



**PROVINCE OF NEWFOUNDLAND AND LABRADOR
HOUSE OF ASSEMBLY**

First Session
Fiftieth General Assembly

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

March 21, 2022 - Issue 1

Report of the Auditor General on the *MV Veteran* and *MV Legionnaire*

Published under the authority of the Speaker of the House of Assembly
Honourable Derek Bennett, MHA

PUBLIC ACCOUNTS COMMITTEE

Department of Transportation and Infrastructure

Chair: Tony Wakeham, MHA

Vice-Chair: Sherry Gambin-Walsh, MHA

Members: Scott Reid, MHA
Lucy Stoyles, MHA
Brian Warr, MHA
Lloyd Parrott, MHA
Jordan Brown, MHA

Clerk of the Committee: Kim Hawley George

Appearing:

Department of Transportation and Infrastructure

Brent Meade, Deputy Minister, 2014-2015

Tracy King, Deputy Minister, 2017-2020

Weldon Moores, Assistant Deputy Minister, 2011-2013

Max Harvey, Assistant Deputy Minister, 2013-2016 (virtual appearance)

The Committee met at 10:50 a.m. in the Assembly Chamber.

CHAIR (Wakeham): Thank you everyone, welcome.

Thank you for your appearance at the hearing today. The Standing Committee on Public Accounts is dedicated to improving public administration in partnership with the Auditor General. The Committee examines the administration of government policy, not the merits of it. The Committee strives to achieve consensus in its decisions, whenever possible, and Members take a non-partisan approach to their work on this Committee.

For some housekeeping remarks, I remind participants that this is a public meeting and their testimony will be part of the public record. Live audio will be streamed on the House of Assembly website at assembly.nl.ca and an archive will be available following the meeting. *Hansard* will also be available on the House of Assembly website once it is finalized.

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.

In terms of the hearing procedure, the Chair will ask the Clerk to administer the oaths or affirmations to witnesses. Witnesses will be invited to make an opening statement about two to three minutes, if they wish to do so. Committee Members will pose questions to witnesses in turn for 10-minute periods.

I will now ask the Clerk to proceed to administer your oath or affirmation and we will begin. A copy of the wording for the oath/affirmation will be provided.

Swearing of Witnesses

Mr. Brent Meade.

CHAIR: Thank you, Brent, and thanks for coming.

In your opening remarks that you make to us, if you would perhaps provide the Committee with some insight as to what your role might have been at the department in relation to the procurement of these two vessels –

B. MEADE: Yes.

CHAIR: – at the time as part of your opening remarks. I appreciate that.

Thank you.

B. MEADE: I will do that. Thank you, Mr. Chair.

Good morning, Members.

I was the deputy minister of Transportation and Works from July 2013 to January 2015. I had served as the deputy minister in the Government of Newfoundland and Labrador for six years prior to that in other departments. When I came to Transportation and Works, I came from the Department of Innovation, Business and Rural Development.

I can give some further context in a moment, but I would like to give some further context to the department of transportation and works. The department of transportation and works, the breath, the depth, the scope, the scale of that department is enormous in the context of many other departments in this government. I don't think that's changed since I left six years ago. Many, many competing priorities face that department and many of them are quite significant in complexity, financial complexity, logistical complexity, public service complexity and political complexity.

The capacity of the department, as with many departments in government, is often strained and stretched. That would have been exacerbated in the period in question, as we would have gone through things like program renewal, budget cuts and budget constraint. In trying to deliver on a very complex and large mandate of the capacity of this department, in my experience, was extremely stretched and thin.

The third element that I think I should contextualize is stakeholder management. I've been in government for 22 years. I never saw a

department that had such tangly – if I should put it that way – stakeholder relations in all areas of the department. You only have to talk about roadwork and potholes to talk about how people can get fired up.

In the context of marine services, elected officials on all levels, ferry users, commercial users, the media, were really relentless in applying pressure to the department and seeking remediation or addressing particular matters. Stakeholder management was significant in taking the time and the resources of the department, including the senior executive of the department.

I think Marine Services Division or branch was probably the one that was most challenged by this, in my experience in that department. They had many competing priorities. I know the Auditor General reviewed this particular program at this particular time but, at the same time that we were trying to build these two ferries, we were also trying to deal with the Labrador marine services contract, which as we know only has come to fruition in recent times. But that was a very hot file at the time as well, the Labrador marine one, which is, as you know, a substantially complex file with substantial financial considerations in it.

But there would be other things. The ongoing management to Fogo and Bell Island absorbed enormous amounts of time and pressure of this Marine Services branch. To put it in context, Newfoundland and Labrador’s ferry system and the Marine Services branch was responsible for the second-largest ferry system in the country. Second only to BC. Eighteen ferries were in the fleet at the time, I believe, that I was in the department. So I think it speaks to again, if you go back to the capacity and you go back to the structure, you go back to stakeholder management, that it’s very, very challenging work to undertake on a day-to-day basis in that department.

Now, that said, exceptional people were doing it. And I believe that the very best in that department were trying to do the best they could with the resources that they had. My role in this particular project was at the initial stages. I would’ve been involved in the contract

negotiation, including the sections around the Industrial Benefits Agreement.

I would’ve left when the *MV Veteran* was about 30 per cent complete, I believe, and the *Legionnaire* was just starting to be built. I think the steel might’ve just been cut before I left. I say that based on my recollection of a file that’s probably eight years old for me now. But I do know that these builds were approximately 14 months in length, and knowing the time that these were completed, that is my recollection of where I would’ve been on that.

So in the context of the Auditor General’s report, the Auditor General has broken down the report into four sections. I would suggest to the Public Accounts Committee that I would have had some role to play in the first two sections of that report.

I am a public servant at heart. Many of you probably know that I’m now a private citizen and working in the private sector, but I’m a public servant at heart. Those who know me well know that and know that the public service was my calling and where I truly belonged; I still do belong. So I had no hesitation coming here today. Even though I will be honest and frank with you in saying that my experience with Public Accounts over the years has not always been the most joyous.

But I understand and I appreciated your opening comments, Mr. Chair, that you are here in a non-partisan way to look at how we can improve the public administration of Newfoundland and Labrador. It is with that spirit and intent that I’m here to share with you my thoughts, to hopefully bring some clarity so that we can learn from these experiences and truly provide a better public service to Newfoundlanders and Labradorians.

Thank you.

CHAIR: Thank you, Brent.

You’re absolutely right. I mean, why we’re here is to follow up on the recommendations of the AG and to improve the process. It’s not about blame. It’s about improvement, and thank you so much for those remarks.

I will now turn it over to Scott to start off the questioning that he might have. Again, we'll do it in 10-minute intervals.

S. REID: Thank you very much for coming here. I appreciate your opening comments. It sort of sets the way we – it coincides with the way, I think, we, on the Committee, approached this exercise as well. So I hope it's a positive exercise for you this time around.

I guess there are four main questions that I jotted down as I was reading this report. I'll just give you the questions. They're pretty broad and it'll give you an opportunity to maybe comment on some of these things as you see fit.

So, I guess, the first one is: What went wrong? There seems to be evidence that there were a number of problems here in this report. What went wrong? Why did it go wrong? You've touched on some of those things. How do we prevent these things from happening again, in particular, our ferry fleet is aging, if we may pursue the purchase of further ferries and things like that?

But then in a broader way, you mentioned that you spent a lot of time in government, and I know that from dealing with you in past, I'm wondering about the broader implications of the findings of this report, specifically in terms of duty to document and, I guess, service excellence and culture within a public service. I don't know if you have any comments on any of those things.

B. MEADE: Thank you, hon. Member.

There are some big questions there.

What went wrong? So I can only speak to – well, first of all, I don't think everything went wrong. I do think that there are a lot of things that went right in this procurement and this process. I think some of that's actually highlighted by the Auditor General in the report. Well, maybe buried, it's there. There are some good things that were carried out.

I mean, I think, fundamentally, the way I would frame maybe this response to what went wrong and why did it go wrong and how do we stop it from happening again, maybe I can answer the

three of those questions in one fell swoop. Because I do believe that the Auditor General is identifying some of those systemic challenges that departments have in managing complex projects.

I do find it interesting that we continue to identify these – in this case, it was a draft project management manual or program that was there and the AG frequently comes up with these findings of draftings that are in the system. It always bewilders me how they were draft. Why were these never formally adopted? Elements of them, at some point, do get adopted and adhered to.

So that's the first thing that I think we need to learn from this, is that the project management capacity and tools need to be well defined and adopted. It appears, in this case, there was a very good tool developed and elements of it were adopted and used. I think it would come back to capacity in some respects, as to why it may not have been fully used.

If I was to turn back the clock and to say to you as a Committee: How would I do something different? It would be when we went in with the just over \$100 million request to purchase these two ferries. We should have included a project management team budget with that. We should have insisted that in order for us to procure these vessels, to properly oversee their construction, to properly operationalize them, you must add X per cent on top of this budget.

Now I cannot give you what that figure is, because we would need to figure that out, but, for argument sake, let's assume it's \$5 million, five per cent or even 10 per cent, \$10 million. What should have been presented at that time to Cabinet was: In order for this department to take on the construction, the oversight and the operations of such a complex ferries – because these were big ferries we were building here, these were the biggest ferries we had ever built – we also required dedicated resources in order to manage that in the department.

That, I think, would have addressed many of the concerns in this report because we would have addressed – back to my earlier comments in my opening remarks – the capacity issues, substantially, in that regard. I think that is a big

lesson. How can we, as departments and government, when we are taking on these large procurements, these large construction projects, how do we structure ourselves in that?

Now, I do think that the department of transportation and works has further evolved since that time, since I was there around this. That is the second thing that I think would need to be addressed: the whole issue of risk management. The AG speaks to risk management and risk profile in here. I would put it in the context of how you would transfer risk.

One of the things that were obvious to me when I joined the department was that there wasn't a lot of competency or capacity around P3, public-private partnership. At that time, actually, that was one of the priorities that I took on, was try to build that competency and capacity in the department.

The reason was, aside from it being an emerging best practice in public procurement and in the construction of public assets and to deliver public services, it was also important for us to understand P3 from a risk profiling and risk management perspective. How can you transfer risk from us, as government, to those who are building things for us and what does that look like? I would suggest to you that is the second element of how we could stop it from happening again, is to do better risk profiling and risk management and to look at it in the context of how you can transfer that risk.

Now I can't speak specific because I was not there specific to the operational mechanical issues. That's in section three or four, an area where I was not in the department at that time. So I am not specifically suggesting to you that would have addressed that in the context of this project, but I think, overall, if there is a learning here, it is that.

I do know that transportation and works – I'm sorry, I can't recall its proper name now because names changes so often, Transportation and Infrastructure I believe it is now – has taken on P3 in a big way, so I can only assume that that competency and capacity has been built in the department and is well managed. I think that's the core element of it.

Your last question is an interesting one: The broader implication around duty to document. This is what I would suggest to you happened in Transportation and Works, happened in my time there, in Transportation and Infrastructure, and happens in a lot of departments, back to the capacity, back to stakeholder management, back to just the intensity of the work. I would use the analogy: you're walking in; you're getting on a treadmill. You get in there in the morning, you get on that treadmill and you go and you go and you go. You don't have time to stop and record your heartrate. You don't have time to stop and record how fast you're going or how far you've travelled because you're just on a treadmill and you're going.

Now, I realize that's not an excuse. I realize that does not justify the failure to document. But this has been a substantial debate and public discourse from the Muskrat Fall inquiry, to others around the duty to document. What I would suggest to you is that the information management and duty to document processes in government are still evolving.

My experience when I was there was that information management and duty to document was very inconsistent across departments and across the system.

The culture, the capacity and the resources that were available to departments in information management and document control was substantially inconsistent across departments. So I think that is an evolution in time, in term of trying to build that competency, trying to work with the public service to understand the duty to document, when and how; how to manage that information.

I was not surprised when I read the report to see that the AG would have struggled on certain elements of this review to find information, because the reality of it is, those individuals were on the treadmill. So a lot of the actions they would have taken on a day-to-day basis in the management of this project would not have been documented, no.

I think the summary for me would be: Project management capacity and tools need to continue to be strengthened. I think they have been to many respects in this particular department. I

think risk management and profiling needs to occur. I think transfer of risk needs to occur with the private sector when they're involved in the building or maintenance and provision of services. I think continuing to build a public service that understands the need to document and record, not only so they lead to better decisions in time but they lead to better understanding of how decisions were made when we do go back to reflect on or look at them, as we did in this case.

CHAIR: Thank you, Mr. Meade.

Mr. Brown.

J. BROWN: Thank you, Mr. Meade.

One question I had here is about the on-site supervisor that was sent to Romania. He was deemed underqualified for the position even after an ad went out to look for such an individual. They were later selected. Why was the department in such a desperate state to find somebody to go to Romania as our representative over there?

B. MEADE: So hon. Member, the reality of it is, the department – and this on-site supervision, of course, there was a substantial amount of discussion in the AG's report about this. The department knew that on-site supervision was the best practice. That's why they would have issued the RFP that is noted in there. That would have come in – did not meet it. They would have known that having someone on the ground in Romania was important to providing insight into how the build was proceeding and also to act in the interest of the owner, the department and government.

My recollection of that is that we issued the RFP. It came in. I can't recall the exact amount that the RFP was for, but I remember it was very high. It was a combination of cost and some elements of them not meeting the criteria. My recollection is cost was actually the most substantial obstacle to us proceeding.

It comes back to my point earlier; if we had the time back we should have insisted that in order for us to proceed there was a certain amount of resources that were required for us to manage the project.

But my recollection is that it was a big price tag so we didn't proceed with the RFP. But we did know that we had to find someone that could act on our behalf on the ground. Damen did indicate that they did have some individuals that they could recommend. One of them was the individual that is mentioned in the report that was eventually hired. My recollection is that the individual had a sense of experience in working with the British navy, if I recall.

The technical review of his qualifications and all of that would have been done by the Marine branch and my understanding is they were very comfortable with the individual acting on our interests and having the appropriate experience and expertise to do that.

So that's how we proceeded then, as we would have entered into a contract for him to undertake that work, that on-site supervision.

J. BROWN: Thank you.

Another part about it is we had five slots available to us at the Damen yard, we only sent one person there about 40 per cent of the time. Is there any reason why we didn't fill all the five potential slots that were given to us by Damen?

B. MEADE: Again, I think it came down to capacity. Some of this would now be in a time frame outside my service, but initially it would've been a capacity issue and a cost issue.

