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**Proceedings of the Standing Committee on  
Public Accounts**

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Report of the Auditor General on the *MV Veteran* and *MV Legionnaire*  
(Continued from March 21, 2022)

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Honourable Derek Bennett, MHA

## **PUBLIC ACCOUNTS COMMITTEE**

Department of Transportation and Infrastructure

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Brian Warr, MHA  
Lloyd Parrott, MHA  
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Appearing:

### **Department of Transportation and Infrastructure**

Cory Grandy, Deputy Minister

John Baker, Assistant Deputy Minister

Lori Anne Companion, Deputy Minister, 2015-2017

The Committee met at 9 a.m. in the House of Assembly Chamber.

**CHAIR (Wakeham):** Good morning, everyone.

We're ready to reconvene our public hearing. This morning we are joined by Ms. Lori Anne Companion, welcome. We'll get started and before we do, I'll just give you a little update of what we've been telling all of the other people who have come and shared their questions and answers with us.

We remind participants that this is a public meeting and their testimony will be part of the public record. There is a live audio, which will be streamed on the House of Assembly website at [assembly.gov.nl.ca](http://assembly.gov.nl.ca), and an archive will be available following the meeting.

Witnesses appearing before a Standing Committee of the House of Assembly are entitled to the same rights granted to Members of the House of Assembly respecting parliamentary privilege. Witnesses may speak freely and what you say in this parliamentary proceeding may not be used against you in civil proceedings.

I will ask the Clerk shortly now to administer the oath or affirmation to you. Clerk, would do that, please?

**Swearing of Witnesses**

Ms. Lori Anne Companion

**CHAIR:** Ms. Companion, we've been asking all of the witnesses if they would like to have a few opening remarks. In your opening remarks, if you would kind of give us an indication of what your involvement was with this particular contract during your time as a deputy minister, as part of your opening comments, that would be great.

Thanks.

**L. COMPANION:** Good morning, everyone.

It's a pleasure to be here. Lori Anne Companion, I was the deputy minister of Transportation and Works from January of 2015 until February of 2017. I would have been a public servant for 34

years. I was a deputy minister for seven years in total and a member of the Executive for 18 years. I retired November 30, 2019. That was almost two years after this AG report had been started.

I would just like you to know that I was not involved in the review or the discussions about the AG's report or the AG's review to provide any factual content or extra information or anything of that nature. So I'm happy to be here today to be able to work with the Committee and the AG and the department to be able to provide any context that I can that was happening during my time.

I have read this report numerous, numerous, numerous times and when I went to the department – to give you some context – it was at the end of January, the contracts, of course, had been long let, the vessels were well under construction, it was rolling along, things were happening, the meetings were happening and it wasn't really a major issue for me at that time. There were a lot of major issues, as it is when anyone moves to a new department – a lot of issues. But that wasn't a big heartburn issue for me at that time.

So I was, from that period when the construction was ongoing to when the vessels were completed, launched and sailed to Newfoundland and when the *Legionnaire* was docked in Lewisporte – and it was still docked in Lewisporte when I left the department in February of 2017. During my time in the department was when our on-site supervisor unexpectedly was unable to do that work anymore. We had significant staffing and human resource issues. We definitely didn't have the kind of resources that you would want to need. But that is the way it is in the public service. We'd all want more resources; we'd all want more capacity to be able to do more things.

Our on-site supervision at that time – and it was the recommendations of my team; they were very involved in the oversight and in talking to Damen and in talking to the on-site supervisor when he was there, and working with all of the groups on a regular basis. It was a big preoccupation. And then when the vessels came and we were doing our training, the only thing – I thought about it so many times – what, in

hindsight, would I have done differently. Would I have made sure I would've probably kept my finger on it, tighter? I thought about it so much. But I think, in hindsight, the only thing I can think that I could have done differently, or my team really could have even done differently, given the resources that they had and the way that we were structured, was if I had kept my finger on making sure the training happened earlier, in January, when that vessel arrived, and made sure more people got trained quicker.

But the training did happen. It did happen just over a longer period of time. Then finally, I think, one of the really significant factors that happened during my time was – I mean, Max Harvey was the ADM. Max was very competent and very senior in being able to run this project and being able to do that work. I counted on him entirely and his advice from a marine perspective.

Then when Max left us, that was a big change to happen in the middle of a very big project that we had going on. Max's involvement with the project had been long-standing. That happened just before I left, that was in October, and then in February I left the Department of Transportation and Works to set up a new Department of Fisheries and Land Resources with the government.

I'm happy to answer any questions, provide any insight and to provide any learnings that I had in the department about public service, public service delivery, public service structure. I learned some pretty significant things about when you're restructuring governments and when you're restructuring departments, you're looking for ways to find more efficiencies and for things to happen better. Well, by just putting two branches together under the one deputy and the one minister doesn't work. I mean, you just don't get your efficiencies.

You need to dismantle your department and put it back together, and that takes a lot of courage, a lot of stamina, a big change management process, but that is the only way that you really get – and I have been involved in four significant department restructurings. Three of them I led. One I was the ADM and the support to the deputy; the only way we were able to really get some efficiencies: You have to

dismantle and put it back together in a way that you get things to happen properly and the way you had envisioned.

That was one of my significant learnings. The last thing I did before I left the department, I had an opportunity in December that year of 2016, that the government was interested in looking at can we restructure; can we find ways to find more efficiencies. It was a real opportunity that I felt, because it was clear to me when I was in Transportation and Works – in my short time – that the Department of Public Works, many years ago, and the Department of Transportation had been combined and it became the Department of Transportation and Works. But the Department of Transportation still functioned as the Department of Transportation and the Department of Public Works still functioned as the Department of Public Works and there were a lot interdependencies that really needed to happen.

But we were really running two departments with one deputy and one minister. So when I had the opportunity in that December and January that I could restructure, then I took full advantage of that. I totally dismantled the department and put it back together so that we would have all infrastructure under one branch, regardless of if it was bridges, wharves, buildings or vessels. It didn't matter because the Infrastructure Branch was the project management experts in the government. And I felt that if the Infrastructure Branch had all of the oversight for project management, contract management and the project management processes, then Marine Services would be a client of the Infrastructure Branch and they would provide the expertise from the Marine perspective, while they were still running the Marine branch.

Just like we do with Health. We have Health as a client for the Infrastructure Branch. They have expertise in hospitals and what's needed and the kinds of thing. But the Infrastructure Branch has the expertise in project management and contract management – just as importantly.

So that was one of my last actions that I took and I'm very proud of that one because it really did make a difference on a go-forward basis. We were able to develop new procurement

methodologies. We moved on our P3 processes. This group became and have become – and I think still are and still growing – amazing experts in project management and in contract management for the government.

**CHAIR:** Thank you so much.

The way we conduct this is basically each Member will take about 10 minutes. We'll put 10 minutes on the clock and we'll go through 10-minute sections so everybody gets to ask a few questions.

So we'll start with MHA Scott Reid.

**S. REID:** Okay. Thank you very much for attending, I appreciate it.

I think, given you're a career civil servant, you've got a lot of experience and I'm happy that you're here because I think you may be able to provide some insight to some of the questions that I've been asking through these hearings.

I guess the report outlines some things that went wrong and gave some indications of why they went wrong. My focus has been to sort of look at going forward, what lessons can we learn? What are the root causes of these problems and how do we change to address them in the future? I think your experience may help us get to answering those questions.

There are two things I'm particularly interested in that is highlighted in the report for me. One is the duty to document. I'm interested in terms of – it seems to be clear that significant documentation throughout the process was not kept. I'm wondering about that and why and what could be done to improve that? Also, I'm interested in the idea of the training. My thought is that relates to culture within the public service. I'm wondering what your thoughts are on that.

I know the federal government – you're probably aware as well – has done some work in terms of renewal of the civil service at the federal level and has done things like service excellence and done things to create a more innovative environment within the public service. I'm just wondering do you have any thoughts on that, based on your experience

within this department, within the civil service over a long period of time.

**L. COMPANION:** Thank you, Scott.

The duty to document, I mean, that's been raised many, many times in many departments. I worked in almost all of the government departments over my career, I guess what I had found in the Department of Transportation and Works, is there was obviously a serious documentation issue. But what I can say is that in my previous departments where I was a senior leader, there were significant resources dedicated and devoted to information management. So we would have had information, like in Child, Youth and Family Services. Document control information management is a big robust part of that department.

In advanced education and skills: documentation. We had Income Support: big, big, big programs. There was a big robust kind of division with dedicated resources who worked with all of the department in that way.

But in Transportation and Works, it became really clear to me really early that we did not have that kind of support system in place and the staff were definitely not able to do that on their own. We had a lot of technical people, a lot of very specific kinds of jobs that people did. It certainly wasn't a policy shop or a think tank from that perspective.

The duty to document has been raised numerous times by the Privacy Commissioner, concerns from an ATIPP perspective when they go looking for – some of their constituents are very upset about the lack of documentation.

So I mean what I did in Transportation and Works – and then I'll talk about from a global government perspective – very early on is we worked with OCIO – it was called OCIO at the time – and we did an information management needs assessment and review. When I restructured the department I put dedicated resources for information management in place so that we could start to work with our ferry fleets, we could start to work with our construction depots, the 67 that are out there, and they really need to have good

documentation. So put in some dedicated resources, that was their only job, to make sure that worked with our department, trained people, taught them how to do it, put in a new system for information. I think that's ongoing and I think it's been somewhat successful.

But from a global government perspective there's not a consistent approach throughout government, as evidenced when I moved from department to department. It really, then, is up to the deputy and to the department to ensure to make that happen. Duty to document is a big government-wide initiative that really needs to take hold so that we don't end up in a situation where we have to go to a classification society to get a copy of a document that we knew that we completed, we just don't have a copy anymore.

So I think that it's a big government-wide initiative that needs to happen, Mr. Reid. I think there's been a lot of progress in document management over the last 10 years. It's even seven years ago since I went to the Department of Transportation in 2015, a lot of things have improved in a lot of ways throughout the government in that time. But to have a consistent, wide, government-driven document process is the only way to have it standardized, I would say.

Training, you want me to talk about training?

**S. REID:** Yes.

**L. COMPANION:** Definitely.

So training, I would say that in the department – I'm going to talk about the department first now, and then I'll talk about government.

In the Department of Transportation and Works, when I went there, actually training was happening more in the Department of Transportation and Works than I would have seen in other areas throughout my public service career. I would say that is because it was so much more direct service delivery.

So there was snow school for operators of snowplows. We had a special three-day snow school that everyone had to go through in order to make sure that happened. There was a lot of marine training that was ongoing regularly. Mr.

Harvey and his team had developed some pretty impressive simulation training with Marine Institute, and still work with the Marine Institute. I think that might have been the first time that happened and it was very, very good, in my opinion.

But there is always a need for more training. I wasn't overly concerned with the amount of training that was happening in the Department of Transportation and Works. It wasn't on my top 10 list that I just could not let go because it was a very urgent issue. That said, we could do with a lot more training with a lot more people throughout government.

So then, from a government perspective, we have the Centre for Learning and Development, which provides training opportunities for the government. But unless you reach out, it is kind of a service delivery where you go to the centre, you get service for training and you take it away. I don't really have an opinion on whether that is the model that is the right model; I don't really know. I'm not a certified trainer. I don't know if that is the right approach.

But that would be my view, that it is a service delivery. I reach out to the Centre for Learning and Development to help me develop some training. I did it in CYFS. I did it again in Transportation and Works; we did a lot of training on safe management practices and a lot of training on various issues.

So it is a service that the government provides and it is a service that you can access as a department. Now, whether that is the appropriate model, I really am not able to identify. But I did use it all the time. Every department I was in, I used the Centre for Learning and Development and it was an appropriate vehicle for me to get some new training programs developed and some training issued and done with the department.

