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**Proceedings of the Standing Committee on
Government Services**

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Department of Finance

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Honourable Ross Wiseman, MHA

GOVERNMENT SERVICES COMMITTEE

Department of Finance

Chair: Clayton Forsey, MHA

Vice-Chair: Dwight Ball, MHA

Members:

John Dinn, MHA
Randy Edmunds, MHA
George Murphy, MHA
Paul Lane, MHA
Calvin Peach, MHA

Clerk of the Committee: Elizabeth Murphy

Appearing:

Department of Finance

Hon. Jerome Kennedy, MHA, Minister
Ann Marie Miller, Assistant Deputy Minister, Budgeting
Tansy Mundon, Director of Communications
Tracy Shute, Constituency Assistant to Minister
Laurie Skinner, Deputy Minister
Wanda Trickett, Financial Controller

Also Present

Lorraine Michael, MHA
Kevin Pollard, MHA
Joy Buckle, 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.

Pursuant to Standing Order 68, Kevin Pollard, MHA for Baie Verte – Springdale, substitutes for Paul Lane, MHA for Mount Pearl South, for a portion of the meeting.

The Committee met at 9:00 a.m. in the Assembly Chamber.

MR. FORSEY: Good morning, everyone.

The first order of business this morning is that we have to elect a Chair and a Vice-Chair. I will ask Elizabeth to call for the nominations for the Chair.

CLERK (Ms Murphy): Is there a nomination for Chair?

MR. DINN: I nominate Clayton Forsey.

CLERK: Are there any further nominations?

Further nominations?

Further nominations?

Mr. Forsey is acclaimed Chair.

CHAIR (Forsey): That was easy.

I will call for nominations for Vice-Chair.

MR. PEACH: I nominate Dwight Ball.

CHAIR: Dwight Ball for Vice-Chair.

Are there any more nominations?

Dwight Ball is Vice-Chair.

The first order of business this morning, I think you saw the minutes of the Government Services Committee, May 16, Department of Transportation and Works. I will call for a motion for the adoption of these minutes.

MR. PEACH: So moved.

On motion, minutes adopted as circulated.

CHAIR: This morning we are doing Estimates for Finance and Treasury Board. Before we start, we will have introduction of the Committees and the people who are here, including the minister and his staff.

When I call for the subheads, we will give Dwight, the Liberals, fifteen minutes, and then we will go to Lorraine for fifteen minutes. We have three hours allotted for this. If we take it up, well fine, if not, I guess that is okay as long as it is fine with everybody else, but the maximum will be three because that is what allotted.

I will ask for an introduction of the members on the Committee. We will start down here.

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

CHAIR: We will come up this way, Dwight, I guess.

MR. BALL: Dwight Ball, MHA, Humber Valley.

MR. DINN: John Dinn, MHA, Kilbride.

MR. POLLARD: Kevin Pollard, MHA, Baie Verte – Springdale.

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

MR. LANE: Paul Lane, MHA, Mount Pearl South.

CHAIR: Okay. Minister, you can introduce your staff or have them –

MR. KENNEDY: Jerome Kennedy, MHA, Minister of Finance and President of Treasury Board.

MS SKINNER: Laurie Skinner, Deputy Minister of Finance.

MS MILLER: Ann Marie Miller, Assistant Deputy Minister of Financial Planning and Benefits Administration.

MS TRICKETT: Wanda Trickett, Departmental Controller.

MS MUNDON: Tansy Mundon, Director of Communications.

CHAIR: When we are asking questions and the department minister – well, not so much the minister because everybody knows he is speaking most of the time, but other staff who are responding to a question, it would be nice to say your names for the purpose of the people in Hansard and the media.

We will start the subheads this morning for the Department of Finance, 1.1.01 to 2.4.02.

Minister, you can have a few minutes for introduction or we can go ahead and ask questions.

MR. KENNEDY: No, that is fine. We can just start.

CHAIR: Okay. Dwight.

MR. BALL: I guess for the purpose of the questions and to be able to move it along so that the minister and his staff could easily access the information and where we are speaking from, if you want me to I can refer first of all to the page number below.

For instance, if we go to page 3.3 in your Estimates 2013 book, if we start there, and then when we go through each subhead – 1.1.01, let's say if I am speaking to Salaries, I will just refer to subsection 01. Is everybody okay with that? Do not hesitate to come back because it can get confusing sometimes looking for the location.

I guess we can start at 1.1.01, which is the Minister's Office. In the Salaries component last year a budget of \$300,200, \$244,000 spent, and this year \$267,200. Last year there was extra money put into this department I understand for a policy analyst position. I am

just wondering if that position was filled this year. Why did it go from \$300,000 to \$244,000, then back to \$267,000 this year?

MR. KENNEDY: You are right Mr. Ball, there was a temporary policy analyst position vacancy but there was a reduced requirement for additional assistance and that resulted in savings of \$56,200. So that is the difference between the \$300,000 and the \$244,000.

MR. BALL: Okay. The policy analyst did get hired or did not get hired?

OFFICIAL: (Inaudible).

MR. BALL: Did not get hired.

If we move to page 3.4 under Finance, again we go to Salaries. Treasury Board Support 1.2.02, then to the Salaries line, a budget of \$391,000, revised to \$557,000, and we are back to \$263,000. Could you explain the increased spending there?

MR. KENNEDY: Okay. You are at 1.2.02? I am using the headings, Mr. Ball.

MR. BALL: Yes, Treasury Board Support, Salaries.

MR. KENNEDY: Yes, 1.2.02 and the question is why there is a reduction of \$263,000 this year?

MR. BALL: Well, the first question would be from \$391,000 to \$557,000, based on last year.

MR. KENNEDY: That was in relation to an overrun of \$172,800 in severance and related costs for two employees who retired during the fiscal year. There was a Treasury Board officer and an administrative officer. It includes such things as accumulated leave, severance, and the retirement incentive program.

Then the reduced by another \$127,800 for 2013-2014, as these same two positions retired and have not been replaced.

MR. BALL: Thank you.

I guess the next question would be in Administrative Support. This would be 1.2.03, just the next subheading. It would be Transportation and Communications. We have seen it go from \$322,000 to \$400,000, then back to \$289,000. It seems to me we have about a 30 per cent or more decrease in the budget from what you actually spent last year. What would be the reason for that?

MR. KENNEDY: Okay, 1.2.03 –

MR. BALL: Yes, Transportation and Communications.

MR. KENNEDY: Transportation and Communications, \$322,000 was budgeted, the revised was \$400,000, and then Estimates for this year is \$289,000. The revised showed an overrun of \$78,000 due to increased departmental mail costs.

MR. BALL: What?

MR. KENNEDY: Mail, yes, m-a-i-l.

MR. BALL: Mail, really?

MR. KENNEDY: Then in this year you will see there are savings reflected as a result of the – there are mandatory Electronic Funds Transfer, and then there was a proportion this year of the spend analysis requirement. That is why there is a fluctuation in those numbers.

MR. BALL: Just for curiosity, what kind of mail would that be?

MS SKINNER: All of the mail costs for the department are budgeted in this particular vote. All of the vendor cheques that go out, all of the payroll, the pensions payroll, all of that is all going through this particular vote. The overrun is reflective of an overrun in that area. We generally have gotten an overrun in other years as well. We transfer around to try to cover it off as it occurs.

