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**Proceedings of the Standing Committee on  
Resources**

April 25, 2013 - Issue 3

Department of Innovation, Business & Rural Development

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Honourable Ross Wiseman, MHA

## **RESOURCE COMMITTEE**

Department of Innovation, Business and Rural Development

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Chair: David Brazil, MHA

Vice-Chair: Jim Bennett, MHA

Members:

Eli Cross, MHA  
Dwight Ball, MHA  
Lorraine Michael, MHA  
Tracey Perry, MHA  
Keith Russell, MHA

Clerk of the Committee: Elizabeth Murphy

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Appearing:

### **Department of Innovation, Business and Rural Development**

Hon. Keith Hutchings, MHA, Minister  
Barry Dawe, Assistant Deputy Minister, Ocean Technology  
Daryl Genge, Assistant Deputy Minister, Trade and Investment  
Kevin Guest, Executive Assistant  
Denise Hanrahan, Departmental Controller  
Glenn Janes, Chief Executive Officer, Research and Development Corporation  
Heather MacLean, Director of Communications  
Rita Malone, Assistant Deputy Minister, Regional Development  
Brent Meade, Deputy Minister  
Mark Ploughman, Assistant Deputy Minister, Innovation and Strategic Industries  
Gerald Rockwood, Chief Financial Officer, Research and Development Corporation

### **Also Present**

Christopher Mitchelmore, MHA  
Kevin Pollard, MHA  
Kim Ploughman, Official Opposition Office  
Ivan Morgan, NDP Office

Pursuant to Standing Order 68, Christopher Mitchelmore, MHA for The Straits – White Bay North, substitutes for Lorraine Michael, MHA for Signal Hill – Quidi Vidi.

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

**CHAIR (Brazil):** Ladies and gentlemen, I want to welcome everybody to the Budget Estimates review hearing for the Department of Innovation, Business and Rural Development.

Before I do our introductions, I am going to ask for a motion to adopt the minutes from the Department of Tourism, Culture and Recreation meeting of April 23, 2013.

Moved by the Member for Fortune Bay – Cape La Hune; seconded by the Member for The Straits – White Bay North.

All those in favour, signify by saying ‘aye’.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Opposed?

Motion carried.

On motion, minutes adopted as circulated.

**CHAIR:** We would like to welcome the Committee back, the Clerk’s Table, the minister and his staff.

We will do the formal part by asking the Committee and their staff members to introduce themselves and then I will ask the minister and he can get his staff to introduce themselves.

I will note, too, obviously, the notice from the Broadcast Centre will be on the minister but if the minister passes the question to a staff member, that the staff member identifies themselves as they answer the question, please, so they can be recorded.

We will start introductions with Mr. Bennett.

**MR. BENNETT:** Jim Bennett, Member of the House of Assembly for the St. Barbe District.

**MS PLOUGHMAN:** Kim Ploughman, with the Liberal Opposition Office.

**MR. MITCHELMORE:** Christopher Mitchelmore, MHA for The Straits – White Bay North.

**MR. MORGAN:** Ivan Morgan, NDP Caucus Office.

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

**MR. CROSS:** Eli Cross, MHA, Bonavista North.

Mr. Chair, if I could intervene, just to cover us, I would like to nominate the current member from the Opposition as sitting as the Vice-Chair, in case something would happen to you before the meeting ends today.

**CHAIR:** No problem.

Do I have a seconder for that?

**MS PERRY:** Seconded.

**CHAIR:** The hon. the Member for Fortune Bay – Cape La Hune.

All those in favour of Mr. Bennett as serving as Vice-Chair, signify by saying ‘aye’

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Opposed?

Mr. Bennett is Vice-Chair.

**MS PERRY:** Tracey Perry, Fortune Bay – Cape La Hune.

**CHAIR:** Minister.

**MR. HUTCHINGS:** Thank you, Mr. Chair.

What I will do now is just go through and ask my staff to introduce themselves.