**S. REID:** Okay.

**J. BROWN:** Thank you, Ms. Companion, for being here; I appreciate it a lot.

My first question I would ask goes back to training. In the AG report, it did talk about how the government did negotiate down training with

Damen upon delivery of the ships. We asked the other DMs and the ADMs about it. I just wanted your recollections on why that was negotiated down into a more compact training, seeing as some of the issues that later followed were caused by human error due to lack of training.

**L. COMPANION:** Thank you very much.

What I will say is the crews were the same crews that ran the vessels now, provided the service delivery. We had to take them off their runs in order to train them for these new vessels. The only time we could take them off their runs was during their off-time and if you look at the public records of public disclosure on salaries, you will see that some of the most highly paid people in the public service are the ferry workers. And that is because they work so much overtime. There is so much lack of resources. There are so many needs.

I wasn't personally involved in the decision to reduce the training, of course, but, at that time, we continued to deliver those services. There was no acceptability from the stakeholder perspective that we would reduce those services in any way, shape or form, or not provide runs, or take the third ferry out of service so that we could take our staff and provide 10 days of sea trial trainings or 15 days.

So I think – and I've thought about it a lot – that the staff did the best they could. The team did the best they could. That they did as much training as they could do while providing the services that they had. If we had a separate team that was able to be trained up and then go and work with the team that's on the vessel – if we had 15 crew and do that, well, then, we would have done 20 days of sea training and made sure that everybody was, but that wasn't the environment. The training was paramount, of course, and there are a lot of people who have responsibility for the training. It wasn't just the oversight and the project management team. I mean, the captains have a lot of responsibility for sign-off.

That would be the only reason that they would have compressed their training. Now, they provided some of that training in the future, Mr. Brown, as you would see in the report and as I would know in the department. When I said at

the beginning that my thought about what would I do different, I probably would have made sure that we provided all of that training more upfront than as we went along.

**J. BROWN:** Thank you so much.

Another thing that comes up across was with the builder's agreement there that they had about the Centre for Excellence. We heard that a few times: the support and service centre and the Arctic program.

Your former DM, Brent Meade, said that he was part of the negotiations of that at the time. Then we spoke with Ms. Tracy King, DM King, and she said during her time it wasn't discussed. We were wondering during your period of time as DM, was that Centre for Excellence in discussions or any insight you can give to us what happened there?

**L. COMPANION:** I was definitely aware of it – definitely. So if I was aware of it, there were absolutely discussions that happened. I was aware of the commitment of Damen for these industrial benefits that were going to be provided as the contract became completed. Even though I was not the person to have those discussions, but I am very much aware that Mr. Harvey did have those discussions with the economic department – it's changed name a thousand times, so I don't know what it's called now. But it's the economic department for the government INTRD or BTCRD at the time.

The Department of Transportation and Works had no expertise to do industrial benefits. The only role they could have played would be to provide some marine information to support the economic department in the advancement of those industrial benefits, and I believe that Mr. Harvey did his best to reach out to the economic department and to speak and to discuss the industrial benefits that we committed to in that contract. But that's what I know.

**J. BROWN:** Thank you, Ms. Companion.

Another thing, too, that came up was progress reports. We did discuss it with Mr. Harvey and Mr. Meade. A lot of reports that came back to the department were just an email with photos. There was no written report to go along with

them. Why was this allowed by the department, that we were just accepting pictures of the boat instead of actual written documentation?

**L. COMPANION:** Well, I think, Mr. Brown, it goes right back to duty to document, document control. Document management wasn't the priority, I will say, in a very highly service-oriented department; document control was not the priority. In a very complex environment of running those operations, very significant operations and doing this significant project, I would say that the pictures provided them with the information that they felt they needed at that time.

It wasn't a big issue that the staff would have done, at the time, writing up reports, that's not how they rolled. They were very operational and I would imagine that they would have thought that this was an acceptable format as well, at the time, given what they needed. Could there have been more? Absolutely.

**J. BROWN:** Another question, Ms. Companion: Did you think, at the time, that you were allocated enough resources and staff in the department to take on such a project, or did you feel that you had sufficient resources and allocation given to your department at the time to handle this project or did you feel that it was just kind of brushed over?

**L. COMPANION:** I thought about it a lot and in the public service there are not too many deputy ministers who wouldn't feel, oh man, I need more resources, I need more people, I need someone to keep their finger on this file, I need some to be dedicated. But for me, when I went to the Department of Transportation and Works, the resource needs that we had were not only in project management for the vessels, the resource needs were significant.

If we could have gotten the people to do more oversight or more work, then, as the deputy, I would support a reallocation to do that, but we couldn't find any people. We had vacancies; we were constantly running our staff – running them, running them to take care of services to be provided. It wasn't a matter of – I don't know, I'm sure more money always works for departments; you can always do good work with it. But the main issue for me in Transportation

and Works and with the oversight and the building of these vessels was that we could not hire people.

We couldn't get marine engineers; we couldn't get crew. The oil industry, at that time in '15-'16, was very hot and there were other jobs that were less onerous and demanding that paid more money that people went to. So we had a lot of turnover all the time.

I don't have access to our vacancy reports or our staffing actions at that time, but I know in the Department of Transportation and Works, not just in marine infrastructure, a daily part of my administration was signing staffing actions to get out there so we could get people for transportation, roads, depots, snow clearing, for vessels, for all kinds of things.

So I attribute not being able to provide as much oversight as the Auditor General would have wanted us to provide to being not able to get the resources.

**J. BROWN:** Thank you, Ms. Companion.

**L. STOYLES:** Thank you (inaudible).

I guess we've all had a lot of questions the past day or so.

So you came in just as the ships were almost completed or completed?

**L. COMPANION:** Yes.

**L. STOYLES:** I guess when you came into the department – one of the questions and the concerns we had was because the boats were still in Romania and there for – well, the *Legionnaire* was there for 20 months for most of the time that you were in the department. So the concerns when you came, was there more of a – I don't want to say crisis situation when you came into the department, but from what we were hearing there was a problem from the beginning with the project manager. They could've had five people in Romania and there was only one person there. They could've sent other people over. We've heard over the past day or so that had to do with the cost and we didn't send them over because we didn't have



people to go because it was too expensive to go and stuff like that.

But after you came into the department, the concern was the wharf wasn't ready on Bell Island because – why didn't that happen when the RFP went out and they knew we were building them and what we were getting? We had all the information but nobody started to do the work on the wharf to be ready for when it came. So it was almost two years that the ships were ready. So what kind of red flags came up in the department?

**L. COMPANION:** Thank you, Ms. Stoyles.

So I'll talk about the ship staying in Romania and I'll talk about the wharf.

So the wharf: the contract was issued for the wharf. The contractor started the work on the Bell Island wharf and on the Portugal Cove wharf and they ran into equipment issues. They didn't have the proper equipment. It was a significant delay. Then there were issues, I understand, with the pilings that they needed to do some extra work on.

So the contract was delayed and, you know, that work was being undertaken by the Transportation, the roads section and the wharf section of the Department of Transportation. That contract was issued by the Transportation section and overseen by our Transportation section.

You know, that contract was delayed with the contractor and there wasn't anything that Marine Services, really, could have done about that from having that happen any quicker. You know, the contract went out as soon as possible after notification that the vessel was going to be procured.

I feel what that raised for me and the red flag is that we needed to have a greater interdependency and a greater collaboration. That's why I restructured and put all Infrastructure under the one branch. Then Transportation would be a client of the Infrastructure Branch, Marine Services would be a client and the project management would happen through there.

The second thing is the vessel staying in Romania. Well, I've thought about the vessel staying in Romania and I think it was a godsend in some ways. We kept the vessel there. We asked for the vessel to stay because we didn't want the vessel to come over without the wharf being completed. And the vessel stayed and we were able to – and I was actively engaged in this process with Max Harvey – extend the warranty for the *Legionnaire* so that we would not have the *Legionnaire* come and not have its warranty.

We were able to ensure that anything that happened with the *Veteran*, in its working out its bugs in its first couple of years, during the initial operations, that it was able to be done with the *Legionnaire* as well. I think that proved that.

While the delay was unfortunate at the wharf, it was very unfortunate and very problematic for us and very worrisome and a very big issue but, you know, while that was very unfortunate, we do see the benefits of the changes that happened to the *Legionnaire* in its initial operations.

I mean, the *Legionnaire* ran very well once it came to the Island and once it started on its intended run. The *Veteran*, in its first two years of initial operations, that's when all the bugs worked out. Shipbuilding is complex and bugs get worked out all the time. But the decision to leave the boat in Romania was a decision that I was aware of, a decision we actively worked with Damen on, to make sure that we had the boat in a safe place until we could take it over and get it on its run.

**L. STOYLES:** The other thing you mentioned, you've stated that you've read the report several times. Do you think there's something that's missing in the report from the AG, something that you would like to inform us today?

**L. COMPANION:** No, not that there are things missing. There are lots of things that in the Auditor General's view are different from the department's view. The initial operation period, the department considered it two years; the AG considers it three years. And I guess what that does for the report is it just magnifies the issues that were encountered during the initial operations for the department when we started the vessel operations.

I spent a lot of time looking at and recalculating and determining what was the real percentage of time that we didn't have anybody in Romania when we were building those boats. There were times when there wasn't somebody for the inspection, there was time when there wasn't somebody for the oversight and then some days that there wasn't anybody there and there was time when there were two people and not two people. So I looked at the AG's report from the perspective of what was the percent that we didn't have somebody, the on-site supervisor – we had the delegated regulatory inspection agency doing inspections; we had a contract with them. We had people going over from the department as much as we could spare and we could send to go.

So from my review of the AG's report – because that's the only documents I have – is it was about 37 or 40 per cent of the time that we didn't have a person on site for the building of that ship. We had somebody there around 60 per cent of the time; 100 per cent of the time, I don't think that's reasonable either, and somewhere in between I would think 60 per cent and 100 per cent is the right percentage. That's what I had to get myself comfortable with when I read the report, what was the real percentage of time, and that's what I determined.

**L. STOYLES:** Were there many staff from the department, not counting the workers going to inspect it and everything, but I'm talking about staff that went to Romania? Because I didn't see any of that in the report that anybody –

**L. COMPANION:** Many staff that went to Romania? No, not a lot of staff went to Romania other than those people who were involved in the report. Max went over for the commissioning when the vessel was launched into the water for the *Veteran*, and I went over because they needed a female to be the godmother of the *Legionnaire* and that happened to be me. So I went over to do the launching of the *Legionnaire* and we met with Damen. But I didn't need to be going to Romania and I didn't think Max needed to be going to Romania. Max didn't think so either, because he had regular meetings with Damen all the time and discussions with Damen on a regular basis.

The most interactions then I had with Damen were when we ran into trouble. So to make sure that we extended the warranty, to make sure that the changes to the *Veteran* were going to happen to the *Legionnaire*, those were my priorities when we started to run into trouble with the *Veteran* as it went into initial operations.

**L. STOYLES:** So Max played a very important role in, the lead role – would you say Max played the lead role in the department when he was there?

**L. COMPANION:** Oh, definitely. The lead role in the oversight –?

**L. STOYLES:** Yes.

**L. COMPANION:** Definitely. Max was very qualified. He was a commander in the navy; he had a lot of experience in marine and a lot of experience in project management. Max was very, very good and competent in overseeing and leading that team to develop those vessels.

**L. STOYLES:** My time is up, so thank you.

**S. GAMBIN-WALSH:** All right, nice to see you, Lori Anne.

**L. COMPANION:** Yes, nice to see you.

**S. GAMBIN-WALSH:** Thank you for your time.

I just want to focus a little bit first on the warranty for the *MV Legionnaire*. So we noted that the warranty began on February 1, 2016, so I heard you say the warranty had been extended to that period?

**L. COMPANION:** The warranty didn't start. We talked to Damen, the minister and Max and I. It was a very high-level discussion, I will say, about the warranties for those vessels. The *Veteran* ran into engine trouble on the way over, when it was coming. So we definitely, definitely wanted the warranties extended for the *Veteran*. We needed the *Legionnaire* to stay in Romania until we had the contract completed for the wharf for Bell Island. And we did not want the warranty on the Bell Island ferry – the *Legionnaire* – to start until it got to

Newfoundland and we took acceptance of that ship.