MR. BALL: Okay. Thank you.

Back to Capital, the total amount last year – no, I am sorry, forget that. We will just move on to the next one. I understand that now, I have the answer on that.

In 1.3.01, Employee Benefits from \$71 million last year, revised to just about \$69 million, and \$74 million there this year. These would be government personnel costs.

MR. KENNEDY: Okay. So, 1.3.01 under Employee Benefits, you are looking at the total cost of \$71,427,400 budgeted, and then the revised and the Estimates for this year, correct?

MR. BALL: Yes.

MR. KENNEDY: Okay. We will see in the revised there are savings reflected of \$2.5 million, \$2.6 million. This is an estimate of anticipated expenditures for the employer's share of CPP, EI, group health and group life insurance, and Health and Post-Secondary Education Tax. The variances arise due to a number of factors here, including the employment levels, seasonal, temporary, delays in recruitment, and the number of pensioners.

In 2012-2013, the employment costs increased, but they were lower than budgeted due to expenditure restraint, the hiring freeze, et cetera. What you are seeing here is the numbers change as a result of the number of people we have and how much we have to pay in.

MR. BALL: The increased cost for this year would be for what reason, with less people?

MR. KENNEDY: Yes. Again, these are all anticipated now, Mr. Ball, in terms of the anticipated increase to the CPP, EI, group life, HAPSET, and group health insurance. That adds up to approximately the anticipated increase of about \$3.2 million.

MR. BALL: Okay. Thank you.

The next question for me would be, let me see, moving right over to page 3.7, 2.1.04, Financial Assistance. Under subsection 05, Professional Services, last year there was \$500,000 put in

there. When I asked a question last year, it was for the core mandate review. I was told it was for the core mandate review. Even though we have heard a lot about the core mandate review, I do not see where that money was actually spent.

MR. KENNEDY: The revised 2012-2013 show no expenditures as the funding was transferred to other areas of government. The entire amount was transferred to Executive Council for the core mandate and spend analysis projects. That is why it would show here in ours as a – I am under 2.1.04, under 05. Yes, that is what occurred there, Mr. Ball.

MR. BALL: It is a little confusing why the revised number, since it actually did come out of your budget, would not show any number there. Even though it was transferred out, you would still expect to see the number there. It was for the core mandate review, am I right?

MR. KENNEDY: And spend analysis, yes.

MR. BALL: Okay. Thank you.

The next question right beneath that, actually, is under Grants and Subsidies.

MR. KENNEDY: Yes, okay. I have it.

MR. BALL: Yes, last year it was – okay, go ahead, sorry.

MR. KENNEDY: No, the question, sorry.

MR. BALL: Yes. For Grants and Subsidies, can you give me some idea of the \$4.5 million this year? We had \$8.7 million there last year and I really do not see anything spent, and now we are back to \$4.5 million this year. Can you give me some idea of what we are expected to see come out of that line?

MR. KENNEDY: Okay. That is 2.1.04, under 10, Grants and Subsidies. There was out of this amount, approximately \$970,000 transferred to other departments. There is less money required. There are one-time reductions for savings. There is the block funding for the

Innovation Fund removed, which was approximately \$1.5 million.

The block funding then was for the procurement cost initiative is added. There is the Community Development Trust which \$6.25 million is transferred to IBRD, and then the expenditure reductions. When you take all of those, there are some adds and subtractions; that is where we get the reduction, Mr. Ball, of approximately \$3 point –

MR. BALL: Yes. So it is about half the amount, I guess. Last year you say there was, what, \$6.2 million for community development?

MR. KENNEDY: There was \$6.25 million to Community Development Trust, which has been now transferred to IBRD.

MR. BALL: Okay. How would that money, a Community Development Trust, how would that be spent? Can I have an example?

MR. KENNEDY: Laurie, do you want to answer that, please?

MS SKINNER: The Community Development Trust has been around for a number of years and it is voted in this particular area of the department normally. When there is an opportunity that meets the eligibility criteria of the Community Development Trust those funds are then transferred out of Finance and into the relevant department.

Last year there was a budget of \$6.25 million for that particular purpose. As we move throughout the year, if there is an opportunity or a business opportunity we can transfer those funds out to the regular department. That was not transferred out last year. During this year's Budget process there was an initiative in IBRD that met the criteria for that Community Development Trust and those funds are now transferred out into that department.

MR. BALL: The \$970,000 that the minister spoke about: Did that come out of last year, or none come out of last year at all?

MS SKINNER: Nine hundred and seventy thousand is separate from the Community Development Trust.

MR. BALL: Okay, sorry.

MS SKINNER: Yes, and that was budgeted last year.

Normally, we would have an allocation within the Department of Finance such that if any other opportunities, business opportunities or interests, came up during the year that was not budgeted it also can be transferred out to the particular departments.

MR. BALL: Just for the presentation in the financial information, if it is transferred out, why would it not show up as any money leaving that department?

MS SKINNER: The budget stays as it is. Let me give you an example. Last year's budget included the \$6.2 million for the Community Development Trust. None of that money was spent so the revised is indicating that there no money going to be spent on that particular item. In this year's budget, you will see that it is not even there at all because it is budgeted in the Department of IBRD.

MR. BALL: Okay.

The Community Development Fund that you mentioned and there is some community that met the criteria, where would that community be?

MS SKINNER: It is actually a broadband initiative within IBRD and under the eligibility criteria for that particular fund, broadband initiatives are eligible. Given that there was a need in the department, those funds are now being used in the Department of IBRD this year in order to meet that requirement. It would be over a number of communities I would think.

MR. BALL: Good. Well, you are not going to get any argument on broadband initiatives from me.

I have a minute or so left there and, of course, we are getting to the big question that everybody has been interested in, and that is the 2.1.05, Loans, Advances and Investments, the \$90 million question. I do understand the sensitivity around any commercial information and all of that. I ask the question: When will we hear something more about this, and what are you prepared to say about it today?

MR. KENNEDY: What I can tell you it that this \$90 million is there, if needed, for ongoing discussions, negotiations, and projects. The Premier has indicated that there will be no money transferred out until the people of the Province – until everyone is aware.

I can tell you it is not for Nalcor, which I think some people might have thought. We had to have money in terms of negotiations ongoing. If we did not have the money allotted in the budget, then it is my understanding that if the money was needed, a special warrant would be required.

What we have is a situation where there is money here if ongoing negotiations result in any agreements with these ongoing discussions.

MR. BALL: Okay.

I am done now.

CHAIR: Lorraine.

MS MICHAEL: Thank you very much, Clayton.

Minister, I would like to come back to a couple – I will not go over everything, but there were a couple were I just wanted to get further clarification. I will be going back to 1.2.03.

MR. KENNEDY: One second now.

Okay, 1.2.03, that is the Administrative Support?

MS MICHAEL: That is correct.

MR. KENNEDY: Okay, thank you.

MS MICHAEL: I would just like to ask a further question with regard to the mailing costs; I did hear the explanation. Why is it that you do not anticipate, based on the explanation that was given, that your cost would even be as high as it was budgeted last year? We got the explanation of why it went up to \$400,000. Why would it be going down so low this year? I did not hear an explanation of that.