**CHAIR:** Okay.

**MR. MEADE:** Brent Meade, Deputy Minister of Innovation, Business and Rural Development.

**MS MALONE:** Rita Malone, Assistant Deputy Minister, Regional and Business Development.

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

**MS MACLEAN:** Heather MacLean, Director of Communications.

**MR. DAWE:** Barry Dawe, Assistant Deputy Minister, Ocean Technology.

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

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

**MR. ROCKWOOD:** Gerald Rockwood, CFO of Research & Development Corporation.

**MS HANRAHAN:** Denise Hanrahan, Departmental Controller.

**MR. GUEST:** Kevin Guest, Minister Hutchings' EA.

**CHAIR:** I would like to thank the minister and his staff for the introductions.

What I will note, too, is that on request of the minister, and I agreed to it, we will start with the Research & Development Corporation. It is a small section, with some staff here, if that is fine with the Committee members?

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

**CHAIR:** No problem. Perfect.

I will outline again for those Committee members who may not be aware, the process I

will use is I will give twelve to fifteen minutes, unless you are close to the end of a subhead, and then we will stay to that point but we will go back and forth to keep the continuity going.

I will call for the start of subhead 7.1.01.

I am going to go with Mr. Bennett. You can start, please.

**MR. BENNETT:** It is common that the ministers sometimes like to make a statement at the beginning. I am certainly open to that. If you want to do an overview – I am content to jump in, but if you want –

**CHAIR:** Sure. Mr. Minister, if you would like to do a little two-minute synopsis (inaudible) you are with the budget.

**MR. HUTCHINGS:** No, I am ready to go. If you want to jump in and get started, that is fine with me.

**MR. BENNETT:** Sure.

Actually, what I would like to ask are more general questions about the department generally to get a broader picture.

**MR. HUTCHINGS:** Okay.

**MR. BENNETT:** If I could ask the minister: If we look at Innovation, Business and Rural Development, approximately what proportion of the department would you say is for each?

**MR. HUTCHINGS:** Are we talking about the Research & Development Corporation?

**MR. BENNETT:** It is a diverse department, but the department generally. It says Innovation, Business and Rural Development. I am interested to know: How much would you see as being innovation? How much would you see as being rural development? How much would you see as being business?

**MR. HUTCHINGS:** It is just, I would say, very balanced in terms of the overall approach,

whether it is human resource directed or it is budget directed, a very balanced approach.

**MR. BENNETT:** Somewhere in the order of one-third each or one-quarter each?

**MR. HUTCHINGS:** I would think it is fair. Is there anything further from you, Brent?

**MR. MEADE:** I would think, hon. member – I do not have the exact breakdown, but if you look at the lines of business in the department, the staff allocation and resources, it would be fairly balanced. The regional development, rural development component, would have a larger staff complement because of the regional reach of the department. We have twenty-two offices.

Of our department now we have approximately 177 employees. Almost ninety of them would be throughout rural Newfoundland and Labrador. We would have more staff resources allocated to the regional development mandate. Other aspects of it, whether it is our programming components, our other ways that we support business development, it would be fairly balanced.

**MR. BENNETT:** The problem or difficulty that I have in being limited - if I am limited, and I do not think that I am - to what we find on page 11.16 is that this is just a total. We do not have any breakdown.

To just be limited to ask questions on it, I am not sure how we would do that. Would we get spreadsheets from the department to identify what was each grant, what was each subsidy? I do not understand that to be the intent of Estimates.

**MR. HUTCHINGS:** Are you asking for a list of those grants and subsidies?

**MR. BENNETT:** No, you have asked that we deal with the Research & Development Corporation first; however, how does that interact – you are asking us to deal with the final number instead of dealing with the components. If we deal with the final number that means we have to go back to the beginning and try to pick

off every little one, which I think anybody can do the math, anybody can do the accounting.