So what we did was we delayed accepting the ship in Newfoundland waters. Those were really important issues to us and we worked pretty hard with Damen to make sure that in the public interest, in the best interests of the stakeholders and in the best interest of government that we had protected our investment. And we were successful in that.

**S. GAMBIN-WALSH:** Okay.

So during the first three years of operation, both vessels had a combined out-of-service period totalling 607 days in equipment failures, vessel damages, resulted in unplanned cost to the department totalling \$4.2 million. Was the warranty out, at any point in time, which would have contributed to this \$4.2 million?

**L. COMPANION:** I don't think so, but I don't recall when, exactly, all of the issues happened. I did look at the report from the perspective of what was the cost to the public purse, which is what deputies really focus on. Make sure that it's appropriate because you're charged with the financial administration of the department. I did look at, from the perspective of the \$4.1 million, and it really cost the government \$1.1 million. Because some of these were covered by insurance, some of them were covered by warranties and the total out of pocket for government was \$1.1 million during the initial operations of the vessels on a \$100-million project, so I was kind of okay with that. I think that that's a reasonable expenditure for getting a new service up and running.

With regard to the 600 days, the AG report indicates that the vessels were out of service for 600 days, but that includes the period that we had received the vessel – the *Legionnaire* – and when we received it – because Damen really needed their shipyard and they needed that space for us to take that vessel over. So we said, well, send the vessel over. We had a space in Lewisporte because we had a big terminal in Lewisporte and we'll continue to dock the vessel there until the wharf is repaired.

So, from a transportation perspective, the vessel would be considered to be out of service until it

goes in service on its intended run. So it started service on Bell Island – it was after I left – I think it was in August of 2017. So from the department's perspective, we would see that the *Legionnaire* was out of service 10 per cent of the time because it had been parked in Lewisporte and it wasn't out of service, we just weren't ready to – because their other services were provided. The *Flanders* and the *Beaumont Hamel* were continuing to provide the service to the residents of Bell Island for sure.

**S. GAMBIN-WALSH:** Okay. Thank you very much for that.

Can you recall how potential risks were identified for these vessels and what plan was in place to mitigate problems should they arise?

**L. COMPANION:** The risk mitigation and the contracts were all done when I arrived at the department.

**S. GAMBIN-WALSH:** Okay.

**L. COMPANION:** So those thought processes and that had long happened by the time I got there. I would say that my input and work in the department with regard to risk management was amplified as we worked through new procurement processes. The humungous learning that happened in the department about the transfer of risk and as you move up the continuum and how the transfer of risk is to the builder and not to the government or the owner. That was a huge learning for us. I think that the risk management and what we learned during the marine vessel procurement gave us great resolve – great, great, great resolve – as we developed new procurement methodologies to do it right, to take our time, to really assure that we assess risk in a big way and that's what that P3 process does.

**S. GAMBIN-WALSH:** Okay. Thank you.

One more question: The operating manual, it was four months after the *MV Veteran* entered service in April 2016 that a completed manual was actually used. What can you tell us about this operating manual? Who developed it and how were staff operating? What were they using?

**L. COMPANION:** The staff were using an operating manual. The staff would have worked with Damen and worked with others and they would have been the people who developed the operating manual.

**S. GAMBIN-WALSH:** Okay.

**L. COMPANION:** So it would not be like the staff would not know how to and what that manual contained, that is not something that comes from the senior management, it's developed with the team and what are the appropriate operating procedures. It's very technical. So they would have definitely developed that operating manual and they would have been using that manual.

**S. GAMBIN-WALSH:** So it would be safe to say it was a working document?

**L. COMPANION:** Totally, totally. The same people who wrote it would be using it, definitely.

**S. GAMBIN-WALSH:** Just one more question. So these two vessels were very advanced in technology and technological – I've spoken to some individuals who come in to repair these vessels and they're talking about the touch screens and things like that. To your recollection was there anything in place to assist the companies who would be hired to repair these two vessels?

Like they're complex vessels, they're new to the market over here. What happened between the company in Romania and – I understand that in the agreement there was supposed to be some kind of shipbuilding or something developed here in Newfoundland and Labrador. What happened to ensure that the companies that we call in today, when a vessel breaks down, actually have the knowledge to come in and do the repairs?

**L. COMPANION:** That's a very good question. I really do not have an answer for you in that regard. By the time there were companies coming in – because for the initial operations period, we had people coming from all over doing repairs on the *Veteran*. But now that they're into normal operations, I will say, and

things will happen, things will occur, I am not sure how that transfer would have happened.

During the initial operations, I know that the repairs that were being done were being overseen by Damen, being overseen by Rolls-Royce, were being overseen by various inspectors and inspection agencies that we hired. There were very, very significant experts who were engaged during our initial operations period.

**S. GAMBIN-WALSH:** Okay. Thank you very much.

**L. COMPANION:** You're very welcome.

**CHAIR:** Okay, Lori Anne, I've just got a few questions. I want to follow up on some of the comments and some of the questions that my colleagues have asked.

The extended warranty piece that you were able to negotiate, was there an exchange provided in order to get that extended warranty? What actually did you negotiate in getting the extended warranty? Was there something that you didn't get after that, or how did it work? How did you wind up getting an extended warranty from the company? Did you have to give up anything, I guess, is the basic principle?

**L. COMPANION:** No, absolutely not. We were able to work with Damen, as I said, at a very senior level to ensure that those vessels – that we protected the financial investment that the government had made. No, we didn't – Damen was very committed – and I only knew Damen through my brief interaction with them in Transportation and Works, but they were very committed. They had a vested interest to make sure that these vessels were going to be very good vessels. They were committed with us to make sure that we were protected for as long as could reasonably be expected. They definitely worked with us to extend those warranties. That was a very good thing for the public purse.

**CHAIR:** The reason I ask that is because I noticed in the training piece, when you renegotiated on the training aspect, you had to make changes to the program in order to accommodate the additional staff and it wound up with less training days –

**L. COMPANION:** Yeah.

**CHAIR:** – in order to accommodate more people.

The other thing, though, that still I don't have an answer to is the whole question around this service centre, local partnership and Arctic research centre that was supposed to be part of this contract.

When Mr. Meade was here he told us that when he left the department this was a very active file. When Ms. King was here she told us that there was no talk of it whatsoever. Something happened and it was during your time as a deputy minister.

**L. COMPANION:** Yeah.

**CHAIR:** I'm wondering where did this commitment go, because between that period, from the time Mr. Meade left to the time Ms. King came, there is no talk of it anymore. I'm wondering between yourself and the other deputy ministers of the other department, what happened to this commitment because it clearly disappears, it appear?

**L. COMPANION:** Absolutely.

I was aware of that commitment, but I definitely would say that the Department of Transportation and Works – Max and others – worked with the economic department who had an industrial benefits division who were really responsible for the government's industrial benefits progress for large projects and this project happened to have an industrial benefit that was going to be allocated.

I would say, Mr. Wakeham, that the staff in Transportation and Works did what they could, given the expertise that they would have in industrial benefits, to move that file forward.

**CHAIR:** Mr. Meade, in his comments, alluded to conversations he had with Mr. O'Reilly, I think it was, in that particular department – Mr. Alastair O'Reilly. I'm wondering if you had conversations with Mr. O'Reilly or the DM.

**L. COMPANION:** No, I did not have conversations with Mr. O'Reilly regarding that

issue. When I became aware of the industrial benefits commitment that was in the contract – I mean we had a lot going on, not just in Marine Services, in a very large department. Max and his team were dealing with the business department on that file, too. So it was not me, no.

**CHAIR:** So, at the end of the day, though, it appears that this commitment, obviously, was not honoured and it has disappeared. That's one of the challenges we have in trying to understand the tos-and-fros. I understand the relationship between two departments, but it would appear that there's no evidence of what – somebody hasn't been able to tell us yet what exactly happened to it.

**L. COMPANION:** Absolutely. I'm not able to provide you with any insight. I will say that some of that happens when – so Brent left the department and I went there in 2015, and I think Alastair left BTCRD in 2016, early in the year. That's why deputy ministers don't carry files in particular themselves because you need to have staff who are doing that kind of work and those discussions. Max and the industrial benefits division of the BTCRD were where I felt were the appropriate places to have that work.

**CHAIR:** But as deputy minister, would you not have been advised by your ADM of the status of any particular files such as that one in your regular executive meetings? Wouldn't that be common practice for you to get updates on something like that?

**L. COMPANION:** Absolutely. I talked to Max several times, but, Mr. Wakeham, I am sure and I feel confident in saying that that wasn't the main concern for me in Marine Services and the delivery of those two vessels. That would not have been my mandate. I wasn't responsible for industrial benefits in the government. I felt it was very important for Marine Services to be engaged with BTCRD. I had no expertise in industrial benefits, my team definitely had no expertise in industrial benefits and BTCRD was fully aware and informed of the need and the commitment in the contract to complete those benefits.

**CHAIR:** And that's exactly what I was trying to get at, was understanding the relationship

between the two departments and who ultimately became responsible for this piece of the contract.

**L. COMPANION:** Yeah.

**CHAIR:** So my next question is a little different. It goes back to a comment you made around your staff vacancies. When you arrived as deputy minister, you talked about the recruitment challenges and the retention challenges. Is it fair to say there were a significant number of vacancies in terms of the ability to be able to do the training because of vacancies within the core staffing levels for these ferries? Did we actually have vacant positions that wouldn't allow for that extra crew, that time that would've been needed for the crew to be off to do the additional training?

**L. COMPANION:** Well, it's a very good question, Mr. Wakeham. I can't tell you if I had staff vacancies at that particular time because I don't have those documents.

**CHAIR:** Sure.

**L. COMPANION:** But I would be able to tell you.

But what I would say is that we had the crews to run the vessels.

**CHAIR:** Right.

**L. COMPANION:** We ran the *Beaumont Hamel* and *Flanders* and we ran the Fogo ferry service, and we were constantly, constantly filling our turnovers. We had eligibility lists and we had all kinds of human resource processes, and what I would say about the training and trying to compress it is that the same people who were running those vessels had to get trained. So we had to take them off the vessels to put them in training, and they could only be off for a very short period of time because they had to go back on their scheduled run.

So we had to find a way – and I support Max's decision in that regard – to get as many people trained as we could in Newfoundland waters when the boat arrived so that we could continue to provide the service on Bell Island and the *Veteran* and still get our people trained as best as

we could in the time that we had available to train. And I think that as a deputy minister, if there had been an ability for me to be able to hire an extra crew to put on that vessel to be able to get them trained up, then I would have done that as a deputy minister. That's what I was used to doing. I've run billion-dollar departments and it was constant that you put your resources where the emergency needs are to ensure that we provide the services.

If I could have had the people and found the people, then I would have done that in a heartbeat. It's still an industry issue, being able to find marine engineers, the people for the crew, the bridge engineers. It's still an issue. When we were sending people over to Romania, we had to take somebody off the vessel or take them on their downtime to go when they're off the vessel: put them over there, do the oversight, come back and go on your run. It was definitely playing checkers.

I know it sounds terrible if you say, well, we didn't have somebody there for 40 per cent of the time. I think it's incredulous that we managed to get somebody there for 60 per cent of the time, because we really did put so much effort into making sure that all happened and that the services continued, the oversight was as good as we could do, given we were in Romania.

**CHAIR:** Listen, I just wanted to thank you, on behalf of the Committee, for taking time to come in and speak with us today. It's been very informative. That's what we're set up to do. It's about trying to make sure that on a go-forward basis we find solutions to help people.

Thank you so much. If you have any closing comments you would like to make, we'd love to hear them.

**L. COMPANION:** No, I really appreciate the opportunity to come. My son was exposed to COVID last week and I was like oh my goodness, I really want to go to that Committee meeting. So I really am happy to be here, Mr. Wakeham, I can tell you that.

Looking at a report or looking at a document, it's very difficult to understand the nature of what was going on in the department at the time.