That's why, again, I reiterate, if I could turn back the time it would be to say if we were going to go and build these ferries, we need X amount of resources to properly provide on-site supervision, oversight project management.

J. BROWN: Another thing, too, that came up with this is the reports that were sent from the on-site supervisor, many of the reports were just photos of progress with no actual written documentation of what was actually going on. Why did the department feel that was acceptable?

B. MEADE: I wouldn't have been privy to that level of detail to be totally honest with you. As a deputy minister, the ongoing project management of the ferries at that time would've been done in the Marine Services branch. So the

day-to-day interaction with the on-site supervisor would be really a question better served to direct toward someone in the Marine Services branch.

I can only assume that they would've been comfortable with whatever level of information they were getting, but again, I'm sorry, I'm really not able to answer that question.

J. BROWN: No worries.

Were you aware of the letters from the shipyard to the government about the marine support centre that Damen proposed to set-up in the province that just kind of disappeared into the ether?

B. MEADE: So I would've been part – this is under the Industrial Benefits Agreement?

J. BROWN: Yeah.

B. MEADE: So the first thing I would say to you about Industrial Benefits Agreements is when I joined Transportation and Works, Industrial Benefits Agreements were not normally part of any procurement. I brought my experience from Innovation, Business and Rural Development to the department to say that we should be using procurement as a tool for economic development. So where we can, we should try to negotiate, we should try to partner with suppliers of public services, in this case, the building of ferries, by entering into conversations around what kind of industrial benefits they could bring to Newfoundland and Labrador.

So the first thing I would suggest to you is – and this is not noted in the AG's report, this would've been novel at the time that we were doing this. We did it with the ferries, but we also did it with Bombardier when we procured new water bombers. I would have brought that to the table, I would've engaged Alastair O'Rielly, who was a deputy minister of Innovation, Business and Rural Development who followed me in that position. We would have worked together, in this case, with Damen to say: What is it you could do to work with Newfoundland and Labrador to – particularly our focus was on building the supply chain. We knew we had

companies here that were positioned to support the building of vessels.

We worked with Damen and they came up with two or three things that they felt they could deliver on. I do acknowledge in the AG's report that the clarity of role and responsibility was that Transportation and Work's responsibility to be lead on that; should it have been Innovation, Business and Rural Development?

At the time, Innovation, Business and Rural Development would have been seen as the lead department on anything around Industrial Benefits Agreements. Now, we were the lead contractor, yes, but the understanding would have been that Innovation, Business and Rural Development should have been the department that would have facilitated the ongoing relationship with Damen in relationship to the delivery on those commitments.

After reading the report, I acknowledge that clarity probably needs to come around that. That is another certain lesson that we need to have clear roles and accountability around Industrial Benefits Agreements and build understanding around what those are. So I would have left at a time when all of that would have still be in flux. I know when I left there were still very active conversations with Damen. I recall supplier chain days that were held. I remember working with IBRD. They had a full day down at the Delta at one point, I believe, where we would have had various companies from the supply chain community; Newfoundland and Labrador met with Damen to talk about their services and products.

Some of those, as I understand it, were integrated into the building of these ships. So I think there was certainly some positive. How some of those things – the Marine Services support centre, or the Centre of Excellence, I believe that was referred to, there may be a number of factors why that never transpired after but I wouldn't be able to speak to that, because, again, I would have left at a point when some of that was still in flux.

J. BROWN: Do you think that if – with your expertise with this file and that – do you think that the support centre would have been helpful

in the current situation we are in with the downtime of the ferries?

B. MEADE: May have been, I can't speak to that. I don't have a technical background to speak to that as to whether it would be, but I would simply say this, any time you have – if you have capacity and expertise in Newfoundland and Labrador that can address any of those issues related to the operations or repairs and maintenance of vessels, is a good thing.

J. BROWN: Thank you, Mr. Meade.

L. STOYLES: Thank you for coming today.

You talked about the HR part of the project and you talked about maybe not having enough money, but when the contract was awarded and it was determined that it was going to Romania, wasn't all that built into the cost for us to have a project manager? Wasn't that cost already built into that? Because in reading the report and knowing we could have more people on site and a project manager on site and, of course, we see the first project manager didn't stay and we end up having to get somebody else. Wasn't that all built into the fund?

B. MEADE: No, I think that is the point I made earlier; it was not, from what I recollect. My recollection is that as the Marine Services Division brought the procurement of these vessels forward and we did not – again, if I could turn back time – create a structure or a budget that could have been presented to Cabinet at that time along with the procurement of the vessels, the cost of the vessels themselves. We did not present a project management budget, no.

But, at that time, we need to remember, I believe it was several months earlier that the Marine Services Division actually laid off six people through program renewal. So this was not an environment where there was tremendous opportunity to build capacity or, I say, even a climate where this would have been welcomed to be brought forward. That said, again, I think we should have been adamant that in order to deliver on this project, you require these levels of resources. So as in many things that happen,

people figure out how they're going to do it with the resources they have.

L. STOYLES: So we had lots of people here in this province working. I'm wondering how often did the department and officials meet in the department. Did they have regular meetings? You mentioned going to the Delta at one particular time to discuss the project, but because the project was so big and so important to the ferry system here in the province and the cost of it was so large, how often did you meet to discuss it? When you realized that there were problems getting somebody on the ground, it didn't seem like you reacted fast enough on that. I am just wondering if you can talk about that a bit.

B. MEADE: Some of this, again, would be outside my period. I mean, for the period of time I was there, the project management process was up and running. So at the deputy minister level, I would only have been involved at certain milestones.

So I was involved in the kickoff meeting, for example, for this project. That kickoff meeting had a couple of very important elements to it. One was the design check, which is noted in the Auditor General's report as being completed and completed satisfactorily. So that would have been a big part of the kickoff meeting.

We would have talked about some of the larger milestones and decision points that would need to be made as we progress towards the project. Again, this would be for me, as a deputy, I would have been involved at something where it would have been at a much higher level of project management, but I do know that the good folks in the Marine Services Division lived this project day in, day out in trying to manage it the best they could.

Again, we did issue an RFP for on-site supervision. We did not fulfill that RFP. We then did hire someone to be on the ground for us. Subsequent to that, it appears the report then suggests, as it moves through the build, it was deemed that that was inadequate, but, again, that's outside my time. So I would respectfully submit that's probably a question to ask others as that came along.

At the time I left, we did have an on-site supervisor. There would have been active project management happening in the department. I mean, we would have had a director of fleet development that would have been living this day in, day out.

L. STOYLES: So what advice, now, moving forward, if we were to do this again, what advice would you give to say this went wrong or that went wrong? I know you've indicated a couple of things already. I'm just wondering is there anything specific that was definitely missed. We can see some of the stuff that was definitely missed from reading the report. I'm just wondering, from a staff perspective, what you would see that – if you were to be part of a project like this again what would you recommend to the department?

B. MEADE: Create a dedicated team; a dedicated team to this project only. That's what I would suggest you would do.

L. STOYLES: But wouldn't that have all been part of the project in the beginning when – you talk about creating a dedicated team, wouldn't that have been initially part of the full process? Like, to me, it don't seem like – if we're going to do something, we're going to start a project, wouldn't that be part of the full report before the project was deemed to be viable?

B. MEADE: I guess what I'm suggesting to you is I'm agreeing with you that if we were to turn back time, that is the way we should've structured this. But there are many, many examples, and many examples in Transportation and Works where the staff take on multiple projects at the same time and try to manage all those balls in the air at the same time.

This is a systemic issue, and I guess that's the point I'm making, that if there's a one fundamental lesson that I think we can learn is that when we are taking on significant projects, infrastructure, procurement projects that government has to also recognize that that requires dedicated resources and they should be budgeted for. And in this case, clearly, it was, as Transportation and Works would've done on many fronts, would've tried to manage these projects within its existing staffing. At a time

that, again, there was a lot of budget constraint and downsizing occurring.

So you have these pressures happening. You've got pressure of trying to manage a department and dealing with things like program renewal and budget constraint, at the same time, the public pressure of trying to renew a fleet – in this case of Marine Services, renew this fleet – but also begin pretty extensive planning in the Labrador fleet and the Labrador marine service.

I guess the reality of it is when you have that many competing priorities, and back to my context of all of those things of stakeholder management and the capacity of the department, something's got to give – something's got to give – and what gives, sometimes, in this case is projects are not managed with the level of focus that may be required.

L. STOYLES: Was there ever a time when you were in charge, say, that you felt that it was – I don't know if emergency is right, but concerns that things weren't getting done on time or –?

B. MEADE: No, I can say unequivocally that I always had full confidence in the team in Marine Services. First of all, I have full confidence that we negotiated a good contract; I have full confidence in that. Two, I had full confidence that from what I was involved in, the initial stages of project management and development, that the proper framework was in place, the proper processes were in place and we had a team, albeit they were pulled 10 ways to Sunday on many other priorities, they were able to do the best they could with the resources they had to manage the project.

I never did see anything where it would require me, for example, to write a briefing note or to go to a minister or others to say this is going south and it's going south fast. I did not see any of those indicators in my time there. So I did not see any red flags other than the ongoing challenge, again, of trying to manage multiple projects with the staffing you have. I did not see any red flags in particular that would've led me to raise alarms at that time, no.

L. STOYLES: So in the report it talked about at the end – you were long gone after that, but in the beginning was there any discussion in Bell

Island making sure that the wharf was going to be ready? Were any of those discussions ever in place before you left?

B. MEADE: Yes. I would've been there for those conversations. I would've been there for the conversations around the shore preparation and construction for infrastructure necessary to take both the *MV Veteran* and the *Legionnaire*. So I would've been aware that that work was ongoing. The Bell Island work came later because the *Legionnaire* was a vessel that would've had particular requirements, and that's why the study was done before we signed a contract on the *Legionnaire* – this is my recollection.

We had a study done – and this is mentioned in the AG's report – to make sure that the *Legionnaire* could actually work on that run, and what would the shore-based requirements and what shore infrastructure would've been needed for that. That was done and it was deemed that it could be done. It would require some alterations to the shore infrastructure, but it could be done and the vessel could operate there. So all of that would've been done at that time, yes, before I left.

CHAIR: Thank you.

Sherry.

S. GAMBIN-WALSH: Mr. Meade, you've already answered some of these questions. You've alluded to the fact that the atmosphere in the department was like a treadmill, thank you for that.

So I'm just going to ask you this question in reflection: Do you feel you, as the deputy minister, had adequate staffing resources in the department at that particular time to manage this project?

B. MEADE: So at the time, hon. Member, I would say to you that at any given point in that department we knew we were strained. The department was always short on engineers. In any branch of that department, I would suggest to you, it was under-resourced.

S. GAMBIN-WALSH: Okay.

B. MEADE: I mean, the competing demands in that department, and I said this in my opening remarks, were just enormous. The priorities – at the time, we were building schools; we had substantial roadwork that was under way; we were trying to move government to doing multi-year roadwork planning at the time, I recall, and we were trying to pursue that. And in the Marine Services Division, as I mentioned, you had the ongoing management of Bell Island and Fogo in particular, but also all 18 ferries, in addition to trying to develop a business plan and approach around the Labrador marine service.

So the short answer would be no, we would not have had enough staff.

S. GAMBIN-WALSH: Okay.

B. MEADE: And I think this is a case of capacity and resourcing in many respects. That's why, again, I would suggest to you that as government moves through this, it almost needs to take a project-team approach to this stuff. You cannot expect the existing staff of departments to keep adding things on the corner of their desk; that's the way I would put it. And that's what happens in these departments, things just keep getting added to corners of the desk so all of a sudden you're not doing anything justice.

There's a story I like to share sometimes around how you have to make a tough decision sometimes on stuff. I remember when I was appointed the assistant deputy minister of Tourism, Culture and Recreation and the very first day that I was appointed to the position I was advised that I had to go over and work with the minister and the deputy at the time because we weren't going to open The Rooms. The decision was made we weren't going to open The Rooms.

I thought that was the most courageous decision that could be made. And the reason why we did not open The Rooms is because at that time government felt they weren't ready, that the resources weren't there, the capacity wasn't there to open The Rooms. So we made the tough decision to defer the opening of The Rooms.

Sometimes when you bring these decisions to a head around capacity, around the resources you have, you can make some tough decisions. And

that was an example of where they made one that year. They delayed the opening of The Rooms for a year until we could be in a better position to do that institution justice.

Again, I think, in hindsight, as a deputy in my tenure there, I feel I contributed a lot to that department in the context of trying to build an understanding around P3, industrial benefits and the whole transfer of risk and the role of the private sector. I did a lot of work on safety in that department. You may be aware that we had two fatalities in three years in that department during my time there. One occurred before I went there and one occurred while I was there, so safety became a big priority in my tenure there.

But if I could turn back the time, it would be that if I could have instilled a stronger discipline and approach to how we manage projects and resource them, if we could've built that understanding, that would've been, I think, a significant contribution and accomplishment. But that's the reality of the way government runs, folks. This is not the only department people run on a treadmill. There are a lot of departments where people are running on a treadmill and there are a lot of departments where capacity and resources are a real issue on a day-to-day basis, and we just keep trying to do the best we can; good people, exceptional people trying to do the best they can with the resources they have.

S. GAMBIN-WALSH: Thank you for that.

There was a draft Marine Project Management Manual dated March 2009. It wasn't considered as an established set of procedures. What policies and procedures did the staff in the department use to guide them?

B. MEADE: They would have used that to some degree. As I understand, in the AG's report it was used. I cannot recall the document itself to be totally honest with you, but I do know we had a team that knew project management well. The ADM and the director of fleet management were both strong project managers. They came with a background in project management. I'm assuming that you may, at some point during these hearings, speak to one or both of those individuals.

They would have come with a project management background and would have followed their own experience and expertise. Any of the normal policies and procedures that would have been involved in the procurement, the contractual negotiation and then the project planning around this, would have been adhered to. I'm not aware, in this AG's report, of anything not being followed or contrary.

Madam Member, I don't know if there's a specific policy and procedures you're referring to or not, but I would think that, again, they would have used the best of their knowledge and experience in applying their project management skills to this project.

S. GAMBIN-WALSH: Okay, thank you.

The AG found that the department did not complete an overall project cost estimate. There was a one-page document that listed cost estimates from shipbuilders in Newfoundland, Canada and other parts of the world. Can you recall how the department would have estimated the cost of this project and what it was potentially going to be?