Is it a good use of everybody's time just to talk about the Research & Development Corporation and say this is the page that you have? You have an \$87 million budget, and ten to twelve lines. There is no detail. My preference is to ask generally about the department and all of the other areas that the department works in.

**MR. HUTCHINGS:** Well, any of the line items there for Estimates, you are free to ask in regard to any information related to that budget. We are going to try and answer those questions for you, but the RDC is a Crown Corporation. It is guided under a specific piece of legislation. As an entity, it reports to me. That is why we are here in Estimates. Again, if you have questions on any of that we will try our best to answer them.

**MR. BENNETT:** So what does it do?

**MR. HUTCHINGS:** The RDC?

**MR. BENNETT:** Yes.

**MR. HUTCHINGS:** RDC was basically started by this government to look at driving research and development in the Province, and in doing that, looking at leveraging through the industry and business community, research and development. Most jurisdictions that have done this recognize there needs to be a link between industry, certainly the sectors in terms of driving specific research and development. As well, it is connected to academia. We have done a number of projects with industry and the various post-secondary institutions here in the Province.

Ultimately, at the end of the day, it is about building the industries we have and about diversification and sustainability in regard to new technology, the incubation of new ideas and bringing them forward in various sectors of our economy. The oil and gas sector, the fishery. Other industries continue to grow.

Certainly, Norway has a great model in terms of research and development and what they do.

We have a board of directors that is certainly very diverse, and various attributes in terms of specialities. So we use that and that expertise to drive, as I said, research and development here in the Province to build a broader base from an economic point of view, through industries as we continue to grow our Province.

**MR. BENNETT:** Minister, does the Research & Development Corporation work on specific projects?

**MR. HUTCHINGS:** It would be application based, and it would be based on call for proposals. Yes, it would be specific projects.

**MR. BENNETT:** Does that mean the corporation provides funds to others to do R&D, or does it do the R&D itself?

**MR. HUTCHINGS:** Just before I go to the CEO here, what we would do is enter into our contract arrangements with that applicant and funds would flow at various stages of that as research and development is done. There would be milestones. Those milestones will be hit, and funds will be allocated based on those milestones, but it would be partnerships.

As an example, I remember we did the research chair at Memorial with Statoil. I think Statoil contributed \$1 million. The RDC did \$1 million, as well as Memorial made the contribution. Collectively, if my memory serves me correctly, that was about accessing and maximizing oil in a particular oil reserve, or reservoir, and how we would maximize output of that. That was about that technology.

This approach, too, is about applied research. It is about identifying research in a particular industry. Then that could be immediately applied. In this particular case, it would mean additional extraction of oil.

**CHAIR:** Excuse me, sorry. Do you have a BlackBerry, iPad, or something there? There is something with your microphone.

**MR. HUTCHINGS:** Okay, I will turn it off.

**CHAIR:** Leave it under the table just to see. The Broadcast Centre is having some real problems with your mike.

**MR. HUTCHINGS:** Okay, I will shut it off.

**CHAIR:** Speak a little bit into it; they have the light on there now, to see if it is –

**MR. HUTCHINGS:** Okay.

**CHAIR:** If I do not get a phone call, I am assuming you are good. If not, you will have to share with the deputy minister.

**MR. HUTCHINGS:** Okay. Where were we?

**OFFICIAL:** You were giving an example of Statoil.

**MR. HUTCHINGS:** Yes, okay, Statoil. That is just as an example of one project in collaboration with industry, academia, and with the Research & Development Corporation.

As CEO, Glenn, I do not know if you have anything to add to that in terms of the role of the RDC.

**MR. JANES:** Yes, what the minister said is accurate. What we do is we fund and provide funding to third parties. In some cases the applicant is academia; in some cases it is business. They are working on a defined and specific project that has a clearly defined plan and milestones, as was mentioned.

There is a strong focus on seeing that there is a tie through and an application driving this towards an outcome where it is going to have an economic impact, either near term or longer term, no matter what the project is.