I just want to say that when I went to the Department of Transportation, what was my main concern about the ferries and the vessels? Well, the tariff was a very big issue for me, the \$25-million tariff. We worked very hard to –

**CHAIR:** Yes, (inaudible).

**L. COMPANION:** I mean we worked very hard. BTCRD was also involved in that discussion and that issue because they had a trade division. They were the ones who were writing the letters and doing that kind of thing. As we moved through and we got close to the vessel coming, we couldn't bring those vessels into service without having that tariff rectified. It was a very big issue for us at that time.

So, to Max's credit, he discussed with the agency, who we had to pay that money to, if we could work out an arrangement where we could pay over a period of time so that we could give ourselves some time to still try and get that remission to happen. We probably paid a couple of months of \$100,000 or \$110,000, and then I remember the minister and I very active and very engaged in that \$25-million issue and we were successful. We managed to get that remission for that ferry. I look at things like that which happened at that time that were well worth the effort and the energy and the time.

I'll just say in my closing remarks that I think a lesson learned from my time for the government, I think we go there, we do our part and we try to move the needle forward. Everybody does a little bit and you find the department as you find it. Tracy found it as she found it from me. I found it as I found it from Brent. You accept it, you move on and you try to do your little piece.

I think my big learning that I see from my time in Transportation is for future governments or for future deputy ministers or for future ministers is about trying to find efficiencies when you're looking at the big structural issues in government and not making the mistake of just adding A and B and hoping that it is going to be C. You have to take A and B apart and develop a new A and B. I think that would be my last comment that I would make.

**CHAIR:** I appreciate that. Thank you so much, again.

**L. COMPANION:** You're very welcome.

**CHAIR:** Thank you.

We'll take a short recess now while we wait for the next witness.

### Recess

**CHAIR:** Welcome back to our public hearing.

We're now joined by Mr. Cory Grandy, the deputy minister for Transportation and Infrastructure, and John Baker, the assistant deputy minister. Welcome, gentlemen.

The format, I'll go through some of the housekeeping things, and then we'll get started. Firstly, to remind you that this is a public meeting and your testimony will be part of the public record. The live audio is being streamed on the House of Assembly website and an archive will be available following the meeting, and *Hansard* will also be available on the House of Assembly website once it's finalized.

Witnesses appearing before a Standing Committee in the House of Assembly are entitled to the same rights granted to Members of the House of Assembly respecting parliamentary privilege. Witnesses may speak freely, and what you say in this parliamentary proceeding may not be used against you in any civil proceedings.

Shortly I'll ask the Clerk to administer the oaths or affirmations. You'll be invited to basically make an opening statement and, included in that, you can tell us a little more about your roles, particularly as it relates to this particular project. Our Committee will basically follow the same format as you might see in Estimates. We'll do 10 minutes each and then we'll probably do another round of 10 minutes each.

Now I'd ask the Clerk if you would administer the oath or affirmation.

### Swearing of Witnesses

Mr. Cory Grandy  
Mr. John Baker

**CHAIR:** So in getting started, Cory, can we start with you or start with John, whoever you would like to begin?

**C. GRANDY:** Thank you to the Committee for the invitation to participate in this process today. Like most public servants, answering questions at a public hearing is not an activity that I relish. But the role of the Public Accounts Committee and the process is very important and certainly something that demands our respect and attention. In that regard, we're happy to be here.

I've never met a senior public servant that didn't want to make a positive impact with the work that they lead. If the things that we say here today can help inform the Committee in its work, then I will call that a good day.

I've been a member of the executive team in the Department of Transportation and Infrastructure, and previous versions of it, since September of 2012. At that time, I was appointed assistant deputy minister of the Works Branch. I was in that role until 2017.

In 2017, we undertook a significant department reorganization, and I think other witnesses here this week have spoken to that. I'll probably speak more to it again as we go through your questions. Following that reorganization in 2017, I served as assistant deputy minister responsible for Infrastructure and then as associate deputy minister until September of 2020 when I was appointed deputy minister. It's in that capacity that I speak to you today.

It is only since September of 2020 in my role as deputy that I've had accountability for Marine Services. In the eight years prior to that, my executive roles did not include Marine and I did not have any direct involvement in this particular file. So in that regard, I think it's important to note that I won't be able to provide any direct insight to what happened on this file during those particular years; however, I will be able to speak to you on how we are managing other initiatives and projects in the department.

While this report was specific to the procurement and construction of the two ferry vessels and the recommendations in the report were largely specific to marine procurement and operation, I think the findings in the report can

have broader value to our department. In many respects, it validates some of the changes that have taken place in the department over the past number of years, particularly as it relates to project development and project execution.

Having said that, I am joined here today by our assistant deputy minister responsible for our Air and Marine Services Branch, John Baker. John joined our executive team in October of 2016. In the timeline of what is in the subject matter of the report, John was not in the department for the procurement and construction period of those vessels. The *Veteran* had gone into operation in December of 2015 and the *Legionnaire* arrived in the province in the months following John joining the department and then it later went into service in August of 2017. So John has a wealth of marine knowledge and experience and, between the two of us, we should be able to address any questions you have regarding current Marine operations.

Mr. Chair, if I could, before I finish with my opening comments, I do want to acknowledge, if I can, the witnesses that have already spoken yesterday and this morning. If people are keeping track of the timelines and some of the timelines that I just went through in my own career, you will note that I have had the privilege of working with each of those executive team members in their various capacities in the department. Two of them were ADM colleagues and three of them were my deputy, to whom I reported. I have a deep respect for all of them.

The department has been in what seems like a near constant state of evolution during the past 10 years. All three former deputies you have heard from, Mr. Meade, Ms. Companion and Ms. King, have all made a significant and positive contribution to that evolution and I am proud to have been part of that with them. I am also very proud and honoured to be in the deputy role and to be able to move that forward and continue to make improvement. As the current deputy, I would like to thank them for their impact over those years and for their support for me.

**CHAIR:** John.

**J. BAKER:** Thank you, Mr. Chair.



I have been involved with the marine industry for approximately 29 or 30 years. I got started out with Marine Atlantic and then when the North Coast and the South Coast was passed over to the province, I came with the transfer. I was with the province at that time and then I ended up with a break in between. In 2016, I came back again, so I have been here since that.

Yes, I have been involved with the vessels on the different services. I'm quite familiar with the services. The *Veteran* was already in service and I guess hearing and later reading some of the issues that she had coming into service. Then shortly after I got here, the *Legionnaire* came into service. Fortunately enough, when the *Veteran* had some of the issues that they found, they were corrected on the *Legionnaire* prior to coming across the water. That was much of a plus for the *Legionnaire* and the department, of course.

The *Legionnaire* went on the Bell Island service on August 1 and the *Veteran*, of course, went on the Fogo service on her arrival. We found that since that time, they've been working very well with regard to manufacturing defects on the two vessels. We did have some issues and I'm sure that they will want to be addressed here today. We'll be here to answer your questions to the best of our knowledge.

**CHAIR:** Thank you so much.

We'll start a round of questions starting off with MHA Scott Reid down at the end.

**S. REID:** Thank you very much for your co-operation and attendance today. We certainly appreciate your insights and knowledge, as people who have been involved with this for a long while. We appreciate your service to the public over the years.

This report has outlined some problems that have arisen; it's given us some insights as to how they've come about. We've interviewed some of the people who have been in the department in the past. Now we're up to talking to the people who are in the department there and can give us insight into how things have changed, and what is currently happening in the department.

There are two things I've been concentrating on. As I've listened to the questions from the other people, there's another one that I've sort of added and I usually ask in a broad way. In terms of your answer, I'd like your insights into – because part of the exercise here in what we're doing is looking at how things have changed and how the information here leads to a further evolution on what the department is doing.

So I want to get some insight into what's happening now, in terms of two or three of the issues that have been sort of identified; one is the duty to document. Some of the other people have said it's not something that's top of mind; it wasn't as prominent in this department as other departments they've been in. So I'd like to know what is done to change the problems that have been identified here in terms of duty to document.

Another issue is – and there seems to be some explanation for the training and the amount of training, but I think there's evidence in this report that there wasn't really a culture of innovation and change management. The federal government has gone through a process of public service renewal and service excellence and things like that. When I hear some of the issues that were here, I wonder if they're related to – and wondering do you see that as a problem or is that something that needs to be addressed.

The other issue that's come up is in terms of the industrial benefits and how, in this case, it seems to have fallen off the table. I'm concerned about that particular issue, but I'm also concerned about the broader issues of how does the department look at industrial benefits from procurements that they do and services that they provide. How do they interact with the economic development department in government and how do they help identify opportunities where it would be beneficial to have a service provider here in the province or things like that. I'm just looking at how top of mind that is and how that's operationalized now.

So those three things, I'll give you time to respond there.

**C. GRANDY:** I'll start, Mr. Reid.

Thank you for the question. Certainly lots of great topics in that.

I'll start with your first one: duty to document. I think across government it's becoming – to use your words – more top of mind all the time. It is a state of continuous improvement. I think the department is better at it today than it would have been seven years ago, 10 years ago. I would like to think that whoever occupies these positions in another seven years would say that they've improved it even still; it's a state of continuous improvement.

Going back to 2015, the Office of the Chief Information Officer embarked on a process to help departments strengthen its information management protocols and processes. So our department participated in that process, starting back in 2015, identifying what our weaknesses were, gaps and ways to improve. That has been an ongoing effort since that time.

I would think that in 2017 – and, again, I made reference earlier to the reorganization that happened in the department in 2017. That included some strengthening of the team responsible for information management. We've been working with the chief information officer to continue to build our records management system to make it work better for the department and to provide training to staff who use the records management system, so that we don't have situations – or I should say fewer situations – where we have the information and now we can't put our hands on it. I think there's been a great improvement on those systems and the development of those systems.

It has also become a priority of the division within the Infrastructure Branch that is leading on what are these major initiatives. I make reference to some of the health care projects that we're doing through public-private partnerships, as well as other complex procurements around the public radio system procurement that we've recently led, ICT services procurement that we're leading.

The ADM responsible for Infrastructure and the director under that position makes document retention very important. I think we've come a long way since 2015 when we started embarking on these exercises with the Office of the Chief

Information Officer. There's always room for improvement, of course. I'll use the phrasing it's continuous improvement; it's something that we'll always strive to be better at.

You mentioned training. I'll very quickly – and John may want to follow up on this later. I think it's important to note that in Marine Services, we operate under a federally regulated umbrella. We are very careful to ensure that we follow the training requirements as established by Transport Canada as the regulator.

I think what we've heard in the report, and what you've heard from other witnesses, is that it was a challenge to train a new crew while they were still responsible for operating a vessel on the existing vessels. So in the case of Fogo Island, for example, the *Veteran* came in. It was replacing the *Winsor* on that run. The *Winsor* still had to operate. The *Winsor* crew was going to take over operation from the *Veteran* crew. Trying to keep that going while training – so if we were to do this again today that would obviously have to be something that would be a topic of conversation, how do we do that?

There's no simple answer to it because in a perfect world you say, okay, well, let's put a temporary crew on the existing vessel while your permanent crew are learning to operate the new vessel. That assumes that you can get them. That industry at that time is not too different from what the industry is like today. It's hard to find those individuals. That's not unique to our operation, that's an industry problem. We're tuned into that industry, particularly on the Canadian front. There are other entities that are struggling as we struggle to attract and retain. It would be simple for me to sit here today and say that if we had to do it all over again, we would do it a lot better. That's what we would strive to, but I wouldn't want to oversimplify how we would do that because it would certainly be a challenge.

You mentioned change management. Again, making reference to our organizational change in 2017, if we were procuring new vessels today, I think it's fair to say that we wouldn't be tasking the operating branch that John is responsible for to lead on that procurement. I think it's fair to say that if we were doing this today under our current structure, we would

have a team under what is our Infrastructure Branch and, in particular, in the division of Infrastructure Planning and Procurement. We would have a team appropriately resourced to lead on that. The Marine operations branch would be a client to us the same way that a health authority is a client to us if we're building a new long-term care facility.