MR. KENNEDY: Laurie.

MS SKINNER: In that particular vote, as you may be aware, there are a number of core mandate proposals that were worked on during the year. One of the more significant pieces that we have worked on, because we have seen the overrun in this area, is pushing forward with Electronics Funds Transfer. There are a number of our payments that are going out now under Electronic Funds Transfer. We will be trying to do more of that so we can reduce our funding.

A good portion of that reduction is related to that particular initiative. The other initiative is that there is a spend analysis, procurement analysis that is going on across government departments. Each department has been allocated a savings proponent of that. A portion of the savings is also related to that particular initiative.

MS MICHAEL: Okay, and that here, of course, is just for your department obviously.

MS SKINNER: Yes, that is right.

MS MICHAEL: Do you know at this point then – I think that is a very good initiative with regard to electronic by the way. I have noticed, through my constituency work, that I think there has been a move by Income Support to put a request out to people to fill out having their money put in automatically. That is the kind of thing that is now going to be happening right across the board, is it, Minister?

MS SKINNER: Yes, exactly.

MS MICHAEL: The initiative for that, the push for that came from your department, did it?

MS SKINNER: Yes.

MS MICHAEL: Okay, that is great. Thank you very much.

MS SKINNER: You are welcome.

MS MICHAEL: Then looking at 1.3.01, Government Personnel Costs –

MR. KENNEDY: Okay, yes.

MS MICHAEL: “Appropriations provide for the payment of Government’s share of employee benefits...”. I am curious about the salaries. I am assuming the salaries are for the work that is done within your department around this one, or is the Salaries line something else? We have just about \$3 million budgeted that is not spent within your department from the looks of it, and then this year \$2.5 million.

So why is it that happens under that line?

MR. KENNEDY: Laurie, do you want to deal with that, please?

MS SKINNER: Each year, when the Department of Finance will budget, in this particular vote we will budget for any types of anomalies that might occur within the department. There is a theme here; anything that might occur within the department, sometimes we will put a block fund in the Department of Finance to take care of those issues. If there was a block reclassification that was in a department and their salary vote was not able to absorb it, then this is the fund we would actually access in order to do that.

The reason why if you go back a number of years that you do not see any spending against that vote, is that we always encourage the departments to spend out of their own budget allocations before accessing this fund. We have been successful in doing that and have not had to spend out of that particular vote.

MS MICHAEL: Okay, that is great. Thank you very much. When you see a blank there and

nothing spent, then you need an explanation for it. That is great. Thank you.

Moving ahead, then, coming to 2.1.04, which is where I think we ended up almost. The explanation was good, thank you very much, with regard to the grants and subsidies. Minister, I am just wondering, you read off a list and it is hard for us to keep an account of everything, could we have a copy of the list for the expenditure of the almost \$7 million that did go out? I mean after the fact, if we could have a written copy.

MR. KENNEDY: Yes, I am just looking at it here now. That is fine. We can provide that.

MS MICHAEL: I think that Ms Skinner mentioned that there were criteria for the money that went to the Community Development Fund. I am wondering, could we have a copy of the criteria that is used for making the determination of the transfer of money out of that line into the Community Development Fund or any other place that it goes?

MR. KENNEDY: This was a Cabinet decision, so I am not sure what criteria would exist. There was money there. We looked at what the fund was for. We thought that broadband was a great initiative that would look at various communities. So I do not know, in fact, if there are criteria, but it was a Cabinet decision as to how to use that money.

MS MICHAEL: I am assuming that the department would make recommendations to Cabinet about the transfer of money. Would the department have criteria that it uses in making a recommendation to Cabinet?

MR. KENNEDY: There was money left in this fund. The fund, it is my understanding, was put in place a number of years ago. There was money left in the fund. We knew that broadband was a significant issue for everyone –

MS MICHAEL: It is, yes.

MR. KENNEDY: That is why we chose to put it there. As for criteria, it is a decision made by

Cabinet. That is the best I can tell you, Ms Michael.

MS MICHAEL: Well, I guess my request is: If there are criteria within the department, could we have a copy? You are telling us that there may not be.

MR. KENNEDY: No. Are there criteria?

MS SKINNER: There are criteria that were set out for the fund by the federal government when it was put in place and we can provide that to you.

MS MICHAEL: That would be excellent. Thank you very much.

This is actually money that is coming from the federal government?

MS SKINNER: Yes.

MR. KENNEDY: I can tell you we did look at that and said: Does this fit within what we are proposing to do with the money? Does it fit within the proposed guidelines?

MS MICHAEL: Well, if we could have a copy of the federal government guidelines for the expenditure. Thank you very much.

Under 2.1.05 – and again, it is the \$90 million, Minister. I do understand that government is continually in negotiations and continually dealing with issues that cannot be public; however, you did mention that if it turned out that government in its business needed money because of negotiations around special projects, if it is not somewhere here then there has to be a special warrant. I guess my question, Minister, is: Why wouldn't we have a special warrant? Wouldn't that be a much more open process for people to see – if government has to come forward and look for the permission, wouldn't that be a much more open process than what we have here?

MR. KENNEDY: I can tell you there is nothing that is not open about this process. I think everyone in the room has an idea what this is

about. There are very sensitive negotiations ongoing. There will not be, as the Premier has indicated, one cent spent without coming forward and announcing publicly. The process itself, the money is there to allow for an expeditious resolution if an agreement is reached.

MS MICHAEL: Again, I guess I am asking – and maybe the word expeditious is your answer. I do not know; I do not want to put words in your mouth. I am asking: If getting special warrant is a way that we could go, why wouldn't government do that?

I would assume the special warrant would not be asked for except at the moment when you have done your negotiation, when you have your agreement, and you are now looking for the special warrant and that would have been open discussion then. Making a public announcement is fine, but that is not an open discussion. I am just wondering why we would not have a special warrant instead of having –

MR. KENNEDY: Yes, I have never done a special warrant. I do not know what would be involved. I am assuming we would have to come to the House of Assembly; there would be time frames involved. The issue here is one of timing.

This money, Ms Michael, is not sitting here because there could be something happen in the near future or in the distant future. There are very real discussions ongoing that are at a very crucial stage. That is the explanation that we have. If we are going to close this deal, then there has to be money available.

MS MICHAEL: Okay. Thank you.

I will just make the statement, and you do not have to answer it, but I just think there are more open ways in which to do it. I do find it very, very difficult to have this kind of money there and expecting people to accept it and vote on it without an open discussion of what the money is going towards. That is probably a bigger discussion than yours.

MR. KENNEDY: If you ask a question, I will answer it.

MS MICHAEL: If I ask a question, you will answer it?

MR. KENNEDY: Yes.

MS MICHAEL: Is this money going to be going to Kruger?

MR. KENNEDY: This money is here as a result of the discussions ongoing with Corner Brook Pulp and Paper. I can assure you it is not a grant or a subsidy, and that it is a situation whereby if the industry is going to survive then there has to be an agreement in place.

I can tell you it is not a loan, this money is not meant – excuse me, not meant for grants or subsidies. That is as much as I can say right now. Certainly, Corner Brook Pulp and Paper is one of the issues here.