**MR. BENNETT:** Can you say how many projects are active right now?

**MR. JANES:** We have done, in the past three years, 370 projects. Because most of them are multi-year projects, many of those, a larger percentage are still active. I think we finished in the neighbourhood of just less than 100, but

many of them are multi-year projects. Given our relatively short history, many of those are ongoing, but in the upcoming year you will see, as years go by, probably a third to a quarter of those close every year.

**MR. BENNETT:** Are you able to provide a list of the projects that have been completed, that you just referred to and the ones that are ongoing?

**MR. JANES:** Yes, we are able to provide a list, but I would also point out to you, all of them are publicly disclosed. Once they have been released and have been contracted, they are actually announced and that information is typically available on our Web site.

**MR. BENNETT:** However, if they are announced, that does not necessarily mean you know when they are completed and what stage of completion they may be at.

**MR. JANES:** Okay. Yes, that is correct. That can be provided as well, but I would say as well that the larger projects when they are completed, it is also acknowledged publicly that they are completed. Things like some of the infrastructure buildings, like the Ocean Science Centre or some of the ones for the Centre for Arctic Resource Development will actually be publicly acknowledged when they are finished.

**MR. BENNETT:** What would be a typical – did you say a contractor would do this work?

**MR. JANES:** No. There would be a contract in place to hold people to account for the work they are going to do and to disburse funds against it. The applicant would be a business or academia. The business is looking to do something to further improve their business and their competitiveness by undertaking R&D. Normally, they are doing it themselves. Occasionally, they can bring in a contractor to help them do that work.

In the case of an academic institution or post-secondary institution, it is their own staff, who are members of the academic institution, who have a specific project that they want to do and

are applicant to do it and they are the performer of the research.

**MR. BENNETT:** Do you have a running, for want of a better word I will say a spreadsheet, or a total of the ones that – you refer to a number of 300-and-some in the last three years or so. Is that readily accessible that you can print it off and provide it?

**MR. JANES:** It is, yes.

**MR. BENNETT:** Does there come a time when something has started and then it does not go so well, or it does not get finished?

**MR. JANES:** Yes, that happens. There are a small percentage of cases, but we have had cases that milestones have not been met; or, willingly, the project proponent have come forward and said: We had a plan that had, for argument sake, five steps but we realize when we get to step two or step three it is not going to work. So there is no point in continuing for us to spend our money, and for you to continue putting more money into this. We have had select cases of that happening, but that I think is just good project management.

**MR. BENNETT:** If a proponent applies for funds under a project such as this, does government have any recourse if the work is not done?

**MR. JANES:** We do have a contract with each and every applicant that has in it recourse in case of misappropriation of funds or failure to meet deadlines and milestones. There is recourse there. The specifics would be dependent on the individual applicant and the contract. Each and every project has a contract, has expectations that a client is held to.

**MR. BENNETT:** Mr. Chair, I may have used up my time; I am not sure where I am.

**CHAIR:** No, you still have four minutes.

**MR. BENNETT:** Oh, okay.

How many are active right now that are not yet completed?

**MR. JANES:** I do not have the exact number here with me. I can certainly get it for you. I would say in the neighbourhood of 300.

**MR. BENNETT:** Are you able to give us some sort of a sense of how many of these may be fisheries related?

**MR. JANES:** Yes, we can. Again, I would not want to do it here in haste but we can certainly – with the information we have, we can go through and prepare information, along those lines.

**MR. BENNETT:** How many people work at the R&D Corporation?

**MR. JANES:** At present there are thirty-six, if I am correct.

**MR. BENNETT:** Generally what do they do, starting with yourself?

**MR. JANES:** I am the CEO. I am responsible for all facets of the organization and its operations. I am accountable to our owner, which is government, through our board of directors, which is appointed by government. Everything within the organization would fall below that and below me. I am responsible for all the functions of the organization.