Under that structure, I think it's important to note that we have a very robust governance structure that we use for project development; we refer to a project steering committee. If I can use the example of a health care facility. The steering committee would be composed of the deputy of Transportation and Infrastructure, the deputy of the Department of Health and Community Services and the CEO of the applicable health authority. That steering committee forms the governance for project execution.

So if we were to do a ferry, you know, I think we'd have to think about who would form that steering committee, because, in that sense, the department becomes its own client. I think there's a joke about lawyers in there somewhere about people who have a client for themselves. Anyway, so we had to be careful of those pitfalls.

But you made reference to industrial benefits and, again, it's tricky I guess to theorize what would have happened in this situation in terms of our current structure but I think it's fair to say that for that aspect of industrial benefits, the deputy minister of the business department, or whatever name at that time, would sit on that steering committee. I think that type of governance structure would have helped to ensure that something wouldn't fall through.

As you've heard from witnesses in trying to trace what happened from one deputy to another deputy inside of the government, and I think the steering committee structure that we use in project governance today would help with that and help ensure that there's clear priorities and who's responsible for those priorities in that governance.

I think, Mr. Reid, that addressed the topics that you've raised but if there's any follow-up, certainly.

**MR. REID:** Yeah. Okay.

**MR. BROWN:** Thank you both for being here. I'm glad that you accepted our invitation to come and speak to this.

The questions I do have are – the first one is with the recommendations made in this report to your department, I know two of the three are applicable to your department. My first question to ask is: Are you in the current process of implementing those recommendations or some form of implementation of those recommendations at this time?

**C. GRANDY:** So I think in the first answer to that question, I think it's important to note that we're not – there's currently no project that would involve the construction or the acquisition of new vessels. So, you know, in that regard, there's no direct applicability to ferry vessel acquisition, but I think in how we've changed – and again I'll make reference again at the risk of sounding like a broken record – our reorganization in 2017, we are already well on a path to deliver on projects that hits to some of the recommendations in the report.

I made reference earlier to some major projects that we're using: public-private partnerships, P3s. That is something that we have been learning about for the past eight years, I think, that process for us, that learning curve, started back in 2014 or even a little bit earlier.

That method of procurement, I know P3s can be a very polarizing topic for a variety of reasons, but to strip away some of that ideological polarizing that goes on opinion, to strip that away for a moment, what we have learned is how to appropriately address risk in major project development and to ensure that risk is retained or inherited by the entity that is best able to address that risk and manage that risk.

So in that type of structure – if I can, I'll just use a building as an example – through a public and competitive open process, we retain one entity to design a facility, build a facility and then maintain that facility for an extended period of time. By tying those three activities together you have less interfaces and less opportunity for risk as you move from one stage of development to the next stage of development. We're seeing the

benefits of that on our major project development. It is something that we're very proud of and feel that we're having quite a bit of success.

If we were to procure these vessels and we could turn back the clock or we were to start this process again for a ferry vessel or multiple ferry vessels, I think we'd have to be taking a close look at what method of procurement do we want to use and what model of project delivery do we want to use. There are all sorts of options available to us in the industry and we would closely examine those, which is what we do for new facility development. We would closely examine those options and provide recommendations from there.

**J. BROWN:** Thank you, Deputy Minister.

Every single individual that did appear for us so far used the analogy that they were like running on a treadmill when it comes to what was on the go in the department, especially at that time. They talked about lack of resources, lack of human resources and that for some of these, between operating the vessels, but also at the time of project management and they had so much on their plate, they didn't have enough people to delegate tasks to.

I just want to ask: Is your department currently addressing these issues, internally, because it seemed like these individuals – prior to your work – they seemed that they were overworked.

**C. GRANDY:** Great question. I smiled as I listened to some of the previous witnesses use the analogy of the treadmill. I can't promise I'm not going to get a little emotional as I talk about it because it is – that's exactly what it's like.

You come to work in the morning in this department – because it's so broad and it's so many lines of business and it's so operational – and you think you know what you're going to encounter. You're not in your office, you're not in your chair, you haven't taken your coat off and something else has happened that takes you in multiple different directions. So I really appreciated Mr. Meade's analogy when he referenced it yesterday morning. I suspect that's an analogy I'm going to be using for a while.

I think one of the biggest things that we've done on major project development is that we make no apologies for the resources that we do retain. It's interesting that we are sometimes criticized for contracts that we have with external consultants. But I think that is one of the major keys to our success: we have gone out and we have retained the expertise that we need in order to lead on these major procurements.

We've done that through open procurement processes. Again, I'll make reference to the P3 projects. We have retained procurement and financial advisory services. We've retained external legal advisory services to augment those services that are provided by the Department of Justice and Public Safety, specialists in these fields so that when we are developing the contracts – we refer to it as project agreements – that we have a very strong foundation to draw upon the expertise that exists outside of government to ensure that we are protected. I think that is certainly key to our success on these major projects, when we go out and get those external consultancy services.

I think what we've heard in the report – and a former executive has spoken to it – is there have been times when we've been operating files off the corner of our desk, that you are the operator of something and now you're also going to be the procurer of something that is going to augment your operation. By having dedicated staff that are to lead these major initiatives, and going out and retaining external expertise to augment what we have internally and not just throwing it on the branch that is operating or the client that is operating whatever it is, in this case, Marine.

**J. BROWN:** Going forward now, after hearing some of your former colleagues, is there any thought from your expertise that maybe there should be some stops put in place to prevent piling and piling upon current employees and individuals within the department? Because it seems that a lot of things get pushed to the side, or things do not get followed upon or, obviously, the worst of all, burnout of employees. Are there any thoughts that maybe this could be changing going forward, that we don't pile on to employees and cause things that obviously we saw in this report?

**C. GRANDY:** I think that issue is something that haunts every senior leader, every deputy, every ADM in the system. It's the risk of – and I'll use your word – burning out or exhausting the people that you count on every day. I don't think I've met a deputy or chatted with a deputy that doesn't struggle with that. It's a great question. I don't know that I have a magic bullet solution to your question because you're always trying to find that balance.

Again, though, I'll go back to what I said in your last question, that we can't be shy as leaders to put forward the backstop. If you're developing something, it has to be a full team. Now, what is a full team? I think as leaders in our current fiscal environment – and I just don't mean in the past couple of years. Again, I've been in the department since 2012 and that first budget I was part of in 2013 was a rough budget. Folks in the system would know what I'm referring to in terms of the decisions that we had to make.

So you're always, as a leader, trying to make that judgment call between how do I keep my expenditure in running the department as low as possible without jeopardizing success on the service delivery? It is a constant balancing act. Whenever we look in the rear-view mirror you can say that maybe I could have done that one a little better. But I think now, when we are putting together – again, I'll make reference to the major projects. The full project budget includes the team that you think is necessary. We're doing our best at ensuring that our total project budgets have enough resource that we can get that, whether that is an internal body or whether that is an external body.

**J. BROWN:** Thank you, Deputy Minister.

**C. GRANDY:** I hope, Mr. Brown, that addresses your question.

**J. BROWN:** Perfect. Thank you, Deputy Minister.

**L. STOYLES:** Thank you both for coming and thank you for your service to our province.

I certainly want to talk about moving forward and the action plan, but before I do that, I want to talk about the briefings you would have had when you came into the department. This was

one of the biggest projects, I guess, that the department had taken on, especially when you look at the cost of not building just one vessel but building two vessels.

I want to go back to when you came into the department and the problems that happened. You have the report and I'm sure you have read the report. You looked at what happened in Romania and how we didn't send enough staff. Maybe it was a money issue that we didn't send. But we heard this morning that deputy ministers and assistant deputy ministers went to Romania.

Red flags came up in my mind when you think that it would be more important instead of sending the staff, the ministers and the deputy ministers and the people. When I hear that they didn't have enough staff to send and they sent staff over, I just want to hear what your views are on that, to hear how the briefing went when you came into the department and the concerns. Because now you have the problems to deal with, you have all the breakdowns and you're dealing with all of that. I am just wondering about what happened when you came?

**C. GRANDY:** So I'll speak for myself and John might want to add some comments on when he joined the department in 2016. In my case, when I became deputy in September of 2020, these issues were long behind us in the department. The *Veteran* went into operation on the Fogo run in late 2015 and the *Legionnaire* later on the Bell Island run in 2017. Most of those – I won't say most, I think all of those bugs, in terms of the initial operationalizing of the ferries, were behind us. So there were no particular briefings that I would have received in September 2020 related to the *Legionnaire* and the *Veteran* because it was behind us.

**L. STOYLES:** So there was never any talk – moving forward, in my mind, I assumed you would have been briefed on what had happened. Eventually, we're going to have to do this again to move forward. So there was not a report there saying the dos, don'ts, maybes, what not to do here?

**C. GRANDY:** Not specific to this issue. I think any transition between deputies, as deputies move, particularly in a department as wide and as broad as Transportation and Infrastructure,

that there is no succinct briefing that would ever bring you up to speed on every issue. I know that on the face, that might sound alarming or incredulous, but I think we can't lose sight of the fact that we are well supported from a management structure, underneath the deputy and underneath an ADM in that organizational chart. We rely every day on the professional expertise of the directors, the managers and the employees that make up the various divisions of our department.

I say on a regular basis. I wouldn't sleep at night if I didn't trust the team that was underneath us to deliver the very important services in the department. That's where the strength in any department is. You can have strong executive leaderships, and that's obviously very important, but on a day-to-day basis, when it comes to the provision of services, it's the employees and the management staff that those employees report to. That's where the strength of the department is.

I'll take this opportunity to say that, as deputy, I have incredible reliance and faith in that team to be able to execute on the services, whether that's delivering on a project, whether that's flying the air ambulance or whether that's delivering the mail in our department. It's the strength of team.

I wouldn't want it to be alarming to the Committee that there is no succinct briefing that would happen from an outgoing deputy to an incoming deputy. There's some of that, certainly, and I think an outgoing deputy will make known to an incoming deputy what the hot issues are of the day; but again, to go back to your question, there was nothing specific to this file that I would have been briefed on. Now, John's situation was a little different.

**J. BAKER:** I think you're referring probably to some of the incidents that were witnessed on the *Veteran*, some of the mechanical issues. While I can't speak too much to the first two issues on the thrusters because that happened prior to me coming on board, but I can speak to the third thruster and the engine, which reported as human error.

Yes, we were given full explanation as to what happened there. It was unfortunate because the captain on the first incident with the third

thruster and the chief engineer on the engine, we did the investigation and once our findings were found, it was passed over to human resources.

**L. STOYLES:** Okay.

I guess the other part of the thing was there were concerns on the training, because a lot of the staff were working and couldn't get the time and that. I understand labour issues and things like that. I'm just wondering, coming into the department and having to deal with all that, I guess, lessons learned – I'm just wondering, moving forward, what the plan would be?

**J. BAKER:** If I might add to what I was saying earlier is that both the chief engineer and the captain at that time had gone through full training of the vessel when she arrived over here, and it was just very unfortunate that it happened but they had gone through the full training program.

**L. STOYLES:** So the other concern then was safety issues on the vessels and that once they arrived and that – did you want to speak to that: safety issues on the vessels? I understand, in the report, there were some concerns about safety issues with the staff.

**J. BAKER:** Safety issues?

**L. STOYLES:** Yeah, in the report it talked about safety issues.

**S. REID:** Particularly related to the (inaudible). I am not sure if that's –

**L. STOYLES:** Yeah, the ramps and the things like that wasn't –

**J. BAKER:** All right, the safety issues. I misunderstood what you were saying there.

**L. STOYLES:** Sorry.

**J. BAKER:** On the ramps, there is an issue which we are trying to mitigate now and for a while. In order to get the preferred angle on the ramps during a maximum high tide, the vessels are not able to ballast themselves enough to be able to achieve that preferred angle. And we've been working with the manufacturer of the ramps and the only recommendation that they're

coming back with is that we install, what we call, linkspan docks or mechanical jogs, whereby they're adjustable. They go up and down.