MS MICHAEL: Under here it can be a loan or equity financing. You are saying that it is not a loan, it could be equity financing?

MR. KENNEDY: As we have always indicated when I was the Minister of Natural Resources, the discussions with Kruger were not around providing subsidies or grants. If the union and the company came forward with a sustainability plan, then the government would be there to assist.

This money is there if an agreement is reached. My understanding is there is no agreement with the union. These questions you are asking certainly put into jeopardy everything that is going on, but we cannot be accused of not being open and secretive when all we are trying to do is save an industry that benefits the West Coast of the Province. I can tell you, your questions today jeopardize this agreement.

MS MICHAEL: Well, I thank you for answering the question, though, Mr. Minister. I am glad that we now know what the money is there for. I do not think that would jeopardize. I certainly would not want it to jeopardize. I think

if it were going to be jeopardizing, you would not have invited my question. I am happy to have been asked the question and having to give the answer.

MR. KENNEDY: No, you have accused us of being secretive and not being open. We have indicated on numerous occasions that this is commercially sensitive and that there are real issues here. Now, as opposed to simply having this out there and aspersions being cast on us, you have been digging. You have your answer.

MS MICHAEL: Thank you very much.

The next one, then, is 2.2.02, Fiscal Policy, under Salaries, \$90,000 less this year in the Salaries line. Is that a loss of a position?

MR. KENNEDY: Yes, a Policy Analyst position has been eliminated.

MS MICHAEL: Thank you very much.

Under 2.2.04, last year we were told there were three vacant positions in the Tax Administration Division. I am wondering, were those positions filled, wholly or partially?

MR. KENNEDY: Then the question is in relation to salaries.

MS MICHAEL: Yes, we were told last year there were three vacant positions, and I am wondering were they filled either in full or partially because there is a drop from the budget last year, but it is still up from the revision of last year.

MR. KENNEDY: It is a number of issues that I am looking at here. The salaries are comprised of fifty-five permanent positions, temporary assistants, and overtime. What we have here are savings in one year as a result of the combination of events. Then in 2013-2014, it goes up over the revised, still down. Again, there is not one issue.

So in terms of the positions being filled, there is one position eliminated as a result of attrition. There are some cost-savings initiatives. I do not

know where those positions are being filled. I cannot see from my notes, Ms Michael.

CHAIR: Lorraine, if we may, now we will go back to Dwight.

MS MICHAEL: No problem, unless –

MR. KENNEDY: Just to get that answer.

CHAIR: Okay, I thought you were finished up on that one.

MS MICHAEL: – his assistant has further answer to that question, of which I think she might.

CHAIR: Yes, finish it up.

MS SKINNER: (Inaudible).

MR. KENNEDY: Yes, have they been filled?

MS SKINNER: If I can recall from last year, the three positions that may have been referenced were three mining specialists. There was some classification issues associated with those positions and they were not filled during the year.

MS MICHAEL: They were not filled?

MS SKINNER: They were not filled.

MS MICHAEL: Okay. Thank you very much.

CHAIR: Thanks Lorraine.

Okay, Dwight.

MR. BALL: Okay, thank you.

Clayton, if we can just move on again to the same line, 2.2.04 under Salaries. Somewhere in this category last year there was mention made of a study that had to do with mining royalties. We asked a question – and one of the reasons why some of the appropriations were made in this line, that there was going to be a study done on a new regime for mining royalties or something? I do not know if there are –

MR. KENNEDY: Will you talking of the Vale study?

MR. BALL: It could be.

MR. KENNEDY: There is also another report that we looked at in relation to Julianne Lake. I am not sure. I was not here last year.

MR. BALL: Yes.

MS SKINNER: If I could respond to that question. With respect to that particular vote, you are referencing a study that was referenced last year. Within the tax administration group we often do a number of audits. Those audits are done in order to validate some of the tax assessments that have been done on particular companies.

I cannot share with you the details of the particular organization obviously, that we would be looking at, but we do often have to engage external consultants with respect to when subject matter expertise is required to assess a certain audit situation. That is what the vote would be in this particular circumstance.

MR. BALL: Yes. Would this be, for instance – just as an example, because I have often wondered about this. If you have a company for instance that is carrying out a particular project, and we could use Lab West I guess. Is this the area of government that would monitor the royalty obviously in terms of ore and how much would be – is this the activity that you are talking about?

MS SKINNER: Yes. Well, this is the mining tax specialists. They would be in that area and they would be doing the audit function associated with any of the companies that we are engaged with on an ongoing basis. All of the mining companies, we would be auditing them on an ongoing basis.

MR. BALL: Yes, and not to drill down too hard on this, but in terms of the \$3.5 million here in that total budget line, how much of our funds would be allocated to those types of work that would go on in this department? How many

people, I guess is what I am saying, from the auditing team would look at that? Is it one, two, three?

MS SKINNER: In the audit group itself, I am estimating around seven to eight people, but I can certainly get you the details on that.

MR. BALL: Yes, okay. That is fine.

Moving right along, in the same category, 05 Professional Services, the obvious, \$350,000 allocated last year, spent \$20,000 and back up to \$461,000 this year.

MR. KENNEDY: Okay, Professional Services, 2.2.04.05.

MR. BALL: Yes.

MR. KENNEDY: Okay. That is, again, in relation to a Transfer Pricing Study.

MR. BALL: To which one, sorry?

MR. KENNEDY: There are issues ongoing, Transfer Pricing Study, as just referred to by the Deputy Minister.

MR. BALL: Transfer Pricing Study, is it?

MR. KENNEDY: Laurie, do you want to deal with this one?

CHAIR: Yes, go ahead.

MS SKINNER: These are the professional services that – I thought you were looking at this from a global perspective in your previous question. This is where the funding would be for the external consultants that would be required in order to assist and bring subject matter, the expertise to the table that we would not have within the department.

MR. BALL: Thank you, I got it.

The Debt Management side –

MR. KENNEDY: Okay. So we are now into 2.2.05?

MR. BALL: Yes. It went from \$728,000 to \$583,000, back to \$684,000. Why we did not need it last year, I guess, is the first question.

MR. KENNEDY: Yes. We had positions that were vacant for the entire year. So that results in savings. Then when you get into the Estimates for this year, there is a cost-saving initiative in relation to two administrative positions but then there is a one-time savings in 2012-2013 that will not be in place this year.

MR. BALL: By the looks of it, we will be bringing one or two people back in. Is that what you are anticipating here?

MS SKINNER: No. With respect to this particular vote, \$728,800 was budgeted last year. As the minister has mentioned, there were a number of positions that were not filled. This is a group that does our borrowing and these positions have been vacant for a number of years. We would not need those resources obviously because we are not in a borrowing situation.

As part of our 2013-2014 budget we actually looked at that staff complement and there were two positions that were eliminated as a part of the reduction exercise in Budget 2013-2014.

MR. BALL: Yes. When would those people be hired do you think?

MS SKINNER: No, they are eliminated.

MR. BALL: Oh, they were –

MS SKINNER: Yes.

MR. BALL: No, but to go from \$583,000 last year, there is an extra \$100,000, to \$684,000. We used \$583,000 last year?

MS SKINNER: Yes, okay.

MR. BALL: So, we are actually seeing an increase in what we used last year.

