



PROVINCE OF NEWFOUNDLAND AND LABRADOR  
HOUSE OF ASSEMBLY

HOUSE OF ASSEMBLY  
MANAGEMENT COMMISSION

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Fifty-Fifth Meeting

Wednesday, August 24, 2016

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**HANSARD**

Speaker: Honourable Tom Osborne, MHA

The Management Commission met at 9:30 a.m. in the House of Assembly Chamber.

**MR. SPEAKER (Osborne):** Good morning, ladies and gentlemen. Welcome to the Management Commission meeting for August 24, 2016.

I will ask members of the Management Commission to introduce themselves, starting with Siobhan Coady.

**MS. COADY:** Good morning, Siobhan Coady, MHA, St. John's West.

**MR. BROWNE:** Mark Browne, MHA, Placentia West – Bellevue.

**MR. A. PARSONS:** Andrew Parsons, MHA, Burgeo – La Poile.

**MR. HUTCHINGS:** Keith Hutchings, MHA, Ferryland.

**MS. MICHAEL:** Lorraine Michael, MHA, St. John's East – Quidi Vidi.

**MS. RUSSELL:** Bobbie Russell, Clerk's Office.

**CLERK (Barnes):** Sandra Barnes, Clerk.

**MR. SPEAKER:** Tom Osborne, Speaker.

We also have joining us Cory Grandy from the Department of Transportation and Works. We have one issue on the agenda relating to Transportation and Works, so we may need to call on Cory to answer questions. And we have a visitor from the MCRC in the House as well, Sandra Burke.

So we welcome them.

We will start; the Commission held an in camera meeting on July 15, 2016, and there were two decisions to report from that meeting. So we will look under Tab 1.

The Commission recommended the appointment of Donovan Molloy in an acting capacity as the Information and Privacy Commissioner to be compensated at a step 25 until that position is filled on a permanent basis by resolution of the

House; and, that the permanent Information and Privacy Commissioner be compensated at step 25 as well.

The Speaker's Office will be responsible for the payment of Law Society and other fees associated with the practice of law for the Information and Privacy Commissioner.

The Commission waived the usual two day waiting period for Management Commission decisions because that position was vacant and we wanted to see it filled.

Again, under Tab 1, I ask for a motion to approve the minutes for the June 29, 2016 meeting.

**MS. MICHAEL:** So moved.

**MR. A. PARSONS:** I'll second.

**MR. SPEAKER:** Moved by Lorraine Michael; seconded by Andrew Parsons.

As well, on July 15 I asked for a motion to approve the minutes. Again, that's under Tab 1 for the July 15, 2016 meeting. I assume everybody has read the minutes of those meetings.

Do we have a mover for that?

Moved by Andrew Parsons; seconded by Keith Hutchings.

Under Tab 2, we have three letters of appeal. The Member for Placentia – St. Mary's is appealing the denial of payment by Corporate and Members' Services Division of certain allowable expenses incurred by the Member. These expenses total \$683.19. They would have been approved had they been in on time but weren't submitted under the 30-day time period or the 30 days beyond the end of the fiscal year. So these are allowable expenses. There's nothing untoward here. I'm hoping that somebody will move the motion.

Moved by Siobhan Coady; seconded by Mark Browne.

As well, the Member for Mount Pearl – Southlands, under the same situation, is

appealing the denial of a payment by Corporate and Members' Services for allowable expenses. There was a \$200 expense as well as a \$60 expense that Corporate and Members' Services say would have been approved had they been in prior to the 30-day deadline.

Do we have a mover?

Lorraine Michael; Keith Hutchings seconded.

The third was the Member for Gander. Again, the same situation; it's an \$84.75 bill that Corporate and Members' Services say would have been approved if it had been in prior to the 30-day deadline. It's an approvable expense.

Do we have a mover for that?

Mark Browne; seconded by Andrew Parsons.

Under Tab 3, we're looking for a budget transfer request as a result of the provincial general election being set for November 30. When the Estimates were submitted and approved by the House of Assembly the election was supposed to have been, or anticipated to be October. When the election date was moved to November the deadline for election subsidies became March 30, 2016, the day before the end of the fiscal year. Consequently, unless the filings were made earlier, there was insufficient time for the office to approve those expenditures.

So \$108,199 was paid out in 2015-2016; \$499,746 was paid out this fiscal year, and \$74,000 is left to be paid out, which means the election subsidies total \$682,000. The estimate was \$650,000. It's impossible to know for sure the exact amount of the subsidies paid out until the election happens and we find out the rent and sign costs, and so on and so on for candidates.