B. MEADE: So there would have been a call, there would have been an RFP issued, of which there would have been multiple bidders or proposals. My recollection is there was a process then put in place to review those. My recollection is that it came down largely to two shipyards that, obviously, in their proposals, they would have had costing included in those.

When I read the AG's report and saw how they were given a document, they were obviously given, in some way, the summary of submissions is what I would probably call it. The costing of those submissions is what was provided to the AG. As I recall, there were site visits to those shortlisted shipyards. There was ongoing dialogue around their approach, their methodology, their experience and costs, et cetera.

All of that would have been put together and articulated in a submission to Cabinet to make a recommendation on what shipyard we should go with to build these ferries. That is the typical process. All of that would have occurred in this case. I do know that there was a high level of

confidence in Damen Shipyards at the time. They did have a very strong track record in the building of ferries. These ferries were built on schedule and on budget. That is what I recall.

All of that would have been part of a submission, all of that cost estimating and all that. I'll repeat it one more time: If we had our time back, we probably should have included how we could have managed this from a project management perspective and built the resources around that.

S. GAMBIN-WALSH: Okay.

During your time there, can you recall anything about the human resource requirements of the vessel, the crew staffing levels and how staff were going to be trained, or conversations around how they were going to be trained for this new vessel? Because this was a new design with new technology?

B. MEADE: Yeah.

So not in any level of detail, because that would have been an operational issue that would have been made some point down the road. My recollection is I would have been part of some early conversations about the fact that we would have needed some training. I was part of some early conversations around how the builder and ourselves would work together on that. But I was not there, and I would not have been there, because that would have occurred further into the build, I would suggest to you, of how those plans would have been put together.

S. GAMBIN-WALSH: Okay.

Thank you very much.

CHAIR: Thank you, Brent.

It is over to me. I just wanted to pick up on one comment you made. You said you had full confidence in this being a good contract. I would agree that the Auditor General tended to agree with you, because in Criteria 2 she did suggest that, "The Department executed a contract with the selected contractor, the terms of which effectively mitigated the risks to the province to an appropriate level." So that was good to see.

You left the department in 2015, correct?

B. MEADE: In January 2015, yes.

CHAIR: Okay.

Prior to your departure we had – someone on the Committee already mentioned about the shipbuilder and their commitment letter relating to the service centre, local partnerships and the Arctic research centre. Was that file still active when you left?

B. MEADE: Yes, it was. The two elements that I remember very distinctly, that were very active conversations, were around the Centre of Excellence that was going to be located at Memorial University, because there were some very early conversations around other private sector players who were going to come to that table. Damen wasn't the only player that was going to be involved in that, there were other companies that were starting to have the same conversation of how they wanted to be part of a Centre of Excellence at Memorial University.

I would have been involved in some early discussions around that. As I mentioned earlier, I was aware and involved to a degree in how we could try to strengthen the relationship between Damen and the supply chain. I knew there were particular companies that were being identified and connections were being made with Damen. They had a supplier day. I recall that. So those are things I recall that would have been active on the industrial benefits side during my time there.

CHAIR: It did suggest that this actual commitment letter did come in during your time with the department, and then you had those conversations with the Department of Innovation and others, is that correct?

B. MEADE: Yes.

CHAIR: Yeah, good.

I wanted to go back and talk briefly about the studies that were done in relation to the wharves. The Auditor General, page 9, talked about an infrastructure study that was completed for a new vessel on the Fogo Island run in March of 2010. Then approximately 3½ years before the contract was signed in November 2013, she goes

on to say: “A feasibility study, which had similar elements to the infrastructure study noted above, had been completed for the Bell Island route in November 2013” – again, as you had alluded to, I think – prior to “the signing of the amended contract to procure the *MV Legionnaire*” Maybe you could tell me a little bit about how that process happened and what you looked at in terms of that study before you actually signed the contract for the *MV Legionnaire*?

B. MEADE: My recollection is that the Fogo Island run review was well in hand. They had a good handle on what a vessel like the *MV Veteran* would need on the Fogo Island run. That’s my understanding.

It’s because there had been infrastructure studies completed and done. It was Bell Island that became kind of the late-breaking need to examine, because at the time, there were ongoing conversations around the kind of vessel that could go on Bell Island – the size of it, et cetera. When the decision was made that we would look at building a second sister ship, that required us to answer the question, can the *Legionnaire* actually run on the Bell Island run; is it suited for that in terms of its operability, but also in terms of shore infrastructure. That’s why the feasibility study for the Bell Island run would’ve been done much later.

I don’t know if that answers your question.

CHAIR: Yeah, and it does, because what I’m alluding to – so the feasibility study gets done, then the vessel gets ordered. When did that RFP to make the necessary changes to the Bell Island infrastructure actually get issued?

B. MEADE: I don’t have exact recollection on that, but I will say this to you, that this is where there is another learning. The learning is that this is where other elements, other branches of the department would’ve been involved in. The Marine Services branch is normally not involved. I don’t know if that’s changed over time, but when I was there, they ran the ferries. Anything related to shore infrastructure was put under the Works side. So it was under the same individuals who were doing the roads and doing that type of work who were also responsible for wharf infrastructure. So there was a different branch of the department then that would’ve had

to work with the Marine Services branch to make that happen.

CHAIR: Right.

I’m trying to understand when the contract was actually awarded to start the work.

B. MEADE: I have no recollection of that, I’m sorry.

CHAIR: Okay. I’ll follow up with some of the other people that we have coming in.

One of the things you talked about was a project management team. The Auditor General alluded to a project management team that had been set up by the department early on in the process and talks about that project team had only met five times between May 2009 and November 2009. Were those members of the team still in place when you were the deputy? Were they the same individuals?

B. MEADE: I don’t know, because I don’t know the individuals that the AG would be identifying specifically. I would suggest to you that most of them would’ve been. They would’ve been individuals that would’ve had permanent roles in the department. So I would think the individuals are individuals like the ADM responsible for Marine Services, the director of fleet development, maybe the director of fleet operations.

I honestly can’t recall the org structure right now, but I do know that there would’ve been two to three directors in the Marine Services branch. But again, it comes back to, Chair, the fact that they would’ve been involved in project management of this, yes, but it would’ve been one of many other things that they would’ve been doing.

CHAIR: So the lead person reporting to the deputy minister would’ve been the ADM responsible for Marine Services.

B. MEADE: Yes. And then to the ADM, there would have been a director of fleet development that would have been the primary contact on this project.

CHAIR: That’s who it would have been, okay.

B. MEADE: Yes. I believe that was his title: director of fleet development. I believe it was.

CHAIR: Okay.

There's been a lot of talk, of course, about the document management process and this seems to be something that has been evolving. It is still a challenge in government. I mean, the Health Accord has pointed out about document management in the health system. So, as we go farther into today's discussions, we'll get an update on where the department is now. In terms of the draft document that was prepared, it appears it's never been formally adopted but in your time was that something that you guys relied on, that the department relied on, that particular draft document? When you started to look at how you would go out and look at managing this type of project, would that have been something you would have used?

B. MEADE: In reading the AG's report, she's indicating that there was a draft project management methodology and planning process that would have been articulated in the department. It is my understanding that the project team – again, those individuals who had various roles in the department would have multiple responsibilities and things to manage – would have used that as their guiding document in managing the project. That, coupled with the project management experience of those in the leadership positions.

I think it is incorrect to say that project management did not occur here. Project management occurred on this. Did it occur at the level of sophistication, at the level of detail, the level of documentation that we would all aspire to? Perhaps not. But project management occurred here. There were individuals that were involved in this that know project management, knew how to deliver on it.

But again, they would have been very, very challenged by resources and capacity within the department. And that's why, again, I say if I could turn back the clock, I think we need to look at more dedicated, project-specific project management teams when we deal with these kinds of things.

CHAIR: On behalf of the Committee, I certainly want to thank you for coming here today. I don't know if you would have anything in closing you would like to add or if any other member has anything further to say. But I want to thank you for coming here and sharing your knowledge with us on this particular file. Again, thanks.

B. MEADE: Thank you very much and I hope I was able to provide some clarity. I know that, again, some of your questions I was not the deputy minister of the department at that time, so I would assume that you may direct those questions elsewhere. But I hope I was able to bring some clarity, Mr. Chair, and some insight and thoughts on how we could learn from this experience and many others that continue to happen as we try to govern here in Newfoundland and Labrador.

Thank you.

CHAIR: Thank you, again.

The Committee will now recess for an hour and then we'll be back here at 1 o'clock.

Thank you.

Recess

CHAIR: Again, Tracy, thank you for coming here today.

I remind everyone again that this is a public meeting and the testimony will be part of the public record. Live audio is being streamed on the House of Assembly website at assembly.nl.ca and an archive will be available following the *Hansard*.

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.

We'll ask the Clerk shortly to administer the oath or affirmation to you. I would encourage you to make an opening statement and, Tracy, in

your opening remarks, maybe you can tell us exactly what your role might have been in your position at the time that you were there with this particular *MV Veteran, MV Legionnaire* piece.

Anyway, the Committee Members basically will follow the same type of format as we follow in Estimates. Each Committee Member will ask for a 10-minute interval and that will pretty well take us to the top of the hour.

I will now as the Clerk to proceed with the administration of the oath or affirmation.

Swearing of Witnesses

Ms. Tracy King.

CHAIR: Over to you.

T. KING: Thank you, MHA Wakeham.

My name is Tracy King. I was the deputy minister of Transportation and Works from February of 2017 until September of 2019. My time, really, as it relates to this audit is about Criteria 4 in the main and what happened once the vessels were in service.

I'm currently the deputy minister of Fisheries, Forestry and Agriculture, and I've been a public servant for just over 20 years now. That's all I have to say. You can ask away and I'll do my best to answer all the questions that you might have.

CHAIR: Thank you, again.

I'll start again with my colleague Scott.

S. REID: Thank you very much.

Thanks for attending; we appreciate your participation.

I'm going to sort of start with similar questions that I asked the previous witness, the deputy minister, I think, immediately before you.

T. KING: Twice before me.

S. REID: Twice before you, okay.

Some of the things that are identified in the report as issues relate to duty to document and also things that relate to the training and the preparation for the crews to service the vessels once they were delivered. So I guess duty to document – I'm sort of interested in these issues because part of the idea is we are looking at issues and are they part of wider problems within the public service or does it pertain to this particular circumstance.

I guess I am wondering in terms of when you took over the role, did you have problems finding information about this project. Did the lack of documentation impact your ability to make decisions or understand the situation? Also, from your perspective during the time you were there, were there constraints or things that would have interfered with your ability to document the issues as they arose?

In terms of the training, I'm sort of wondering – it seems there was a culture within the department, maybe, of not being innovative and not being open to learning new things. That's what it seems to me from reading this report. Maybe the training wasn't planned enough.

So I am just wondering if you would give us some comments or response to those issues that were raised in the report.

T. KING: Surely. Thanks very much.

I think Mr. Meade laid out a lot of this really well this morning. I think the duty to document – so I'm the deputy minister of my second, very large operational department now and I would say issues of documentation persist. Although I would say that issues are much less than they probably were at this period of time. It has been, I think, a focus for some time. I think we've seen it in reviews of the ATIPP Act. It has come up around issues in documentation, it is a common thing that we have heard and I think the government and the public service have strived to be better.

I think about when I came to Transportation and Works, they had just finished, under the leadership of the previous deputy, a significant project around increased electronic documentation and increased electronic document management, and that was a new and

expanding system that had just been revamped shortly before I got there and continued to be a priority after my arrival.

I would also say the department was actually reorganized on the day that I came to the department. It was a large reorganization in government that day. One of the pieces in the reorganization of Transportation and Works was to move more of the infrastructure files together, and I think it did two things.

One, it put the people that could procure and knew about procurement together in one group and separated their responsibility from the day-to-day management of issues to letting them focus more on infrastructure projects and on government's priorities for infrastructure. So I think that was helpful because suddenly, for people who are building buildings and building things as their job, the documentation of that, I think, is better and I think through the progressive time as the department has moved through a period where we did more P3 projects, all of that came together to improve over time.

Do I think there are still issues? I'm not in the department anymore but based on where I am and what I know, yes, you can always continue to do better on our duty to document. I think we're continuously learning and as we see more on how the duty to document actually rolls out practically, I think we'll get better because it's an art to learn what to document, what to keep and what is transitory and how you manage all of that.

I thought Mr. Meade's comments this morning about being in TW and being a bit on a treadmill and you're not always conscious of, you know, are you monitoring your heart rate, are you keeping all the things you could keep, are you doing that, I thought that was very valid. TW is a very operational department and there are a lot of issues management going on every day, and the deputy and the staff are pulled in a thousand directions. And so you may not have the resource, the capacity or the time to document as much as you could.

I found, for me, unlike for all of you, it's why documentation is so important – when I went to the department, well, I had the people at my fingertips that were dealing with all of this stuff

on a day-to-day basis so I didn't feel like not having the documentation hindered me because I had access to the people with the knowledge.

But it makes that kind of knowledge transfer very important and we're certainly seeing some of that in the Auditor General's report in issues around getting some of the documentation. So I think those would be my comments on the duty to document.

When it comes to training, I don't know – the initial training for both vessels was largely done by the time I came to the department. But I would not have said that I thought that there wasn't a desire or an interest in training. I mean, the marine environment and Marine Services is heavily regulated. There are a lot of Transport Canada requirements. The Classification Society and insurance companies have a lot of requirements. So I wouldn't have said there was an aversion to training. I would have said sometimes that the demands of continuing to offer the marine service, while ensuring everyone could get to do all the training that they needed to or wanted to do, was a constant pressure, because recruitment and retention in Marine Services was no small feat. I think Mr. Meade would have talked about that a bit this morning as well.

That was a constant thing that we were going through was churn of people. So ensuring that everyone had the time to get all of their training, to meet all of their certificates and stay current with everything in Transport Canada, I wouldn't have said there was any kind of aversion to that, more that it was trying to carve out the time and the capacity to ensure that we're meeting all of the requirements. Because, I think, certainly the safety management system in place at Marine Services, there's a high degree of importance on public safety and our employee safety. Room for improvement? Surely. Surely, always.

When it comes to innovation, I know you talked about innovation; these new vessels had controls and maneuverability like nothing else in the fleet. So it was a big change in the department to move to these new vessels and to really ensure all the new crew that were coming on were well prepared.

Do I think we could have done more? I think this report demonstrates that there was room to do more, room to provide more training over time and more consistent training, and to ensure that as new crew members came to the vessel there was more time for them to do the training, but there was a big pressure in continuing to be able to deliver the service at the same time.