MS SKINNER: Yes. While we did reduce a number of the positions that were vacant, we did

not reduce all of them because we do anticipate that at one point we will need those resources when we go back into a situation when we are borrowing.

MR. BALL: I guess the question would be around the hiring freeze. The hiring freeze would be lifted, or I guess special consideration given for those individuals?

MS SKINNER: Well, there is no particular plan in place to hire these people until we need them. If that overlaps with the hiring freeze we would have to go forward with an exemption.

MR. BALL: Okay. So if you need the money it is there.

MS SKINNER: Right.

MR. BALL: The next thing would be 2.3.02, Purchased Services. This would be under Statistics, Purchased Services 2.3.02.06.

MR. KENNEDY: Okay, 2.3.02 Statistics. Yes, I have it, Mr. Ball.

MR. BALL: Yes, okay. The obvious \$155,000 to \$200,000 that was actually spent, and now we have a budget of \$818,000. What is it we are expecting to have to purchase there?

MR. KENNEDY: Yes, the major expense here will be an allocation for office space in 2013-2014, office space rental on Mews Place to consolidate the Economic and Statistics Branch in one location. That is where approximately \$600,000 of that increase is coming from.

MR. BALL: Okay. We should see a savings somewhere else in the Budget as a result of that?

MS SKINNER: Yes.

MR. BALL: Okay.

MS SKINNER: With respect to that particular budget, Mews Place budget, that was in Service Newfoundland and Labrador. So the funds were just transferred over to the Department of Finance because we are now going to occupy

that premises for the Economics and Stats Division.

MR. BALL: Okay.

In 2011, in the Salaries there was some money that was allocated for some special projects from \$2.6 million, we spent \$2.4 million. By the looks of it, I guess those special projects. They were unknown at the time was the answer. I guess they were never done?

MR. KENNEDY: I am sorry. Where are you, Mr. Ball?

MR. BALL: I am sorry; yes, it is confusing. In the same category under Salaries, \$2.7 million, we only spent \$2.4 million, but we are back to \$2.7 million this year. This would be in the statistics area again.

MR. KENNEDY: Oh, sorry.

MR. BALL: When I asked the question last year because we had a budget of \$2.7 million or whatever it was, and when I asked the question there was some anticipation of special projects that were going to be done by this department.

MR. KENNEDY: Yes, there have been certain special projects done.

MR. BALL: We did not need \$400,000 by the looks of it. We did not use \$400,000.

I guess the question is: If we could operate last year at about \$2.4 million, why do we need to go back to \$2.7 million this year?

MR. KENNEDY: We have ongoing projects this year and every year this branch engages in them, so that is where we are getting \$1.7 million of that number, Mr. Ball.

MR. BALL: Okay.

I guess that is pretty much it for the next couple of pages for me, actually. That is pretty much it, really. There is a question that I would have in Corporate Services, but it is all salary based. I am okay with this piece right now. If you want

to just finish off the Estimates piece and then I would have general questions on things like relocation, community relocation, liability around the Province, let's say in Grand Falls-Windsor.

MR. KENNEDY: Sure, if you want to.

MR. BALL: If Lorraine wanted to finish up here and then we can get to general questions.

CHAIR: Yes, just for a piece of information, I was clocking Dwight and Lorraine at fifteen and Elizabeth had put up ten. So, you just finished ten, I guess you can go ahead with the ten and see how far we get.

I want to try to keep it as even as possible.

MS MICHAEL: Sure, that will be good.

I do have one more under Estimates and it is 2.4.02, Corporate Services.

MR. KENNEDY: Yes, I have that, Ms Michael.

MS MICHAEL: The Salaries line, I mean it is probably straightforward, but we do a big variance. It was \$1.9 million budgeted, revised down to \$1.8 million approximately, and this year back up to \$1.8 million – well, it was \$1.770 million last year and back up to \$1.806 million now.

Could we just have an explanation of the variance that has happened in Salaries in Corporate Services?

MR. KENNEDY: Yes, that was an unfilled vacant position, Ms Michael.

MS MICHAEL: Okay.

Are they all filled now or are you holding some as you were, for example, in one of the other areas? It is fine if you are. I fully understand it, but are they all filled at the moment?

MR. KENNEDY: There were some funded vacant positions eliminated, I think, as you heard in the past. There were more than 200 vacant

positions that were funded. There are still some there.

Ms Skinner, could you –

MS SKINNER: With respect to this particular budget, as you are aware, there were some expenditure reduction measures that were taken. Even into last year we were looking at all positions that were being filled. So that resulted in savings as a result of some vacant positions. There was a reduction exercise that permanently took some of those positions out of 2013-2014, but not all of those positions – even the ones that still exist, some of them would not be filled and we would be waiting until the hiring freeze would be over and looking at what the need would be for those positions.

MS MICHAEL: Thank you very much.

So I am going to continue now with related questions and I will use my time then to move into general ones.

Since we have mentioned cuts in a number of different areas, Minister, I wonder, would it be possible for us to get a report of all these staffing cuts that were made in your department, if you have that?

MR. KENNEDY: I do not know which I have in front of me, but there was a news release that went out that outlined where the various layoffs would be. In terms of specifics in the department, that can certainly be provided. We do have lists of everything. I do not know if you want us to do it now.

MS MICHAEL: No, I am quite happy to receive it later on today. That would be great. I do not need you to go through it now unless (inaudible).

MR. KENNEDY: Well, I can tell you there were twelve layoffs and thirteen vacant positions eliminated for a total of twenty-five positions. Twelve people laid off, yes.

MS MICHAEL: So twelve layoffs and thirteen vacancies eliminated.

MR. KENNEDY: Yes.

MS MICHAEL: Okay, so twenty-five in all.

Do you feel comfortable with that in terms of the work in your department? Do you see that these layoffs and vacancies are going to impact very negatively the work that you are doing?

MR. KENNEDY: The review that took place would have certainly taken place prior to me getting there as minister. It was a very extensive review and I have no reason to think that any of these layoffs will affect the ability of the department to continue and fulfill its mandate. Each department engaged in a very rigorous analysis. I do not know if the deputy minister has anything to add on the process, but I have no reason to think that, no.

MS SKINNER: With respect to the reductions no, we feel that they can be absorbed and we can continue to deliver their programs and services at the levels that were previously in place.

MS MICHAEL: This is more curiosity than anything. Those thirteen vacancies, I think the question does go to, though, what you are saying. Were they long-term vacancies and you were managing without those positions for a long period of time or a short period of time?

MR. KENNEDY: Sometimes what will happen – my understanding of this, when we engaged in this review one of the issues was are there funded vacant positions. In a Budget process, with a Budget you are looking to the next year, you are looking to the future. Sometimes a department will come in and say we need these positions, but they will not be filled. For whatever reason, you could have a temporary person in there, you could have a contractual person, but the position remains vacant.

What we looked at as we were trying to reduce the number of layoffs and the human impact was are there vacant positions that can be eliminated that do not have an individual there. That is how they got to the stage they did. I am not quite certain in terms of these particular thirteen

positions, but that is generally what has happened in government.

MS MICHAEL: Thank you very much. That is helpful. I do not think we need anything else from you. We have the numbers, so that is fine. Thanks.

MR. KENNEDY: Okay.

