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Resources**

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Department of Business, Tourism, Culture and Rural Development

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Honourable Wade Verge, MHA

RESOURCE COMMITTEE

Department of Business, Tourism, Culture and Rural Development

Chair: Eli Cross, MHA

Members:

Ray Hunter, MHA
Nick McGrath, MHA
Lorraine Michael, MHA
Christopher Mitchelmore, MHA
Tracey Perry, MHA
Sam Slade, MHA

Clerk of the Committee: Elizabeth Murphy

Appearing:

Department of Business, Tourism, Culture and Rural Development

Darin King, MHA, Minister
Ken Curtis, Director, Financial Operations
Daryl Genge, Assistant Deputy Minister
Terry Johnstone, Director, Policy and Strategic Planning
Tansy Mundon, Director, Communications
Carmela Murphy, Assistant Deputy Minister
Alastair O’Rielly, Deputy Minister
Mark Ploughman, Assistant Deputy Minister
Derick Reid, Executive Assistant
Gillian Skinner, Director, Regional Economic Development

Research and Development Corporation

Larry Blanchard, Director, Finance
Pat Griffin, Director, R&D Policy
Glenn Janes, Chief Executive Officer

The Rooms

Dean Brinton, Chief Executive Officer
Donna Marie Humphries, Director of Finance

Also Present

Steve Crocker, MHA
Stelman Flynn, MHA
Glenn Littlejohn, MHA
George Murphy, MHA
Ivan Morgan, Researcher, NDP Office
Randy Simms, Researcher, Official Opposition Office

Pursuant to Standing Order 68, Steve Crocker, MHA for Trinity – Bay de Verde, substitutes for Sam Slade, MHA for Carbonear – Harbour Grace.

Pursuant to Standing Order 68, Stelman Flynn, MHA for Humber East, substitutes for Christopher Mitchelmore, MHA for The Straits – White Bay North.

Pursuant to Standing Order 68, Glenn Littlejohn, MHA for Port de Grave, substitutes for Tracey Perry, MHA for Fortune Bay – Cape La Hune.

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

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

MR. CROSS: Good morning everyone. I think the light is on and we are ready to proceed.

Welcome to the Estimates on Business, Tourism, Culture and Rural Development. In your books it is section 10. I am sure you already have the pages creased and ready to go.

Just a couple of words of housekeeping we need to straighten away. We need a mover and seconder for adopting the minutes of the last meeting of the Resource Committee which was May 7, 2014.

Mr. Littlejohn moves; seconded by Mr. Crocker.

All those in favour, ‘aye.’

SOME HON. MEMBERS: Aye.

MR. CROSS: Carried.

On motion, minutes adopted as circulated.

MR. CROSS: One other little thing just to add before we start this morning, we have some replacements. Mr. Crocker is replacing Mr. Slade, Mr. Flynn is replacing Mr. Mitchelmore, Mr. Littlejohn is replacing Ms Perry, and Mr. Murphy will replace Ms Michael. We have four stand-ins this morning. The regular members

are here. They will introduce themselves in a moment.

As well, we have been informed that there is a small glitch in the Broadcast Centre. With their viewing system down there today, the bank of people on the last section on that end may not be able to be fixed until lunchtime. So whenever someone in that gallery speaks, either the minister or I would need to identify them so they turn on the appropriate mic. If the minister deflects to someone down that way, then he could just mention who he is asking and then the light would come on.

I would ask, as we start now, for Opposition members and government members to identify themselves as their light comes on.

MR. FLYNN: I got the light.

Stelman Flynn, Humber East for tourism.

MR. CROCKER: Steve Crocker, Trinity – Bay de Verde

MR. SIMMS: Randy Simms, Researcher.

MR. MURPHY: George Murphy, MHA for St. John’s East.

MR. MORGAN: Ivan Morgan, Researcher.

MR. LITTLEJOHN: Glenn Littlejohn, MHA, Port de Grave.

MR. HUNTER: Ray Hunter, Grand Falls-Windsor – Green Bay South.

MR. MCGRATH: Nick McGrath, MHA, Labrador West.

MR. CROSS: Okay, Minister, do you want to introduce your crew or the individuals –

MR. KING: We can go across.

Darin King, Minister.

MS MURPHY: Carmela Murphy, Assistant Deputy Minister, tourism, culture and heritage.

MR. O’RIELLY: Alastair O’Rielly, Deputy Minister.

MR. PLOUGHMAN: Mark Ploughman, Assistant Deputy Minister for Innovation and Strategic Industries.

MR. JANES: Glenn Janes, CEO, Research & Development Corporation.

MR. BLANCHARD: Larry Blanchard, Chief Operating Officer, Research & Development Corporation.

MR. GRIFFIN: Pat Griffin, Director of R & D Policy with RDC.

MS HUMPHRIES: Donna Marie Humphries, Director of Finance, The Rooms Corporation of Newfoundland and Labrador.

MS MUNDON: Tansy Mundon, Director of Communications.

MR. GENGE: Daryl Genge, Assistant Deputy Minister, Trade and Investment.

MS SKINNER: Gillian Skinner, Director of Regional Economic Development.

MR. REID: Derick Reid, EA to Minister King.

MR. CURTIS: Ken Curtis, Departmental Controller.

MR. JOHNSTONE: Terry Johnstone, Director of Policy and Strategic Planning.

MR. CROSS: Okay. We ask that everybody on this side identify themselves by name if you are speaking or the minister deflects to you. For the people in the far section, then the minister would identify who he requests to speak to answer a question or make comment.

I guess we will start off. We will offer the minister a few moments as introductory.

MR. KING: Thank you, Mr. Chair.

Good morning everyone.

What I would like to do, by way of request, is split this up a little tiny bit and perhaps start with the Research & Development Corporation, if that is okay. These guys have no connection to

the rest of the department and it allows them to leave.

We could probably then move into The Rooms. Our CEO is on his way, Dean, if he is here. If not, we can divert that. Otherwise, if the Committee is good with that, I would like to start with the Research & Development Corporation.

MR. CROSS: Okay. We will start and we will use fifteen-minute intervals on the clock; for the person fifteen and ten successive.

I recognize Mr. Flynn. Mr. Crocker is going to go first. Okay.

MR. CROCKER: One second. The minister threw me a curveball.

MR. KING: Section 9.1.01.

MR. CROCKER: I guess my first question on it would be the budget of the \$21.9 million from – the last year’s budget which was \$22,026,000. Could the minister give us a breakdown of what that money was used for; the loans, the subsidies, who received monies?

MR. KING: Sure. The revised budget of \$22,026,000 would have had a number of items. Salaries would have been about \$4 million; benefits, \$852,000; travel and communications, \$139,000; Supplies would be \$109,000; Professional Services, \$1.03 million; Purchased Services, \$1.2 million; \$272,000 for Property, Furnishings and Equipment; and R & D programs and solutions, \$17.8 million.

MR. CROCKER: Minister, do you have a copy of the breakdown that we could have, because it is not broken down.

MR. KING: Yes, well I just read it into the record, so Hansard will give it to you now.

MR. CROCKER: Okay. I think you said a little over \$1 million for Professional Services.

MR. KING: Professional Services, \$1.034 million.

MR. CROCKER: Could you provide us with a breakdown, at least, of the Professional Services

that were outsourced, I am assuming, for the Research & Development Corporation?

MR. KING: Sure. Market alignment analysis, we would have spent \$60,000; Office of the Chief Information Officer, support and infrastructure technology, \$111,000; and, \$560,000 would have been to consultants, R & D Solutions, strategic opportunities.

MR. CROCKER: The \$56,000, Minister, where was that again in Professional Services, or who was it to?

MR. KING: Glenn Janes, can you elaborate a little on that, please?

MR. JANES: The \$560,000 breakdown is for a number of different things, but they are looking at specific opportunities. In one instance, (inaudible), which materialized in terms of there is now a corrosion facility in Argentinia that is being partnered with NASA, as well as some of the offshore operators.

There are other projects that are targeting similar things, deep-water opportunities that would look at solutions that are needed for challenges in deep-water operations off this Province. So there are three or four collections of consultant-specific targeted work targeting opportunities and needs of the Province.

The best example among those would be the corrosion one that is already culminated in a facility in operation.

MR. CROCKER: Okay.

Could the minister tell us the number of staff at the Research & Development Corporation?

MR. KING: Glenn, I know you know quickly, thirty –

MR. JANES: There are thirty-six and a half full-time equivalences.

MR. CROCKER: Are there any vacancies?

MR. JANES: Yes, there are.

MR. CROCKER: Where would the vacancies be?

MR. JANES: There are primarily two areas of vacancies. We have account managers, which assist in the project administration, but the balance of our vacancies are in new opportunities that would be emerging. We will not fill those until they reach critical thresholds. We are developing some opportunities. There is provision to staff those if and when they reach critical milestones.

MR. CROCKER: The money is budgeted to staff those positions?

MR. JANES: Correct, yes.

MR. CROCKER: Do you have the number of temporary staff?

MR. JANES: Temporary staff – I would have to come back to you exactly, but we do not tend to have many temporary staff. We do have students. I do not know if you qualify those as temporary. There are several students, but we rotate those through fairly regularly.

There are some contracted consultants, but temporary staff is not a – I will double check for you, but off the top of my head I cannot identify.

MR. CROCKER: You just mentioned contractual staff. How many contractual staff would you have?

MR. JANES: Again, I will get the exact number, but it is probably two or three. The nature of our contractual staff tends to be when we are looking for specialized skills. I can give an example.

We have a need for geoscience. We have a geoscience expertise, but that expertise is needed sporadically. So we have a call down provision contractual services to make available those services as needed. It is not warranted to have a full-time position.

That is typically where we have that type of expertise or those types of arrangements is when we need highly specialized skills and it is not warranted to have a full-time position.

MR. CROCKER: Okay.

Is there a copy of an operational budget or would you find that in the Research and Development's portfolio? It is not broken down here in Estimates.

MR. KING: It is not in Estimates because they operate as an independent corporation of government, so we provide them a grant and then they in turn operate under a board of directors.

MR. CROSS: Mr. Glenn Janes.

MR. JANES: I would like to add, though, all our financial statements on a quarterly basis are posted online.

MR. CROCKER: Okay. Audited by the Auditor General, am I correct?

MR. JANES: Every year, yes Sir – the Auditor General is our routine auditor, so he audits our books every year.

MR. CROSS: So you are going to defer to Mr. Murphy?

MR. MURPHY: Thank you, Mr. Chair.

I do not have too much now that the Official Opposition has not covered already. You mentioned contractual staff, geoscience, could you tell me if there were different corporations or anything that might have been hired, subcontractor work to it?

OFFICIAL: (Inaudible).

MR. MURPHY: The different companies that might have been contracted or is it just –

MR. KING: Excuse me, Mr. Chair, if you could direct the question to me, please, as the minister.

MR. MURPHY: Okay, sorry.

MR. KING: Thank you.

MR. MURPHY: Minister, I wonder if you could tell me who the contractual staff would be that would have been hired.

MR. KING: Who the contractual staff would be?

MR. MURPHY: Yes.

MR. KING: Specific names you mean?

MR. MURPHY: Well if you have it, or corporations, companies.

MR. JANES: Typically, they are individuals with professional skills. It tends to be independent consultancies as opposed to large firms. As an example, a gentleman who heads up our geoscience that I have mentioned before formally has a geoscience background, but is now retired. Another individual who does sensor technology and has expertise in that area, again, is an independent consultant. So as opposed to contracting large firms, these are private individuals, typically, who sell their expertise and skills. They tend to be late career individuals as well who have seasoned expertise in their areas.

MR. MURPHY: Okay.

Minister, I notice that there was a drop in Grants and Subsidies this year of \$122,000. I wonder if you could explain that.

MR. KING: We found some savings in working with the corporation, so we reduced \$75,000 that we were going to spend on our document management system. We have converted an IT director position to a manager's position for a savings of \$55,000. We have also found \$75,000 in scaling back web development and the harsh wind environment study.

MR. MURPHY: Okay.

MR. KING: Total savings would be \$205,000 there.

MR. MURPHY: All right.

I noticed on the bottom line the total for the department – I do not know if you want to deal with that full line now – that is probably including everything under Business, Tourism – or you just want to deal with Research & Development Corporation for now?

MR. KING: Yes.

MR. MURPHY: Okay, fine.

Minister, just wondering about the board of directors – who is sitting right now on the board of directors? Do you have a full complement of staff?

MR. KING: Yes, we do.

MR. MURPHY: Who is sitting on the Research & Development –

MR. KING: I do not have that list here right now, but I can table that for you. It is on our website, but if you want me to print it off I can get it for you.

MR. MURPHY: Okay, I will have a look.

You mentioned corrosion research as well in this particular case. Would that be government money going – perhaps you can explain the corrosion research that is happening?

MR. KING: Sure.

Glenn.

MR. JANES: Again, that is a select example, given that this organization is doing over 500 projects, but I will give it as an illustration in this case. We have done some studies. Our industries in this Province suffer from high wind speeds, salt, and things rust very readily in our environment here. Some of our main industries, particularly our extractive industries, have that as a challenge because their tools and their equipment and their infrastructure do not stand up in the Newfoundland climate.

In short, what we have done is put a site in place to be able to test things like protective coatings for steel and metal to try to prevent them from rusting, understanding why they rust. We have invested several hundred thousand dollars as an organization to establish that test site to correlate it to others to prove that it is a strong, viable site, but then we are using it to service industry and other clientele.

So, in that instance, we have Husky Energy as a partner on the site and have a project on it, and we have other people who are coming to us to pay us to use the site. It is addressing a need of the industry, such as the mining industry, the oil and gas, to overcome some of their technical

challenges to make sure the challenges that we have for our industries in this Province have the potential to have those problems solved in this Province.

MR. MURPHY: Okay.

A list of those projects – is it possible to get a hold of, Minister, some of the ongoing projects, or would they be proprietary information?

MR. KING: They are all online on the web as well.

MR. MURPHY: They are on the web as well, okay.

That is all I have right now.

MR. CROSS: That concludes the Research & Development. Would the minister like to include a comment or do we want –

MR. KING: No, that is fine.

