cannot work out the math too quickly here now, I would not want to say that I am offside, but that seems to be a little bit heavier than 3 per cent.

MR. WISEMAN: It would be because there was 2 per cent last year.

MS C. BENNETT: Right.

MR. WISEMAN: There was a 2 per cent salary increase added to the 3 per cent. So it is a compounding impact of that. It gives you five point something and then –

MS C. BENNETT: I think the increase is more than 5 per cent.

MR. WISEMAN: – you would have to throw in a few step progressions that are in there. You are probably in the ballpark, but we can reconcile it for you.

MS C. BENNETT: Okay, that would be great.

MR. WISEMAN: The order of magnitude is in the ballpark.

MS C. BENNETT: Okay, that would be great. Thanks.

The only other question I had, which is a general question and, again, I was not sure where to ask it. It may not be appropriate to ask it here but I will throw it out. I am sure the Chair will let me know.

With regard to the PeopleSoft implementation, because it was a multi-department project, where in the Department of Finance did the expenses related to the PeopleSoft purchase, the capital asset purchase and then the associated training cost?

MR. WISEMAN: That would come under HRS. We do the estimates for HRS. The issues around PeopleSoft would be imbedded there.

MS C. BENNETT: Okay.

CHAIR: That is it for you, Cathy?

MS C. BENNETT: Yes.

CHAIR: Lorraine, do you have another – you are done?

MS MICHAEL: I am finished, thank you.

CHAIR: Okay.

I will call for the subhead of the Office of the Comptroller General.

CLERK: Subhead 2.4.01.

CHAIR: Subhead 2.4.01.

Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, subhead 2.4.01 carried.

CHAIR: Shall I report the Estimates of the Department of Finance carried without amendment?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, Estimates of the Department of Finance carried without amendment.

CHAIR: I would like to thank everybody for their participation; Minister, you and the staff.

I will call for a motion for adjournment.

Moved by Kevin Parsons that the meeting be adjourned.

Thank you very much.

On motion, the Committee adjourned *sine die*.