MS MICHAEL: Minister, I would like to ask – this is a larger question, it has to do with the cash accounts. This time last year we had approximately \$2 billion in our cash accounts according to our consolidated funds. A couple of things; what do we have at the moment in our cash accounts?

MR. KENNEDY: Okay, go ahead Laurie.

MS SKINNER: At the end of 2012-2013, what we begin this year with would be \$1.8 billion is what we had estimated as cash reserves. As you might recall from the Budget documents, there is a cash requirement obviously to deliver programs and services and to meet our capital requirements for this year. We are projecting at the end of Budget 2013-2014 we will have around \$750 million of cash.

MS MICHAEL: Thank you.

This is more of a government accounting question. What is the norm generally in terms of – I do not know how one would determine the norm, to tell you the truth, whether it is percentage, because obviously you cannot look at the Budget of Newfoundland and Labrador and compare it to the budget of Ontario. Is there a norm for how much one holds in cash balances in any given year?

MS SKINNER: There is really no norm. It is really a Treasury management policy that would be implemented by each province depending on what their requirements are. If you are in a borrowing position, obviously you are looking at cash in a little bit of a different way. So it is specific to each particular province.

MS MICHAEL: If one were to look at short-term investments of that money on the level of investments that you would be dealing with, would you be able to have some of that money in short-term markets that you could get at quickly if you needed it?

MS SKINNER: Yes, and that is what we do.

MS MICHAEL: When you say, for example, when we had \$2 billion that just was not sitting around as cash; that was money that was in short-term markets?

MS SKINNER: Yes.

MS MICHAEL: Would there be a point at which you would say it is not worth putting it in?

MS SKINNER: The only reason why we would not put it in, if we got to the point where we thought liquidity was an issue and we needed to get access to the cash quickly, we would not want to have it tied up. Otherwise, we would look at what our requirements are, determine what our liquidity requirements are, and then invest the excess.

MR. KENNEDY: Let me just make a comment on this cash, too. It is an interesting concept. It is like any of us. We have cash in a bank account, you have \$100,000 cash, but you owe \$600,000. That is really the situation here. We could pay down the debt and use this money, but then we would have to borrow in any event. The thought is to have the cash available to utilize as necessary. So that is really why we do it.

It is not really like we have all this excess money. The debt outweighs the cash.

MS MICHAEL: Oh, no, I fully agree with you on that, Minister, and that is not the point of my question. What I really wanted to know was: Are we making money on money?

MR. KENNEDY: Oh, sorry, yes.

MS MICHAEL: Are we making money on money? I totally agree. I have said this before.

I do not agree in taking every cent and paying down the debt. That is not how you work it, whether it is my own household or the government. I just wanted to get a sense of it, and I am really glad to hear how the money is making money while it is there and accessible.

Just one more question on that, with regard to short-term. As an individual, I can put money in and the shortest I can put it in is a three-month GIC.

How short a term can you get on the level that you are dealing with money? This is to get a fuller understanding of how the finances work.

MS SKINNER: Yes, it is three to six months.

MS MICHAEL: Three to six months, the same thing as we would as individuals.

MR. KENNEDY: Yes, and I can indicate to you, Ms Michael, if at any time you want a further briefing on this issue, there is no problem sitting down with my officials and going through that.

MS MICHAEL: Great, thank you.

MR. KENNEDY: That is something that is obviously hard to answer in thirty seconds –

MS MICHAEL: That is right.

MR. KENNEDY: – but any time that you want a briefing we are available.

MS MICHAEL: Thanks a lot; that is helpful.

Okay, I think my time is up. I am happy to pass it back.

CHAIR: Okay, thank you, Lorraine.

Dwight.

MR. BALL: Yes, thank you, Mr. Chair.

Just some more general questions about one of the things that has been outstanding and that we have asked questions about. Back with the

expropriation of the mill in Grand Falls-Windsor, obviously with Fortis, there was a commitment there that Fortis would remain whole, which means that would exist, I guess, really from the accounting, the financing of this Province, somewhat of a liability then. I have not heard that that has been addressed. Could you give me an update on that?

MR. KENNEDY: What I can say to you, that is issue is ongoing. It is at a very sensitive juncture, and I would really prefer not to say anything more at this point.

MR. BALL: Sure.

MR. KENNEDY: It is certainly a matter that is being addressed, yes.

MR. BALL: Okay.

Another question – some of the concerns over the years about contaminations and our exposure to liability risk in the sense that we will have to come in at some point to clean those up, and the inventory on those sites. Do we have any idea what our liability exposure is on the contaminated sites across the Province?

MR. KENNEDY: That is not a question I would be able to answer. I think the Minister of Environment and Conservation would perhaps be a better person to answer in relation to that, or even the Minister of Justice, perhaps.

MR. BALL: Sure.

It would make sense. When you think about it in a general sense of where we are which could be really an exorbitant amount of exposure in that area, somewhere along the line we need to take that into consideration, and even though it may not be – it could be any department for that matter. I would encourage somewhere along the line that we actually start looking at some of that stuff, because the exposure that we have as a Province could be tremendous.

A question about community relocation – and I know this was probably a situation that will come through Municipal Affairs, but I am just

wondering if I can get a sense, because we are getting questions, I would say, from our offices about how this will all work. In a budget sense, where will we actually budget that in – because we really do not know what that number would be. So how do we go about if we get, say, seven or eight communities that come forward – that could be a tremendous cash call, when you think about it, and when you look at your bank balances we could chew up a fair amount of that in a short period of time. So, how would that work?

MS SKINNER: I can only answer on a global basis, and it is a question for Municipal Affairs, but there is a process that needs to be followed with respect to voting and for people to determine whether or not they are going to accept the deal. At that point in time, depending on the timing, if cash is required and there is no reserve within the department, we would have to go through the special warrant process. If there is advance notice and the vote is coming up and it is imminent, then it would be voted in as through the Budget process.

MR. BALL: Okay, so that would be a situation. I have been doing my own calculations and when you look at the number of calls that we have received, there is a fair amount of interest out there now in some of this. Not that we encourage it, but our job is to facilitate the process if and when we get the communities that really want to see this happen.

When I go to the Municipal Affairs budget I really do not see a number there that really applies to the degree where there could be a requirement for the Province. It is an area too that I just wonder how the process would all unfold and talks of those people who would actually go in there. There are provisions made there that we could go in and take property in another community, for instance, that would almost guarantee a mortgage in some cases. It is question that I had.

I really do not have a whole lot of other questions to ask, but just around the Executive Council. Are we going to be answering questions on that today?

MR. KENNEDY: My understanding is that today was scheduled for Finance. I am also responsible for the Human Resource Secretariat, but for whatever reason it was not –

MR. BALL: I know.

MR. KENNEDY: The ministers would deal with the Executive Council. My understanding is Executive Council that relates to specific ministers, they would deal with it. The Premier's Office I think is dealt with, if I remember correctly, in the House.

MR. BALL: Okay, thank you.

MR. KENNEDY: Yes, so I guess we are going to have to schedule a time for the Human Resource Secretariat.

MR. BALL: Yes, no problem.

MR. KENNEDY: I think that was just an oversight.

MR. BALL: I just had a question on that. For me I do not really have a whole lot of other questions. One simple one was how many people, how many employees did take advantage? The last number that we heard was 190 of the early retirement package.