MR. CROSS: So, these people can leave if they choose.

MR. KING: Sure.

Do you call a vote on that particular head and put it to bed?

MR. CROSS: Okay, yes.

So we will call 9.1.01.

Motion?

Carried.

On motion, subhead 9.1.01 carried.

On motion, Estimates for Research & Development Corporation, total head, carried.

MR. KING: Okay, thank you, folks, I appreciate it.

MR. CROSS: Just a couple of quick things before we get right back in. I am a rookie in the Chair this morning. One of the first items of business we need to do, we needed to get a

nomination for a Chair, so I would like someone to nominate.

MR. LITTLEJOHN: I will nominate Mr. Cross.

MR. CROSS: Moved by Mr. Littlejohn.

Seconder?

MR. CROCKER: I will second that.

MR. CROSS: Seconded by Mr. Crocker.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, Mr. Cross was elected Chair.

CHAIR (Cross): Also, looking at the list, all three members for the Official Opposition and the NDP are filling in this morning. So normally we would probably wait until the next meeting, if they are going to be here tonight, and we would do the Vice-Chair at the next meeting.

The other thing is just a referral that we are governed in Estimates by a Standing Committee and – or Standing Orders 65 to 77. All members address the minister for a question and then he would deflect. The time we relax on that, just for clarification, is if the minister has already deflected to a person and there is a follow-up short question or query to something that is done. All members will be directing their questions to the minister.

As well, we will probably work along – we are a few minutes late starting, so around 10:40 o'clock, approximately, we will probably break for ten minutes or so, if that is convenient with everybody, and come right back.

Now we will move and I will call the first head 1.1.01.

MR. KING: Mr. Chair?

CHAIR: Yes.

MR. KING: If I could, with the Committee's indulgence, could we move to section 8.1.04 and do The Rooms?

CHAIR: Okay.

MR. KING: It is the same scenario as RDC. That is the only section they have.

CHAIR: Subhead 8.1.04. Okay.

MR. KING: I would also like to welcome Dean Brinton who just joined us, the CEO of The Rooms Corporation.

CHAIR: The Rooms Corporation, 8.1.04. Heading called.

The Official Opposition, Mr. Flynn

MR. FLYNN: Thank you.

Grants and Subsidies for The Rooms this year has gone up by about \$500,000. What is planned here and why do we have a \$500,000 increase?

MR. KING: We have allocated \$250,000 towards maintenance in particular, and a security system replacement; \$80,000 has been appropriated to hire a conservator back to The Rooms, they have been without one for about two years; \$42,000 to hire an art gallery administrative assistant, a similar situation, there has been a vacancy there for a couple of years and a need identified; and, \$95,000 combined to assist with some restoration of exhibits and redevelopment of programs.

MR. FLYNN: A quick question. From a revenue point of view this is not showing in the subsidy. What would be the revenue that The Rooms generates annually?

MR. KING: Dean.

MR. BRINTON: Thank you.

About \$1 million.

MR. FLYNN: There were some renovations occurring at The Rooms which are, from what I am hearing, causing some discontent, we will put it that way, with the staff from a couple of the rooms there. What were the names of the rooms?

OFFICIAL: The photo room.

MR. FLYNN: The photo room and the – anyway there were two rooms – document room maybe. I know there was some concern expressed to members of the Opposition about these renovations. I am not trying to be pigheaded here or to be mean; I am just wondering have they been able to alleviate some of these concerns by the staff who were there?

MR. KING: I am not aware of any of those concerns.

MR. FLYNN: A letter was written to the minister on March 20.

MR. KING: If you could specify your concerns. You are a little bit vague in your generalization there. We are in Estimates talking about the budget of The Rooms. If you want to stray from that you are going to have to be very specific in your question in order for me to answer it.

MR. FLYNN: Okay. The question was, I guess – and, again, I do not want to seem mean to your manager there. This was felt by the employees a little bit of a waste of money with making the office bigger for the manager at The Rooms. They have lost rooms there so was it a good expenditure of money?

MR. KING: I would say yes, otherwise we would not have done it.

MR. FLYNN: These were purpose-built rooms for the mapping and so on. I am not a conservator, as some of you might know, so obviously it played an integral part in The Rooms displays. These areas now are still vacant I understand. I am not sure what we can do with that or if there is an explanation for that.

MR. KING: I am not hearing a question; I am hearing comments and observations. I am not hearing a question from you on that.

MR. FLYNN: The question is then I guess, Darin: Why was it done? Why are these spaces vacant today?

CHAIR: This speaking is Mr. Dean Brinton. I am just speaking now for the Broadcast Centre to turn on your mic.

MR. BRINTON: Thank you.

We reallocated some space within the building. The area you have mentioned is an area where art being shipped into The Rooms would be processed, and art being shipped out of The Rooms would be processed. We found what we think is a better space to do that. It is closer to the loading dock that also has environmental controls for the art.

There is a bit of disgruntlement because the employee who was in the old space had a wonderful view of The Narrows, which she no longer has. The space is being converted into a multi-purpose space for rentals and for programs. The idea is to be able to generate some revenue. It is not being used by management as a staff office.

MR. FLYNN: Specifically, the document room?

MR. BRINTON: Yes.

MR. KING: (Inaudible) the questions to the minister, please.

MR. FLYNN: Specifically the document room?

MR. BRINTON: Yes.

MR. FLYNN: I have no further questions.

CHAIR: Mr. Crocker.

MR. CROCKER: I am just wondering. Minister, you said there was reference to fees. Were there any fee increases, or are there planned fee increases for The Rooms as part of this year's Budget.

MR. KING: Dean, do you want to speak to that specifically? The answer is yes.

MR. BRINTON: Yes, we have wanted to increase fees at The Rooms for many years. The Rooms is far cheaper than any comparable cultural facility in Canada.

The increase from \$7.50 for an adult admission to \$10 is still less than the GEO CENTRE in St. John's. It is far less than comparable museums in Canada.

MR. CROCKER: Your numbers of visitors per year, Minister, at The Rooms; the number of visitors per year –

MR. KING: Paying?

MR. CROCKER: Yes, the paying number of visitors to The Rooms per year?

CHAIR: Mr. Brinton.

MR. BRINTON: Right now we have about 80,000 visitors a year. We think that with this reinvestment, particularly in programing, we want to take that number to 100,000 in the next couple of years. With some of the new exhibits that we are opening, particularly on the First World War, we are very confident that we are going to have a very strong visitor base in the years ahead.

MR. CROCKER: Minister, there is an ongoing project, I think, for 2016 at The Rooms. Is that on budget and on time?

MR. KING: Which project are you referencing, the Honour 100?

MR. CROCKER: Well, part of the Honour 100, I would assume. Is it part of Honour 100 or is it a separate project?

CHAIR: Mr. Brinton.

MR. BRINTON: It is a separate project, but we work closely with Honour 100 in rolling it out.

It is going to be the largest First World War exhibition in Canada. That is part of what we are doing. It is all privately funded. There is no public money involved, and we are very pleased about the support we have received from the community.

MR. CROCKER: Okay, thank you.

CHAIR: Mr. Crocker is concluded?

MR. CROCKER: I have.

CHAIR: Mr. Murphy.

MR. MURPHY: Minister, how many conservators do we have and in what areas at

The Rooms now, and are they permanent or contract?

MR. KING: How many conservators?

MR. MURPHY: How many conservators are there?

CHAIR: Mr. Brinton.

MR. BRINTON: We have no conservators at all. That is why this one was so important.

MR. MURPHY: Okay. So, if I can digress, the conservator that you are hiring, though, is he or she going to be on contract or is this going to be a permanent position?

MR. BRINTON: The hope is to have a permanent position. Obviously, we would be the only provincial archives in the country without a conservator. For purposes of upholding our professional standards and taking care of the provincial collections, we do have to have a conservator.

MR. MURPHY: Okay.

You mentioned the Great War exhibit that is happening now. How much is being allocated, Mr. Minister, for the Great War exhibit? The Honour 100, I guess.

MR. KING: As Dean just referenced, there is no money allocated from government. It is privately funded.

MR. MURPHY: Privately funded, the Honour 100 program?

MR. KING: No – you are talking about two different projects. The project at The Rooms which is under this –

MR. MURPHY: So, that is separate altogether from The Honour 100?

MR. KING: That is privately funded. The Honour 100 would be in a separate part of the department here.

MR. MURPHY: All right.

The only other question I had as regards to the movement of The Rooms, I think I know why you would have to move some of these rooms that you were talking about with regard to the protection of documents and everything. I take it that is why you decided to make the move of these rooms happen. Maybe you can explain that a little bit more.

MR. BRINTON: Are you referring, Sir, to the earlier question about the documentation?

MR. MURPHY: Yes, about the documentation, Sir.

MR. BRINTON: As I mentioned, we think that we can use that space to a greater extent by having it as a multi-purpose room and being able to rent it to generate revenue. It does have, probably, the best view in Eastern Canada and yet it was used for day-to-day administrative work, really shipping and receiving of art. We found another place to do that closer to the loading dock, as I mentioned, and we think that this space with its wonderful view will be a real asset to us in terms of generating revenue.

MR. MURPHY: Okay.

Mr. Minister, it was mentioned earlier about \$1 million in revenue that The Rooms earned last year. I wonder if we can get a breakdown on where they got that revenue from – was that just generally visitors or rental of The Rooms facilities for weddings and that sort of thing, various conventions?

MR. KING: A combination of all.

MR. MURPHY: A combination of all, okay.

The only other thing that I had was already asked earlier about the \$551,000 increase in the budget again. Can I get a breakdown on what was happening here? I did not quite catch it earlier.

MR. KING: Sure. As I said a few moments ago \$250,000 would be for increased maintenance costs as well as a security system replacement; \$80,000 to hire a conservator; \$42,000 to hire an art gallery administrative assistant; and \$95,000 to restore exhibitions and develop programs.

MR. MURPHY: Okay. I am all done.

CHAIR: Shall 8.1.04 carry?

Carried.

On motion, subhead 8.1.04 carried.

CHAIR: Now we will revert to 1.1.01. Just as clarification, a moment ago when I deflected, normally after Mr. Flynn finished I would go to Mr. Murphy; but I saw the time on the clock and it looked like Mr. Crocker would conclude in less time so I went to him before I went to Mr. Murphy. In the future, I will go back and forth from Opposition member to Third Party member for ten minutes at a time.

MR. MURPHY: I do not mind; it is all within their allotted time anyway.

CHAIR: We call 1.1.01.

Mr. Flynn or Mr. Crocker, whichever.

Mr. Flynn.

MR. CROCKER: Thank you, Mr. Chair.

I have to get back on track (inaudible).

CHAIR: It is Mr. Crocker. For the Broadcast Centre, I am identifying Mr. Crocker.

MR. CROCKER: Thank you.

I guess my first question in this section would come from Transportation and Communications. The budget last year was \$90,800. The department spent \$55,000, and this year the budget was reduced from last year's budget but higher than last year's expenditure. I wonder if the minister could explain the reasoning behind the under spend and the reasoning behind the budget decrease.

MR. KING: Sure.

First of all, the under spend was simply related to less than anticipated travel expenditures, plus we had a change in the minister where, at one point in time, the department had an acting minister who was also in another portfolio which reduced the travel expenses.

The anticipated travel for this year is \$75,000. What we did there is two things – one, adjusted it because we no longer are responsible for the Office of Public Engagement. That is moved to another department. We are anticipating decreased travel by the minister as a result of looking at the historical patterns of travel in the department. So the budget more closely reflects what we believe to be the historical pattern.

MR. CROCKER: Minister, does it have anything to do with the discretionary freeze? Is that why the budget was under spent, this past budget?

MR. KING: Yes, it could a little. It predominately is the travel for myself and the deputy. Certainly, there has been travel that I have not done that I may have done otherwise.

Although the minister's travel has not necessarily been frozen, we have obviously taken a look at that like we do with employees; but a large part of it is reflective of the vacancy in the office and for the next year, of course, we are losing Public Engagement.

MR. CROCKER: Minister, is the staff at a full complement, currently? You just outlined there is one vacancy.

MR. KING: The staff in the Minister's Office?

MR. CROCKER: Yes.

MR. KING: Yes, it is a full complement.

MR. CROCKER: Okay. Are there any temporary staff in the Minister's Office currently?

MR. KING: I guess it would be me and the executive assistant.

MR. CROCKER: So, Minister, is that a thirteen-week contract?

MR. KING: It has been eight years so far; temporary for eight years.

MR. CROCKER: Excuse me, this is my first Estimates. We are just going to go this section and vote on it and move to –

MR. KING: Yes, section and vote and move on.

MR. CROCKER: Randy is pointing out stuff I have missed.

Purchased Services for last year, Minister, were budgeted at \$15,600, the actual spent was \$1,100. Could you explain why? Then we go back to the \$15,600 this year. What happened there?

MR. KING: Nothing specifically just less purchases and less expenses in that account than we anticipated. Looking at the historical trend though, we do tend to spend that amount so we put the budget amount back to be the same.

MR. CROCKER: Are there any purchased services, Minister, that have already been identified for this year, stuff that we know you are going to have to purchase or is it –

MR. KING: You can go ahead.

CHAIR: Speaking would be Alastair O'Rielly.

MR. O'RIELLY: There are no specific expenditures that we are planning for the coming year; it is the normal course of events. There is a variety of things that will be sourced. Computer services and that kind of thing can be charged off to the Purchased Services. So as the minister said, it is just a reflection of the historic expenditure for the minister's office.

MR. CROCKER: Okay, we are good.

CHAIR: So you are good for that section?

Mr. Murphy.

MR. MURPHY: Just one question, Minister, on Employee Benefits. It shows \$4,000 there. I am just curious about that line.

MR. KING: What specifically are you curious about?

MR. MURPHY: Where it says Employee Benefits, there is \$4,000 allocated for.

MR. KING: Right.

MR. MURPHY: There was no uptake on that obviously in the revised figure, but it was also budgeted for \$4,000.

MR. KING: You are asking what it is for, are you?

MR. MURPHY: Yes.

MR. KING: Okay. It is for conference registrations and things like that for the minister. We did not use any this year. We anticipate there will be some next year.