In regard to the balance of the staff, the majority of our staff are engaged directly with client interaction. They are project or what we call account managers. They work with a client who has come in with a proposal. They assist the client with a proposal, if they have to. Importantly, they vet the proposal and determine whether or not it meets the mandate of the organization and what the merits of it are. They do an assessment, in short, on the proposal. The balance of our staff does that and come to a view of whether or not this is a project we should support or not. That is the majority of the staff.

Because every project is divided into milestones and you have to hit a milestone to get a payment,

the complementary part of that as well is the financial staff who have to track every project, where it is, how it is progressing, and disbursed payments based on milestones. You may have several hundred clients but that means you have thousands of payments to be able to track and monitor.

Then we have several other people who carry and cover basic functions within the organizations, be they HR, communications, or IT, basic functions that are needed to make any entity run and function; because we are responsible as an organization and as a Crown corporation for all of those aspects of the organizations as well, to make it function.

**MR. BENNETT:** How many of these – I will call them clients – are in the public sector, and how many are in the private sector? Are you able to provide some sort of a breakdown by sector, subsector, in the private sector, businesses, what they do –

**MR. JANES:** Certainly.

**MR. BENNETT:** – whether it is forestry or fisheries, or agriculture or tourism or whatever?

**MR. JANES:** Absolutely.

**MR. BENNETT:** Presumably, you may well have this at your fingertips?

**MR. JANES:** It is easy for me to prepare it and give it to you that way. Coming in this morning, I am aware that questions could be asked along any lines. We certainly have the information from top to bottom; it is just a matter of preparing it along the lines required by the questions that are asked.

**MR. BENNETT:** Do you have in your database, or where you are working from can you see what would be the geographic overlay in the Province, where the funds are going geographically?

**MR. JANES:** We know where every project is occurring; yes, we do.



For instance, for our business projects, by dollars, over a third of those are off the Avalon and throughout the Province. When it comes to the academic side, a greater proportion of those would be seen within the Avalon, for the sheer reason that Memorial University is housed primarily in St. John's. So given that client and the volume they do, the balance of the expenditure that we make with them actually occurs in the Avalon Region.

**MR. BENNETT:** Subject to getting the information from the CEO, we would have no more questions on R&D (inaudible) except to look at the stats – it seems to me like they are well organized, and he insisted the minister is right.

**CHAIR:** That can be a dialog between you and the minister at a later date, once the information is shared.

Thank you, Mr. Bennett.

Mr. Mitchelmore.

**MR. MITCHELMORE:** Under the Research & Development Corporation, basically the only line item that I see is under the Grants and Subsidies. Last year there was \$23,786,700 appropriated, and that seems to be what was spent, as well, even what was budgeted. Were there applications that were rejected because of lack of funding? Because it seems like everything that was provided was spent.

**MR. HUTCHINGS:** Before I go to the CEO, the method of dispersing the funds, as you indicate, is a grants-based process, because any particular project or application could flow over up to five years. So, as a Crown corporation and as a grant-based organization, monies would flow from one fiscal year to the next to allow allocation for those funded projects that are multiple years.

Glenn, I will just turn it over to you, if there is anything further.

**MR. JANES:** If I am clear, we have subscribed all the funds that have been provided to us.

There have been projects we have declined. Simply put, given the resources we have, we always select the best projects.

**MR. MITCHELMORE:** So of the \$22 million, because there are less funds going to Research & Development Corporation this year, how much of that is already pre-committed based on your multi-year planning? You would know basically that you have maybe \$10 million or \$15 million already pre-committed for this year based on your agreements. What percentage of that is already committed?

**MR. JANES:** I do not have the exact figure. We have pre-committed a small percentage of that at the moment because we are conservative. In saying that, the monies we have been provided with previously have been fully committed, and perhaps a little more so, but we strike a balance.