As a matter of fact, we're obtaining some drawings on those now because we would have five docks to deal with – three in the Fogo service and two on the Bell Island service. Those would be similar to what the *Flanders* is using right now on the Bell Island service.

**L. STOYLES:** Okay.

Thank you.

**S. GAMBIN-WALSH:** Thank you, Cory and John, for your time here today.

As a Committee we've been reading about and hearing about operational delays, service disruptions, substantial unplanned costs during the construction and the operating and the initial operating of the vessels. So that's what we've been hearing about the last day or so.

Cory, you've been there for 18 months now. So since you've been there as the deputy minister, how many days have these vessels been out of service?

**C. GRANDY:** So I don't have those facts right in front of me. John, I don't know if you have any of those stats immediately available to you to be able to answer that, Ms. Gambin-Walsh.

**S. GAMBIN-WALSH:** Okay.

**C. GRANDY:** I'll start by saying this: In the current year, in '21-'22, both vessels, the *Legionnaire* and the *Veteran*, came out for their five-year refit. So that is not a result of anything in particular in terms of the failing; it's just part of that regular refit schedule that's in that regulated industry. So I think to answer that question in the current year might be a little bit skewed because they were out of service for that extended refit period.

I'm going by memory here now, which is always dangerous with me. I think in the previous fiscal year it was a relatively low number of out-of-service days, and two days and 40 days come to

my mind. John, I don't know if you have any recollection of that.

**J. BAKER:** I can add to that. In the past fiscal, due to the pandemic, we were faced with taking four of our major vessels out for their five-year refit, which a five-year refit is an extensive refit. So they all had to come out the same time.

We look at the machinery on the *Veteran* and the *Legionnaire*, the machinery is you go by your five-year cycles or your 10-year cycles and you do certain things. When Class had a look at our two vessels and did their survey on them, we're exempt from a doing a teardown on our engines. As a matter of fact, they even took away using the date on them and gave us by hour, the number of hours on our equipment.

So I can speak for the last few years, that we've had a very good relationship with Class and with Transport Canada on those two vessels. And yes, we have some issues there because they're so sophisticated with what we call the board systems and some of the boards give out and we have to replace some of the dials on them that gave out. Those boards are not always on the shelf; therefore, you might consider it not a major issue, but it is an issue that could prevent us from carrying on with the service. This is some of the things that we deal with, but nothing to the extreme.

**S. GAMBIN-WALSH:** Okay, thank you.

What is the actual plan, like in the department, for unexpected down days?

**C. GRANDY:** Right now, we have two swing vessels that are available for when we have a boat out of service. It's a constant movement when vessels are coming out, particularly when they're coming for an extended period due to their refit schedule, but, of course, we all know that emergencies, unexpected failures happen as well. So I think the broad answer to your question is there are two swing vessels that are in our inventory to be able to supplement when we have a boat out of service.

**S. GAMBIN-WALSH:** Okay, thank you.

In an ideal world, we aim to mitigate risk by ensuring the crew that are hired to work on these

vessels have the training equitable to the technological advancements or are trained and tested before employed on these vessels. Job qualifications for these advanced vessels; we need these crew that are trained. How did the department address this? How are you addressing it today?

John just alluded to the technology on these vessels. So they're advanced vessels and we have heard from previous deputy ministers, because we've asked the question, were they too advanced for the time? The answer we've received is no. This is 2022, it's a go forward. They're the proper vessels for what we need on a go forward, but we didn't have the staff who had the training because this was new technology. How can we address that on a go forward when we're trying to fill in these positions or rehire new crew?

**C. GRANDY:** I'll turn it over to John in a second just to speak to some of the more technical matters of qualifications.

I'll say, again, there's no real magic bullet; we're in a competitive industry for staff. When I say competitive industry, we're competing with other entities; we're competing with private. We're in a constant state of recruitment. We use eligibility lists to help supplement full-time positions when we have a need in the system. It is a near constant exercise to keep that eligibility list of employees available so that we have someone to call when we have a vacancy.

I should probably turn it over to John now and let him speak to some of the more technical matters in terms of the qualifications in the various roles that we have on various vessels.

**J. BAKER:** Of course, first, when a vessel first came into service, they were trained by the shipbuilder's crew that they had on board. What normally happens is that crew that they had there was supplied by the shipbuilder and no doubt part of the contract, they would be relied upon to train that crew and they would not be satisfied – because at the end, they would have to sign off on each of those crew members, whether they felt they were qualified or not.

So once the crew members were felt to be qualified and the shipbuilder's crew signed off

on them, then on a go-forward basis you hire a crew member by their tickets, by their certificates. You hire a captain by his ticket. You hire a mate and you go by their classification and their tickets. Same thing with a chief engineer. So that person or persons would come on board and they would spend some time on, what we call, familiarization and then the current captain on board or the chief engineer on board would have to sign off on them when they felt they were capable of picking up their duties.

**S. GAMBIN-WALSH:** Okay, thank you.

So what about the companies today that we procure to repair these vessels, how is knowledge transferred to these companies?

**C. GRANDY:** I'm going to turn it over to John to speak to the issue of original equipment manufacturers, but that is a key piece to maintaining our vessels. In the world of open procurement for repairs and refits to our vessels that is something of keen interest to me, but I will let John speak to how we manage that from an OEM perspective.

**J. BAKER:** Well, first of all, I guess – and Class has picked up on it very deeply, as well, as of late that we try to deal with the OEM – the original equipment manufacturer – most of the time because they're familiar, they have the OEM parts and they are relied upon. Now, I mean, if we have a certain engine – and I'll just give you one name – if we have a Cat engine, I mean, if we go out and put it out to tender for some parts for that engine, I mean, they would normally have to go back to Cat to get it because you're not going to buy it off the shelf of one of the other local distributors.

So what we'd find is that they would buy it from Cat and bring it in and have to put their markup on it before they sold it to us, to the department. Yeah, we try to work with the OEM as much as possible for that.

As I said, you're looking at you don't want your vessel cutting down in the middle of stream because of a cheap part that you put on board.

**S. GAMBIN-WALSH:** Okay, thank you.

Thank you very much.



**CHAIR:** Thank you.

I think, John, I might start with you on a couple of quickies. Just to follow up on that particular point from my colleague.

When a vessel incurs a problem, for example, how does the problem get identified, normally? It is something that comes up on the screen and it tells you you have a problem with this particular part, or this particular engine, or is it sent locally to be serviced? In order to determine what you actually need to order, who makes that determination?

**J. BAKER:** That would be identified first with the chief engineer on board.

**CHAIR:** Chief engineer on board. Okay, so then they would source out the particular component?

**J. BAKER:** Then they would relay to our superintendent of marine engineering and then he would – if the issue can't be resolved on board, then the superintendent will go to his contacts to rectify it.

**CHAIR:** You made reference to familiarity with the vessel. The process that you have in place now is if any new crew member is hired – the captain, mates, engineers – the first part is the orientation. They're hired based on their tickets and then the second part of that is an orientation to the vessel. So before they actually take control or start work on the vessel, they are given the full orientation that they require and then it has to be signed off by the appropriate person on that vessel.

**J. BAKER:** That's correct.

**CHAIR:** So that reassures us that the actual training now to basically keep that vessel running, those people are being fully trained before they actually take operations of the vessel?

**J. BAKER:** Yes, the current captain on board or the current chief will have to sign off on that, put his signature to it, and we would have a document that tells us that that chief or that captain feels very confident that this person is qualified to take it on.

**CHAIR:** Some of your predecessors that have come before the Committee, Mr. Meade talked about having full confidence in the contract, in it being a good contract; Ms. King talked about it being on time and on budget; Mr. Harvey talked about the fact that they were built by a world-class shipbuilder and made a comment that they would last the province for a long time. I wonder, do you agree with those type of comments?

**J. BAKER:** Well, I guess I can't speak very well about it because I have no dealings with the shipyard and with regard to the vessels themselves, it will certainly depend on their maintenance periods and how well they're cared for. Even if you have a maintenance problem that doesn't fall under Class, that's either now fix it now or pay me more later. So yes, vessels will do you a long time. I mean, we have one vessel in service now that's over 50 years old and running well. So they can last you a long time as long as they're well maintained.

**CHAIR:** And one other comment you made, and my colleague here was talking about the number of down days or downtime right now in the last couple of years for these vessels. There appears to be a significant reduction in the amount of time out of service compared to when the vessels were originally purchased. Is that the trend?

**J. BAKER:** Those vessels, from what I understand, from hearsay and from some of the notes that I read and also the auditor's report, I'm sure that the shipbuilder felt very disappointed and probably very ashamed as to the problems with the *Veteran*. Because they were only five days out when they had to go back and replace an engine.

Then, when they tried their journey again, before they got fully across, they had to go into a port and they lost their generator and they had to put on a mobile generator. Then, when they got here, they had the thruster problems, which took them a while to get to the root cause of it. So, yeah, I'm sure that the shipbuilder – and from some of the correspondence I read – were very disappointed and ready to go beyond which they extended further warranties because of the issues that the department was faced with.

**CHAIR:** The Auditor General's report points to a lack of – what I would call – their training issues but human issues when it comes to some of the reasons why the vessels were out of service for a particular time. I think you alluded to some of that yourself. Is it fair to say that the training or the lack of training contributed to any of those downtimes?

**J. BAKER:** For the major issues that I'm fully aware of, the first two thrusters that failed, from what I can read and understand of were manufacturers' faults. Because, you know, if a bearing is not oiled, that bearing is not going to last very long. So then they had to modify it and make sure that there was a new line going through the bearings to keep it oiled.

So that, in itself, was a supplier issue. The other two issues that we were faced with in 2017, as I mentioned earlier, on the human error side, they were fully trained the same as the rest of the crew when the vessels came over. I know, specifically, the chief engineer was very quickly to own up to it and say I messed up. I screwed up and I am willing to take whatever's thrown at me because it shouldn't have happened.

**CHAIR:** Okay. Thank you.

Cory, maybe you can answer this one better. One of the recommendations of the Auditor General, it says, is to “establish and follow a project management process for the procurement of vessels which follows leading practice and gives particular attention to risk management, onsite supervision, document management and training.”

So if I take out the words “of vessels” and simply follow this recommendation for the procurement which follows leading practice and gives particular attention to risk management, onsite supervision, document management and training, is there a document in the department now, a manual, some kind of template, which follows this recommendation?

**C. GRANDY:** In our department and, in particular, in the Infrastructure Branch, we have subsets of project types and methodology, so there are different answers, Mr. Chair, to your question.

For example, on the design and construction of new schools, for example, and smaller projects – when I say smaller projects, I am still talking about tens of millions of dollars, but those types of buildings – there is a document that we refer to as the PMDA manual, Project Management & Design Administration manual. The current version of that which we are using for those projects is a 2014 document. We are currently in the process of a review. We would expect later this calendar year that we will be finalizing and publishing, for our internal use, that document again as a 2022 version for those types of projects.

Those are projects that we deliver in, what I refer to as, the more traditional delivery methods, not P3. So that is a very active document and it is in a constant state of revision, but we are in the middle right now of a relatively major overhaul of that document.

In the world of the P3 projects, again, I made reference earlier to the external expertise of procurement advisors that we use. We utilize those external consultants to help guide us on best practice when it comes to that type of delivery model and feel very well supported in that.

It is also very important – and again when I made reference earlier to the project agreement on those types of projects, and it is the project agreement that bundles together under one umbrella, design, construction and a long-term operating period. That project agreement – we refer to it as the PA – is very detailed and defines the roles of the various entities and how we interact with those entities underneath that project co-umbrella of designers, builders and facility maintenance operators.

That document, that project agreement, that contract in and of itself would dictate the roles and responsibilities and a very defined process, as we go from the procurement period right through to year 30 of an operating period. So I think with the external advisory services that we retain, we have those bases covered, certainly, as it would relate to the recommendations in our report.