MR. MURPHY: Okay. That is all I have on that section.

CHAIR: Okay. We call 1.1.01.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subhead 1.1.01 carried.

CHAIR: Subhead 1.2.01. I guess this way of moving on, doing each section, means that we may not be using the full ten-minute complements by members; we will be passing back and forth. We will be concluding a section of the Estimates at each time.

If in either particular section we go beyond the ten minutes, then we will stop and go to the next speaker, unless someone is ready to conclude.

MR. MURPHY: Just a question on the process, Mr. Chair. I always thought that we would have a full section of subheads that would be called, because I think what happens is probably a little bit confusing rather than voting each section by section.

CHAIR: Okay. That is fine, yes.

MR. MURPHY: For example, in this particular case I was thinking that it might have been more beneficial for the Chair to call 1.1.01 over as far as 1.2.04.

CHAIR: All of section one.

MR. MURPHY: All that section one.

CHAIR: After we finish the whole one, okay.

MR. MURPHY: Yes, because they are asking some questions that I might have asked too. I think because of expediency and the simple fact that we only have three hours we would probably be able to get through the full section. Then it would probably be easier to manage the clock as well. It is just a suggestion to the Chair.

MR. KING: Mr. Chair, I am fine with that, except I think we should follow the order. Otherwise, you could get into a situation of flipping pages back and forth, jumping all over. I think we need a system. I am fine with doing five or six sections and then doing the vote, but I think we should follow one section, conclude it, and do the other-

CHAIR: Call the vote at the end of the section.

MR. KING: It is going to be easier for all of us. Otherwise, you are going to be all over the place.

CHAIR: Okay.

MR. KING: I am fine with that.

MR. MURPHY: Yes, it just seems more expedient to do it that way just to get through the whole budget.

CHAIR: Okay. So we will call the entire section one. At this point it is there on two pages and we can see it.

We will start with Mr. Murphy to continue on there.

MR. MURPHY: Okay, so we are on 1.2.01 now?

In Executive Support, Mr. Minister, there is \$134,906 more in that department this year. I wonder if you can explain what is happening here. Is this more positions?

MR. KING: Where are we?

MR. MURPHY: Subhead 1.2.01.

MR. KING: Yes, I apologize. I missed the first part of your question. Sorry.

MR. MURPHY: There is a \$134,906 difference between what was spent last year and what is budgeted this year.

MR. KING: The \$1.076 million and \$1.171 million; you are referencing Salaries, correct?

MR. MURPHY: Yes, that is it.

MR. KING: The actual increase from budgeted last year – sorry. We have two things there: one is the department has an additional person in communications as a result of the merging of the departments, and the provision of a secretary for the ADM in tourism. Both of those are a result of the merger of the departments.

MR. MURPHY: Okay. We did have to hire more staff anyway with regard to that, even though there might be one less position in Cabinet. That would be the assumption here?

MR. KING: No, I would not make that assumption. When you do Estimates of other areas you will find there were decreases in other areas. Like when you get to the tourism section, for example.

MR. MURPHY: Okay, so the shifting of personnel.

MR. KING: Yes.

MR. MURPHY: Okay.

MR. KING: Just to more accurately reflect where it ought to be in the budget line.

MR. MURPHY: All right. Under Transportation and Communications as well, you have \$122,700 as your number for last year. That is being revised downwards to \$101,300.

MR. KING: That is part of our efforts to try and save some money on travel. We have adjusted it and we are trying to live within our means.

MR. MURPHY: Okay. That is all I have on that section.

CHAIR: Okay. Just to clarify again as we go through, I diverted Mr. Murphy because his time was not expired. We are asking everyone to start with 1.2.01, and any questions that you have going through, you continue on until you get to the end of section one. At that point, we will defer it back across.

MR. CROCKER: When I started my question I was not under that – that is how we were going to be doing it.

MR. KING: Mr. Chair, if I could –

CHAIR: It gives some order to it and helps us get through.

MR. KING: Mr. Chair, if I could make a quick comment just for the interest of members. You are going to find, as you go through – because the same heads show up in almost every section. You are going to find travel down in almost all areas. I can say to you upfront that we have reduced travel by \$351,500. You might ask the same question and get the same answer over and over. That is a part of our efforts to save money within the department. That is the first thing.

The second thing I want to mention to you is the Purchased Services and Professional Services show up on occasion. Those are all going to be similar answers. Unless there is a huge number, if the budget is off by \$2,000 or \$3,000, it is less than anticipated costs.

I just want members to know that so I do not sound repetitive. Unless it is a large number, you are going to find the same answer that we budgeted \$10,000 and we spent \$8,500 or \$9,000, just so you know.

CHAIR: Okay.

Mr. Crocker.

MR. CROCKER: We are at 1.2.01?

CHAIR: Continuing on 1.2.04, yes.

MR. CROCKER: Under Property, Furnishings and Equipment, Minister, the budget was \$900 and the actual expenditure was \$8,000 more than that. Could you explain the huge increase in the expenditure?

MR. KING: Sure. We had to purchase some ergonomic equipment for staff. That would have been a desk, chairs, computer keyboard, monitors, and other things.

MR. CROCKER: So we are moving to 1.2.02, Mr. Chair. There was about a \$27,000 overspend on Salaries in the budget, and this year's budget has moved up again to \$521,000. I was just wondering if the minister could explain the increase in Salaries.

MR. KING: A couple of things there, Mr. Chair. I was just clarifying with the deputy before I provide an answer. We had some delayed recruitment coming into the year for a couple of positions that would have put us over the salary budget. Also, we had student payments, a number of students hired. That came from that section as well.

MR. CROCKER: Okay.

I am just wondering if the minister could break down the staff complement in Administrative Support: full-time, temporary, and vacant positions.

MR. KING: Just for this subhead you mean?

MR. CROCKER: Yes, Administrative Support.

MR. KING: I do not have it broken down like that, but I can get that for you. We have a summary there of the whole department, but just let the record note that you would like it for that particular subhead and we can get that.

MR. CROCKER: Thank you, Minister.

Supplies for Administrative Support were budgeted at a little over \$66,000, the expenditure was \$17,000, and this year's budget went back to the original budget of last year. I am just wondering if the minister could explain the under spend and the reason why we went back to the full budget for this year.

MR. KING: Basically, it is similar to before, less than anticipated costs, we made a concerted effort to try and find some savings part way through the year. At this point in time at least we are maintaining the budget because historical

patterns show that we do tend to spend most of that budget.

MR. CROCKER: Okay. There was not a large spend cancelled last year?

MR. KING: No.

To be clear, that section will be repeated as well. That is things like paper, toner, cartridges, copier cartridges, things like that.

MR. CROCKER: Okay.

Professional Services was budgeted at \$50,600 and spent \$40,000; could the minister outline what type professional services would be budgeted there?

MR. KING: Professional services all throughout the budget would be any time we engage outside consultants for work on different projects, things like that.

MR. CROCKER: Could the minister give an example of the type of outside service that would be contracted for that part of the department?

MR. KING: Alastair, do you want to go ahead and give an example?

MR. O'RIELLY: This particular item, a number of the expenditures were related to the hiring of an external consultant to help us with our information management system. The department introduced a new system last year and it needed to be expanded and further implemented. Plus, of course, it had to be applied to the tourism and culture section of the department as well. Most of that expenditure was for that particular IM consultant.

MR. CROCKER: Thank you.

Could the minister just explain the provincial revenue? It was budgeted at \$7,600, came in at \$7,600, and it is budgeted at \$7,600 again this year? Could the minister tell us what the revenue stream is?

MR. KING: Ken Curtis.

MR. CURTIS: That is miscellaneous revenues we record there for areas of the department that is sort of – if people had a trip advance last year and they did not spend all their money and they paid their money back this year, it was a salary overpayment that someone was paying back.

It is generally administrative areas where someone was issued a cheque last year and for some reason the cheque needs to be cancelled and the money refunded. The money shows up there as miscellaneous revenue.

MR. CROCKER: So really it is not new money. It is budget money not spent.

MR. CURTIS: Yes, for the most part. It is repayment of prior year's expenditures.

MR. CROCKER: Is this for the entire department or just the administrative support side of the department?

MR. CURTIS: This tends to be a fairly small amount. It is for the entire department, but it tends to be a small amount. Usually if someone gets a trip advance during the year, for instance they submit their travel claim and the trip advance and everything is sorted out.

This tends to happen in the case of a trip advance where you get a trip advance late in the fiscal year, say in March, you do not get a chance to process your claim until April so it is considered in a different fiscal year. So any difference in the trip advance is recorded as a revenue item here.

So it tends to be small amounts for miscellaneous things throughout the department.

MR. CROCKER: Thank you.

I guess moving to 1.2.03, the salary budget for the Policy and Strategic Planning was \$544,000. We see a budget increase this year to \$622,000. I was wondering if the minister could explain why there is an increase in salary in that part of the department.

MR. KING: We had an addition of an extra staff member as a result of a merger of two departments.

MR. CROCKER: Could the minister tell us when this staff hire was made?

MR. KING: Late November or early December, I think, sometime in that area.

MR. CROCKER: So this portion of the department now has its full complement of staff?

MR. KING: Yes.

MR. CROCKER: Are there any thirteen-week contracts currently in this portion of the department?

MR. KING: No.

MR. CROCKER: Professional Services, Minister, last year was budgeted at \$50,000. The expenditure was \$4,100. I see this year's budget has been cut in half. Could you explain that? Is that a budgetary restraint or just to reflect the fact that it was not used in the past?

MR. KING: There were two changes. First of all, the reduction in expenditure this year is a result of two surveys that we were intending to do that we did not do, and the dropped budget is an effort by us to try and save some funds in the department.

MR. CROCKER: Okay.

Could the minister explain the surveys that were intended to be completed but were not completed?

MR. KING: Sure, the workplace survey and the client satisfaction survey. We do plan to do them; we just deferred them from this fiscal.

MR. CROCKER: So they will not happen this year either?

MR. KING: Possibly, we are not sure.

MR. CROCKER: Last year there was a budget in the department for \$75,000 in Grants and Subsidies, it was expended, and this year it is showing at \$25,000. Could the minister tell us what those grants and subsidies were?

MR. KING: We provide grants and subsidies to a number of groups and organization, industry

associations in the Province and in this particular case we are making a reduction of the total budget by \$50,000.

MR. CROCKER: Would the minister be able to provide a list of the grants and subsidies that were provided last year to add up to the \$75,000?

MR. KING: In this particular section there was two – the Harris Centre was \$50,000, and that is where the reduction is; the other one was through the MUN Collaborative Applied Research division, \$25,000.

MR. CROCKER: I guess my time is expired.

CHAIR: Okay, so we move to Mr. Murphy.

MR. MURPHY: Thank you, Mr. Chair.

Back under section 1.2.02, Mr. Minister, I wonder if we can get a breakdown of what is happening with Purchased Services here. For Administrative Support, it is about \$111,800 budgeted for, over \$95,000 was spent.

MR. KING: That reflects simply savings that we tried to find late in the year. The purchased services would include things like meeting costs, advertising, printing, equipment rentals, and things like that.

MR. MURPHY: Okay.

Coming over again to section 1.2.04, Grants and Subsidies of \$1.8 million, nothing in this department before – so I guess we will start there in line 10.

MR. KING: Okay –

MR. MURPHY: Subhead 1.2.04.

MR. KING: Okay, thank you, sorry.

Okay, your question again, and I apologize?

MR. MURPHY: I was just wondering what was happening on this particular line. We are showing \$1.8 million is budgeted for this year, nothing last year, and nothing in 2014.

MR. KING: Sure, thanks.

That is part of a multi-year commitment to the revitalization of the Colonial Building. In 2014-2015, there was \$200,000; in 2015-2016 there was \$1.8 million; and the following Budget year it will be a little over \$1 million as well.

MR. MURPHY: What are they anticipating for this \$1.8 million? Do we know what they have applied for here and what they are getting? Or is this just for general construction down there in the area?

MR. KING: It is for the interpretation.

MR. MURPHY: For the interpretation centre. Okay.

Under Property, Furnishings and Equipment it went from \$270,000 budgeted down to \$184,000 and nothing this year. What was this line for in Administrative Support.?

MR. KING: The \$270,000 that was budgeted was a one-time allocation for the purchasing of land in Cupids for the most part. The reduction reflects the actual price.

MR. MURPHY: Is this for the Legacy Centre?

MS MURPHY: No, that was the Cupids land purchased which is related to the Cupids Cove Plantation which is the actual Provincial Historic Site.

MR. MURPHY: Okay.

MS MURPHY: This has been ongoing for quite some time to resolve all of the land ownership in the area to acquire the land as a Provincial Historic Site.

MR. MURPHY: Okay. That is all I have, Mr. Chair, for section one.

CHAIR: Okay. So we will come back to Mr. Crocker to conclude.

MR. CROCKER: Just one question or two possibly. In the details of the attrition plan by the government that is proposed, the department is going to lose six staff for a savings of \$395,000. I was wondering if the minister could tell us what positions are going to be eliminated,

and if these are temporary or permanent positions.

MR. KING: Specifically, we have not identified which positions we will be taking out. We will have a number of retirements. The attrition plan, basically, mandates the department to find the six positions over the fiscal year. We are in the process of doing that now, but we have not specifically identified yet which positions they will be.

MR. CROCKER: Okay. One other question to the minister, 1.2.04; we see a budget last year for Property, Furnishings and Equipment – that is the one George asked.

MR. KING: Yes.

MR. CROCKER: Okay. That is the Cupids land.

MR. KING: Plantation.

MR. CROCKER: Plantation, okay.

We are good, Mr. Chair.

CHAIR: Okay. We will call sections 1.2.01 to 1.2.04 inclusive.

All those in favour, ‘aye.’

SOME HON. MEMBERS: Aye.

CHAIR: Contrary, ‘nay.’

Carried.

On motion, subheads 1.2.01 through 1.2.04 carried.

CHAIR: Now we are looking at 2.1.01 to 2.1.03.

MR. CROCKER: Thank you, Mr. Chair.