S. REID: On page 29 of the report it's documented in some of the comments that the shipbuilder that was doing the training, some of the comments there that: "Some of the observations included: 'have no interest whatsoever,' 'just sitting gabbing on the bridge wing,' 'hints of going to familiarize themselves have been ignored,'" – this is the one that's sort of concerning – "no way these guys are going to manage these vessels currently."

That's what the people conducting the training are saying. That would be sort of concerning to me, if they were saying that. So I'm just wondering how that was dealt with within the department. I'm not sure if that was while you were deputy or not.

T. KING: No, it wasn't. I think this was pre my arrival in the department. Frankly, I didn't know about these comments until I saw them in the report when it was published. Obviously, they were around in the department, but it never kind of made its way to my office that they were there.

But it's not what you want to hear about any of the training or anything that's being delivered to your staff, especially when you know that these are new vessels with new technologies that we wouldn't have had the benefit to use in the fleet before.

S. REID: Yeah, and I think it probably resulted in some of the issues that we had later – costly issues that we had later.

T. KING: Well, I think one of the things – certainly, safety is one of the top priorities in the department and has increased, I think, in its priority over time. You always talk about training when you're doing your root-cause analysis on any occupational health and safety issue. One of the things you're looking at is: Do

staff have the training that they need to be able to perform their duties?

So I think it's something certainly that I know in the discussions we would have around the table on staff performance, when some of these issues arose – and you'll see in some of the HR reports in here that did happen while I was the deputy, that was certainly some of the conversation is: Do they have the training? What do we need to do to improve the service delivery on the vessels?

CHAIR: Thank you, Scott.

Jordan.

J. BROWN: Thank you, Deputy Minister King, for coming here today. I appreciate it.

In your time in the department, was there any indication that the lack of training with the staff was an actual issue with operations of these vessels? Where did you find that they were – I'll say – gyped of their training because they negotiated down the time of the training?

T. KING: I certainly didn't feel that way, and it may not have come to my office because that was operational and the *Veteran*, in particular, had been in service for a number of years by the time I got there.

I didn't feel that way, it's clear, though, I think, when you look at the thruster issues that there were issues there: Was it training? I think it had to be a part of it; I think it had to be a part. But whether or not that was because – because I don't know about that employee and whether they took part in that training or not, because some employees need more support and different types of training. So I can't point my finger and say it was because of that training, but, yes, there were some employees who had training needs, yes.

J. BROWN: And then we go back to that part of it. Now, like I say, we had substantial issues with, obviously, operator error. Did any of the captains or any one of those guys come and contact yourself or anyone in the department of your time to say that there was some issue with operations that seemed to be training based?

T. KING: I think where I recall that coming up was through some of the HR investigations that happened, particularly around the thruster issue number three and the engine failure, which were the two issues on the *Veteran* that I was there for. But I think through the Auditor General's own report, we can see on the *Legionnaire*, we didn't have the same type of issues, so I don't know because there was similar crew. They had similar training over time and staff changed over time. I'm not sure I can point the finger in that direction.

J. BROWN: Yeah.

T. KING: But in HR reports and in OHS investigations, training is always one of the things that you look at to see what do you need to do more of or differently.

J. BROWN: Perfect.

Going back now, during your time as deputy minister – we talked about the industrial kind of plan or the letter that Damen sent to government, worked out with government – was there any discussions about that support and service centre with your department or with yourself, at that time when you came into the office? I know it was much later, but was it still talked about even at that point?

T. KING: Not that I know. It might have been happening at some other place in the department but not that I was ever made aware.

J. BROWN: I guess around your time it was more post-deliver kind of (inaudible).

T. KING: Yeah.

J. BROWN: All that other stuff, I guess, was put to bed at that point.

T. KING: That's right.

J. BROWN: Was Damen ever brought back in after, in your time, to look over or discuss what was going on with any of the vessels?

T. KING: In the early days – and I think the report points out even in the thruster failures in the *Veteran* – the shipbuilder was a part of those discussions throughout. So, yes, they would

have been earlier. I don't remember it as much by the end of my time at the department, but in the early days – I wouldn't have been a participant in those discussions but I remember that there were discussions with Damen.

J. BROWN: Okay.

HR did point out some stuff obviously in reports and stuff with the training and everything like that. Was there any conversation about bringing Damen back in to probably retrain some staff, or to expand on any of this training, if it's starting to crop up in the HR reports?

T. KING: I don't remember discussing specifically Damen coming. Again, that might have happened at a different level in the organization. We certainly talked about the need for training, but by this time it was really going to be one-on-one type training for individual employees rather than the kind of group training that I think is talked about here, because there were – I think as the report notes and we found over time – individual issues. I'm not sure we would have looked at whole crew-wide training.

J. BROWN: Okay.

Also, you talked about that it was one-on-one or (inaudible). Do you think that the department, at your time and with your experience and your time being there, that training needs to be more of a priority with any new asset or anything like that? Because it seems like there were a few slippages and stuff throughout there, before your time obviously, that they negotiated to reduce the time of training. But do you think that training needs to be more of a key asset when it comes to receiving a new asset?

T. KING: Yeah, I'll speak a bit more generally because you're right, I wasn't there and at some point someone made a decision about fewer days and more crew members. I can't go back in time for that. But certainly, when you bring a new asset on and you when you know that you're responsible to run it and understand the systems that go along with it, I think that is a very important part of any project management plan that we would see going forward, for sure.

J. BROWN: Was there any discussion about safety concerns when it came to – like you said,

you were there for obviously the third thruster failing and then the engine failing. Were there any discussions about the safety impacts that this had on the crew or on the vessel or anything like that? Because these are very significant damages.

T. KING: Yeah, they were. The vessels were significant assets; some of the damage caused here was significant as well in dollar value and in time lost in the service, I think for sure. When it came to vessel safety, the captain is the master of the vessel and needs to decide if the vessel is safe to sail and under what conditions. I could never presume to speculate on that; it is the captain's call on what is safe.

J. BROWN: Yeah, absolutely.

No, more of an occupational health and safety aspect. We were talking about some training; we're talking about some human error here. But, at the same time, just wondering, from your perspective, was there a big gap between operations and qualification in training? Do you feel that there was some kind of a knowledge gap there that could have been pointed out earlier?

T. KING: Sure. There are a couple of things that I would like to say about that because I think, MHA Brown, you make some good points there.

By the time I came to the department, of course, the safety management system in Marine was in place and was running and was audited. From a public safety or an occupational health and safety perspective, I didn't feel we were carrying a huge amount of risk there. While, yes, training gaps, but I would also say that I wouldn't limit that just to the newer vessels. This was new technology; these were new assets. But I think training and development is an ongoing, continuous issue and if asked do I think that throughout the system it's sufficient in all areas, I would say probably no.

I think, certainly Mr. Meade would've touched on this morning, in TW, you feel like you're pulled in a thousand different directions all the time and you only have so much resource and capacity and you put them to the best use you can. And we always knew because – or I always

knew or I always felt that because Marine is so regulated, you knew that people had the qualifications that they needed to do their jobs. So that was always something that we would know, that I always took comfort in knowing, is that this was a highly regulated environment and people had what they were required to have to do their work.

J. BROWN: Thank you, Deputy Minister King.

I'm good.

L. STOYLES: Thank you, Ms. King, for attending the hearings today.

I guess you came in after the vessels were basically done and coming on board. Did you feel you had the knowledge and the support then to bring everybody together to the table to – we talked about the HR part of it and, in the beginning, we didn't have enough people on the ground in Romania. I heard today for the first time that it was a money issue. My understanding, when the vessels were built and the contract was issued that all that was part of it, and we could've had up to five people there and we only had one person and there were times we had nobody there. That was before your time. Once it all came and the vessels arrived, and I know especially the Bell Island ferry, there wasn't anything ready for them and it ended up staying for over a year before it could actually be brought to Newfoundland. I'm just wondering what is your view on that.

T. KING: (Inaudible) a couple of things, and, again, I think Mr. Meade did a really great job laying some of that out this morning. In the end, I think these vessels were delivered on time and on budget. Certainly when it came to the *Legionnaire*, I think the decision to leave the *Legionnaire* in Romania until such time as the issues that were going on with the *Veteran* could be sorted and fixed on the *Legionnaire* as well, I think that was a really prudent decision. Because it meant when the *Legionnaire* finally did come into service, I think the data here shows that once it actually started, it didn't have an extraordinary amount of time out of service.

The *Veteran* had an ongoing issue. There were a bunch of issues, but the biggest one of course was the thrusters, and you could see that a lot of

people were spending a lot of time trying to figure out what was going on. I think Mr. Meade's comments this morning about had there been a specific project management team, could that have led to some different outcomes. I mean, we won't know for sure, but it's likely that better project planning strengthens your procurement and the ultimate outcome.

I think on the operational side, again, had that kind of budget been done at the beginning and that kind of project team, the operational issues would have been more thoroughly planned as well, as part of that. And that's an area, I think, that we've seen within the public service that we've had to get better at over time. Because when you're building something, you're not always thinking about the operational impact of that and it comes at some point later when you think about we might need these extra resources after an asset is under way.

So we need to always ensure we're giving the best advice that we can about not only the construction aspect, but how that might impact the operation as well. That's everything from the number of staff to the types of training. So I would agree with Mr. Meade's comments from this morning about the difference that that kind of team could have made.

L. STOYLES: I guess you weren't prepared for the amount of times the vessels were out of service and the breakdowns. I guess nobody was prepared or expected that to happen, especially when you're looking at new vessels. The public outcry, I guess, I'm just wondering if you could speak to that a bit.

T. KING: Yeah, sure, I can.

I think, in Marine, we were looking at aging vessels across the whole service. So, unfortunately, vessels being out of service and rebalancing that and trying to deal with what happens when every vessel goes in for refit or when someone gets ice damage or when the ramps aren't working – sometimes in Marine, depending on what's going on, on a day to day, that's just a constant conversation and a constant thing you're thinking about is what happens when the vessels go out of service.

In fact, when I came to the department that February, the *Legionnaire* was actually on the Fogo run. So while the *Legionnaire* didn't come into service on Bell Island until July 31 of 2017, it had been used on Fogo to fill a couple of couple of the gaps there, to help that balancing that's going on within Marine.

I think there was a general view that in the first few years of a new vessel operation, you could expect that there would be some quirks. Like if you get a new model year of a car, sometimes there are bugs and things that need to be worked out. So I think people would have anticipated – or I felt like based on when I got there, that people anticipated that there would be some issues. To be clear, certainly not to the magnitude of some of the issues that we would have seen with the *Veteran*, but to expect that we might have had some bugs and things to work out as the vessels came into service.

I think people were aware of that but, again, the kind of outage that we saw, particularly with the *Veteran*; it was another vessel to manage as it came out of service. The team – Mr. Meade spoke to it this morning – in Marine are really dedicated marine professionals. They understand which of our vessels can move to what ports and have the right ramps and all of those things. It was a constant discussion around the department about vessel outages and those types of discussions.

L. STOYLES: Were there any major changes in the staff, like the captains of the vessels when the new vessels came? I'm just wondering if that was an impact on some of the problems.

T. KING: The crew was decided by the time I got there – or to my recollection both crews were decided by the time I got there. But I would say that movement around Marine Services and recruitment and retention, they're highly qualified and skilled individuals that are captains, chief engineers and things on vessels. There are lots of opportunities for them, so I think recruitment and retention was hard.

Many of you, I think, have noted reports in some years where when the sunshine list comes out the number of marine employees that are on it. It's because they have to really double back on shifts to ensure that vessels are all adequately

staffed. I would say that staffing in marine is a regular discussion.

L. STOYLES: Moving forward – and I’m thinking that the whole purpose of doing these hearings is to be able to improve – if we were ever to go this route again, to send out an RFP to build new vessels, what recommendation would you give, something that would be (inaudible) or something, what went wrong. What recommendation would you give to the Committee?

T. KING: I think to that point, MHA Stoyles – I hate to just keep coming back to what Brent would have said this morning, but I think his point around a project management team because that would have explored the operational impacts before the vessel came in to service. So if you had had that type of team, I think that would have had a positive impact later on, because that team would have not only been focused on the construction, but they also would have known what was needed operationally. I think I would agree with him on that.

L. STOYLES: Initially, that was the plan, to have a project manager to head up the project, plus have several other people on the ground in Romania. None of that happened. So as deputy minister of the department, that’s why I was asking the question. As deputy minister of the department, making sure a project manager was on site and knew what the project was going to be about and understood the whole concept of it – that was, basically, where I was going.

T. KING: I think that is critical and I hope you will see that project management has changed over time. I think one of the things in the reorganization of the department and putting the infrastructure professionals together in one branch, whether you build roads or whether you build buildings, that kind of team, I think, supports that idea as well, because you’re letting people focus on the new asset instead of also trying to run an ongoing service. I think that type of improvement would be important.

As Brent noted this morning, the project management team designed at the beginning was for people who had other responsibilities within the department. I think he had suggested, and I would generally agree, that people that were

focused solely here on this procurement could have been helpful.

L. STOYLES: Thank you.

S. GAMBIN-WALSH: Thank you, Deputy Minister King, for your time.

Recognizing that you’re in the department from 2017 to 2020 and recognizing that some of my colleagues may have asked some of these questions in a similar format, I’m just going to reword them and ask them in a different format.

What can you recall – or can you actually recall – anything about the shipbuilder’s commitments of additional business development initiatives that they would explore with the assistance of the former Department of Industry, Business and Rural Development?

T. KING: I don’t have recollection about that at all.

S. GAMBIN-WALSH: Okay. Thank you.

Recognizing that the department did not have representation at about 58 per cent of the inspections leading up to December 2015, what types of problems can you recall these vessels having when you were the deputy minister. Can you recall any evidence as to what caused these problems?

T. KING: I don’t know. I can’t necessarily link having someone on site with some of the issues that followed. But what I can say, certainly, is there were issues that followed; I think the thruster issues are well laid out here. In the end, I think two of the biggest issues that I was there for, the third thruster issue and the engine failure, were linked to human error, but there were other issues with the ramps and other things that were adjusted over time.

I think those were the two biggest things and they both went back to human error. That speaks to some of MHA Brown’s questions about opportunity for further training and development through the process.

S. GAMBIN-WALSH: Okay, so that kind of goes to my next comment or question. These two vessels are pretty complex new builds.

There's a lot of new equipment. I've been told that there are touchscreen operations in these and liquid-cooled switchboards and it somewhat leads to, sometimes, obstacles with training.