**CHAIR:** When you mention the P3 projects one of the things that comes to light that was one of

the recommendations here is that whole part about on-site supervision. Is that part of what you do in your P3? Is there somebody from the department who is on site providing the supervision of these P3 projects?

**C. GRANDY:** Simple answer is yes. That is done in a different way. That type of on-site supervision is different in a P3 structure, relative to how we do it in a more traditional structure but, yes, that resource is there. It is not the role of the department to manage that – well, I'll say it a different way. The risk of bad workmanship on a traditional project is higher than it is on that type of structure where the same entity is going to maintain that building for you for a 30-year period.

I think that is one of the elements and there are various elements that – I love talking about this stuff – that I could speak to in those projects. But that long-term operating period is one of the pillars that give that model strength, because the entity that is designing it for you and building it for you is also the entity that's going to maintain that facility and keep it in a constant state of renewal for a 30-year period. I use 30 years as an example. That's how we're structured, our current P3 projects.

The other element that is within that, the industry refers to it as – as we're paying for that over the 30 years, we refer to it as an availability payment. We only pay if the facility is available to us. Or if elements of the facility become unavailable to us, because of a maintenance issue, well then, there's a deduction in the payment. So in a long-term care facility, if there's a wing of resident rooms that becomes unavailable because of an electrical failure or a plumbing failure, then there is a deduction in the monthly payment that is made to that entity.

Just by that structure of a project agreement, they're very incentivized to ensure that the facility is built to the highest standards, because they can't afford for the facility to become unavailable or for a room to become unavailable. There's a lot of strength in that structure.

**S. REID:** Thank you.

I'm just going to circle back to some of the questions I had asked earlier and maybe build on some of the comments that have been made related to questions that have been asked here and some recurring themes that I see coming up. I'm going to put out a number of questions again.

I just want to get back to the issue of training. There's evidence in the report that even when people attended the training – and I understand that the trainers had to sign off. But there's evidence from emails that are presented in the report that the people doing the training didn't think that the people – let's put it this way, they weren't that engaged in the training.

I'm wondering does that highlight a learning culture issue within the department, possibly within government overall? I'm just looking for some comments in relation to that. If that is an issue, how has it been addressed or how could it be addressed?

Also, the other issue there is in terms of the difficulty of getting staff and experienced people and things like that. I certainly understand that when an industry is hot, it's difficult to get some people and things like that, but I'm hearing this issue come up in relation to even heavy equipment operators and things like that, the difficulty in getting these people.

When I talk to some of these people they tell me – I'm wondering why is government not a preferred employer for some of these people? That's what I'm wondering. Again, I'm wondering is that part of a cultural issue within government, within the departments? That's a difficult question. I'm asking it because I think we need to think about it, we need to face it, we need to address it and we need to have some possible ways of dealing with it.

I think, as well, what's our human resource plan? Do we have a succession plan? Are a lot of our employees reaching close to retirement? Is this going to become more of a problem for us going forward and thus require more attention? That is something I am concerned about.

Also, in terms of economic development and the connections with that economic development, I'm wondering can you provide me with some

concrete examples of major projects where we have changed in such a way that we're getting more economic benefits from the things that we're procuring. Can you provide me with a few examples of where that is actually happening?

Also, this issue of being on a treadmill has come up in a number of people that I have been talking with. I've worked with the government in certain positions before; I've sat in on executive meetings so I certainly understand that. Part of my experience teaching at the M.B.A. program and learning about management techniques and things like that, I also wonder what the root cause of that is. What is being done to address the root cause of that problem where people seem to be running on a treadmill? What is government doing – I guess, maybe a broader question is whose responsibility is it to address that?

Also, just to circle back to the training, there were some reports that were done from the Human Resource Secretariat, I believe, in relation to the training that was done and the issues resulting, maybe from a lack of training. I'm wondering what were the recommendations in those reports and how they were acted on?

I'll just leave these out there and you can address those.

**C. GRANDY:** Absolutely.

You asked very heavy topic questions. Great questions. We could spend a lot of time – and we should spend a lot of time beyond the time we have here today talking about these things. They are very heavy topics and I am trying to think where to begin.

I don't think I'm telling any secrets when I say that we don't have – and I think fair to say government doesn't have – a huge succession plan that recognizes our aging workforce. We're aware of it and there is no easy solution to it. I think recognizing the problem is certainly the very first part of it.

Again, in a department like ours, we're very broad and a lot of operating arms. You made reference to heavy equipment operators and our plow drivers. Similar to what we talked about earlier in Marine, we have near constant ads out

looking to replenish our eligibility list so that we have people to call upon when we have a short-term need or a long-term need. And we're staying abreast of it; we haven't had any major breaks in service delivery as a result of that, but it is something that we're always cognizant of and we would love to have a better solution to it.

Again, it's not unique to our department; it's not unique to Newfoundland and Labrador. Myself and Minister Loveless recently participated in an FPT session where this was a topic of conversation. It was specific to truck drivers and that supply chain problem that exists across the country. But that's the same resource that we're drawing upon for our plow operators and heavy equipment operators. So it's certainly a national problem or a national challenge and it's something that we're keen to, but what the solution is, I don't think that's in front of us today.

I'm going to go to your last one; you talked about the root cause of that treadmill scenario. I can only speak about life inside of Transportation and Infrastructure. Similar challenges exist in every department, I think, as I speak to my colleagues across the system. But it's one of the reasons why, as an executive team, we try our best – and it is difficult to do it in our system, but we try our best to stay out of the deep weeds so that we can try and manage on a more strategic level, as you would expect an executive to be able to do.

And it is a daily challenge. On my most frustrated days, I would say to my assistant outside my door we should just change the phone number to the executive office as 1-709-POT-HOLE, because that's what happens: People want to make their complaints direct to the deputy, direct to the minister's office. I get it. As a government, we have to be open, we have to be excellent at public service delivery, but we should be managing that at the appropriate level.

One of the initiatives that we are looking to do this year is to – we have a 24-hour dispatch system for winter maintenance when we're in snow-clearing mode during the winter season. We're looking at expanding that to at least an eight-hour a day, year-round scenario so that

someone has a number that is not the minister's office to report a road condition.

I hope that will make some difference on being able to let us rise above that day-to-day minutia. We're never going to stop it because, again, full respect for the fact that an elected official needs to be accessible to the public, but we get mired down a lot in those weeds, and it's been a constant conversation of mine since I became deputy, what types of things can we do to let us rise above that so we can actually operate at an executive level. If other folks have ideas and thoughts on that, I would love to hear them and I think other deputies across the system would love to hear them.

I think the other thing that you mentioned, Mr. Reid, is economic development, and I'll just use this as one example. It's a strategy that we've been using on our P3 projects whereby once the successful proponent for a project has been identified, we've had, as a requirement, that that successful proponent hold what we refer to as business-to-business sessions with the local community. We have seen the fruits of that. When we make that large entity open their doors – it was difficult during COVID, but open their doors physically or virtually, to be able to create that atmosphere where a local supplier or a local vendor can meet that larger entity and form those business relationships.

So I think that is certainly one thing that we've done and we've done successfully. We've heard that we've had good feedback from the local industry on that. We also have a very positive, close working relationship with the Newfoundland and Labrador Construction Association and we work with them to help form those partnerships between smaller vendors, smaller supplier and the larger contractors.

I know it would be great to spend a lot of time talking about some of those things. They're very weighty subjects and very important ones.

**J. BROWN:** (Inaudible) thank you, Broadcast team.

I only have one question to ask right now about this and I do thank you for everything that you've guys have spoken about. I know it's some deep stuff and we're not going to change

the world tomorrow, but we're making a start here. The only thing I ask, going back and after hearing everything that – I'm sure you've been tuning in to your former colleagues and stuff who were speaking and everything like that. It seems that it's not just a government industry, but it seems to be a problem there because I've talked to some – like, it was a problem when I was in a previous life, in the mining industry. It's a transfer of knowledge between individuals, the outgoing and ingoing.

The only thing I ask is to take under consideration: Will you guys take under consideration of some sort of plan to transfer knowledge between an outgoing and ingoing? And I know in this world of government, it's including outgoing and ingoing governments and stuff like that and sometimes there is some shake-up within the departments as well. But some kind of plan or some kind of knowledge transfer that we don't find ourselves in the situation where we're dropping projects that were actually beneficial and could be possibly completely by accident, but take into consideration a way that things are documented and transferred that things don't fall to the wayside. That, we hope, it would actually have been carried out to completion.

**C. GRANDY:** Yeah, I think the point you are making is very on point and I think that maybe your suggestion is larger than us as Transportation and Infrastructure, but it's a very valid point. I will say again, though – I made reference to it earlier – that I think our department structures across government are designed at that. That transfers happens because there's a much bigger team than just the deputy and the number of ADMs that a department might have.

I'll just say again that the strength of the team at the director level and the manager level and at the individual employee level, that's where our strength comes from and that's where most of the things, MHA Brown, don't get missed. Obviously, you know, that's not a perfect system and there are times where those types of things will happen and I think maybe that's something that we'll have to ponder as executive and broader than TI will have to ponder in terms of how better to improve on that.

**J. BROWN:** Thank you, Deputy Minister.

I appreciate your time.

**L. STOYLES:** Thank you.

Like I said, again, I know one of the reasons I started off asking the questions in the beginning was about training and how much you were informed. In the report here it says that there were supposed to be – the engineer was supposed to go for six weeks of training and they only did three weeks of training. So, obviously, if the boat builder felt that they needed six weeks there and they only got three, obviously, they didn't get the full training package, so how can they come back and direct a ship when they don't have the full training?

I just wanted to make sure, as Jordan said, moving forward that there needs to be a good, strong plan put in place to document the dos and don'ts. That's very important. I just wanted to highlight that as he did. That was one of the things I had.

The other thing that came out, you talked about how difficult it was getting staff. Is it that they're not available or is it a cost that we're not paying the market value? I'm just wondering if you could talk about that for a bit.

**C. GRANDY:** I think the simple answer is there's not enough in the industry, so I think a big part of that is they're just not simply available. It's not that they don't necessarily want to come work for us.

Now, I have to be honest, I've never done any market analysis to compare our rate of pay in the industry relative to private, specific to the marine sector. John may have, may be able to speak to that in a little greater detail, but I will say that tends to be a problem across government positions generally, that there are other employers that can pay differently and private employers have different ways to compensate and perhaps have more flexibility inside a large government system and a large pay classification system. It is sometimes a challenge to compete.

Sometimes we get very fortunate that I think one of our best marketing tools when it comes to

recruiting talent is Newfoundlanders and Labradorians want to come back home and sometimes in positions right across our lines of business, we will get very fortunate that when we're recruiting that you will find someone who has very valuable experience that they've obtained outside of the province and they just want to come back home. So I think we've seen instances of that in the sector where people want to be closer to their hometown, and I guess that with our marine services in rural Newfoundland, that provides that sometimes as well.

Now, John, I don't know if you can speak to the (inaudible)?

**J. BAKER:** The short answer, I guess, is it's an industry-wide problem. We get weekly reports from the Canadian ferry operators and there's an ad in that every week from BC Ferries looking for crew. We're very fortunate that we're able to keep going without missing any runs, but they have missed runs for the lack of crew. I've had some discussions with some senior management with Transport Canada in the marine sector and they tell me the same thing, they're having a big problem trying to get sufficient crew to keep their vessels going. So it's an industry-wide problem.

**L. STOYLES:** So moving forward, we all know we live on an island and we're going to be having vessels for an awful long time. I mean, the communities are very much alive in rural Newfoundland and even on Bell Island. Of course, we also know the weather plays, when you're on the ocean and that, a big part in that as well. But waiting for the ferries and the lineups and all that that all of us deal with when we travel around the province getting off and on the Island, I know your department really doesn't deal with the cost of getting on and off of the Island, but it's not only getting off and on Newfoundland, it's all the little communities around and even going to Labrador, sometimes is a challenge, especially in the wintertime.

I just wanted to if you wanted to have some kind of comment on that before we conclude?