I just wonder if the minister could outline in the Salaries of the \$1.6 million, what the actual staff complement is in this activity and if it is permanent, temporary, or contractual staff?

MR. KING: Twenty-eight.

MR. CROCKER: Twenty-eight full time, no temporary?

MR. KING: Twenty-eight in total. We do not have the breakdown here of what would be temps. We can get that.

MR. CROCKER: Okay.

MR. KING: Just to be clear, those numbers by the way are published in the Salary Details document for the department, the temporaries and the permanents.

MR. CROCKER: Thank you Minister.

Minister, the Professional Services line in this section; the budget was \$500,000 and the expenditure was \$261,000. This year’s budget has been reduced by \$75,000. Could the minister outline the Professional Services that would have been budgeted or expended last year and what Professional Services would be budgeted for this year?

MR. KING: Daryl will give you some examples.

MR. GENGE: This budget item is used primarily for in-market consultants. Those are consultants to work with our companies on trade missions, as well as studies and other activities.

We have conducted a study on opportunities in China, in-market consultants in Ireland, and ocean technology study to look at opportunities in the ocean tech sector internationally. These are examples of the types of work we do there.

MR. CROCKER: Are these studies available to the public, Minister, or available to the House?

MR. KING: They are not typically studies where we produce a document for public consumption. The studies are part of what drives our planning and research into those areas to plan business development missions and to look for opportunities for companies that are travelling abroad. So it is work that informs the department’s work with the business community.

MR. CROCKER: Okay. I am just wondering if it would be possible for the minister to provide

a list of the Professional Services that were expended in the \$261,000.

MR. GENGE: Yes, we can provide a list.

MR. KING: Yes.

MR. CROCKER: In this year's allocation of the \$425,000, are there any specific studies or opportunities, or is it just a general allocation as the department goes through the fiscal year?

MR. KING: It would be a general allocation, but certainly we would have a target in priority areas that we will be focusing on where we see opportunities for business growth and new business to help develop the Province. Generally, it is not a fund that is already earmarked dollar for dollar.

MR. CROCKER: Okay.

MR. GENGE: Yes, Minister, that is correct. We do have a number of studies that we want to undertake, but sometimes it is very much responsive to the requirements of our missions and activities.

MR. CROCKER: Grants and Subsidies in this section were budgeted at \$237,000, expenditure was \$199,000, and the budget is back to \$237,000. I wonder if the minister could provide some information regarding what types of Grants and Subsidies, and also possibly provide a list of the companies or individuals who have received these Grants and Subsidies.

MR. GENGE: It is more so Grants and Subsidies that are used to support some of our international activities. We provide a contribution to the International Business Development Agreement, which is a five-party agreement with the Atlantic Provinces and the Atlantic Canada Opportunities Agency that supports some international business activities. It also supports some of our subscriptions to APEC and to the Council of Atlantic Premiers. We do provide some support to groups or organizations that are undertaking international business activities, some youth groups, and those sorts of things.

MR. CROCKER: Okay. Thank you.

We can have a list of those, Mr. Minister?

MR. KING: Sure.

MR. CROCKER: Thank you.

MR. KING: Not today.

MR. CROCKER: Pardon?

MR. KING: Not today. I do not have it.

MR. CROCKER: Are you sure?

Minister, we come down a couple of lines and we see revenue from the federal government which was projected at \$300,000. The actual contribution from the federal government was \$175,000.

Could the minister explain where this contribution from the federal government comes from, and why we fell short by \$125,000 from the anticipated revenue from the feds, and this year we are budgeting revenue at \$300,000?

MR. KING: Sure. Daryl.

MR. GENGE: Yes, well every year we will anticipate that we will undertake about five to six International Business Development Agreement projects. Those projects are ones that are paid for primarily out of our Professional Services budget.

When we do them on behalf of the Atlantic Provinces, we get that money back from the International Business Development Agreement. That revenue line is the revenue that we receive from the IBDA for undertaking projects on behalf of the Atlantic Provinces.

MR. CROCKER: So it is just a reimbursement of expenditure.

MR. GENGE: That is right. Yes.

MR. CROCKER: Moving to the next section, 2.1.02, we see a decrease in Salaries there. I was just wondering if the minister could explain the decrease in Salaries. Is this an area where the attrition may be affected?

MR. KING: You are referencing the budget for this year, \$367,000?

MR. CROCKER: Yes, versus the \$425,000 from last year.

MR. KING: Sure, yes. That reflects to the attrition management. We anticipate finding some savings there.

MR. CROCKER: So is this one position leaving in Marketing, Enterprise and Outreach?

MR. KING: One position would be a public information officer.

MR. CROCKER: Is that being eliminated, Minister?

MR. KING: At this point in time it is maintained as vacant. We still have it on the books, but we are not filling it.

MR. CROCKER: Is that the only vacancy in the Marketing, Enterprise and Outreach?

MR. KING: Yes.

MR. CROCKER: It is. Okay.

Are there any thirteen-week contracts in Marketing, Enterprise and Outreach?

MR. KING: I can save you the trouble there; I do not think there are any in the department. I do not remember signing any in the last thirteen weeks.

MR. CROCKER: Expediency of the minister is perfect.

Professional Services, Minister, could you explain some of the Professional Services that would be sought. Could we obtain a list of the outside agencies that were enlisted to provide these services?

MR. GENGE: Those services are primarily writing and creative services that we need to undertake our work, and delivering on trade shows and events and so on.

Those services are really combined services of a number of contractors, Courtney Wells being

one and What Box Creative, I think, is the name of the other. They are just independent contractors.

MR. CROCKER: Okay. Could you provide a list of the expenditures for independent contractors?

MR. KING: I do not have it.

MR. CROCKER: Are these Purchased Services subject to the Public Tender Act?

MR. GENGE: I would have to look. I am sure they are.

OFFICIAL: Yes.

MR. CROCKER: Okay. I guess we will move to 2.1.03, Trade and Investment. The budget last year was \$15 million, the expenditure was \$9.5 million, and this year's budget has been reduced. I am wondering if the minister could explain the reduction of the \$1.5 million from the Investment Attraction Fund.

MR. KING: Sure. We have made two commitments: one of a million dollars towards the Digital Media Tax Credit, so we moved a million dollars out of there towards the tax credit fund; and, also \$500,000 to the Newfoundland and Labrador Film Development Corporation for a TV series production.

MR. CROCKER: So they were just moved to other budget lines?

MR. KING: Yes.

MR. CROCKER: I wonder if the minister could provide a list of this year's expenditure of the \$9.5 million of Loans, Advances and Investments.

MR. KING: Sure. The Atlantic Canada Regional Venture Fund was \$2 million; DF Barnes Fabrication Limited, \$500,000; Desire2Learn Corporation was \$1 million; Eastern Composite Services limited, \$500,000; Newfoundland and Labrador mobile, \$397,000 – I am rounding these a little bit by the way – Roins Financial Services Limited was –

OFFICIAL: That is not announced.

MR. KING: Which one?

OFFICIAL: (Inaudible).

MR. KING: Sorry. Thank you.

The last one is not public knowledge yet, Mr. Chair. I apologize for that.

I can provide it to you privately. The total as well is \$9.5 million. There was also an additional \$2.5 million expended there that was transferred out; \$1.4 million was for the Corner Brook Port Corporation that was announced two weeks ago and \$1.1 million was the Bonavista harbour development just announced last week.

CHAIR: Okay.

MR. CROCKER: My time has expired.

CHAIR: Your time has expired, but if you are close to the end of this section with another question or two –

MR. CROCKER: I have maybe one more question. I was wondering if the minister could provide a breakdown of Loans, Advances and Investments. It is outlined as three different categories. So of the investments, which were of loans, advances or investments? Are they all repayable loans? Are they grants? Are they subsidies?

MR. GENGE: We would have to go back and look at the exact structure, but the bulk of the investments are conditionally repayable loans or direct loans.

Gillian, we will have to look at the individual agreements with each company to determine exactly what the breakdown is.

MR. CROCKER: Okay. One final question: from previous years, are the loans current in regard to repayment thirty, sixty, ninety? Could you provide the percentage of these loans that are past due, past thirty, sixty, and ninety?

MR. GENGE: We will have to provide that information for you.

MR. CROCKER: Okay. Thank you.

CHAIR: Okay. Mr. Murphy.

MR. MURPHY: The only questions I would have right now around these subheads, I think, would probably be general policy questions.

Mr. Minister, I am not quite sure if the Ireland Business Partnerships was covered under this section. I was thinking that it might have been covered under 2.1.01. Can the minister give us an update on this initiative?

MR. KING: It does not exist anymore.

MR. MURPHY: It is gone, finished? Is there any reason why they stopped that?

MR. KING: No.

MR. MURPHY: No? Okay.

How would you gauge the performance of the business partnership in itself then? Would you say that it was a success or nothing worked out? The reasons why it was stopped, was it simply economic?

There were issues in Ireland, so I do not know. It was being touted as one of the greatest things since sliced bread at one particular time. I am just wondering how come they would have halted the relationship.

MR. KING: It is just an initiative that ran its course and we did not renew it.

MR. MURPHY: Okay. I do not if I can ask any questions around the Immigrant Investor Fund then. Can the minister give us an update on the wrap-up of the cancelled Immigrant Investor Fund?

MR. KING: Which head are you referring to?

MR. MURPHY: Well, I am not sure exactly what head it would be under, whether you want to stick with that, or just general policy questions of the government.

MR. KING: I think the general policy questions would be appropriate in the House of Assembly during debate. This is about the Estimates, line by line.

MR. MURPHY: Okay. I guess that is it for the subheads. You can call the next one.

CHAIR: Okay, I will call the subheads for 2.1.01 to 2.1.03 inclusive.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 2.1.01 through 2.1.03 carried.

CHAIR: I return to Mr. Murphy to continue in his time on sections 3.1.01 to 3.1.03.

MR. MURPHY: Thank you very much, Mr. Chair.

Under Salaries, 3.1.01, Business Analysis, the Salaries are gone up a little bit here. Well, sorry, the actual revised figure was \$643,000 for the year against \$707,000 budgeted. This year it is \$723,000. So I am just wondering if you can explain.

MR. KING: Sure, yes. The decrease this year was delayed recruitment for two positions, a director and a manager. The increase next year represents a 3 per cent salary increase, plus employees moving up on the pay scale steps.

MR. MURPHY: Okay. Under Professional Services, \$25,000 budgeted for, against \$50,000 last year, and only \$20,400 was spent. I wonder if you can tell us what those Professional Services were.

MR. KING: I do not have those kinds of operational details here of what the services were. I can try and dig that out for you if you want.

MR. MURPHY: Yes, if we can get a list of them.

MR. KING: I am more prepared to speak to the numbers and what they represent. You are drilling down into operational issues. I would have to track that kind of information down.

MR. MURPHY: Okay. Under Purchased Services as well, \$7,000 was budgeted for last year. You only spent \$500, but again you have \$7,000 budgeted here for this year. I am just wondering if you can give us a breakdown on what may be anticipated spending here.

MR. KING: Our budget is maintained because of our historical spending in that area. The decrease this current year from the budgeted to the actual represents less than anticipated expenses, as well as an effort on our part to try to save some money as part of cost reduction. We typically do spend the full appropriated amount. That is why we returned the budget to \$7,000.

MR. MURPHY: Okay, just a line under provincial revenue under 3.1.01.

MR. KING: Just to be clear, that section is the same for every subhead. Purchased Services; those are services that we buy. It could be computer equipment, those kinds of things. The Professional Services I explained earlier would be a little different, but it is the same kind of services in the different subheads, just so you understand that.

MR. MURPHY: Okay. As well, though, for Professional Services there is a distinct difference for the Professional Services, but they could be different from department to department. One of your aids was talking about the subcontract of, what was referred to as creative writers I think it was, at that particular time. I am just wondering –

MR. KING: I guess what I am saying though is – in your question when you asked what kinds of things would you do with Purchased Services, what I am saying is that it is the same answer all the time. It would be meeting costs, advertising for that particular division or section of the department, printing, and equipment rentals, things like that. The Professional Services would be more to engage consultants and those kinds of services.

They will differ from division to division, but the explanation of what they are will be the same. Whether it is in this division or the next division, it is still going to be related to printing and meeting and those kinds of things.

MR. MURPHY: All right then.

Over to 3.1.03, under Loans, Advances and Investments, I take it nothing was granted in this present year. Mr. Chair, \$16,229,000 was originally budgeted for, but only \$3 million projected for this year. I wonder if you could give an explanation as regards to what is happening here.

MR. KING: Sure. No money was advanced in this fiscal year from the \$16.2 million. That represents the government's commitment to Canada Fluorspar, the St. Lawrence mine.

MR. MURPHY: That is where the Canada Fluorspar money is?

MR. KING: Yes.

MR. MURPHY: We have not heard anything from Canada Fluorspar recently though. Is there any idea what is happening there? I know there was a question asked in the House the other day.

MR. KING: I do not represent the company; I cannot speak for the company. Our engagement with Canada Fluorspar is business dealing. We have committed an amount of money based on their work progress. It is not really fair for me to comment on their behalf, except to say as their MHA at least, I understand work is progressing.

As I said to my colleague last week, there is an increased workforce there over the last number of months. They just found a significant new deposit of fluorspar in the area. They have a significant investment this past year from Golden Gate Capital.

All indications to us are that things are moving very good. The world market is strong and they anticipate more activity in the next three to four months – more visible activity, I should say, to my colleague. There are a lot of things happening, but not necessarily in the view of public. They anticipate over the next three or four months that there should be more public activity.

MR. MURPHY: Okay. Mr. Chair, I have no other questions on these particular subheads.

CHAIR: Okay.

Mr. Crocker.

MR. CROCKER: Just a point of clarification, Minister, right back to the beginning I guess. The Salaries; are there two new positions or two positions being –

MR. KING: Subhead 3.1.01?

MR. CROCKER: Yes, Minister.

MR. KING: No. What I had said was the decrease from budget to revised was a result of the delayed recruitment of two positions. Those positions have now been filled. The increase represents the 3 per cent salary negotiated increase as well as the normal pay level adjustment one gets from year to year.