Again, do you feel that we were probably ready for this type of complex equipment? Do you feel that we have been ready as it pertains to training? I hear you talking about trying to deliver the service and train at the same time. So in other professions, often you will take out a block of time and train the staff, but you can't do this because we have to be consistently delivering the service. Do you see any solutions?

T. KING: In an ideal world, there would be more staff. That would be ideal. Those are hard to find, even if you had the positions and the resources. But I think that's one of the things that can make it easier, obviously, to build time in for training.

To your question about do I think the vessels were the right ones from a technological standpoint? These vessels are going to last us, please goodness, a very long time in good service and provide longstanding service. So you're going to have people graduating from the Marine Institute and other institutions that are ready for this kind of technology and would expect to find that kind of technology on a new vessel if they were coming on board.

I don't think this was cutting edge in we were early adopters on technology, I think we were right in line with where the technology in the industry was. These are large vessels serving large communities, so different than some of our other services. But I think it does mean it was really important, as much as we could, to take advantage of the training offerings, whether that be some in Romania and some here. I remember captains being up at the Marine Institute before the *Legionnaire* came into service practicing at different wind levels.

I think it was important because we do have that here. We are very fortunate to have the facilities at the Marine Institute that can help us do those kinds of things. We should just take advantage of that as much as we can.

S. GAMBIN-WALSH: Thank you very much.

T. KING: Thank you.

CHAIR: Over to me.

Hello again.

There are a couple of things I want to follow up on as well. The first being, again, that idea of a commitment letter about the service centre local partnership Arctic research centre. Your former colleague, when he was here, Mr. Meade, talked about the fact that that was a very active file, still, when he left in 2015. You didn't come until 2017, so there's a gap there, but you've stated, I think, that when you got there in 2017 there was no more talk of this particular Arctic research centre or service centre. Is that correct?

T. KING: That's to the best of my recollection. Yeah, and I wouldn't have thought it was my mandate. I should also – I think the AG report points out that a lead would have been at the industry department, but I don't remember any conversations. I've been trying to, since I read this report, think about it, but I don't remember any.

CHAIR: That's good, because tomorrow morning we'll speak with the deputy that was there prior to your arrival. They may be able to add some clarification to where the file actually went.

The decision by the department, I guess, to negotiate with the shipbuilder to cut the training time in half from the shipbuilder's initial proposal to accommodate double the number of crew members trained, was that on your time as a deputy or was that before?

T. KING: Not to my knowledge. I believe that was before I got there.

CHAIR: Okay.

Because that obviously leads me to other questions around the links between the human errors that have occurred and the training deficiencies, which are clearly highlighted in this Auditor General's report. Again, I'll defer that until the morning, on that particular one.

There are lots of comments in here, of course, and we all know about it. You were there during

the amount of downtime for the *MV Veteran* and *MV Legionnaire*; combined out-of-service periods, according to the AG's report, totalling 607 days; "Equipment failures and vessel damages resulted in unplanned costs to the Department totalling \$4.2 million." There are several examples noted here, yet when I read through the report, most of what those extra costs and those downtimes seem to be alluding to are issues with the training and issues with human causes as opposed to design flaws.

So I would ask you if the significant downtime for these two ferries, in that period of time, was due, not to design flaws but rather to issues with human flaws or training, whatever you want to call it. Because clearly the Auditor General seems to point that out.

T. KING: Thanks, MHA Wakeham.

Just a couple of points on the amount of time out of service. I think the Auditor General counts the – I know she counts the time out of service that the *Legionnaire* was at dockside at Lewisporte. That had nothing to do with the vessel and any of its operations. So I think when you back out those days from what's listed as out of service for the *Legionnaire*, you find that the *Legionnaire* was out of service, I think, closer to 15 per cent of the time rather than the large amount of time that this points to.

So I just want to point to that, that we really did learn a lot of lessons from the *Veteran*. It was before me, but we learned a lot of lessons from the *Veteran* that certainly moved over to the *Legionnaire* and it wasn't out of service with the same magnitude of time.

I don't know about design issues, I can't comment, I wasn't there, and I don't know if you looked at – Mr. Meade talked this morning about ensuring that the *Legionnaire* could use the wharf infrastructure, what would be required and looking at that kind of fit for purpose, which would've happened in the very early days. I can't speak to any of that.

I think the Auditor General's report does point to some human error and training deficiencies in some folks, but I don't think – just to be clear – that it was – you can't point and see that the training was totally ineffective or that these

vessels couldn't operate. There are some specific issues that were caused by human error that required adjustment, but I don't feel like I can say that I felt when I went to the department or the time that I was there that I didn't feel like these crews were equipped or safe to manage these vessels.

CHAIR: No, and that wasn't my point. My point was about the fact that the vessels, as you alluded to earlier, were delivered on time, on budget. Earlier, Mr. Meade talked about having full confidence in the commitment, in the process. So when we look at, though, the amount of downtime, whether it's 30 days or 50 days, at the end of the day, the downtime here seems to be related, not to the design of the vessel but rather to the operation part of the vessel. Is that a fair statement?

T. KING: Maybe. I think the thruster issues, especially thruster issue one and two – and I wasn't there for them, I was there for thruster issue three and the engine failure, which was human error – more training is always better. I would certainly say that the more time you can devote to training, the better for you and your team. So I don't know that I have enough information to answer your question.

CHAIR: No, that's fair. Again, tomorrow we'll have an opportunity to speak to the deputy minister who was there prior to you. Because there are significant issues here on that whole training piece and we're just trying to understand.

Because I think my colleague alluded to it earlier, at the end of the day, as we advance in this hearing and speak to current DMs, we'll want to be reassured that this type of training and the challenges with training, that everybody has made improvements to it. So as we continue to purchase or to do projects, we certainly have some of this covered off. That becomes part of the challenge here, ensuring that piece of work that gets done – there are questions here that obviously happened before your time so it is not fair for me to ask you when you weren't there.

Is there any general comment that you would like to make on the whole process? In terms of, as my colleague alluded to, your time there, it would appear that the staff, I give them full

credit, I think they work hard – I know they work hard in that department. I always say everybody comes to work to do a good job; sometimes we don't give them the tools to do it. I think that is critically important, so if there is anything you would add that would help us as a Committee.

T. KING: Thank you, MHA Wakeham.

I would say that I found this time period, while I was at the department – I loved my time there, it was a time of real – there was a lot of change going on. We were really moving into P3 procurement, that ball had been rolling for a bit of time by the time I got there. We were bringing in new ways from our P3 learnings; we were starting specific steering Committees on individual infrastructure projects of a higher-dollar value. There was so much change happening and we didn't really talk about the risk transfer and risk management here but it really became – I noticed a huge change from the time I went to the department, about how much and how we talked about risk, to the end.

I would just say that Marine Services is a challenging, complex environment. You're in the water; you have staff all over the province. It is a hard thing every day to ensure that everyone has everything they need to operate the vessels. You always want to try and move the bar further ahead than when you got there. I think that is what everybody was trying to do throughout.

Given the competition, I think, for people with these highly valued skills, I mean, we're very fortunate to have these captains and these crews with high-skill levels and high certificates doing this work. You really wish you could do more all the time to support them and to ensure that they have every possible opportunity you can give them. I think that's incumbent on any deputy, on any executive, to try and make sure your staff have the skills and the training they need to do their work every day. I think everybody does their best to do that.

Is there room to learn and do better? Sure. I think in Marine it's just very – it's complex to try and manage, continuing to operate the service, ensuring you have enough staff to do that and ensure they're getting every opportunity that you can use.

I think that's what I would say. I think the department has really grown over time, as every department should, and this is one area, certainly, where, as or if new vessels are procured, people can really learn, I think, from the comments this morning of Mr. Meade about the importance of putting that project team in place very early in the procurement process.

CHAIR: Thank you so much.

Thank you for your time. Thank you for coming and good luck the rest of the way in your new role.

T. KING: Not so new anymore.

Thanks so much for the opportunity to come.

Recess

CHAIR: Okay, good day again. We're now joined by Mr. Weldon Moores – hello, Weldon – who was the ADM, assistant deputy minister, with Transportation from 2011-2013.

And just for some housekeeping remarks, I remind participants that this is a public meeting and their testimony will be part of the public record. We have a live audio being streamed on the House of Assembly website, and *Hansard* will also be available on the House of Assembly website once it's finalized.

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 any parliamentary proceeding may not be used against you in civil proceedings.

I will ask the Clerk to administer an oath or an affirmation. Also, I would ask you if you would make an opening statement and, when you do, if you would briefly tell us a little bit about your background on this particular file that would help us through our questions.

Swearing of Witnesses

Mr. Weldon Moores.

CHAIR: Okay. Would you like to have an opening comment, or you could maybe just give us a brief of what you were involved in when it comes to the purchase of these two vessels?

W. MOORES: Okay. I didn't have a lot to do with it, really. I was the acting ADM in Marine, because I was also the ADM in Strategic and Corporate Services. When the clerk asked me to fill in, I guess it was initially going to be for a relatively short period, expected to be four to six months, and it obviously dragged on a bit longer.

Much of the involvement on the new vessels, because where it was an acting role, was done by the deputy and I was more involved with the operations of the existing fleet.

CHAIR: We'll start with some questions from Scott at the end.

S. REID: So I've been asking some sort of standard questions related to duty to document and the training related to the people (inaudible) the vessels, but I think in terms of the time you were in the department, you are one of the earliest that we're going to be talking to.

W. MOORES: That's right.

S. REID: I want to take the opportunity to ask a few different types of questions. I guess I'm interested in the whole start of the idea that we were going to get new ferries. It started off initially one and then we moved to having two vessels. So I'm just sort of wondering, what was the rationale and what was the situation as the government started to think about getting those vessels? What was the thought process or the things that the department was considering as they moved into those initial steps of that?

W. MOORES: I guess it's fair to say the age of the department fleet played a large role. I believe it was – I can't remember the name of the previous vessel, but the vessel was quite old that was running to Fogo. So Fogo definitely needed a new vessel. Once the ferries get so old, the maintenance cost it becomes – it's just like a car. After so long, it breaks down, breaks down frequently and needs to be replaced.

Volume-wise, the Bell Island and Fogo Island ferries are the highest volume of the Island ferry service, not including Labrador. Labrador is a different situation. Even the other vessels were getting up in age. Now, some vessels are operated on a contract and the private sector replaces them from time to time. We own so many vessels. We do some by contract.

S. REID: So it started off with just one vessel for the Fogo run.

W. MOORES: No, I wouldn't say that because at one time, we even looked at purchasing five smaller vessels for our existing fleet and that never came to pass.

S. REID: Oh, okay.

So you're looking at various options at the beginning. The department and government, I guess, chose to go with – the first one would be the Fogo run. Then a decision was made later to add the one for Bell Island or –

W. MOORES: I wasn't involved in that so I can't speak to – obviously, it was made later, but I had no involvement with it.

S. REID: Okay, so you weren't there at that time.

In terms of the management while in this planning process for these vessels and the early stages, how often did the committee meet and how often did they meet with the deputy minister? In the document, there's some sort of talk that the committee or the project team didn't meet that often.

W. MOORES: I wasn't part of the project team, so I can't speak to that. However, from time to time, I would – I mean, obviously being a member of the executive, it would come up in executive meetings, so I knew what was going on from a general sense.

S. REID: Yeah, okay.

So in terms of the preparation of the contracts and the execution of the projects, were you involved in any of that process?

W. MOORES: No. I mean, I know initially we looked at having them built in Marystown –

S. REID: Yeah.

W. MOORES: – and just could not get a sensible price from the people in Marystown, so the decision was made to go wide.

S. REID: Yeah.

I'm just wondering, is there any sort of recommendations or advice you would have for the department going forward in terms of things that you've seen or experienced while you were there? Is there anything, in terms of future operations and the way they manage these types of projects, is there any advice that you would offer people –?

W. MOORES: I wasn't close enough to – if you're talking specifically the vessel purchase. I mean, I read the AG's report and I have no problem with anything that was said there.

S. REID: Yeah, okay.

Outside the contracting and that, anything in the overall report that you would like to comment on?

W. MOORES: I think the staffing of vessels is one thing that people may not necessarily understand. There are minimum crew sizes that are mandated by Transport Canada. The only way you can get lower costs in the ferries is to have smaller vessels. If you have smaller vessels, you can't necessarily meet the demand. That will work in some of the other routes. I know we downsized the vessel, for instance, going to Petite Forte, based on – you have to take into account the population you are serving and the number of trips.

Excepting Labrador, Fogo and Bell Island, there is extremely low usage on the ferries. It is not uncommon for a vessel to go with one or two vehicles, passengers, whatever. It is very difficult to operate it on a cost-efficiency basis. I know we had consultants look at it. I can't remember the year, but I guess it was first when the Williams government came in. They said, well, you should do it on cost recovery. They were a little astounded to find out that basically

for every dollar that is spent on the ferries, the revenue that comes in is about nine cents.

S. REID: You mentioned that the province was thinking about getting five new ferries at one point. You mentioned some of the other options, like contracting out and things like that. I am just wondering, based on your experience and what you have seen, and given this report about the problems that exist sometimes when you try to buy new ferries and the possibilities of doing it in the province seem to be difficult, I'm just wondering do you think privatization is a better option than the government purchasing and owning the new ferries?

W. MOORES: I'm not sure if privatization can work. If you look – government is not inefficient in the way it operates, it's more the environment it has to operate in. If it's costing a dollar to run a ferry and you're getting nine cents back, I don't see how the private sector can make a go of it in that manner –

S. REID: Okay.

W. MOORES: – if you're talking privatization across the board.

S. REID: When I say privatization, I'm sort of thinking of contracting it out the way some services are done.

W. MOORES: Well, I think you have to have a hybrid, as we have now, because there are also collective agreement considerations.

S. REID: Yeah.

W. MOORES: You can't just suddenly contract out, for instance, the Bell Island ferry without consideration of NAPE's rights there as well.

S. REID: Okay. Thank you very much.

CHAIR: Jordan.

J. BROWN: Thank you, Mr. Moores.

I know you said that your time in there was – you were in there to fill in for what you thought was a short period but turned into a long period. In your time, the department went and spoke with Marystown about building a new ferry and

the cost was quite high. When did the department go overseas to look for a builder?

W. MOORES: I've been retired nine years, so I can't remember the dates exactly.

J. BROWN: No, the year.

W. MOORES: I don't recall, really. I'd have to, basically, refer to the AG's report.

J. BROWN: Okay.

Do you remember if Damen came to us or did we go to Damen to put in a bid?