It's \$32,000 over the estimate. So a transfer of funds is required from Members' Resources, Allowances and Assistance to the Office of the Chief Electoral Officer, Grants and Subsidies. The Transfer of Funds Policy requires the Management Commission approval to transfer funds. So if the transfer of funds is approved, we have a document that I'm going to ask a Member to volunteer to sign approving the transfer of funds.

I ask for a motion to approve the transfer of funds.

Lorraine Michael.

**MS. MICHAEL:** (Inaudible) a question.

**MR. SPEAKER:** Yes, absolutely.

**MS. MICHAEL:** (Inaudible) just out of curiosity more than anything. The deadline was March 30 and the briefing note says the majority of the filings came in after that. Does that mean it actually came on the 31? They actually wait until the very last day?

**CLERK:** Most of them came in. Well, if they came in anywhere from early to mid-March on, by the time they're reviewed by the Electoral Office and processed, there's no way they would hit the cut-off date of March 31.

**MS. MICHAEL:** Okay. So it wasn't that they all came in after the 30.

**CLERK:** Most of them come in really close to the deadline.

**MS. MICHAEL:** Okay.

**CLERK:** Now, there's one person who actually filed – or hasn't filed yet, I think, or filed late – filed after the deadline, so they have to forego their subsidy.

**MS. MICHAEL:** That's right, yes.

**CLERK:** But, generally speaking, there's always back and forth with questions. Depending on how fast that happens; it just takes that time to process.

**MS. MICHAEL:** Thank you very much.

**MR. SPEAKER:** Keith Hutchings.

**MR. HUTCHINGS:** Sandra may have just answered my question.

So the \$32,000 basically completes the electoral process, right, and we're done in that regard?

**CLERK:** Yes.

**MR. HUTCHINGS:** Okay, thanks.

**MR. SPEAKER:** Yes, so a total of \$682,000. The estimate was \$650,000.

**MR. HUTCHINGS:** Right, but this amount is approved now – or the transfer now will take care of and close the book, basically, on the expenses related.

**CLERK:** Yes, it does.

**MR. SPEAKER:** So the transfer amount is for \$74,000.

**CLERK:** Just because of time (inaudible) we had anticipated \$150,000. We only got \$108,000, so that’s the difference there.

**MR. HUTCHINGS:** Okay, thank you.

**MR. SPEAKER:** Okay.

Any other questions, comments, concerns?

Moved by Lorraine Michael; seconded by Keith Hutchings.

I’m going to ask for a Member now to sign the form approving the transfer of funds. Here you go, right on the very bottom.

**MS. COADY:** Approved by ...?

**CLERK:** A member of the Management Commission.

**AN HON. MEMBER:** (Inaudible).

**MR. SPEAKER:** Don’t say that; the weather’s been perfect.

**MS. COADY:** Make sure I have this done correctly.

**MR. SPEAKER:** You do indeed. I will pass this to the Clerk. The Chief Electoral office will be delighted they can pay the rest of the –

**CLERK:** Actually, there are some Members waiting for payment of their subsidies because they’re out of money.

**MR. SPEAKER:** We have one final item. That’s the Renewal of Lease for the OCEO.

Members will recall that we discussed this at a previous meeting a month or so ago. Transportation and Works is undergoing a review of all external rental spaces, with the hope to reduce the amount of space that’s being paid for and look at best options on cost. The word we’re hearing back from Transportation and Works, they basically say that this is a no-brainer. If we don’t sign, the landlord is offering to lease the space for another five years under the previous lease conditions, which is considerably below market value. If we go on a one-year lease it’s \$190,000, if we go on a five-year lease it works out to \$109,000 a year, and I will ask Mr. Grandy if you wish to elaborate on this.

**MR. GRANDY:** As the Speaker said, the lease rate that the landlord has agreed to extend this lease for a five-year period is a very favourable rate. It’s a little hard to compare to pure office space, because the Office of the Chief Electoral Officer, a lot of it is warehouse and storage space with some office space. The overall blended rate works out to roughly \$12 a square foot. That’s a blended rate for the office and the warehouse. A pure office space lease would be in the order – typically in the St. John’s areas – north of \$30 a square foot. So again, you’re blended rate here is \$12.

Even if I made some very low assumptions on what the warehouse space is worth on a square-foot basis, if you assume the warehouse was only \$5 a square foot or \$8 a square foot, well then the office space would work out to be in the range of \$17 to \$22 a square foot. So even if you assumed the warehouse space is a very small percentage of the total, the office space is still a very good rate.

As the Speaker said, we’re in the middle of doing a review. We’ve gone after some of the bigger leases. Perhaps the biggest one we’re tackling right now is for the school district which is currently down in Atlantic Place. Of course it has been very public about the lease down there. So I don’t think it’s any big secret within the system that we’re moving some people around.