MR. CROCKER: Okay. Further down in that section, Grants and Subsidies was budgeted last year at \$440,000, the expenditure was \$366,000, and this year's budget is back. I wonder if the minister could explain the types of Grants and Subsidies, and also if he could provide a list of who would have received those Grants and Subsidies?

MR. KING: Yes, we can provide a list to you. I do not have it today. The decrease here in particular of \$73,400 was less than anticipated payout to the EDGE contracts.

MR. CROCKER: The EDGE program falls in here? Am I right, Minister, in saying the EDGE program has not funded any projects in the past two fiscal years?

MR. KING: New ones you mean?

MR. CROCKER: Yes.

MR. KING: No, there have not been any new ones.

MR. CROCKER: The program still exists?

MR. KING: Yes, for previous commitments.

MR. CROCKER: For previous commitments. There are no new commitments from EDGE?

MR. KING: No. There have not been any in two fiscals.

MR. CROCKER: My question is does the program – sorry.

MR. KING: We have a breakdown of the companies and what the anticipated cost will be to government, but those are all earlier commitments. So the program still exists by way of commitments on the book, but there has not been any new EDGE status granted.

MR. CROCKER: Is the program available? Is it open to new entrants?

MR. KING: Yes, I think so. I hesitate because I have not seen any, but I guess it is.

MR. CROCKER: I am not sure if this is the right fund or not. I am just wondering if the minister could update us on the status of the *Cape Dorset*. Is the *Cape Dorset* factored into any of these numbers and the loan repayment?

MR. KING: No, it is not in this particular subhead. I will see if I can track it down. That is in the Business Investment Corporation.

MR. CROCKER: Okay. So we can ask about it a little later?

MR. KING: We can address it now, if you would like.

MR. CROCKER: Okay.

MR. O'RIELLY: I guess the question that you are asking is what happened with the funding for the *Cape Dorset*?

MR. CROCKER: Well what is the status of the equity investment? We know that payment was supposed to commence on March 31, 2015. I am just wondering if payment has commenced on the loan. Just a question around the idea of – the boat sank. Was there an insurance policy in place? If there was an insurance policy in place, were we named on the insurance policy for our investment in the vessel?

MR. O'RIELLY: There was an insurance policy in place.

MR. CROCKER: There was?

MR. O'RIELLY: There was, and the Province was named on the policy. The company approached the Province and asked for a conversion of the money to a debt instrument rather than an equity instrument, which was agreed to. Payments were, as you indicated, due to begin, which they have. Payments have been received.

MR. CROCKER: Okay. That investment was converted. The \$2 million was converted over?

MR. O'RIELLY: Yes.

MR. CROCKER: Okay, into that. Is that an interest-bearing loan?

MR. O'RIELLY: Yes it is.

MR. CROCKER: Are the terms of the loan fixed?

MR. O'RIELLY: Yes.

MR. CROCKER: Are they available?

MR. O'RIELLY: I think so. It is the standard funding, 3 per cent interest rate and so on.

MR. CROCKER: Okay, amortization period?

MR. O'RIELLY: I would have to double check on that. I think I know what it is, but I should not guess at it.

MR. CROCKER: Okay. Thanks

I am just going to come back, I think, to 3.1.02.10. The Grants and Subsidies were budgeted at \$3.6 million, the expenditure was exactly the budget, and it is the same budget this year. I just wonder if the minister could explain what those Grants and Subsidies are, and also provide a list of who received those Grants and Subsidies.

MR. O'RIELLY: We would have to get a list for you to give you a good briefing on what is in that list. There is a variety of different business assistance grants provided.

MR. CROCKER: Okay. Could the minister also provide, with regard to that portfolio and the assistance that has been paid out, if in fund of loans the status of the loans, thirty, sixty, ninety? What loans are actually past due?

MR. O'RIELLY: Normally these are repayable contributions, or a structure of some sort of grant. I think the question you are really asking is what is the performance of them? Are they compliant with the rules?

MR. CROCKER: Yes, the performance of the fund.

MR. O'RIELLY: Yes.

MR. CROCKER: Thank you.

Just moving to 3.1.03, it is the Canada Fluorspar money. I wonder if the minister could tell us, the reduction of the \$16 million that was budgeted last year and in previous years for the commitment to Canada Fluorspar back in 2011, the \$3 million that is budgeted this year, is that budgeted for Canada Fluorspar, or is that budgeted for other strategic investments?

MR. KING: That section is exclusively Canada Fluorspar.

MR. CROCKER: The anticipation is Canada Fluorspar would not draw down any more than the \$3 million this year.

MR. KING: Yes.

MR. CROCKER: So the commitment remains to Canada Fluorspar, just that the money has been – yes, a little over \$13 million has been moved out of the department's budget.

MR. KING: That is correct. We have cash flowed it over a longer period of time, over three years, anticipating they would not draw down any more than \$3 million. If, in fact, they do need more than \$3 million, then we will obviously honour our commitment. We will have to find a way to do it. Based on what we have seen and discussions we have had, we do not anticipate any more than \$3 million.

MR. CROCKER: The commitment remains to Canada Fluorspar for –

MR. KING: For the full amount.

MR. CROCKER: – the little over \$16 million.

MR. KING: Yes, that is correct.

MR. CROCKER: We are good there.

CHAIR: Okay, so we are good there. Mr. Murphy had already said he was good with section three.

MR. MURPHY: I just have one more question.

CHAIR: One question in section three?

MR. MURPHY: Yes, it is with regard to the EDGE program the minister was talking about just a minute ago. We were told last year there were twenty-eight businesses that were currently enjoying the benefits of the EDGE program. At that particular time you told us there were four businesses, I think, that were after making application to the department that they were looking at.

I am just wondering if we can get an update on those four businesses and why they would have dropped out, or if there has been no opportunity taken up of the EDGE programming, as of late. Is the program dead? What is happening with it?

MR. KING: I am not aware of the status of the applications. As I said a few moments ago, the program is not dead, but we have not approved any new ones in four years.

I think your line of questioning is more outside of Estimates now and into the operations of the department. I could not tell you the status of any individual application that might be on someone's desk being processed.

MR. MURPHY: Okay. That was it.

CHAIR: I call Estimates 3.1.01 to 3.1.03 inclusive.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Contrary, 'nay.'

Carried.

On motion, subheads 3.1.01 through 3.1.03 carried.

CHAIR: There has just been a request from the Broadcast Centre to take a break right now, if it is good with everyone. Some equipment has been moved down there from the problems they were experiencing earlier this morning.

We will come back in approximately ten minutes and start on 4.1.01.

Recessed.

Recess

CHAIR: We will resume now. There are two sections there, 4.1.01 and 4.2.01.

I will start with Mr. Crocker, I guess.

MR. CROCKER: Thank you, Mr. Chair.

We will start with 01. Minister, the budgeted Salaries for the last fiscal year was \$926,000 and the actual was \$918,000. There is a substantial reduction this year. I wonder if the minister could explain the roughly \$180,000, I think, reduction in Salaries - \$172,000, sorry.

MR. KING: Sure. The difference from the budget to the revised was delayed recruitment savings. The change from the budgeted to \$746,000 is the result of the attrition management plan. We are hoping to find savings there.

MR. CROCKER: Okay. Are there a number of positions, Minister, that are leaving that portion of the department through attrition?

MR. KING: That is our hope. You will find in a number of sections here we have identified salary decreases as a result of attrition. We may end up having to move Salaries around, depending on which positions become vacant and we do not fill. It is a little bit of an estimated plan on our part, knowing where some potential retirements may come from.

Before you move on, I just want to make a clarifying comment from earlier for the record.

On the Professional Services, a question was asked by one of you and I cannot remember who. In order to engage Professional Services we are governed by the guidelines for hiring external consultants. It is not public tender, but there is a government policy on hiring consultants.

In order to engage in Purchased Services we have to follow the Public Tender Act. I just wanted to clarify for the record because I think either myself or the deputy might have said otherwise.

Thank you. Sorry to delay it.

MR. CROCKER: Thanks, Minister.

Minister, back under Professional Services again the budget was \$35,000, and revised was \$61,000. Could the minister explain why the drastic increase in Professional Services in that part of the department last year?

MR. KING: That one is a result of evaluation of the Rural Broadband Initiative. There were higher costs than we anticipated when we had a consultant do an assessment for us.

MR. CROCKER: Is that assessment or that report available, Minister?

MR. KING: I will have to get back to you on that. I am just trying to figure out the nature of the reports. I can get back to you on it.

MR. CROCKER: Okay.

MR. KING: There may be some proprietary information that we cannot release. Rather than say no or yes, let me get back to you.

MR. CROCKER: Okay, thanks Minister.

MR. KING: I will flag that one for the record.

MR. CROCKER: Actually, Minister, was there anything in those Professional Services done on rural broadband? Was there anything done on cellphone coverage in the Province in that study?

MR. KING: I will let Mark speak to that, if you do not mind, Mark Ploughman.

MR. PLOUGHMAN: This would have been the technical evaluation of the proposals that were received under the call. If we had proposals in that call that had cellular components to it, then it would be wrapped in that. It would not be an analysis of cellular in the Province; it is just an analysis of the calls or proposals that came in under the call.

MR. CROCKER: Am I correct in saying there were cellphone proposals in that call?

MR. PLOUGHMAN: Yes, you are.

MR. CROCKER: They were all declined or moved out, did not qualify under the program?

MR. PLOUGHMAN: We are still in negotiation with Bell Mobility over some possible projects.

MR. CROCKER: Has there been funding allocated in this year's budget for such projects?

MR. PLOUGHMAN: Yes.

MR. KING: It is about \$900,000.

MR. CROCKER: So there has been \$900,000 allocated in this year's budget for cellphones.

MR. KING: No.

MR. PLOUGHMAN: Not for cellphones. What we do is we look at broadband in general, broadband in communities. That can be delivered through a number of different technologies. Cellular is one of them.

In our carry-over we have about \$900,000 remaining for additional projects, but we will be tying those into the national Connecting Canadians program, some of those. That is a federal Industry Canada-driven program. The call for that closed earlier this year and they are currently evaluating those right now.

MR. CROCKER: Okay. Could you tell us where the \$900,000 shows as a budget item?

MR. KING: It is under Grants and Subsidies, 10. What we are showing there is a carry-over of \$1.637 million. Mr. Chair, \$900,000 of that would be new money for the current broadband

initiatives and \$700,000 is already committed projects.

MR. CROCKER: Okay, thank you, Minister.

Purchased Services was budgeted at \$15,000 and it was \$207,000. I wonder if the minister could explain the huge increase in Purchased Services.

MR. KING: Sure. That was predominately a result of costs to do some maintenance and repair work to the Atlantic Cable Facility. We are a co-owner of the ACF with Eastlink and so the bulk of that money was repairs that had to be carried out there.

MR. CROCKER: To the cable, the link?

MR. KING: Yes.

MR. CROCKER: Could the minister explain the facility? That is an agreement we have with Eastlink?

MR. KING: It is a facility, a property that we own, a physical cable.

MR. CROCKER: Yes.

MR. KING: Mark can probably give you a little better explanation.

MR. PLOUGHMAN: The Atlantic Cable Facility is the fibre optic cable that runs from St. John's to Halifax and all of the equipment that is on the way. There are two routes: there is one terrestrial route, which more or less follows the highway; and then the other route is a southern route, which follows the South Coast of Newfoundland and Labrador.

Cable breaks are something that is not uncommon for subsea fibre optic cables. Often it is as a result of fishing activity or something like that.

MR. CROCKER: You say they are not uncommon, but after spending over \$200,000 last year, we just went back and budgeted just \$15,000 again this year.

MR. PLOUGHMAN: It is not an item that is easy to predict. Because of that, it is a contingent expense.

MR. CROCKER: Okay. Could the minister tell us who would normally complete that work? Is it completed by Eastlink themselves and we are billed, or is it something we contract?

MR. KING: Eastlink. We are billed.

MR. CROCKER: Would that be subject to public tendering, or does Eastlink just have free rein at the amount of the bill?

MR. KING: They have responsibility for maintaining it as part of the agreement.

MR. CROCKER: Okay. I guess my question though is does Eastlink just send us the bill? There are no quotes. They have free rein to charge, more or less, as they feel fit for the repairs.

MR. PLOUGHMAN: This is all prescribed in an agreement which is called an IRU, Indefeasible Right of Use. So it describes the terms and conditions of our partial ownership of the facility.

There are only one or two companies in the world that actually have the capability to do these subsea cable repairs. They generally have these on contract and on standby. A cable break is a loss of telecommunications for a region, so the repairs are fairly urgent. Generally, it is a standing contract they have in place with a single vendor.

MR. CROCKER: Okay. In Grants and Subsidies, the \$1.6 million, is that all carry-over money, Minister? Or is there new money in that \$1.6 million in the Grants and Subsidies?

MR. KING: It is all carry-over.

MR. CROCKER: It is all carry-over. There is no new money?

MR. KING: Yes. The \$900,000 that I referenced earlier, we chose not to spend that in the current fiscal because the federal government came in with the Connecting Canadians fund that you may be aware of. It allows us the opportunity to leverage money and thereby do more projects with the money we have.

Hypothetically, for \$900,000, if we were going to do four projects or five, this might give us ten or eleven projects now. We have carried over waiting to hear from the feds on what they are looking to fund. Mark?

MR. PLOUGHMAN: Yes.

MR. CROCKER: Okay. My time has expired.

CHAIR: Okay. Mr. Murphy.

MR. MURPHY: Thank you, Mr. Chair.

Under section 4.2.01, Sector Development, Salaries was \$783,000. Last year it was budgeted for \$858,000 and the actual was \$812,000. I wonder if we can get a breakdown of what is happening here on this line.

MR. KING: The difference last year was delayed recruitment for positions which gave us some savings. The number for next year represents attrition management and some anticipated planned savings.

MR. MURPHY: You are obviously looking at one or two job positions here. Do you have any idea right now of what their present roles are?

MR. KING: No.

MR. MURPHY: No. So it is just that they are hoping to get somebody somewhere.

MR. KING: Through attrition we have a list of employees who are eligible to retire. So we have used that as the basis of trying to target sectors of the department where we might find savings.