W. MOORES: I don't know. I thought it was the result of a public call.

J. BROWN: Okay, so they came to us when they saw the public call.

In your time there, do you remember any parts of when the contract was being drawn up? Was that being done during any period of your time there?

W. MOORES: It may have been. I wasn't involved.

J. BROWN: He wasn't involved.

Do you know if anyone in the department or anyone at your time there was aware that there would be an import tariff if they did go abroad?

W. MOORES: I can't speak to it.

J. BROWN: Can't speak to it. No worries.

I'll pass to my colleague there.

L. STOYLES: Thank you, Mr. Moores.

Thank you for your time and thank you very much for coming today.

I was thinking you were going to have a little bit more information for us. This obviously must have been a very exciting time for the department and for the province. We're getting two new ferries – getting one new ferry and then shortly after that, the announcement of a second ferry. There must have been in the department a

lot of discussion and, as you say, you weren't directly involved in a lot of discussions with the vessels.

Some of the questions I had for you are like in the very beginning, what kind of discussion – so were there any discussions with you and some of the staff on planning, once the vessels came, getting ready for when they arrived after they were built? Was there any talk about that in the beginning stages or would you know that?

W. MOORES: Again, from being in the executive meetings I know that there were discussions that any new vessel that we got would likely mean that the dock in Fogo had to be reconstructed. So that would've been done through the ADM on the Transportation side, the same ADM that would look after roads. They would take care of the wharf construction because it would be done either through the bridge office or it would be tendered at that side of the department.

L. STOYLES: So you weren't involved in any discussions with the deputy minister or the staff or with anybody to talk about preparing for the vessels once we received them. The biggest plan was getting ready, getting the contract out and knowing that they were going to be done and getting the criteria in place for that.

One of the things that was interesting that you mentioned, that nine cents on every dollar was all you could recoup. I served on city council for 25 years and I know you don't make money on swimming pools and a lot of recreation facilities, arenas and stuff like that, because it always costs the city or town money not really to build them, but to operate them at the end of the day.

So you really didn't have a whole lot of input into the department when it came to the ferries?

W. MOORES: Not the new vessels. I mean, where I was in the acting role, it was more keeping the existing ones going. At that time, government was looking to cut costs as much as it could. You couldn't, say, across the board, take a percentage and take it off because our staffing was mandated through Transport Canada. So if the department was going to take, say, a 5 per cent cut, Marine couldn't necessarily be part of that because we were at the minimum

staffing volumes already for much of our crew sizes.

L. STOYLES: So was there anything involved with the vessels – when you were in the department, did you actually sit on any of the committees or have any input at all with the staff going to Romania?

W. MOORES: No.

L. STOYLES: Because from reading the reports, the project manager, when they hired somebody, we had some issues and that, you didn't sit at the table with any of those discussions or anything related to the –?

W. MOORES: No, I didn't.

L. STOYLES: You didn't, okay.

I don't have any further questions.

S. GAMBIN-WALSH: I just have one question, actually.

Thank you for your time.

So, Mr. Moores, it was nine years ago at that time?

W. MOORES: Yes.

S. GAMBIN-WALSH: Can you recall from being involved with the executive meetings any discussion that was had around how the department was going to estimate the cost of these vessels?

W. MOORES: I did sit in on some meetings when the people from Marystown gave us estimates of what the vessel would cost.

S. GAMBIN-WALSH: Okay.

W. MOORES: And I know if you referenced it to the previous two vessels that were built in Marystown, the price of one vessel was going to be more than the cost of the two previous ones.

S. GAMBIN-WALSH: Okay.

W. MOORES: So that was one place an order of magnitude was available. And I seem to recall

that the deputy had asked the director on the Marine side to check with some consultants who did ferry designs to give order of magnitude costs for vessels of that size. It wasn't a shock on the price of the vessels. Any time you go to tender for something – if you do it on roads, Transportation uses its own in-house staff to estimate the costs and they come in really good.

Prior to being ADM of Strategic and Corporate Services and also acting ADM in Marine, I was ADM of Works, so I was on the building side. In that case, we generally used consultants to come up with an estimated cost and that, combined with our own staff, because we had experience doing the project management on buildings, gives us a cost estimate.

I know – that's going back 15-16 years ago – the costs of buildings, the consultants couldn't come up with an accurate figure. We were getting a lot of surprises in that area. We did some work through our in-house policy division and found that our building costs were rising similar to what Alberta's had about five years previous. So whenever we got a consultant's report in, we tempered it with some of our own knowledge and still the costs of buildings were really hard to estimate.

S. GAMBIN-WALSH: Okay.

Thank you very much. That is all for me.

W. MOORES: Okay.

CHAIR: Just a few questions from me.

So you were there from 2011-2013. When did you take on the acting role in Marine Services? Was it at that time?

W. MOORES: Yeah, I was already ADM of Strategic and Corporate Services and the person who was the ADM of Marine, for some reason which I don't know, was told his services were no longer required and the Clerk called me over and said we'd like you to fill in on an acting basis as ADM of Marine until we refill the position.

CHAIR: So were you still acting when you left?

W. MOORES: No, they hired a new ADM of Marine in January.

CHAIR: Of 2013?

W. MOORES: Yes, and I retired February 22, 2013.

CHAIR: Okay.

W. MOORES: So I had three weeks of freedom.

CHAIR: Right.

The RFP to go out for two ferries was actually issued in January, I think, of 2013. But you have mentioned that prior to that the department had sought at least a price inquiry from the Marystown Shipyard to build those ferries. Is that correct?

W. MOORES: Yeah, I think government's position was, initially, that they would be built at Marystown. I know from being in on executive meetings that basically we went to Marystown and just couldn't get a reasonable price. The department keeps changing names, but industry, trade and whatever were involved, too, because there's an economic benefit that had to be looked at.

You may have been able to get a vessel cheaper on the free market than Marystown, and there is a certain premium government would be willing to pay to go to Marystown, if it was to benefit the province as a whole. They were out of the ballpark. They just couldn't come in with a – I think the problem is the people who were operating Marystown at that time weren't really vessel builders. They were offshore supply, offshore contractors and they didn't necessarily want to build the ferry. If you're asked for a price and you don't want to do it – well I'll do it, but you'll pay. And I think that was the position we were in.

CHAIR: Suffice to say that the price that you were being quoted for Marystown build was sufficiently larger than what you wound up going to RFP for.

W. MOORES: It was larger than we were willing to pay.

CHAIR: Yeah. Okay.

You mentioned that as the acting ADM you were not directly involved in the process – in the RFP process – with these vessels. Who would have been responsible at that time? Was it the deputy minister?

W. MOORES: The deputy and there was a group of people on the Marine side as well.

CHAIR: Okay. So the deputy minister was who?

W. MOORES: Jamie Chippett at that time.

CHAIR: Okay.

W. MOORES: And the director was Tom Prim.

CHAIR: Tom Prim. Okay.

So they would have been the ones that were more actively involved in moving the RFP forward, so to speak.

W. MOORES: Yes.

CHAIR: You would have been there as part of the executive team, so to speak.

W. MOORES: No.

CHAIR: Okay.

So that clarifies it a little bit. It gives us an idea that you did consider an option, Marystown, but it turned out to be just extremely high and that the RFP was issued in January, as you said, and you retired shortly after that.

W. MOORES: Yes.

CHAIR: Thank you very much for coming here today. I hope retirement is treating you well.

W. MOORES: So far.

CHAIR: Thank you so much for coming in. I really appreciate it.

W. MOORES: Okay. It doesn't feel like –

CHAIR: Oh, do you have anything else to add? I should say that. We give everybody an opportunity, if there's anything you would like to add to help us, as a Committee, with our deliberations and some of the recommendations you would have as somebody who's worked in the industry.

W. MOORES: I guess the one thing is vessels aren't like buying a new car. They don't exist on a lot somewhere. In the past, government has bought used ferries; some have worked out well, some have not worked out well. You need a lot of information going into the purchase of a new vessel, whether it's a new or used vessel. They're not easy to come by.

CHAIR: Well, thanks again for being here. I appreciate it.

W. MOORES: Okay, thank you.

Recess

CHAIR: (Inaudible) 2013 to 2016.

Welcome, Mr. Harvey.

Can you hear me okay?

M. HARVEY: Loud and clear, thank you.

CHAIR: Perfect.

I remind all of our participants that this is a public meeting and their testimony will be part of the public record. Live audio is being streamed on the House of Assembly website at assembly.nl.ca and an archive will be available following the meeting.

All 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. What you say in this parliamentary proceeding may not be used against you in civil proceedings.

Mr. Harvey I understand that you may have the affirmation in front of you?

M. HARVEY: I had it. I thought I was going to repeat it.

CHAIR: I can have Kim read it out and you can just affirm to it.

M. HARVEY: Okay.

CHAIR: Okay, perfect.

Swearing of Witnesses

Mr. Max Harvey.

CHAIR: Okay, wonderful.

Mr. Harvey, we've been asking people if they'd like to make some opening remarks. In your opening remarks, if you could provide us with some ideas around what exactly you were involved in during your time there, in relation to the acquisition of the two ferries we're talking about, that would be fantastic.

M. HARVEY: Thank you.

First of all, let me thank the Committee for the opportunity to speak before you. I will say as a start that the technical issues experienced by the vessels were a major problem. It disrupted services, there were unexpected costs and in some ways, it was disappointing. But I will also say that they are very fine ships, built by a world-class shipbuilder. Despite the growing pains, the setbacks and a tough introduction, they will serve this province for a long time.

There were lots of lessons learned. One of the biggest lessons that I learned through this, in my three years as ADM, was of the fantastic and courageous work of Transportation and the marine teams and crews. I stand by that and I'm very proud to have been part of that team. That's why I'm here today.

I joined TW late January 2013. I think the position was vacant for 10 months prior to me being there. It was filled, I think, by Mr. Moores at the time. I was asked by the deputy minister at the time to come have a chat with him, I had a chat; there was an interview process and a selection. That's how I got to be the ADM. I think I was selected for my leadership. Obviously, I had spent 30 years in the navy as a

senior officer. I had been doing project management across the nation for the navy. I was a senior elections official for Elections Canada for the whole territory, community leader, director and president of a bunch of groups.

I also had a lot of marine knowledge. I've served on ships of all classes, submarines. I have command qualification to be a captain, a commanding officer of any of the surface vessels in the Canadian Navy. I was a senior department head for the building of 12 Maritime Coastal Defence Vessels. That was over a billion dollars. That was in the mid- to late '90s, a billion-dollar project; 12 ships that were built over a three- or four-year span.

I also like to think that I brought a lot of character because I am very people-oriented. I am very collaborative; I'm consultative on that. I think perhaps one of the most important things that motivated me to be part of Marine and part of TW was that I understood ferry issues. I'm from Newfoundland. I lived on Bell Island. I knew what it was like to spend four hours in a lineup and loud children crying and people missing funerals and birthday parties, and not knowing what was going on. I lived it, I heard it, I felt it and I thought that would bring a lot more to the mandate.

During my time there, for context, I served for two governments, four premiers, five ministers and I think three deputy ministers. I also worked with seven MHAs that had ferries on the route, and dozens of high-profile stakeholders, as you can imagine: the mayors, the ferry committees, the users, the public and the *Open Line*.

In October 2016, three years and nine months later, I was replaced. I was no longer serving at the pleasure, and with a number of other ADMs from across the government, I was replaced. There was no turnover; there was no opportunity or request that I do a turnover. The new ADM was in place the next week or so.

I will also add that I was the acting or interim ADM of Transportation, the roads section. I filled in on the retirement of one of the other ADMS and I was there, I thought a short time – I was there 10 months – before that position was filled.

We had lots of issues on the ADM roads side. Salt was a huge – and procurement and cost of salt; airstrips in Fogo. I helped introduce, lead the five-year plan for early tenders. The Labrador tunnel was a project that we were leading, the Trans-Labrador Highway: all those asphalt issues and complaints. That was in addition to my Marine Services role that I had, which I hope to give some context later.

As timeline goes, I arrived just after the RFP was issued. I was replaced before the first year of service of the *Veteran*, so it had been in service about 10 months. I think it was in the first three or four months that they had the two – first couple of months of operation that they had the thruster issues. I was relieved just after the *Legionnaire* arrived. That was about 10 months before the *Legionnaire* entered service on the Bell Island run, pending the delayed wharf upgrade.

In terms of the Project Management Body of Knowledge, the PMBOK, and the Marine Project Management Manual, on the PMBOK, I was in stage three of five when I arrived and for the MPMM, I was in stage four of six. They're just basic stages. A lot of water had passed under the bridge when I had gotten there.

I would like, as part of my opening statement, to make a comment about the Auditor General's report. I certainly do not intend to nitpick or challenge or go down the rabbit holes on some of the points, because some of the points were very valid and some of the points were very important. I would say there are a number of points that were questionable and worthy of challenge – and good challenge – and some things that whether from lack of information or lack of follow-up, to my view, my perspective, were wrong. But I'm here in the interest of public administration. To that end, I hope to give frank insight and perspective of what was going on to make some of these things happen.

I'll just close by saying I have four areas that I hope I get an opportunity to speak to, and that is the TW mandate and how we fit in the project TW family, the Marine Services context, which is really the treadmill, and I can give a lot of talk about that and how that related to the new ships.

I'd like to also talk and I'm sure I will get an opportunity about project management.

I would also like to talk about root causes. While the Auditor General's report said you needed better project management, and oh, by the way, if there are mechanical issues, you really need to get to them earlier and, yeah, more collaboration with IRBs, I would like to offer, what I consider, systemic or root cause observations about where we got to where we were. I would echo what was said before; some pretty incredible work was done.

The report did not cover some of that incredible work, it did not cover some of the challenges and it really didn't talk a lot about some of the way ahead and some of those root causes that could really make a material and substantive difference going forward.

In that context, I accept the report. As I said, I take some exception. I read in the paper it was bungled, and that was the kind of the tone of the report. I would just like to at least give my perspective on some of those activities.

I welcome your questions, and I can assure you, you will get honest, frank responses from me.

Thank you.

CHAIR: Thank you, Mr. Harvey, for that.

We're glad to hear from you, and that's the reason why we hold these hearings is to hear from people like yourself who have been involved in the projects and get a better understanding so that if there's anything we can make sure happens better in the future, it happens. That's what it's all about: public accountability.