**C. GRANDY:** So I haven't raised it yet today, but I think what speaks to some of your issue is that the department is currently undertaking what we refer to as a market sounding in Marine

Services and we're getting nearer to the end of that process. But that's a process where we've invited – it's basically an invitation to stakeholders in our Marine Services to be able to come to the department with suggestions, ideas about how we can improve Marine Services and improve the efficiency of how we offer the service.

I think in our boardroom that we've said to each other that we spend \$80 million a year on Marine Services in this province. There is a segment of the population that is unhappy with the level of service that we are providing and there is a segment of the population that is unhappy that we're spending \$80 million at it and want it to be less.

Our current step is to be completely open and ask for input into that. Like I said, we're nearing the process of that and we're going to here from ferry users; we're going to hear from private industry in the sector; we're going to hear from the unions that our employees fall under. We'll have to take that under advisement and try and plot a path forward.

**L. STOYLES:** One last question, more or less a comment I guess: We've announced that this is Come Home Year 2022, I'm just wondering if the department has talked about putting extra times in, extra ferries on, not only getting off of the Island but in the communities. A lot of people, hopefully, when people come here they're going to want to go to Fogo, they'll want to go to Bell Island and they're going to want to Change Islands. Hopefully, they're going to want to go to Labrador as well.

I'm just wondering what the plan is and when we look at the impact of COVID over the past number of years and people haven't come home and now they want to come home and as you stated, most Newfoundlanders want to come home. This is an opportunity in this coming year for them to come home and we know we've reduced the cost of coming off and on the Island, but are we going to look at reducing the cost of the other ferries and the extra transportation.

**C. GRANDY:** From a capacity point of view, I think that on the vast majority of our runs we don't have a capacity problem. I think I have a lot of confidence that we have enough room on

our current runs to be able to accommodate folks who will come home and visit the province this year. I think that is evidenced by the fact that – and it has been publicly reported on numerous occasions, that we have a high rate of vessel usage where the vessel runs empty or near empty so I think in the first instance, yeah, I have confidence that the capacity is there.

Last year we had a scenario, because of the refit schedule of the vessels we were unable to supplement the Fogo Island run with an additional vessel. I think that in years past that has been a practice of the department to include a second vessel for the busiest months of the season. Last year, we were unable to do that because we didn't have – we had boats that were in refit.

We'll be in a better position this year, based on where we're to on our refit schedule for our vessels and our vessel availability. I think that is a service, in particular, that has had capacity issues.

I think you asked me about the cost of – there is no plan right now in our budget to decrease the fees. I think strictly from an official's point of view, I think we feel that the cost of the ferry service on the interprovincial ferry service, not referring, of course, to Marine Atlantic, that's not us, that would be the federal government, but on our own service, that the cost of service is certainly not high, relative to what it cost us to operate. It's subsidized 90 per cent and higher by the provincial government, so I wouldn't foresee the fee as being an inhibitor to use of the ferry system.

**L. STOYLES:** Thank you.

**S. GAMBIN-WALSH:** My final question is under Recurring Vessel Ramp Issues. It is in the spirit of the fact that what the AG and team found, using the Canadian standards in auditing, based on the documents that they had available to them and what I have been hearing here, based on the interviews, is a little bit different.

It's page 36 and 37. I'm just going to read two things here. "Observations from these reports included: Since it is annoying, the crew is eliminating the proximity alarm by lifting the magnet arm away from the sensor." On page 37,

“... they could not provide evidence that the issues have been addressed. We observed the alarm sounding during a site visit of the *MV Legionnaire* in both February and September 2019.”

What are your thoughts on that? First of all, the crew eliminating the proximity alarm and, second of all, that there were observation of the alarms going off on two visits?

**C. GRANDY:** Can I take that first, John?

**J. BAKER:** Okay.

**C. GRANDY:** John can speak to, I think, some of the specifics on the technical side, but, I think, I will take this opportunity to – Mr. Wakeham, I think I heard you say it in your opening comments or at some point in time earlier this morning that for the most part every employee wants to come to work and do a good day’s job. That’s not your direct quote but I think that was the sentiment that you – and that is certainly the case for the vast majority of employees.

But there is no secret internally amongst executives that have served in the department and people that we talk to that what is – with so many employees, with a large number of employees, if the vast majority of them are excellent and want to do an excellent work, there’s always a percentage – it’s not unique to our department. I think any employer would say the same, there’s a percentage that is not as excellent. And human resource management, I’ll be quite honest with you, is the thing that bothers me to my core the most as deputy. We have a recurring regular HR meeting where we discuss issues involving discipline of employees and it’s the thing I find hardest to manage, because not every employee is excellent or want to do excellent.

The vast majority are. I said earlier, and I’ll say it again, I wouldn’t sleep at night if I didn’t trust the people that are working for us to do their very best. So it is concerning to me, as deputy, when I read that type of comment because why would someone not want to follow the process or the operating procedure. It is a concern.

Now, I’ll turn it over to John to talk about the specifics of that because in some instances there are reasons why an innovative employee needs to do something that is maybe not in strict adherence to an operating procedure. So there may be instances where those judgment calls are what we want an excellent employee to do.

I did want to say, for the sake of the Committee, that human resource management is an ongoing issue that, as executive, we have to manage.

John, I’ll turn it over to you.

**S. GAMBIN-WALSH:** Thank you.

**J. BAKER:** You speak of the ramps and the alarms. That’s further to what I was explaining a little earlier with regard to the vessel not being able to ballast itself enough – able to get the preferred angle of the ramp and with regard to this one, like I mentioned about the – suggested that we install linkspan docks so that we could adjust them up and down. That’s where we are on that. As a matter of fact, at the present time, we’re getting some drawings done up on those now to see what we can do about that.

On the other one, it was observed to be repositioned with the vessel ramp down on the concrete shore ramp. Yes, we laid a ramp down on the concrete ramp dragging across the concrete surface, and then they said the southern shore ramp in Change Islands. Well, Change Islands, we’re not there very long. We’re just there for as long as it takes to offload and load.

But I will elaborate a little bit on where they do leave the ramps down because it’s their way of getting on and off the vessel, the crew members, even after their ADSS is finished. But we’ve suggested, now, that they, instead of leaving the ramp down on the concrete dock, that they block it with some wood so that the ramp is up off the concrete and not dragging, but that’s where we are on the ramps.

And, again, like I said, it’s going to be hard to eliminate, I guess, the sensor going off until we get a position where you can do some modifications to our docks.

**S. GAMBIN-WALSH:** Thank you very much.



**CHAIR:** Thank you very much.

I'm going to finish up with just a couple of quick questions. Again, the first one will be on the training piece. There was a reference in the AG report to cutting the number of training topics so more people could attend. The AG report spoke about the shipbuilder's complaints about trainees were disinterested and ill prepared to handle these vessels. The AG report says some senior officers did not attend training.

So my question is: Is the department confident, now, that all employees who need to be trained on vessels operations have now been fully trained and tested to ensure they know their systems?

**J. BAKER:** Yes, Sir.

**CHAIR:** Excellent. That gives us some confidence that those issues that were identified have been fixed. You also alluded to a process that's already in place for any new employees that come on now, that do that orientation and sign off.

**J. BAKER:** As soon as they do their familiarization from the current captain that is on board, yes, we believe in that captain and we put our faith into him and they feel very strongly about their duties and their responsibilities. So once they sign off on that new officer coming on board, yes, we do have faith in him.

**CHAIR:** Thank you.

My next one, Cory, is back again around the comments around the project management process and the on-site supervision piece. I think that is critical in a lot of the projects that you are responsible for, especially P3 projects, because the idea on having on-site supervision, obviously, allows for deficiencies to be identified much sooner than at the end of commissioning when we see delays in things happening.

If you just comment again on the on-site supervision part because while we're not going out to purchase more ferries at the moment, it is just knowing what your process will be and what you're currently using and adopting. If you could just comment on that.

**C. GRANDY:** Yeah, absolutely. I think we do have on-site supervision and I'll read between the lines on your question. I think we have had a recent incident of a delay relative to expected project delivery. I will say that was not the result of not having on-site supervision in the project that I am thinking of. We have a very competent and detail-oriented project lead that was very close to the details of the project.

So it certainly wasn't a lack of oversight or lack of on-site presence that would have led to that. That particular example that I am thinking of was an extreme disappointment, to us as well, that we were not able to deliver that project on schedule as we had anticipated. But I will say, again, that the strength of the project agreement and the model helps us in that regard.

**CHAIR:** That is the important part, is to ensure that, on a go-forward basis, you have those things in place. I appreciate that.

My final comment is again coming from the AG's report and may or may not be able to be addressed; we have talked about it a lot with previous witnesses. One of the things is this commitment letter that was made when the contract was renegotiated to add the second vessel, the *MV Legionnaire*, and one of those commitments that were made was to – and I'll quote right from the AG's report: "Enter into a partnership to open an arctic research center in the province. As part of this commitment, the shipbuilder indicated they would invest a minimum of \$0.5 million to \$1 million over three years. They also indicated that if the commitment was successfully established, they estimated the creation of 30 to 50 person years of employment and would contribute approximately \$2.4 to \$4 million to the Newfoundland and Labrador economy per year beginning in 2016 and \$12 to \$20 million over the succeeding five years thereafter."

Of course, it never happened; that's the challenge we have. But the AG went on to say: "As the department with the lead relationship with the shipbuilder, we would have expected to see evidence to show that the Department of Transportation and Infrastructure had worked with the Department of Industry, Energy and Technology to ensure the commitments from the

shipbuilder were fully explored. We did not find this evidence.”

As a Committee, we have struggled to get answers to that question. The first witness we had, Mr. Meade, had said when he left, it was still a very active file. Ms. Companion didn’t recall; it was over at the ADM level. Ms. King said when she arrived, there was no talk of it anymore. So again, it’s very concerning that a significant opportunity appears to have been missed. I don’t think that we’re satisfied that we have an answer to that question. I don’t know if you can add anything to it to help us out or if we’ve just got, to be continued, so to speak.

Thank you.

**C. GRANDY:** I understand your question and would understand the concern. I think from my capacity as current deputy, my answer is very similar to Ms. King, that it hasn’t been a conversation that I’ve been part of as an active file with that contract. It’s not a great answer, but it’s the honest answer.

So I can’t speak to what did or didn’t happen during that time and during the audit period and how that contract was executed. But I made reference to it earlier and I’ll make reference to it again – and it’s theorizing, of course, but if we were employing a project governance structure on this project similar to how we’re administering the project governance structure for our other major initiatives, I think that that steering committee structure that would’ve included the deputies and other supporting officials, on all the elements of the project, there would be a lot less opportunity for something to go missed, if I can call it missed.

I’m not even sure I should be using that word, because I don’t know enough about what happened and didn’t happen to know if “missed” is the appropriate verb in that case or not; but again, I think over the years we have developed this project governance structure, that we have a lot of faith in, to ensure that all elements of a project – because building something is only the beginning. The life of a facility or the life of an asset, whatever it is you’re procuring, that’s where the real money is. We get caught up in what it cost to build something, but it’s the operating period is as important, or more

important. Anyway, the governance structure that we employ is meant to capture that and capture all elements of a project.

Obviously, I think, as we’ve heard and we read in the report, there was a sharing of that responsibility between two departments, and maybe a more formalized governance structure would have helped. I think that’s what I would offer to the Committee at this point in time.

**CHAIR:** Thank you for that. It is something the Committee will take under advisement.

I want to thank John, yourself, and Cory for coming today and providing us with some detailed answers, things that we had not heard before, and I really appreciate it. It certainly has helped us a lot, I suspect, and I speak on behalf of my colleagues, but again, thank you so much for making the time and coming to have a chat with us.

**C. GRANDY:** Thank you.

**J. BAKER:** Thank you.

**CHAIR:** The Committee will now pause and perhaps reconvene after as a Committee to have a chat about next steps. We will end the public portion of the meeting right now.

Thank you.

The Committee adjourned.