MR. KENNEDY: Yes.

MR. BALL: How many people did we actually –

MR. KENNEDY: There are 190 who were eligible and they had a certain period of time I think. I do not know if we have an actual number as to the number of people. Do we have a number in terms of how many have availed of the program?

OFFICIAL: No, Minister.

MR. KENNEDY: No, we do not, but that is something certainly we will be providing.

MR. BALL: Yes, and the other –

MR. KENNEDY: I am sure someone will ask.

MR. BALL: For sure. The other thing is going back to some of the reviews that we have made at Justice; do we have any idea yet what impact that will have on adding those people back in on this year's Budget?

MR. KENNEDY: We will have to talk to the Minister of Justice. I do not know if we have a number yet. Do we have a number, Laurie? That is something that the Minister of Justice, I think, would be able to answer. It is something we certainly are aware of and we are looking for, yes.

MR. BALL: Yes, okay. That is pretty much it for me.

One observation, I guess, about the Home Heating Rebate. One of the things I would like for the department to consider, we have asked this in the past, is that we actually get a prescribed time for the Home Heating Rebate.

MR. KENNEDY: Yes.

MR. BALL: I think for individuals who actually take advantage of that program, if we continue with the program, and I understand it will be continued again this year, that a prescribed date for that rather than have people in late fall wondering when, before the announcement, I think it is something the department should consider.

MR. KENNEDY: That is a good suggestion, Mr. Ball, and something we will certainly take into account.

MR. BALL: That is good. I am fine. I am done.

CHAIR: Thank you, Dwight.

Lorraine.

MS MICHAEL: Thank you very much, Clayton.

A few questions, Minister; the ones I am going to ask now are related to the Consolidated Revenue Fund on page v. If you are not using this page, that page means nothing to you. It is Statement II at the very beginning.

MR. KENNEDY: Okay, small v. I have it, yes.

Thank you.

MS MICHAEL: Okay, great.

The first one is with regard to the Corporate Income Tax. Our Corporate Income Tax is going to have a big drop this year. I wonder, could we have an explanation of why we are going to lose so much, \$399,701,000 lost in the Corporate Income Tax? It is basically \$400 million.

MS SKINNER: Each year, I guess, with respect to the Corporate Income Tax there are two components of it. There is the actual amount we expect that we are going to be getting in Corporate Income Taxes, and this program is administered by the federal government. So they will also provide us with some prior year adjustments. The variances that you are seeing there is because of the prior year adjustments year over year with respect to what their estimates were and what we received.

I can certainly get you further details, if you require that, with respect to the specific numbers.

MS MICHAEL: Yes, actually, I would like to get further information.

Now that I am thinking about it, Minister, this could be one place where it would be good for us to sit down actually with your staff and get a better handle on the Corporate Income Tax –

MR. KENNEDY: I have no problem with that, Ms Michael.

MS MICHAEL: - because we did have questions when we were being briefed on the government with your officials, but that is not a good place to get the answers either. One of the

issues around that, I think also, for example, is what looks like the adjustment from last year where it looked like to us that there had been – I think we told this when we were in the lock-up – an overpayment by the federal government in last year's budget and this year that has to be paid back. Is that correct, and is that part of the drop in the figure here?

MS SKINNER: That is what I refer to when I say prior year adjustments.

MS MICHAEL: Right.

MS SKINNER: The federal government has data up to a certain point, and based on that data they estimate what the entitlement is for the Province. When they get actual returns filed, they actually look at the actual amounts and then they say, okay, we paid you too much or we paid you too little. It can go up or it can go down in any one particular year.

MS MICHAEL: Okay. You would not see that at the moment, like at the halfway point. It is more at the end of the year that it would become visible.

MS SKINNER: That is right. We have communications with the CRA during the year but it is only as they move through the analysis of their data that they have further information. They provide it to us when it is available.

MS MICHAEL: Okay, that is really helpful.

Thank you.

MR. KENNEDY: In terms of the briefing, Ms Michael, obviously, when you see a \$400 million drop it is something that is going to cause attention, and that applies to Mr. Ball. If you want a briefing on that, it is no problem.

MS MICHAEL: That is great. Thank you.

Then in the next one is also a big drop, and that is in the Mining Tax and Royalties. There, of course, it is \$107.6 million drop there – almost \$210 million, actually, in Mining Tax and Royalties.

MS SKINNER: Do you mind if we just come back to that question?

MS MICHAEL: Sure, okay. Thank you very much.

Again, I think that is the kind of thing, if we do a briefing as well, will be helpful for ongoing understanding.

Minister, it was helpful to get your figure from your department. There were twenty-five positions, I think, lost or not filled. If we want those same details from the other departments, can we get them from your department or will we have to ask each ministry?

MR. KENNEDY: Yes, the Human Resource Secretariat is the department that would be responsible overall. When we come back we will make sure there is Estimates on that schedule, but we can break it down by department.

The difficulty is some positions are still not – the full effect is not known. We know the numbers and the people but if you are asking about positions, we can deal with that but some people are going back into jobs. There is bumping going on as per the collective agreements. We can break it down by departments certainly, and vacant positions and number of layoffs. You can also perhaps ask each minister, and what HRS can do is give you an overview.

MS MICHAEL: Right, okay then. Yes, that is what it would be; it would be the more general.

MR. KENNEDY: That is right.

MS MICHAEL: It would be the positions and –

MR. KENNEDY: Yes. We would not be able to give you, for example, what is taking place in each department.

MS MICHAEL: No, and that is not what I would be looking for.

Okay. So if we could have that overview that would be great.

MR. KENNEDY: I think the Deputy Minister can answer the question on the mining.

MS SKINNER: On the mining taxes, on a cash basis, I guess, this variance from \$379,000 down to \$169,000, it depends on – in the prior year we would have gotten cash received in the door prior to year end and as of this particular year we would have gotten cash after year end. So it is the timing of when we receive the cash.

MS MICHAEL: Okay. One thing that was – again, I think this was told us when we were in the lock-up with the Budget. It was dealing particularly with Vale and Long Harbour, and the relationship between Long Harbour and Voisey's Bay in terms of taxation. That there was an incentive with regard to Long Harbour as a processing plant, that once that starts up there is going to be a benefit to Vale tax wise that will involve a credit which could result in them not having actually to pay taxes on Voisey's Bay. Is that correct?

MS SKINNER: With respect to the Long Harbour project, as you might recall, it is a fairly significant capital investment.

MS MICHAEL: Yes.

MS SKINNER: When we calculate mining taxes there is a deduction for capital and because there is going to be so much of a deduction there, then they will reduce their mining taxes significantly when they start to write off those assets.

MS MICHAEL: Again, this could be part of our briefing. Where does that information exist that is easily accessible in terms of incentives, disincentives, and all that kind of thing, with regard to mining and major projects?

MS SKINNER: Mining tax is outlined in law, in legislation with respect to how it all works, how we calculate the revenue, what are eligible deductions, et cetera. All of that is legal legislation.

MS MICHAEL: These incentives and that kind of thing, is in the mining tax law or in the regulations?

MS SKINNER: What specific incentives are you referring to?