So I'll turn it over now to my colleagues. Usually the system we use is simply to go 10-minute intervals with different colleagues asking questions. We'll start with my colleague, the hon. Member Scott Reid.

S. REID: Thank you, Mr. Harvey, for attending our hearing here today. I look forward to hearing what you have to say.

Based on your comments you just made, there are a number of things that you invited us to ask you about and get you to comment on, I guess. You mentioned that there were some things in the report that you thought were valid and some that you thought were worthy of challenge, where the report may have been wrong. I'm interested to get a little bit more specifics on some of those and get your opinion related to each of those.

This idea of root causes is very important because the report identifies two specific things that I have been asking about in terms of questioning the other people who have appeared before the Committee in these terms of the duty to document and the problems with the training. So I would like to get your understanding of those. Are they problems? If they are, what's the root cause or things like that?

So I will stop there and I will allow you to respond, and if I have time, I'll ask a few follow-up questions.

Thank you very much.

M. HARVEY: Thank you.

I'll preambule that question because it is a really fundamental question and it speaks to project management writ large. Project management for Marine Services and for TW, all elements, is a core part of our business. That is what we do. We do it every single day. We have multi-million dollar refits that we manage and we have to align. We have services that we have to work at.

During my time as ADM, we also had major RFPs for a multi-billion dollar project in Labrador, which was something that we were pursuing. We put it out an RFP and we went through the whole process for a year, bigger than the 80-metre project, although it was withdrawn at the last minute before a decision was announced. We also had a major RFP to revamp entirely the South Coast services.

So project management is our business. Project management, obviously, is a framework. It is a tool to think about all the things that you need to think about, plan ahead and try to coordinate and align all the things that need to happen. So

project management is something we are very familiar with. We know we need training. We know we need to get the wharves realigned for the service. We know we have to introduce it into service. We know we have to do all the logistics and repair and the training that you do.

Before I go into the specific about some of the training that you mentioned, I would like to just take project management one level higher. So when we talk about project management, those tools and skills and activities and plans and all these sort of things that you need, those kind of building blocks, we had those. So fundamentally, if you think of a triangle, when I look at a project – I have lots of experience in projects – this is how I look at a project. A project is about delivering a service. It is not project managing two ships; it is about introducing a service. There are three elements – a triangle – to what I consider project management.

One is project management itself, delivering those ships. The other one is change management. Project management can deliver great manuals and they can do this, this is how you do the training, but if you can't manage the change of people who are used to doing it one way, may be resistant to the change, they're not quite as sure, maybe they're a bit afraid of some of the additional responsibilities and such, if you can't manage that, then that project will fail.

We've already heard, it was in the report, some of the concerns and some of the morale, or some of the perspectives of some of the crews. Change management is something – it's a process that needs to be done to support the project management.

So you have change management, you have project management and the most important element of making that project work is sponsorship. The leadership, the sponsorship to put it all together. That's senior leadership, it's executive, it's ministers and it's government. What that speaks to is the capacity, the resources, the time and the space to be able to do things.

If you look at, not just the project management and you say, oh, they didn't have some records there, and, yeah, they didn't have all those forms

and I didn't see a written plan on this in accordance with the PMBOK or the MPMM. We knew those things. We had a lot of documents. As a matter of fact, I would just like to add that there was a lot of documents, a lot reports, like strategic plans, all of the analysis of which shipyard to get, all done, all recorded, all available. Not found, can't speak to that. They had a four-year process, they didn't find it, I can't speak to that, but they definitely were there.

Those are the elements of the triangle. When I look at the training issue. We knew right from the beginning, our training would be a challenge. We knew there were qualifications that were going – just by the nature of the new technologies that we weren't familiar with in Newfoundland, that was going to be a challenge.

We knew crew availability – talked about earlier by presenters. Man, we were leaking crews to the offshore. They were tired of that. We couldn't schedule. We didn't have enough crews to – we had to deny people leave; couldn't leave, we had to have them. We had crews on one week on, one week off; two weeks on, two weeks off and we didn't have enough crews to say we'll just use our spare crews to come in.

It meant people coming in on their off time, trying to schedule it. That decision to shift to shorten the training, make it a bit more intense, sharpen that training so we could have two schedules that were shorter to meet the availability was a very, very smart one.

But I will say that the training challenges we had were large. Yes, we had manuals from the shipbuilder. We had to integrate some of our own process into that and it didn't go as well as we had hoped. It is a deficiency. There was some we – well, I wish it had gone better. But I don't think, when I look at the project management and the training, that was the root cause of why those thrusters failed.

So I just want to speak to the training. Yes, it was an area that probably could have benefited from greater focus, but, you know – and it's been said many times – we did not have textbook project management. I'll give that 100 per cent and I'll agree with some of the things that either they couldn't find or weren't there or

would have been liked to been there compared to a textbook.

But we had functional project management; functional project management conducted on a treadmill joined in progress and that's what we were doing. I really want to speak to some of the other things because we didn't have a clean desk and a clean slate to do all this project management. We had one person that was in charge of that project management, supported by two directors and myself. We didn't have the teams to do that.

I'll give you an example. When I was on the MCDV Project– the Maritime Coastal Defence Vessel Project – we had a project management team of 25. We also had two subcontractors – about 30 people – that were really managing the project and we were managing the people managing the project.

Still, we had problems; still, we had training issues; still, we had defects. So, yes, some of these things happened, but one of the root causes of the training was the changed management piece that had a long legacy of crews being overworked, overtasked, burned out and just more and more put on them as we did contingencies, we did extra services and they were overloaded.

So, yes, training was a problem. I would say, yes, it was a project management issue there, but there was a change management and a sponsorship issue to get those results that we wanted to get.

CHAIR: Thank you, Mr. Harvey.

We'll go to my next colleague there, Jordan (inaudible).

M. HARVEY: Thank you.

J. BROWN: Thank you, Mr. Harvey.

My first question I would like to ask is at your time were you aware at the time that ordering these ferries from Romania would incur a tariff from the federal government?

M. HARVEY: Oh, yes. Initially, I will say initially, no. When we found out about that

tariff, it was something that we responded to. We contacted – it wasn't Transport Canada, I forget what the agency was. We went to Ottawa, we met with the senior directors; we made our case. It was quite a bit of work to do that because we asked for, which was allowed, a waiver, and we were successful in getting that waiver, eventually. But it was a lot of work and it was something that we had to consider.

When we put the bid out for the 80-metre ferries, we didn't have a Canadian company that met our full technical and price requirements. So it was an offshore buy and I can't recall exactly at what time that I knew that there were tariffs, but we were aware very early in the process, certainly, before it was signed, that a tariff was required.

J. BROWN: Thank you.

Another thing we noticed, too, through the report is that the integrated staff at Damen in Romania, I know that when the reports were sent from that staff member most times they were just pictures of construction with no written report. Why was this deemed acceptable by the department?

M. HARVEY: I'm not sure there were just pictures and no – there were lots of progress reports. As a matter of fact, I would just say that of the project management pieces, the actual ship build itself was very, very robust. There were lots of progress meetings; I was at quite a number of them. We had them in person, we had them by conference calls and we had them by emails. I can't comment – obviously, you wouldn't want just a picture as a progress report.

J. BROWN: Yeah.

M. HARVEY: But I'm sure that they were updating with pictures, I have no doubt that pictures were received, but I wouldn't say that was the formal report.

J. BROWN: Both the provincial representative in Damen and also Damen themselves issued multiple warnings to the department saying that they needed more representation from the department over there, and the on-site supervision was inadequate.

Can you explain from your point of view why weren't more people from the department sent to Romania to oversee the construction of these two ferries?

M. HARVEY: It's been mentioned before that, obviously, we knew that there was an oversight opportunity. We wanted oversight, of course, and we did send out an RFP. It didn't work out due to the high costs and some of the other conditions that we had. So we did find one who I thought was an exceptional British navy submariner who had been shipbuilding for years and we hired him. Unfortunately, he passed away. We got a phone call one day and his family called and sent regrets, so we had to do a plan B.

One of the things, the five spaces that we believed – when we had to have these meetings to put out an RFP, to wait several months for an RFP, we were three-quarters of the way through, that we could put it together, based on some of our own staff, some of the ferry captains and be able to do it. I will mention something. Five spaces in a shipyard are nice. If we had one or two there, that would be great.

I will say even in my shipbuilding experience, there is no requirement to have somebody there all the time. There are hundreds of tests; you don't have to attend every single test. You'll get the report. Some of it is a factory acceptance test. They turn it on, they turn it off and you can get a report. You don't have to attend all those.

Certainly, there are milestone tests. Notwithstanding all of that, not enough representation. We tried to do it and I'll put it in the context of money. Sounds great, yeah, send over five people. Yeah, \$2 million or \$3 million, no problem. By the way, let's put two or three extra people on project management teams here in St. John's, because project management was run by one person as the lead, the director of vessel replacement. By the way, there was no director of vessel replacement when I got there; one of the NavArchs was acting on behalf. We had to have a competition, didn't have a lot of takers and we promoted him. He was very, very good; he was very knowledgeable and put him in there.

So when I talk about 50 or 60 doing project management at shipyards and subcontractors, we had three people doing project management not dedicated: director of engineering, director of ops and the vessel replacement who had one NavArch working for him. They were doing refits, they were doing steel corrosion, they were doing studies for the wharves, they were doing refit guidance and they were doing designs: they were doing all of this. This is where we were but that was the reality. Did I want it? Yes.

When I went to Marine Services, one of my first things – I had all these ideas and all this motivation. The first thing I had to do within two weeks was go up and basically fire six people. Oh, this was all part of the renewal. They had gone through all the lists, forced attrition, non-replacement, plus cut another X per cent. I had to go your position is gone. They're not laying you off. The position isn't there. It is gone. It doesn't exist anymore. Saving money. I said, please, I'm just brand new here. Give me a couple of months to see how they fit in. Sorry, this is what it is. We're in renewal. Budgets were being slashed and people were being cut. That was the reality.

I wanted a regional manager for Bell Island. A quarter of a million people use that ferry service. More than Marine Atlantic. I wanted a regional manager there to help guide traffic, answer problems and work with the crews. No, can't afford it. Can't do it. This is the context that we were in. Marine Atlantic, three ships, two routes: they have over 1,300 employees. They have 40 directors and above monitoring that service.

What do we have? I had four people plus a shared secretary in the Confederation Building. I had about 10 or so in Lewisporte doing finance, contracting and answering phones, which we were all doing every single day. That was the reality. That is the treadmill. That is the join in progress, come as you go, but that's where we were. So, yes, we would have loved to have asked for – yeah, let's get another \$2 million or 3 million contract to send over three or four people to Romania. I'd love to – love to, love to, wanted to. It wasn't the time or place because of renewal that was going on. That's the hard reality of where we were.

J. BROWN: Thank you, Sir.

L. STOYLES: Hi, Max. Lucy Stoyles.

Thank you for joining us today to hopefully answer some of the questions. As you said, there was some stuff you felt was left out of the Auditor General's report.

I just have a couple of questions to find out what you really think. It sounds like you have a lot of knowledge of this project. I'm wondering what went wrong. Why didn't we have enough people? We're spending all this money on two ferries. Wouldn't all that stuff have been planned before it went out to tender and before we knew that we were going to go in this direction?

We decided that they weren't going to be built here in Newfoundland and we were sending them abroad to get done. Wouldn't we make sure that we had the money in the budget? You said we could send five people to Romania and we only sent one, and a lot of times there was nobody there. I know we can't help when somebody is sick, but I just think our whole reason for doing this is to find out what we can do in the future.

So if we ever do this again and we go outside Canada to take on a project like this, we want to know what we did wrong and how we can improve it for the future.

M. HARVEY: Yeah and I think that's very valid. I would say, yes, we did an RFP for a \$2-billion project over 20 years for the Labrador. All new ships, custom-built, great services and all that. It was just an RFP.

We did the South Coast, whole reconfigure. Give me proposals – project to do all this. It was just an RFP. I won't say it was just an RFP because the RFP took a lot of project management thinking pre to make it happen, but there were no teams. There were no big long budgets. That's where we were.

This is one of the root causes. We are not structured for project management. An RFP went out recently for new ferries and new operations on the South Coast. Hopefully there was a project team and a budget that went in for that. I don't know. We do projects all the time.

So do I agree? Absolutely. An ADM – I'm told get on with it. Yes, thank you very much, Max. We heard you. This is where we are. Do the best you can. That's the reality. So I agree, yeah. Great to have. Didn't have it.

L. STOYLES: So what would you do different? If you were to give recommendations now as a former ADM to the department to say, all right, we're moving forward, what would you recommend?

M. HARVEY: I would recommend there are some systemic issues, some root causes. First of all, is understanding marine services. I'll use another triangle kind of analogy for this. If you have a triangle, the top of the triangle is the ship itself. You have to take care of the ship. It's the showstopper. If your ship doesn't work, you can't protect yourself; there's no operation. The second part of that is the crew and the team. That's the systemic look about morale and that they're trained and they know exactly what they do.

If you have a strong ship respect culture for refits and maintenance and you have a strong crew support culture that they've got clear direction and they're supported and they've got relief. And the third element of it is the operational tempo. So you have the ship and the crew to support the operational tempo. When the operational tempo is too fast you have to say, we have to slow down that operational tempo.

So if you want something that needs to shift, that triangle for marine services – at least during my time; hopefully it's changed – is ops was at the top. Everything was about ops. Yeah, cut the refits, shorten a refit, delay the refit; go get waivers from Transport Canada, go get extensions for Transport Canada. Yeah, if it shouldn't sail, sail. Overtime? More overtime.

So that operational tempo, which was the tyranny of the moment, needs to shift. You've got to take care of the ship and you've got to take care of the crew and not being pushed, pushed into service because it's bringing everybody down. I think that was evident in the training; here comes another big push for us.

We were the second-largest ferry operation in the country. As I said, we had a dozen people

running it. We had 18 ships and not only 18 ships, all different, all harder to get parts with different maintenance schedules, different operating schedules. We had hard logistics. We operated in, I would say, the harshest conditions in the world, or among the hardest conditions in the world, with very demanding schedules and critical crew shortages.

When I look at that ferry service that we're trying to make operations, that somebody's saying, oh, get those schedules, there's a complaint and go spend your time resolving that complaint, it's not the right structure for a marine service.