MR. MURPHY: Okay.

MR. KING: As I said a few moments ago to my colleague from Trinity – Bay de Verde that may change over the course of the year. Under the plan we had to find six positions and we are still working our way through managing where that might come from. For budget purposes, we had to identify some potential savings. We have done that in areas where we think there could be potential retirements.

MR. MURPHY: Okay. Under Professional Services there was a \$50,000 drop over the last fiscal year 2014-2015. Your Estimates are only showing an increase from that \$10,000 to \$20,000. I wonder if we can get a breakdown on what is happening on this line.

MR. KING: Similar to the previous section we had less than anticipated expenditures. Here in particular, we were looking at doing a supplier development opportunity with the Voisey's Bay Project. That did not happen. It has been pushed off so we found savings there. For next year, again we anticipate – we wanted to find some savings – that we can get through here with \$20,000 based on historical patterns.

MR. MURPHY: Could you explain what that Supplier Development Program was all about? Do you have any details on that?

MR. O'RIELLY: Yes, that program will allow us to work, in this case, with Vale to look at what their requirements are going to be on this project as they go forward. They will be obligated to work with us and the Department of Natural Resources to identify the various services and equipment and so on that they will require. That will allow us the opportunity then to work with the business community to figure out who in our community has the capacity already, or can acquire the capacity to respond to those opportunities.

It really is about trying to help the local business community enter the supply chain of Vale. Of course we are hopeful that in so doing there will be ongoing opportunities, not just for the underground project that Vale is now contemplating, but perhaps other opportunities going forward on a global scale.

MR. MURPHY: Okay. I am just wondering then overall in the department – I have no other questions around line items, but what else the Strategic Industries Development department might be looking at?

MR. KING: You are into more policy here now.

MR. MURPHY: I am just wondering what else

MR. KING: Yes. I think the House of Assembly would be the appropriate place for that. The Estimates is more focused on the budget and the expenditures. I think you are asking about policy of government and where our policy direction might be.

MR. MURPHY: Yes. Okay.

Back in, then, under Transportation and Communications, Minister, \$72,000 was spent against \$101,600 that was actually budgeted. I wonder if we can get a breakdown of what is happening here. The request is in for \$73,600.

MR. KING: The decrease this year represents some deliberate savings as a result of some discretionary travel and less than anticipated costs. Next year's budget we tried to reflect closely to this year what we anticipate we will use.

MR. MURPHY: I am just wondering at the same time, it has to be hard to carry on business if you are not travelling and meeting people face to face. I just wonder, with all the changes in the department I do not know how you are doing it.

There have been a lot of changes over at the department in the last little while, additions and taking various things out of the department as well. It just does not seem to be – how shall I say it? It seems like it is on a shaky foundation. I am wondering if you can address that.

MR. KING: I can address it; I am just not sure this is the setting for it. I certainly categorically disagree with you. The merger of the two departments has gone extremely well. We have very focused lines of business and we are doing our work.

I mentioned before on transportation – because that is what initiated your question – that there is an overall reduction of about \$350,000, but the budget is still \$1.964 million for travel. We are more than confident that we can carry on our duties and our responsibilities with that budget.

MR. MURPHY: Okay. I have no other questions, Mr. Chair, on the line items.

CHAIR: Okay. Is there a follow-up question from the Opposition?

MR. CROCKER: I just have one more question actually. This is an Access to Information document.

The department has been actively involved with the innovation strategy since 2006. Since 2006, over \$17 million has been invested to support projects through the innovation strategy, not including broadband initiatives. I am just wondering if the minister could provide a list of those \$17 million in investments.

MR. KING: What line would you be referencing there for innovation?

MR. CROCKER: I guess innovation as a whole. This is a piece of information from the department itself, accomplishments by the department.

MR. KING: Right. What document are you referencing?

MR. CROCKER: It is provincial government accomplishments by department and was published November, 2014. It speaks specifically to innovation.

MR. KING: What is the language again?

MR. CROCKER: The department has been actively driving government's innovation agenda since the release of its innovation strategy in 2006. Since 2006, over \$17 million has been invested to support projects through the innovation strategy, not including broadband initiatives.

MR. KING: You are requesting back to 2006?

MR. CROCKER: Yes, the \$17 million that the department is saying went in that strategy.

MR. KING: Sure, okay.

MR. CROCKER: Move on to the next.

CHAIR: Concluded.

Shall items 4.1.01 and 4.2.01 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Contrary, 'nay.'

Carried.

On motion, subheads 4.1.01 and 4.2.01 carried.

CHAIR: We will move to section five. There are three subsections here.

Mr. Crocker to continue with your time.

MR. CROCKER: Thank you, Mr. Chair.

I think we are going to move to 5.2.01 and this is Field Services. I am just wondering if the minister could tell us – the Salaries in this part of the department have increased from a little over \$4 million to \$4,328,000. I am wondering if the minister could explain the increase in Salaries.

MR. KING: Sure. Predominately, it is because of the 3 per cent salary increase and the anticipated step level increases for employees progressing through the step system.

MR. CROCKER: Could the minister give us the number of staff, permanent, temporary, and contractual in those salaries?

MR. KING: We will have to get that for you.

MR. CROCKER: Okay, as well, the number of offices that these salaries would be paid to and the number of ITRD offices in the Province, currently.

MR. KING: There are twenty-two in total.

MR. CROCKER: Twenty-two in total. Does the minister have a breakdown of the activity by office?

MR. KING: Can you be more specific?

MR. CROCKER: Is there a measuring tool that the department uses to gauge the activity in each of these offices?

MR. KING: I think you are probably outside the parameters of Estimates there. You are talking about departmental operations.

MR. CROCKER: Okay. Come down to the line of Purchased Services, I am just wondering what the Purchased Services would be? With a budget of \$900,000, an expenditure of \$695,000, and a budget again of \$868,000, could the minister explain the almost \$1 million in that section of the department for Purchased Services?

MR. KING: Sure. That section for Purchased Services would cover things like copiers, shredding, vehicle repairs, and leases for our offices around the Province.

MR. CROCKER: Could the minister give us the number of vehicles that the department would have in the field?

MR. KING: We will have to get that for you.

MR. CROCKER: We will move to 5.3.01. Last year we had budgeted a little over \$9 million for Grants and Subsidies, the expenditure was \$11.6 million, and this year the estimate again is a little over \$9 million. I am just wondering if the minister could tell us what is funded here. What was funded last year for the \$11 million?

MR. KING: Sure. The difference between the budgeted and the actual expenditures reflects the transferring of the monies I mentioned earlier for Bonavista and the Corner Brook Port Corporation. The budgeted for this year is back to the previous year's amount, just shy of \$100,000 that we are going to find in savings.

MR. CROCKER: So the extra last year would have been Bonavista and –

MR. KING: Yes.

MR. CROCKER: Could the minister provide a list of the Grants and Subsidies for this development or this fund?

MR. KING: We will compile it. It is over 200. We will get it for you.

MR. CROCKER: Okay, I appreciate that.

That is it for me, Mr. Chair.

CHAIR: Mr. Murphy.

MR. MURPHY: The only question I have is around Transportation and Communications. Just to review, 5.2.01, \$194,000 spent, and \$304,100 anticipated spending for this year. I wonder if we can get a breakdown on that number again.

MR. KING: Yes. So the reason for the reduction was a focus on trying to find savings and efficiencies in the latter part of the year and the freeze on discretionary travel. As I said before, we have adjusted our Transportation and Communications budget overall in various parts of the department by \$350,000. In this particular section we budgeted what we believe we need to carry out the duties.

MR. MURPHY: Okay. No, I think that is it. I think we have everything. No sorry, one section under Transportation and Communications, 5.1.01. It was \$54,100 less than anticipated last year, but still budgeted for the same this year.

MR. KING: It is the same thing, targeted savings. Also, here we had some savings as a result of the WSEP, a federal program. As I said a freeze on discretionary travel would have been targeted there as well.

MR. MURPHY: Okay, so that was for 2014-2015. What they are saying I guess with this number, the \$89,100, is that there is no longer a freeze on discretionary travel? Why would that number still be \$89,100 if there was not a freeze?

MR. KING: The answer is the same as the one I just gave you on the previous section. We reduced our overall transportation by \$350,000. We reduced in areas that we feel we can manage. We have maintained budgets in areas where we feel we need to maintain them. The answer to this question is identical to the previous one; we believe we need the \$89,000 maintained there.

MR. MURPHY: Okay. I do not understand. If there were targeted savings of \$35,000 – you had budgeted \$89,100, so do you anticipate obviously spending \$89,100 this year?

MR. KING: We do. That is correct.

MR. MURPHY: Okay.

MR. KING: Some of the savings were the result, as I alluded to, of a federal government program where we received some assistance this year for travel as well under the federal government program WSEP. That is no longer available to us. In addition to needing the extra money, we have to compensate for that as well.

MR. MURPHY: Okay. Mr. Chair, those are all the questions I have on the line items here.

CHAIR: Shall items 5.1.01 to 5.3.01 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 5.1.01 through 5.3.01 carried.

CHAIR: Mr. Murphy still has time on the clock so we will let him start 6.1.01. There is only one section to that.

MR. MURPHY: Thank you, Mr. Chair.

Under section 6.1.01, \$481,600 was budgeted, the actual was \$367,700, and you are anticipating \$389,100 for this year. Can I get a breakdown of what is happening there?

MR. KING: Sure. The less than budgeted this year was the result of a delay in recruitment. The lower amount for next year is the result of the attrition management plan.

MR. MURPHY: Okay. Under Professional Services in the same section there was \$190,000 budgeted. Well, it is actually right across the board. What is this money appropriated for?

MR. KING: Under Professional Services?

MR. MURPHY: Under Professional Services.

MR. KING: Similar to what I have said in other categories. That is where we purchase any professional services, consultants, those types of things outside the department.

MR. MURPHY: What was purchased last year that necessitated the \$190,000?

MR. KING: I do not have that list here in front of me.

MR. MURPHY: Can I get it, please?

MR. KING: Sure.

MR. MURPHY: Under Purchased Services there was only \$1,900 that was spent against \$40,000 budgeted this year. Can you tell me what is going to be happening this year that would necessitate that spending?

MR. KING: The reduction was targeted savings. We pulled back from a number of conferences and trade shows that we would have attended under this section. The increase actually reflects some funds reallocated from our policy and planning division. We anticipate higher expenditures there than we had the current year.

MR. MURPHY: The decision to pull out of trade shows and conferences, was that a good decision here in this case? You are talking ocean technology and Arctic opportunities, and I strongly believe the government was on the right track when it came to the Arctic opportunities, the Northern Gateway Initiative and everything.

It seems like it is self-defeating to be pulling out of these conferences at a time where you would actually lose – I guess you could say – a foothold on that issue.

MR. KING: So to be clear, we did not pull out of all tradeshow and opportunities. The other thing that happened here is there were three, if not four, significant events that we would normally have travelled to, but we were lucky enough to secure hosting the conferences here. So obviously our travel that would have been budgeted for those particular conferences would have not been required.

MR. MURPHY: Okay. So the conferences on the go here this year, that would be covered under the \$40,000 line item that you have here now?

MR. KING: Which particular conference are you referencing?

MR. MURPHY: The one at the Delta, the – oh my.

MR. KING: The one I referenced in the House?

MR. MURPHY: Yes.

MR. KING: The one I referenced a while ago, the Arctic Technology Conference? The one I attended?

MR. MURPHY: Yes.

MR. O'RIELLY: I can speak to that one.

MR. KING: Okay, go ahead.

MR. O'RIELLY: The expenditures in the current fiscal year are some that came from the attendance at the ATC event in Copenhagen. Some of the other events for the year would probably be much more normal.

As the minister pointed out, we have a number of events that are taking place in the Province, three major conferences that had been secured last year, this year, and again next year. So it helps reduce some of the travel budget. We are actively participating in all major events on the Arctic front and in oceans technology, which also comes from this same budget subhead.

MR. MURPHY: Okay. I have no other questions on 6.1.01 unless the Opposition –

CHAIR: The Opposition?

MR. CROCKER: Just a couple. For clarification the ATC that we are hosting next year, we do not pay for that? That is not a government expenditure? That is the association?

MR. O'RIELLY: There is an organization committee that holds it and we make application to host the event. We pick up some of the cost,

usually receptions and things of that nature, to induce them to come here, but it is their budget and their activity.

MR. CROCKER: So I guess our contribution to that is budgeted here?

MR. O'RIELLY: Yes. Well not in Transportation and Communications, no.

MR. CROCKER: Where would it be budgeted to there?

MR. O'RIELLY: It may be something we would spend on Purchased Services, if it was participating in a booth for instance and that kind of thing.

MR. CROCKER: Okay, back to the Salaries. Could the minister provide a copy of numbers of staff, both permanent and temporary, in the Ocean Technologies branch of his department?

MR. KING: Sure.

MR. CROCKER: Just one final question. Funding for OceansAdvance, does this come from this portion of the budget for the department?

MR. KING: No.

MR. CROCKER: Could the minister tell us where the funding for OceansAdvance –

MR. O'RIELLY: The Regional Development Fund.

MR. CROCKER: The Regional Development Fund. That is good for me.

CHAIR: Shall 6.1.01 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subhead 6.1.01 carried.

CHAIR: We will move now to 7.1.01 to 7.1.04.

We will start with Mr. Flynn, I believe, in this section.

MR. FLYNN: I thank the minister and staff for taking the time this morning to come out. There are a few familiar faces there that I have had the pleasure of socializing with over the years. We will leave it at that.

Just as a quick look at this, how many people or how many staff is in the department at present?

MR. KING: In this division you mean?

MR. FLYNN: In the tourism division, because it is a little bit hard to go from that now with the realignment of –

MR. KING: Sixty-five permanent, seventeen temporary, and 125 casual.

MR. FLYNN: Sixty-five permanent and seventeen part-time?

MR. KING: Temporary.

MR. FLYNN: Oh temporary. In the attrition notes that I had here, there are going to be six people from all over the department, I guess is what they are looking at. Have you identified any of those who will not be replaced in the department of tourism at this point?

MR. KING: The division of tourism?