MS MICHAEL: I am trying to remember now. It is not written here and I am trying to remember. I cannot. I cannot remember the exact word.

I do not want to use the word tax break. It is described as an incentive that helps offset the cost of the building of Long Harbour. I cannot remember what we were told, the exact phrase that was used.

MR. KENNEDY: Some of those questions might more appropriately be asked of – in terms of the financial end of it, we can deal with it – the Minister of Natural Resources. Has Estimates occurred with the minister yet?

MS MICHAEL: Not yet, no. That is next week.

MR. KENNEDY: Yes, so some of that, it might be better then.

Before you move ahead, I do have some answers for you on a couple of questions. In the Workforce Adjustment Backgrounder dated March 26, 2013 on Budget Day, Ms Michael, there is a chart that has a global overview of layoffs and vacant positions. That chart was obviously accurate when we sent that out. It deals with the layoffs and vacant positions. You could certainly question the ministers in terms of if there are any changes or the accuracy of that chart, but that should be helpful there.

MS MICHAEL: Great. Thank you.

MR. KENNEDY: Secondly, then, in terms of retirements there were 195 people approved and 175 actually accepted. For whatever reason, twenty decided not to retire. There are 175 people who took advantage of the Retirement Incentive Program.

MS MICHAEL: Thank you very much.

I think Mr. Ball asked that question.

I only have twenty seconds left. I will stop there. Oh, no, it is only me left, is it? I can go ahead?

AN HON. MEMBER: (Inaudible).

MS MICHAEL: Okay.

A short one there, Jerome; this has been an ongoing concern of ours, of course, the VLTs. Last year, the minister noted at that time that the department is working on a new five-year VLT strategy. Where is that whole process? Is it still being worked on?

At the time, too, the minister last year mentioned the notion of developing a full, broader strategy in all forms of gambling. I guess a general question –

MR. KENNEDY: I am not aware. Obviously we have been busy with the Budget and I have not had an opportunity to meet with Atlantic Lotto yet. I am not aware of that issue. I apologize, Ms Michael. I do not know if the deputy minister can add anything.

MS SKINNER: We have not advanced that particular initiative to date.

MS MICHAEL: Is there a plan to do so?

MS SKINNER: We are looking at several initiatives with respect to gaming and looking at policies of other provinces in determining what type of policies we may want to implement for our particular Province. It will go beyond the VLTs at that point in time.

MS MICHAEL: Thank you very much.

With regard to the Federal Loan Guarantee and Muskrat Falls, the term sheet for the guarantee notes that financial close must occur before December 31 of this year. I am assuming things are moving smoothly in that direction and the

Province will not have any problem meeting that deadline?

MR. KENNEDY: Things are certainly moving. I met with the president and CEO, Mr. Martin, yesterday to get an update on where everything is in terms of the loan guarantee, and things are certainly moving along. There are weekly conference calls and meetings between various groups of people with the federal government. I can tell you that our target is to meet that deadline.

MS MICHAEL: Thank you.

One final question from me – well, I think it is a final one; at the moment it is. Last week the Premier noted that you were meeting with banks in Ontario –

MR. KENNEDY: Yes.

MS MICHAEL: – and noted that they were pleased with the measures that the government has made with regard to the recent Budget. May I ask: Is this a normal kind of meeting that would have happened, or was this related specifically to obligations under the federal loan guarantee for Muskrat Falls?

MR. KENNEDY: No, I can tell you that the meetings I have had with the banks – prior to the Budget, I had an opportunity to meet with a couple and then we were caught up in the Budget. This is just general in terms of a new minister and meeting with the banks to talk about various situations. Although Muskrat Falls might have come up in the conversation, it has nothing to do with my mandate. That is being dealt with by Nalcor and the Minister of Natural Resources in terms of any discussions there.

Any discussion in Muskrat Falls would have been simply an ancillary discussion. My main discussion was in terms of trying to stay up-to-date on the economic situation in the world in terms of China, India, Europe, the BRIC countries, and the price of oil, commodities, having regard to their importance, and their

general overview as to where they see the economy going.

That would be the main purpose of the meeting. There would be introductory meetings, but that would be the main purpose of the meeting. There were no specific discussions in terms of my mandate and Muskrat Falls, no.

MS MICHAEL: That is great. Thank you very much.

MR. KENNEDY: You are welcome.

MS MICHAEL: That is all. Thank you.

CHAIR: Okay, thank you, Lorraine.

Dwight, do you have another question or two?

MR. BALL: This will be the last question for me on page 1.7 and it deals with the Employee Retirement Arrangements.

MR. KENNEDY: Page 1.7.

MR. BALL: Page 1.7, 2.1.02.

MR. KENNEDY: Okay.

MR. BALL: Okay, so the question I guess is the \$69 million question in Employee Benefits. I am assuming that this is the early retirement payments in this category. We saw \$10 million there last year, we only used \$3 million, and we are up to around \$70 million this year.

MR. KENNEDY: I am a little bit lost. It is 2.1.02 –

MR. BALL: On page 1.7, Consolidated Funds Services.

MR. KENNEDY: Okay, sorry.

MR. BALL: Yes, no problem.

You would be using different books, I guess.

MR. KENNEDY: The increase from \$10 million to \$69 million, is that the question?

Obviously there will be people who are leaving the public service, both in terms of retirement, what I will call normal retirement and layoffs, are entitled to severance. There will be increased pension and retirement benefits and all of that certainly has a significant impact.

MR. BALL: Okay, that is it for me.

CHAIR: Thank you, Dwight.

Lorraine, is that it?

MS MICHAEL: That is fine.

MR. KENNEDY: Thank you very much.

CHAIR: Okay, no more questions, we will call for the subheads.

CLERK: Subheads 1.1.01 to 2.4.02 inclusive.

CHAIR: Subheads 1.1.01 to 2.4.02 inclusive.

Shall they carry?

All those in favour, 'aye'.

SOME HON. MEMBERS: Aye.

On motion, subheads 1.1.01 through 2.4.02 carried.

CLERK: The total.

CHAIR: Shall the total carry?

All those in favour, 'aye'.

SOME HON. MEMBERS: Aye.

On motion, Department of Finance and Treasury Board, total heads carried.

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

All those in favour, 'aye'.

SOME HON. MEMBERS: Aye.

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

CHAIR: Before we adjourn: on Tuesday, April 23, the Government Services Estimates Committee will be meeting to review Transportation and Works, for the information of the Committee.

I would like to thank the Committee as well, the minister and your staff, and also Elizabeth and Lorna.

With no further business, I will ask for a motion for adjournment.

MR. BALL: I just want to make one comment to the minister and your staff.

I have not had the opportunity to sit on that side of the House; and we ask the questions, of course, to get whatever answers we have, and we appreciate the work you have done and really appreciate the way you handled this morning's session, so thank you.

CHAIR: Lorraine.

MS MICHAEL: I would just like to add my thanks as well. The questions were very straightforward, and really did help. I do look forward actually to probably arranging a briefing around the whole process. The more we understand how it is done, maybe the less questions then we have – or the more.

Thank you very much.

CHAIR: A motion for adjournment?

MR. DINN: So moved.

CHAIR: Moved by John Dinn.

That is good. Thank you; and I thank everyone.

On motion, the Committee adjourned.