I'll give you one more quick one, because I think this is a fundamental one. The fundamental one is: What is the strategic vision for the marine services? I'll give you one thing we proposed and we were looking at was to depoliticize the marine services. Like most other ferry operations, get the politics out of it, because it's just pressure after pressure to do things. That's when I talk about that operational schedule to that. So we proposed to make it a Crown corporation. Let them just worry about the marine operation. If there's not enough money, this is how we have to adjust for it. Because too much was being demanded, drop tools, come and go and see that committee on Fogo or Bell Island, or St. Brendan's or Labrador with those things. I say you really have to delink the marine services and put in some buffer zone so that they can focus on marine operations, because it certainly is a factor.

L. STOYLES: Thanks, Max.

In the AG's report it says no proactive risk management was taken. I just have a question regarding the Bell Island ferry. Who was responsible then for making sure the wharf was going to be prepared and ready when the ship was built? Because the ferry was delayed by 20 months coming back because the wharf wasn't done. Who would have been responsible for that, and why wasn't that started and done before or shortly after it was started?

M. HARVEY: Yeah, I think it took a couple of years to finish off the Bell Island ferry. So I'll say risk management was a huge issue for us. I'll just give you two examples where we risk

managed. One is we kept the *Winsor*. Even though the *Veteran* had been delivered, we extended certificates on the *Winsor* and crews, and we didn't dispose of it. We delayed disposal. As a matter of fact, we ended up using the *Winsor* to help support the contingency when we had those thruster issues. We were looking at that risk, and also when we refused to take delivery until the thrusters were sorted out, risk management.

Obviously, the second ferry decision came late in the first year, after the RFP was there. It was a late thing, but we got a ship that looks like a great design. Here we go and the idea was, okay, why don't we look at it for the Bell Island run. So we did the study on the Bell Island run. The feasibility – yes, we need wharf upgrades. They do surge and they do the water depth, they do turning circles, they do all of those ship size and such. And don't forget the *Legionnaire* was 25 metres – over 80 feet longer – than the *Flanders*. So it was a big modification. Once the decision was made to get the second ship, then you have to do the tender for the wharf. That takes months to prepare because you have to get the angles. You have to get ramps. You have to get the multi-use for other vessels. So it's a very complicated thing to design.

So that took months. It took months to get the tender received, and then the contractor had to get their plans and then it goes on and on. They had some specific problems with the Bell Island and it was two wharfs, just like in Fogo and Change Islands, two wharfs that had to be done and major repairs and dredging.

There were surge issues. There were ice issues. There were weather issues. There was what we would call arisings. Well, we didn't know that the pylons that we were going to build on are now deteriorated that we can't use them. So it was just kind of a rock soup, sort of, scenario that went on. The management of that tender, obviously, is Transportation; it's a wharf issue. We worked very closely with them, but the pace of construction with the arisings took longer than anybody expected or cast even in the worst-case scenarios because all of these arisings and availability of equipment and this sort of thing.

So I'm not going to say oh, who's responsible for this; what was done wrong. I'm not saying

anything was done wrong. This was how that project unfolded and I can assure you – just like the thruster issue – there were lots of meetings and push and why, why, why isn't this happening to get resolution.

Yeah, it took a long time. It did take a long time.

L. STOYLES: Thank you.

CHAIR: Sherry.

S. GAMBIN-WALSH: Thank you, Mr. Harvey, for your very detailed responses.

I just have two areas that I wanted to talk about. I hear you talking about the foundation was project management. You were very knowledgeable in that. That was a day to day of the division. I'm just wondering, there was a draft marine project management manual, it was dated March 2009, but it wasn't considered an established set of procedures. Can you recall what established policies and procedures that you would have used at the time?

M. HARVEY: Yeah, when I came there in 2013, January, that manual had existed for four years. It was a draft. I read that manual. I'm very familiar with project management. It's not like it's some special secret document. It's just this is how you do project management. It wasn't a project management plan for anything. It was just this is how you do project management.

I looked at it. There was a lots of things that needed correction and update, and that, fundamentally, was there. Because it was draft, whether it was draft or official, to me wasn't really significant. We did consider all of those processes, but I'll go back to we were on that treadmill.

I can tell you all of the things that were going on in marine, very, very easily that we were looking at with all of those RFPs. There were RFPs for the South Coast and a billion dollar one for the Labrador. We had issues with the 40 metre. We had issues up in Green Bay with the 40-metre vessel, because there were some major issues with them. We had wharf issues. We had Transport Canada investigations. I could go on and on, on that.

Yeah, the manual wasn't ignored. It's not that we didn't understand those building blocks, that framework for project management and change management and sponsorship and training and logistics and wharves and tie it all together. We just didn't have the capacity and the mechanism to put it all into place the way we would have liked to. But they were all there. They were all there.

S. GAMBIN-WALSH: Okay, thank you very much for that.

When the *MV Veteran* arrived in Newfoundland in 2015, can you remember anything about a performance run in the final evaluation? Can you recall anything about that particular period of time?

M. HARVEY: I remember that we were, obviously, very anxious waiting for it; that we had plans. When it came across, that was part of the performance run. It had done, I think it was 8,000 miles. It had stopped in a number of ports. We had done trials in the Black Sea before it went and we had people on board for those trials. Galati in Romania is on the Danube. They go down – I think it is probably a six-hour steam to get to the Black Sea and they did trials there.

So there was trials. We did trials in – we went around Conception Bay and we went up to Fogo. I don't know what the final reports were. To my mind, there were final performance runs. The ship ran very, very well and it was accepted.

I think after a couple of months on the run, I think it was two months on the run, that there was a thruster issue and then two months later there was another thruster issue and that was the end of the issues while I was ADM. The two that happened in the first couple of months.

I will say that those thruster issues – I know the report says you need to identify it early. I can assure you that it was early. It had the attention of ministers, deputy ministers, ADMs, it had the attention of Damen, it had the attention of Rolls-Royce, we had NavArchs; it was ongoing.

We had reports – I think there was even a report that Damen produced and it was called the root causes. They looked at was it the water depth? Was it the silt in it? Was it operator error? Were

there some electrical connections that weren't responding? Was it oil in the bearings? Was it human error? Those were all looked at and being investigated to the nth.

So, yes, we discovered some problems when it was actually in operation. But as a performance trial, they did lots. It was operating for a month, 1½ month before it happened and it had done all these things. We were confident it was going to work. So then we were surprised. What happened to that thruster? They said it failed. Why did it fail? The captain said it failed, didn't know why. That's when we started that really intense look at it.

The performance trial, to my mind, was not a showstopper. To my mind, we did it to that thruster problem. That is something that came out after months of operation in close maneuvering with new captains and crews.

S. GAMBIN-WALSH: Thank you very much. I appreciate your response.

CHAIR: Hello, again, Mr. Harvey. I just have a couple of things I wanted to follow up on.

One was the issue with the Bell Island wharves. I understand that your process that you outline in detail about the time it takes to prepare and tender and stuff, I believe – was that tender awarded, though, some time in July of 2015? Am I mistaken on that time frame?

M. HARVEY: I don't know the date, but it could've been, and that would be a logical timeline. The project was awarded in 2013, so you're saying it took a year and a half to award the contract?

CHAIR: Right.

M. HARVEY: Okay, so, yeah, that seems long, but I would say six to eight months would not be unreasonable for that, so it did take obviously several months longer than you would image. That's a roads thing and I can assure you it wasn't for lack of effort or attention to those matters.

CHAIR: Do we know if the contractor was on site the entire time during that period of construction, or was the contractor –

M. HARVEY: I know that they had two sites; I know that there were obviously the two sides that had to be done. There were periods where the contractor was not on site for sure. Maybe it was the weather or equipment or a surge that prevented that, but yes.

CHAIR: That would've been part of it.

We looked at there are a lot of issues, as you pointed out, with the thrusters and a lot of detailed reports and analysis that were done, including a HR investigation that was carried out with a number of recommendations. Were you still with the department when that was finalized?

M. HARVEY: No, I wasn't.

CHAIR: Okay, you had left by then. But in terms of the two vessels, you made some opening remarks which were: built by a world-class shipbuilder and something that we'll be able to have future use.

In terms of the actual vessels themselves, did you see anything that was like a serious design flaw in these vessels that would cause you concern? Because most of the issues identified that led to the downtime seemed to have been dealt with in terms of other issues that cause that other than design flaws?

M. HARVEY: Yeah, and I agree, I think the design was very, very solid on those ships. I know that one of the things when we were looking for the builder, to select the shipbuilder for that, one of the things that we were very impressed with was Damen's engineering team to review the design. They spent thousands of hours checking the design over and over and made quite a number of changes to the design, because a lot had changed in the four or five years since that design was first built and for lots of good reasons, as well, to update. So we were very, very confident of Damen's ability to deliver the design, and that's how it went. So I didn't have design issues with them.

CHAIR: Okay.

The technology that's being used in these vessels, would you consider that to be state of

the art? On a go-forward basis, that's the type of technology we're likely to see in the future?

M. HARVEY: Yeah, I think it's standard equipment now and it gets better. Even though it's different and it's got flashing lights, bigger buttons and different kind of colours on screens, it is made to support command and operations and monitoring systems. That's where we need to go and, obviously, that's the nature of shipbuilding now.

CHAIR: Right.

If you were making any recommendations to the department in relation to how we train our staff to man these vessels, or prepare a different type of manual, is there a different type of program that we would be looking at? How would you go about now ensuring that the same challenges that our staff faced when we first took possession of these vessels doesn't continue to happen, or is dealt with in a way that they're able to do their job?

M. HARVEY: I would say there are three things what I would call were relatively easy fixes. One is obviously the documentation challenges that we have. Obviously, we may not get the five- or eight-person team for two or three years to manage an RFP. But even if you had one clerk that was devoted to that project, to collect information and have that checklist to say where's that report. Just even that kind of support, we didn't have that. I didn't have a project management clerk to do that. So the documentation, I think, that's an easy fix.

I think training is a harder fix because there's change management. But really part of that training speaks to the collective agreement, and one of the things that we looked at, during my tenure, let's change the collective agreement. Let's rework it so we can have more flexibility. I think Mr. Moores talked a bit about the kind of constraints. There were a lot of things we couldn't do. A lot of things if we wanted to do it, we couldn't do it.

Had an opportunity in 2015 to change the contract. We had all these plans to negotiate; didn't happen. No, it's a renewal. So imagine if one came by in 2020, I don't know. Don't know what the status is – opportunity. That kind of

training and that kind of flexibility is something that I think needs to be done.

The third, I think, is project management, just to make it a bit more robust and a bit more visible. Because I think that a lot of the things that are picked up and the kind of scrutiny and how many missed forms that there were and such has created a sense of uncertainty or doubt that really, if we had the documentations that we even produced, would have alleviated a lot of this kind of sentiment about what was really happening because there was a lot of really fine work going on.

If I can add one more thing, is to institutionalize project management in the government, and I'll just say Marine. Even if it is something as simple as – of course we do the project briefs and the Cabinet papers that we go to the Premier and the Cabinet. They are all getting briefed, but an in-person briefing and I believe that I did one for the 80 metres to Cabinet but just have that periodic check in. Okay, talk about project management. Okay, that's the contract. Tell me about the contract – boom, boom. What are you doing about training? What are you doing about HR? What do you see as the risks and how are you mitigating them?

Just that kind of touch from that sponsorship level, the highest level, to look at it and say, yeah, we're going to look at this as part of that process. It is not a PMBOK thing or MPMM thing; it's just about a common sense thing: get people involved that care and sponsor and understand the challenges. So that was one.

The outdated service model, I think about the Crown corporation where there is too often that the agenda of Marine Services, all the things that we wanted to do got pulled off. No, you can't do this; you have to work on this. We used to say that it was a whack-a-mole. That's how we operated out on the treadmill. Oh, what pops up? What's on fire today? That's how we were. It was crisis management. The next phone call could change your whole day. Oh, you have to go and calm down this mayor who is going ballistic because his ferry is out of service and spend two hours doing that.

Every single person in Marine, every single person, got countless numbers of calls, being

yelled at and disparaged in many, many ways, including on the public airwaves, because of service. We didn't like that. We wanted to do things and we were very committed to doing things – capacity to do things.

So to that end, the organizational structure of Marine, whether you make it a Crown corporation or independent or whatever, needs to be reviewed. Project management needs to be a cell that's stood up with a project. That's it. You need communications. You need engineering – can do engineering things. The ops doing ops things. The logistics people doing logistics things; finance – because everybody was double, triple, quadruple – had it and it still wasn't enough.

We were trying to put 10 pounds of sand and pouring the sand in a five-pound bag and some things just didn't get done. Like it or not, that's the way it was.

And the other thing I'll just say – and I really appreciate this for the Committee – is the need for cultural change within Marine. I've mentioned about taking care of the ship, taking care of the crews and not everything being driven by: I need to get that ferry there. There's a funeral there. There are lineups there. We have to be realistic and design the ferry service that we can support. Not the one that we can overpromise and underdeliver, which is where we are now.

So that life cycle management: we have only one swing vessel, we don't have enough crews and the demand for service keeps going up and up and up. And by the way, every time we did something great, sending in aircraft and helicopters early or putting on a third vessel, the most we could do – the top, our ceiling, this is the absolute most, above and beyond – that became the new floor of expectations.

We were chasing expectations all the time. We weren't setting them. We weren't meeting them. We weren't managing them. We were following them. And that's one of the things about a service that is not independent of – to really focus on all of the service issues that can make those important decisions.

Like I said, Marine Atlantic has a 10-person board of directors that says these are the ferry rates. These are the schedules. That's it. They have six vice-presidents and presidents in Marine Atlantic with three ships. Yet, four people in Marine and a dozen or so in Lewisporte.

We have three ships to dispose of during that time: the *Bond*, the *Winsor*, the *Nonia* and we're trying to get the *Galatea*.

This is the kind of whack-a-mole kind of thing that everything was urgent and everything was important because we didn't have the structure to be able to support the longer term planning and support that we needed.

CHAIR: Mr. Harvey, I want to thank you on behalf of the Committee for taking the time today to share your thoughts with us and to answer our questions. I really appreciate it, as do all of the Committee.

Thank you once again for taking the time to do this.

Thank you so much.

M. HARVEY: Thank you.

I'll just close by saying I appreciate the opportunity. I'm very proud – one of the highlights of my career was working with TW and the fantastic people that are part of that department. I stand by them and I stand for the fantastic work they did, including the procurement, the operation and the entry into service of those 80-metre vessels.

CHAIR: Thank you, again.

Goodbye now.

That concludes our guests for today.

We'll reconvene at 9 a.m. tomorrow morning and recess for now.

The Committee is in recess until Tuesday, March 22, 2022, at 9 a.m.