MR. FLYNN: Yes, the division of tourism.

MS MURPHY: We have identified upcoming retirements and we are looking at what the possibilities might be, but there is no final decision made. We have to achieve a six-person target across the department before March 31.

MR. FLYNN: Is that just the department of tourism then?

MR. KING: The division.

MR. FLYNN: The division.

MS MURPHY: The division, but this analysis is being done across the whole department.

MR. FLYNN: Okay. While we are on persons, I was going down through the minutes of last year's meeting when the minister made a reference to – or I guess one of us asked about the position in Labrador. At that time, the minister said it would be filled within the next few weeks. That position obviously was not filled last year. Will it be filled this year?

MR. KING: I cannot say for certain. Possibly, but I cannot say for certain at this point.

MR. FLYNN: We would like to get detail on the Professional Services that are budgeted there. Last year it was \$233,000 and spent \$53,100, but now we are back up to \$183,000. What got cancelled or delayed last year? What is the planning for that this year?

MR. KING: Carmela will speak to that.

MS MURPHY: Stelman that actually reflects the marketing research budget; that Professional Services account. That fluctuates on an annual basis depending on the research we are doing. We do a lot of partnership research with the Canadian Tourism Commission, Stats Can, and Phocuswright, and then every five years we do an exit survey.

Last year would have been the lowest level of the research partnerships because certain three-year programs finished up. Now we will be going into bringing those back on this year. As a matter of fact, we are going into an exit survey year, so we will likely be transferring money into that account next year to pay for the one-time exit survey.

MR. FLYNN: So, the auto and air exit survey will be completed this year?

MS MURPHY: The RFP is out now.

MR. FLYNN: Okay, perfect. It takes away a question I had there for you probably a little bit later

MS MURPHY: Your next question; we will be including Labrador.

MR. FLYNN: No, I was not going to ask that one. I just assumed that you would.

I am assuming that the budget for the marketing dollars itself – which is nice to see the \$2 million put back in this year and which is going to be \$12 million. There are certain areas obviously you allot money for. It might be in your website maintenance or your purchase for placement of TV or newspaper ads. Is there a breakdown available that you can provide us on how that \$12 million is actually spent?

MR. KING: The breakdown would roughly be: for advertising, creative media, TV, newspaper, magazines and those kind of things, \$7.8 million; for travel guides, brochures, booths and posters it would be \$500,000; for the Travel Media Program, \$250,000; for industry support, HNL, the Tourism Board, and DMOs it would be \$1.1 million; the Atlantic Canada Tourism Partnership, \$480,000; the hunting and fishing campaign, \$400,000; tourism information, call centres, and distribution, \$150,000; website and Internet marketing, \$1 million; and travel, trade and sales would be \$575,000.

MR. FLYNN: I noticed you said the regional marketing boards in so many dollars. Under 7.1.01 we have Grants and Subsidies there which are kind of outside of everything else in that. I think I know what the answer is. What is that \$150,000 for?

MR. KING: That one is for Destination Labrador.

MR. FLYNN: Why would that be treated differently than the other marketing organizations?

MS MURPHY: We were funding Destination Labrador through the department, through a commitment by the government long before we moved into the new DMO process. That was set up as a grant. When we went down the road of partnering on the Tourism Board and the other DMOs, they came out of the marketing budget out of Purchased Services. They are not a line item as a grant like Destination Labrador was. It is an administrative matter.

MR. FLYNN: It is just an administrative thing, is it?

MS MURPHY: Yes. They all get treated the same and they all get the same amount.

MR. FLYNN: Is it appropriate to ask – I am sure you will tell me if it is not. Is it appropriate to ask for a detailed breakdown of – okay, we spent this much money on CTV in Ontario kind of breakdown, line by line – the way that marketing dollars were spent?

MR. KING: Anything is appropriate to ask.

MR. FLYNN: Well, can we have it then?

MS MURPHY: I am sure we could provide a summary of that. It is not that we would not provide it; we do not get asked for it that often. It becomes more of a competitive issue of not putting all our cards out in the marketplace in a public way. There is some competitiveness around some of the buys we do from a costing point of view, but I have no issue with providing a summary of the media plan at a certain level with the media and the amounts.

MR. FLYNN: Okay. Are there any new ads being produced this summer?

MS MURPHY: Well we have just restored the budget which is really exciting.

MR. FLYNN: Okay.

MS MURPHY: There you go. We are doing it.

MR. FLYNN: I know, we are looking at the time here.

That is all I have right now. If there is something comes up that I –

OFFICIAL: You can go on.

MR. FLYNN: I can go on?

For example, we are providing – and I am not saying it should not be done, I am just asking the question – East Coast Trails with \$100,000 for marketing. Do we do that with other trails across the Province? I will wait for your response.

MR. KING: No, we do not.

MR. FLYNN: So is there any particular reason why we chose one trail over another trail?

MS MURPHY: That was set up a very long time ago because it was considered a destination trail. There are other trails receiving funding, they are just receiving it through other programs in the department like the Regional Development Fund.

MR. FLYNN: Okay, because I had a printout of it and I cannot recall seeing where other trails might have gotten that money. That is fair.

Salary allocations; I remember reading a report sometime back and there did not appear to be a great system in place for overtime. There was a fair amount banked in overtime. I will check my notes here. Have we been able to tighten up some of the areas that may have been slack on?

MR. KING: Can you be more specific in what you are asking? That is a very vague question.

MR. FLYNN: No, I cannot. There was a substantial amount that went in the budget from last year in allocating overtime and severance packages. We would not want to get through half the year and find out we have to pay \$1 million out for these unallocated or 'unexpensed' liabilities.

MR. KING: We are confident that the allocation we have there in our Salaries will be adequate for the year.

MR. FLYNN: Okay. That is good for now.

CHAIR: Mr. Murphy.

MR. MURPHY: Mr. Chair, under section 01, under Salaries, \$1.669 million was spent against the actual \$1.76 million under 7.1.02, and you have gone and budgeted \$1.8 million; an increase. I wonder if we can get an explanation on that line.

MR. KING: Sure. So the decrease this year was a delayed recruitment effort for staff. The increase next year is a result of funding for a full complement of staff, factoring in a 3 per cent wage increase and step adjustments.

MR. MURPHY: So you do not anticipate any layoffs in this particular branch?

MR. KING: We do not anticipate any layoffs at all. The only way there would be less staff is through attrition. There will not be any layoffs. Where we anticipate that might occur is where you would see the salary reduction in the different heads.

MR. MURPHY: Okay. Under Purchased Services as well, if I can get a breakdown of that; \$340,600 is expensed for this year and \$311,600 was spent. I am just wondering if you can give me a breakdown of that line.

MR. KING: We do not have it here, but we will endeavor to get it for you.

MR. MURPHY: If we can get that, under Purchased Services. You do not know right off hand exactly what the money was appropriated for then – if that is the case, if you do not know.

MR. KING: That is correct.

MR. MURPHY: Okay. Under Grants and Subsidies again, would I find money in here for the Bonavista Townscape in this particular line item?

MR. KING: No, we just dealt with that one a couple of sections back.

MR. MURPHY: Okay, I missed that. Thank you for that.

Under section 7.1.04, then, that is moved from the marketing arm. The Marble Mountain Development Corporation, 7.1.04, the \$1.3 million under Grants and Subsidies; there was \$2 million spent. I take it this is for the chairlift?

MR. KING: Yes, correct.

MR. MURPHY: Okay. So the \$1.36 million is also going towards the chairlift?

MR. KING: Yes, the total, \$3.36 million.

MR. MURPHY: Was this the original cost that was put out? I do not think it was the original cost, was it? Did I hear something about an overrun on the lift? It was originally \$3.3 million?

MR. KING: Yes, just cash-flowing it over two years.

MR. MURPHY: Okay. Was this tendered, or did they do a cost comparison with other manufacturers at the same time as that?

MR. KING: I cannot speak for Marble Mountain on that.

MR. MURPHY: No?

MR. KING: I do not know.

MR. MURPHY: How would we be able –

MR. KING: I did not say no, I said I cannot speak for Marble Mountain on the process they followed.

MR. MURPHY: Okay. That would be outside your purview?

MR. KING: It is outside my knowledge base today. I could check it out, but I cannot speak and say, yes, they did tender or no they did not because I do not know.

MR. MURPHY: Okay, so we can get an answer about that?

MR. KING: Sorry, Carmela knows

MS MURPHY: The contract went to a company called Leitner-Poma. There are only two companies in the world that actually do chairlifts. The old equipment that was at Marble was done by Poma, so they worked with GPA and went with Poma again.

MR. MURPHY: They just went with the same company, so without tendering?

MS MURPHY: Yes, it did not have to be tendered.

MR. MURPHY: Okay, but what I am saying is that some of the old equipment – it was realized, I think, midway through the construction of the new lift that there was going to be more anticipated that was needed for the lift at the same time. The initial call for a lift, for example, did not go out to public tender.

MS MURPHY: No, it did not.

MR. MURPHY: Even that \$3.3 million?

MR. KING: No. They worked with the Government Purchasing Agency on the process.

MR. MURPHY: Okay. Those are the only questions I have on that. I am finished at 7.1.04.

MR. KING: There was no cost overrun either, by the way.

MR. MURPHY: There wasn't a cost overrun?

MR. KING: No. There were delays in the timing, but no cost overrun.

MR. MURPHY: Okay.

CHAIR: Does Mr. Flynn have any follow-up questions on section seven?

MR. FLYNN: Subhead 7.1.02; I asked the one on the Salaries so there is no real answer there yet.

MR. KING: Excuse me, no real answer to what?

MR. FLYNN: No, I said I never got a firm answer, I meant to say, on the tourism officer for Labrador. It has been vacant for a number of years.

MR. KING: On that particular position?

MR. FLYNN: Yes.

MR. KING: Sure. Okay.

MR. FLYNN: Grants and Subsidies; I think that \$12 million is basically for the St. John's Convention Centre.

MR. KING: Yes.

MR. FLYNN: All of that \$12 million or is it \$7.5 million?

MR. KING: You are asking what is within the \$12.5 million, right?

MR. FLYNN: Yes.

MR. KING: Yes. The Convention Centre is there at \$12.2 million, there is the East Coast Trail funding, and there is money as well for Visitor Information Centres.

MR. FLYNN: Can we get kind of a breakdown of that, where that money is being spent?

MR. KING: Sure. The Convention Centre, \$12.2 million; the East Coast Trail, \$100,000; the Visitor Information Centre is \$146,000; and \$40,000 for market readiness.

MR. FLYNN: Okay. If there are overruns on the Visitor Centres – and we have all heard that there are – will the government be supporting these overruns, or this is the total commitment to this project?

MR. KING: This is the total commitment to the project, but we certainly would handle situations on an individual basis. If there are overruns from a particular area, then we would consider them as they happen.

MR. FLYNN: Yes. I would like to just mention to the minister – and I know he already knows I operate a business there at Marble Mountain, so if you perceive there is a conflict of interest, just say it and I will defer the next question to my counterpart over there. In the Grants and Subsidies to Marble, is that primarily an operating grant or is it some of the ads that the Province supports and runs on Marble Mountain in the winter. That is 7.1.03, item 10, \$840,000.

MR. KING: The breakdown is \$390,000 for operating and \$450,000 for capital improvements.

MR. FLYNN: Okay. I do not know if this would fall under transportation, but I know we have had some areas of concern with respect to the last time the outfitters were inspected. I think presently we are just issuing a licence to outfitters without inspections?

MR. KING: The last time what was inspected?

MR. FLYNN: I said I am not sure when the outfitters were inspected the last time. We just basically are issuing licences for the outfitters without inspection.

MS MURPHY: Yes, well all accommodations are no longer inspected per se. Canada Select is done through regular fixed growth.

As you know, Canada Select does not do outfitting. We rely on some of our other partners who go in and out of the camps from other enforcement divisions, and the federal government through Transport Canada, to look at outfitting camps.

MR. FLYNN: So they are issued a licence without the inspection as required under the law?

MR. KING: Yes.

MR. FLYNN: That is about it for me. If there is something that comes up I can assume I can go back to it, but that is it for that one for me.

CHAIR: I call 7.1.01 to 7.1.04 inclusive

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 7.1.01 through 7.1.04 carried.

CHAIR: Section 8.1.01 to 8.1.09, except for section – I think 8.1.04 has already been approved.

Mr. Murphy, do you want to start?

MR. MURPHY: (Inaudible).

MR. KING: It is 8.1.03.10. You are asking about the increase of \$17,000.

MR. MURPHY: Yes.

MR. KING: That is for salary and pension changes.

MR. MURPHY: Can we get a breakdown of the Grants and Subsidies as well for this line?

MR. KING: We do not administer that. The Arts Council administers it. We would have to go to the Arts Council and ask for that.

MR. MURPHY: Okay.

MR. KING: We can do that.

MR. MURPHY: Under section 8.1.05, the Newfoundland and Labrador Film Development Corporation shows an added \$33,800. I take it we would have to go to the Newfoundland and Labrador Film Development Corporation to get a breakdown of the Grants and Subsidies in this line, or would you have it?

MR. KING: No, we would not have it.

MR. MURPHY: Okay.

MR. KING: Both of those are just grants from government. They, in turn, have a board of directors who do their budgeting.

MR. MURPHY: Okay.

MR. KING: The increase there is salary, though.

MR. MURPHY: It is salary related?

MR. KING: Yes, the increase. I thought you meant a breakdown for the whole budget. The increase there is for salary.

MR. MURPHY: Okay.

Under section 8.1.08, the Heritage Foundation of Newfoundland and Labrador, I take it these are salary increases as well on this line, Minister?

MR. KING: Yes.

MR. MURPHY: Okay.

On to the Newfoundland and Labrador Film Development Corporation, 8.1.09, the appropriation last year was \$4.5 million. This year that has increased to \$4.955 million. I wonder if you can give us a breakdown on what is happening here in line 08. This is the new film and the old commitment to Doyle, I take it.

MR. KING: No. The extra \$500,000 is the one I referenced earlier this morning on *Frontier* mini-series.

MR. MURPHY: Is that being filmed here in the Province as well?