What was Child, Youth and Family Services are moving out of our government-owned building down at 95 Elizabeth Avenue. We are vacating that building with CYFS so that the school district can move into it and terminate that very expensive lease down at Atlantic Place.

That's just one example and, I guess, our largest example of the results of our lease review we're doing right now. We're continuing to roll through that, to increase the density of employees who work in government-owned space so we can reduce the leased footprint; but notwithstanding that, there's simply not enough government-owned space to be able to cancel all leases.

What we've been able to negotiate here with this particular landlord, in our professional opinion, does represent very good value for government. We've been working with the Clerk's office, with the landlord, to come up with this particular deal for another five years at the same rent that we've been paying for the past 10.

Again, the Clerk's office and TW have come to a concurrence that this a very strong recommendation for the Commission's consideration.

I don't know if you have any questions for me.

**MR. SPEAKER:** Yes, absolutely.

Lorraine Michael has a question.

Just for the information of Members as well, should we continue on a month-to-month basis? As a footnote, the monthly rate would be \$19,796.40, plus HST.

Lorraine Michael had a question?

**MS. MICHAEL:** Yes. The question is not relevant to our decision but since you mentioned it, I'm curious to know where the work of the CYFS is being moved to.

**MR. GRANDY:** Oh yes. They're moving to the sixth floor of the West Block and that space was previously occupied by part of the Department of Transportation and Works. We occupied the sixth floor of the West Block and we've been doing some renovations over the summer so that

Transportation and Works can squeeze ourselves into the fifth floor of the West Block.

So we're reducing our own footprint, and that allows us to free up the sixth floor of West Block and CYFS – I'm getting acronyms wrong after the changes last week, but the new department will fit into the sixth floor.

**MR. SPEAKER:** Any further questions, comments or concerns?

Keith Hutchings.

**MR. HUTCHINGS:** Just a general question. The note talks about the rate is considered to be below market value for the St. John's area. What are we talking about in regard to below market value?

**MR. GRANDY:** Again, the blended rate for what we have there is \$12 a square foot. We would expect the market right now to be somewhere north of \$30 a square foot; having said that, we haven't tendered anything in the St. John's area recently because we are trying to reduce.

We do know that there are a lot of commercial vacant spaces throughout the city right now; you just got to drive around and see the signs for that. But back when it was at its peak, we were getting some tender results north of \$40 a square foot. So our best estimation right now is that \$30 a square foot is still what market would be.

**MR. HUTCHINGS:** Okay.

**MR. GRANDY:** Again, we're well below that.

**MR. SPEAKER:** It is my understanding as well from the Clerk that there's a considerable cost associated with moving that office because of the materials, documents and so on.

Lorraine Michael.

**MS. MICHAEL:** Actually, I think this is really good news. It shows that the decision we made to go back to the landlord was a good decision. So I think that's the lesson for us: always go back and push further. We've come up, I think, with something that looks really good to me.

Fifteen years ago or 14 years ago when I wasn't in government and was looking for office space for the organization I was with, \$12 was not even – if I could get \$12 a square foot for WRDC at that time, I would have been happy.

**MR. SPEAKER:** Any other questions, comments or concerns?

There are two decisions here. Prior to approving the rental decision, we need to approve a directive that states the approval requirements for the purposes of the *Public Tender Act*. While the House of Assembly follows the *Public Tender Act* for tendering and contract purposes, the appropriate body for approving lease renewals for the Legislature is the Management Commission, not the Lieutenant Governor in Council, as the case is with the Executive Branch.

So I am asking for a motion to approve the fact that the Management Commission proposed motion would be that the Management Commission approves the issuance of a directive stating that in accordance with subsection 48(2) of the *House of Assembly Accountability, Integrity and Administration Act* and for the purposes of the *Public Tender Act* approvals shall be given by the Management Commission.

Do we have a mover for that motion?

Lorraine Michael; seconded by Andrew Parsons.

We discussed the rent issue. We do need a decision there. Do I have a mover, based on the current rent?

We have Mark Browne; seconded by Andrew Parsons.

**CLERK:** (Inaudible) enter into a five-year lease (inaudible).

**MR. SPEAKER:** Yes, a renewal under the same terms and conditions as the previous lease.

Are there any other issues the Management Commission wishes to discuss?

Hearing none, I ask if we have a motion to adjourn.

Keith Hutchings; seconded by Siobhan Coady.

Thank you very much ladies and gentleman, and for those in the viewing public that find this absolutely riveting.

On motion, meeting adjourned.