MR. KING: Yes.

MR. MURPHY: Okay. I heard a little bit about it, but not too much really that is out there.

So the commitment this year if \$4.9 million from government to that?

MR. KING: No. The commitment is \$500,000. The other \$4.5 million is the annual budget that government advances to the Film Development Corporation.

MR. MURPHY: Okay.

Under 8.1.06, Historic Sites Development, Purchased Services was down by \$20,900 this year but it is up to \$480,000 this year. I wonder if you can give us a breakdown on this overall line, what is happening.

MR. KING: The decrease was just that we did not spend the whole budget. The need was not there at the time. The increase in the budget this year is for some planned repairs to the provincial historic sites.

MR. MURPHY: Do you know which sites they are right offhand?

MR. KING: Yes. It would be Trinity, Mockbeggar Planation, Bonavista Lighthouse, Heart's Content, Beothuk Interpretation Centre, Point Amour, Newman Wine Vaults, Commissariat House, and Cupids. Sorry, not Cupids, my mistake.

MR. MURPHY: Okay. I think I saw a release on that the other day. That might have been part of it.

Subhead 8.1.07, Special Celebrations and Events, the salary allocation is only up by \$4,100. I take it this is a normal step increase of 3 per cent.

MR. KING: Correct.

MR. MURPHY: Okay.

Transportation and Communications is down considerably, \$60,000 was budgeted and there was only \$1,500 spent. There is only \$33,000 appropriated for this year. I wonder if I can get a breakdown here.

MR. KING: That represents a couple of things: one, obviously less than anticipated travel. We had planned to do some travel around the First World War commemorations, the Gallipoli memorial, which is now delayed to 2015-2016, and a freeze on discretionary travel.

MR. MURPHY: Okay.

Professional Services, same section, down by \$189,000 from last year but, again, it was budgeted for \$320,000. There was only \$15,700 spent.

MR. KING: The initial allocation there was around the First World War commemorations. The initial plan was for a caribou and that plan has now changed. So the money was not spent, obviously.

The allocation we have this year is going to be on the same project, but instead of the initial project with the caribou, there will be a plaque and some other things.

MR. MURPHY: Okay. So they were going to put the model up of the caribou over at the Gallipoli site were they?

MR. KING: Yes.

MR. MURPHY: What was the decision they made to change that and just put a plaque up instead? Why did they make that change?

MR. KING: Why?

MR. MURPHY: Yes.

MR. KING: Cost saving primarily.

MR. MURPHY: I do not know. It seems like it would have been more wise to put a – this is my Newfoundland and Labrador patriotism speaking now, but I think the caribou memorial in Bowering Park and Beaumont-Hamel

probably would have had a nice connection with Gallipoli too, knowing that we served there. I think something was missing there. I do not know why they made that decision, but, again, that is a government decision and we will ask about it in Question Period maybe one of these days.

I want to come further down to Grants and Subsidies. Grants and Subsidies are up to \$250,000 against \$220,000. Can we get some detail on what is happening here?

MR. KING: That increase is for the First World War commemorations, as per budget decision 2013-2014. We laid out a plan over a number of fiscal years.

MR. MURPHY: Okay.

I think that is about all we have for that particular section, Mr. Chair. I will digress for now.

CHAIR: Okay.

Mr. Flynn.

MR. FLYNN: Thank you, Mr. Chair.

I hope that I did not miss some of my colleague's questions over there. It was really hard hearing him on this side. So if I do, you can remind me.

MR. KING: I will gladly answer them again.

MR. FLYNN: Salaries in 8.1.01 is going up significantly. Last year's budget was \$1.7 million. It is \$1.6 million actual and this year we are going to \$1.7 million. Do you want to give us an explanation?

MR. KING: Sure, absolutely.

The decrease is a result of some delayed recruitment, vacant positions; and the increase for the new fiscal reflects filling of a full complement of positions, plus 3 per cent salary increases and step progression.

MR. FLYNN: How many positions would be there associated with that?

MS MURPHY: There were a Historic Sites Officer and a heritage carpenter.

MR. FLYNN: Okay.

Purchased Services – and I know you kind of discourage us from going there; but given it is such a significant amount of almost \$200,000, could you give me some breakdown on this particular line item?

MR. KING: I just want to go back for a minute. There is just a little misunderstanding there when you talked about the positions. We will get you the list of that for section 01 there. We do not have the numbers here in front of us and I apologize.

MR. FLYNN: Thanks.

MR. KING: Which section are you referring to now?

MR. FLYNN: Purchased Services, it is a fair amount of money there and I am just trying to get a handle on \$196,000, trying to get a handle on what that is in Culture and Heritage.

MR. KING: Carmela.

MS MURPHY: That budget covers everything in the Cultural Heritage division on purchased services, including the Provincial Archeology Office and historic sites. So everything we buy to operate those facilities comes out of that budget.

MR. FLYNN: Okay.

As I went down, I had an ATIPP application in and saw all the grants and money that is given out from tourism and culture – and I am not saying it should not be done. I want to make that very clear right off the top. Is there any criteria established, like who gets these grants, is there an application process? At the end of the day is there some level of comfort, as taxpayers of the Province, that this is filled by application?

MR. KING: Yes.

MR. FLYNN: There is. I cannot ever recall seeing one, but would we be able to have a copy of that application?

MR. KING: Sure, they are all on our website.

MR. FLYNN: Oh, is it?

MR. KING: Yes.

MR. FLYNN: Okay.

MR. KING: I can print it for you, if you want.

MR. FLYNN: Thank you, Darin. Now that I know it is there, I think I can manage that one. Thank you very much.

AN HON. MEMBER: (Inaudible).

MR. FLYNN: Yes, saving our paper.

One thing that the gentleman this morning from The Rooms mentioned, rates were going up by – I thought he said 30 per cent but it does not matter. It is going from \$7 to \$10, so I guess that is more than 30 per cent. In any case, last year was budgeted \$65,000, received \$100,000 and given the rates are gone up 30 per cent this year, does \$65,000 seem –

MR. KING: Which section are you referring to?

MR. FLYNN: Still under 8.1.01, Revenue – Provincial.

MR. KING: Okay.

That is the historic sites revenue.

MR. FLYNN: Culture and Heritage, Amount to be Voted, item 02?

MR. KING: Yes, that is revenue from Provincial Historic Sites.

MR. FLYNN: Yes, so my question is given they are gone up, shouldn't we be seeing revenue there of \$130,000 as opposed to \$65,000 projected?

MR. KING: The fees did not increase there. The Rooms is not included here.

MR. FLYNN: Oh, The Rooms are not included.

MR. KING: The Rooms is a separate head (inaudible).

MR. FLYNN: Did these fees increase then, the Provincial Historic Sites?

MR. KING: No.

MR. FLYNN: They did not, okay.

That is all I have on section 8.1.01.

AN HON. MEMBER: Keep going.

CHAIR: Keep her going.

MR. FLYNN: Keep going?

CHAIR: Anything in subhead 8.

MR. FLYNN: All right.

How many people are actually at the Arts and Culture Centre covered in this category? How many permanent, I guess, and how many temporary?

MR. KING: Employees?

MR. FLYNN: Yes.

MR. KING: Twenty-eight permanent and 124 casual.

MR. FLYNN: Purchased Services is budgeted at \$3,358,000. Is there a way of getting a breakdown on those numbers, or at least I should ask for an explanation and then maybe a breakdown after.

MR. KING: Sure. Carmela, can you speak to that?

MS MURPHY: I am going to speak to it just because this one is a little complicated. Purchased Services at the Arts and Culture Centres is about third-party revenue. So the Arts and Culture Centres took in \$4.225 million in revenue which goes into general revenue. The money that is in Purchased Services is paid out to the third parties because they need to be paid and it is offset by the government revenue, and a small portion of that money would be used for running an online ticketing system and other supplies but it also works for third-party payouts.

MR. FLYNN: Is this money that is paid to artists? Like you said, it is complicated and I know we are running –

MR. KING: Performances.

MR. FLYNN: Performances.

MR. KING: If we bring performances in.

MR. FLYNN: Taking the federal money would be some kind of grant for cultural industries?

MR. KING: Go ahead.

MS MURPHY: That is a grant under Canadian Heritage, the CAPF – it is a cultural artistic program and the Arts and Culture Centre can apply and it qualifies for a grant to support local touring programs.

MR. FLYNN: Okay.

Your revenue again, I think you just explained that.

Would the swimming pools and so on – I do not know how you separate this, but would that be included in this revenue now or in the expenditures here –

MR. KING: That is with the Seniors, Wellness and Social Development.

MR. FLYNN: So that is all moved out now, out of that funding.

The Newfoundland and Labrador Arts Council, 8.1.03, \$2 million, is that a not-for-profit organization?

MR. KING: Yes, it is.

MR. FLYNN: It is?

MR. KING: Yes, it is run by a board and we provide the money as a grant to them. The board operates –

MR. FLYNN: Is there an audit done with these organizations that is provided back to the government?

MR. KING: Yes, annually.

MR. FLYNN: Okay.

I think that is about it that I have. I think my colleague here has a couple of questions.

MR. CROCKER: Just a couple of short questions, actually.

CHAIR: Mr. Crocker.

MR. CROCKER: Minister, in this year's budget there was a reference to the Heart's Content Cable Station. Could you break out what it is the expenditure is going to be at the Heart's Content Cable Station this season? I know there is work ongoing there now.

MR. KING: Carmela.

MS MURPHY: Out of the \$420,000 a portion of that is being spent at Heart's Content this year. There was some money spent last year, physical improvements and stabilization, and some money will be spent this year to finish that and some inside work related to interpretation and they do have an anniversary coming up for the 150—

MR. CROCKER: Actually that was my next question. When we flip forward to Special Celebrations and Events, has there been any money earmarked for the 150th anniversary of the Trans-Atlantic Cable being landed in Heart's Content?

MR. KING: No extra budgeted, but we will work within the current budget, but no, there is no—

MR. CROCKER: There is nothing specifically been allocated for the anniversary?

MR. KING: No.

CHAIR: Mr. Crocker is complete. Mr. Murphy, did you have your—

MR. MURPHY: I think I am all done, Mr. Chair; I just wanted to leave a statement. Under section 8.1.07, we lost thirty Newfoundlanders and Labradorians over in Gallipoli, and I would like for government to reconsider— I do not know how to do this or how to convince government to make an amendment to this

particular part of the budget, but I do not feel that with the death of thirty Newfoundlanders over there at Kangaroo Beach and Suvla Bay on day three of the Gallipoli invasion that they should be immortalized, I guess, just in a plaque. I think that the caribou memorial itself is known to Newfoundlanders and Labradorians as a place where Newfoundlanders and Labradorians made a sacrifice, and I would like government to reconsider that.

I would like that entered into the Hansard record that I think that government has to find the money to put in that caribou. I think it means so much for the people who died. They represented this Province— it was a country at the time and they represented it well. I think that we can remember them a little bit better than just in a plaque form. It is just a sensitive area for me, so I would just like to leave that note.

That is all the questions we have.

CHAIR: It sounded like Mr. Flynn had one final.

MR. FLYNN: Yes, there were two questions that I had here. I think it was Carmela who mentioned land acquisition out around Cupids. There is nothing allotted that I can see here for the land acquisition out around Cupids in the budget, 8.1.06.

MS MURPHY: That was last year; it is done.

MR. KING: It was done last year; that is done.

MR. FLYNN: It is done, is it?

MS MURPHY: Yes.

MR. FLYNN: Okay. So there is no land to be purchased this year, it is done.

I just wanted to go back to Minister King because he might think I do not know how to use a computer or something, but I did check the website on the Honour 100 initiative and I think the last time it was updated was 2014. What are the special celebrations planned for this year?

MR. KING: We are outside of Estimates, but we can give you a general overview if you like.

MS MURPHY: The anniversary this year will be the anniversary at Gallipoli in September, so there are plans around that. Last year we marked the March of the Florizel. The big program this year is an extra push this year on bringing more students to Beaumont-Hamel because next year is the major anniversary and we will have that commemorated here in Newfoundland and Labrador. So we are going to be bringing up to thirty-five students now through what we are already doing with the legion and through a new ambassador program to Beaumont-Hamel for the pilgrimage and we have our grant program launched this year. Grants have been open and they are just closing now, and you can still go online and apply and these –

MR. FLYNN: It closed in February, wasn't it?

MS MURPHY: Yes, but we are pretty flexible people for projects. There is always intake –

MR. FLYNN: Okay.

MS MURPHY: Those will be community-oriented projects that are commemorating significant anniversary or people around WWI.

MR. FLYNN: Any projects approved yet, or you are still compiling?

MR. KING: Assessing.

MR. FLYNN: What is the total budget for the Honour 100 initiative?

MS MURPHY: The budget since 2013-2014 up to 2018-2019 would now be \$3.1 million.

MR. FLYNN: Where is it located in the Estimates here, Carmela?

MS MURPHY: Subhead 8.1.07, Special Celebrations and Events. That would be this year's appropriation but there was money appropriated the past two years. There will be next year and the year after as well; this is a five-year program.

MR. FLYNN: So that is put in a kitty and kind of accumulating for the three years.

MR. KING: It is part of the fiscal forecast.

MR. FLYNN: Yes. It is under Grants and Subsidies, is it?

MS MURPHY: And Purchased Services and Professional Services because it depends what you do. It could be appropriated in many places.

CHAIR: Shall items 8.1.01 to 8.1.09, exclusive of 8.1.04, carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 8.1.01 to 8.1.09, exclusive of 8.1.04, carried.

CHAIR: Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, Department of Business, Tourism, Culture and Rural Development, total heads, carried.

On motion, Estimates of the Department of Business, Tourism, Culture and Rural Development carried without amendment.

CHAIR: I would like to thank the minister and his officials and staff for coming this morning. I would like to thank the members of the Committee for their questions and co-operation through deliberations.

I will see if the Clerk has any further business for us.

CLERK (Ms Murphy): Just adjourn.

CHAIR: A motion to adjourn.

MR. LITTLEJOHN: Motion.

CHAIR: Motioned by Mr. Littlejohn.

Carried.

On motion, the Committee adjourned.