If we are given resources on one hand, we make sure we hold them and we have them to discharge and cover off any responsibilities or commitments and contracts we have. We will now approach this current year in the same manner, in taking the resources we have and judiciously allocating them against what we think are worthy projects.

**MR. MITCHELMORE:** I would certainly like a list of the funds that are already committed based on your ongoing projects.

You said you have thirty-six employees at RDC, yet there is no allocation. We have no idea as to what the cost is to these employees. This is through separate record keeping. How do you operate and pay for your actual staff, facilities, and operations?

**MR. HUTCHINGS:** All operations are paid through the funding through the provincial government, the grant we provide every year for budgetary purposes. That grant is allocated here. All operations at the RDC would operate out of that funding that we allocate.

**MR. MITCHELMORE:** So how much funding is actually available for research and

development activities? What is actually used for the thirty-six staff and the facilities and operations, I guess, is what I am asking?

**MR. HUTCHINGS:** I think out of \$22 million, it is about \$17 million or \$18 million. Glenn, do you want to go through that?

**MR. JANES:** Yes, I can.

For the upcoming year, we are expecting \$17.7 million as what is forecasted in our budget to flow out directly into the companies or into the other performers of R&D. Our operational piece will be salaries and benefits of approximately \$4 million; purchased services are slightly less than \$2 million; professional services, approximately \$800,000; and there is an amortization of assets of \$250,000 or \$260,000, approximately.

**MR. MITCHELMORE:** Okay. Those numbers, I guess, to me do not add up to the grant and subsidy that is provided of \$22 million. That is much more than \$24 million that has been noted.

Is it possible to get, or be provided audited financial statements from the Research & Development Corporation from last year?

**MR. JANES:** Yes. There are quarterly statements prepared and annual audited financial statements prepared and filed.

**MR. MITCHELMORE:** Okay.

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

**MR. JANES:** That is correct. Our auditor is the Auditor General, which means in this case they are our routine auditor. They audit our statements each and every year. An Auditor General obviously performs more than one function, but in this case they are our routine auditor.

**MR. MITCHELMORE:** Okay.

Were there any employees cut at RDC in this year's Budget?

**MR. HUTCHINGS:** Yes, there was. There was reduction in expenditures related to salary and benefits of \$474,500.

**MR. MITCHELMORE:** How many positions does that equate to?

**MR. HUTCHINGS:** How many positions was that, Glenn?

**MR. JANES:** That affected five full-time positions and seven positions in total.

**MR. MITCHELMORE:** Were there any vacancies?

**MR. JANES:** No, there were not.

**MR. MITCHELMORE:** What were those positions?

**MR. JANES:** They were across a number of different areas. One was in budgeting and finance side, one was a communications position, one was an administrative position, one was a policy evaluation position, and off the top of my head I am thinking what the fifth one is.

**MR. MITCHELMORE:** Is it possible to get the HR records for the Research & Development Corporation since its inception as to staffing levels, their positions, and where they are today?

**MR. JANES:** Yes.

**MR. MITCHELMORE:** Okay.

This Crown Corporation - and looking at how it has put into play - it has a board of directors. How many of the board of directors actually sit from your department of IBRD, and who makes up this board?

**MR. HUTCHINGS:** Glenn, do you want to take us through that composition?

**MR. JANES:** Yes. We have two non-voting members on the board. Myself, I would be one of them, and the ADM at the Department of Innovation judged to hold the portfolio of Innovation. That is how it is cast in our

legislation. Then, the remainder of our board is appointed by the government, Lieutenant-Governor appointments.

Our Chair is Jacqueline Sheppard, former Executive Vice-President in Talisman Energy, originally a Newfoundlander. Our Vice-Chair is Alan Brown, who was a retired executive from the oil and gas industry. He had been in the Province working in Hibernia most recently before retiring and was the Executive Vice-President of Suncor Energy in the Province and Atlantic Canada.

Other members of our board include: the CEO of the Saskatchewan Research Council, Brian Veitch, who is an eminent researcher at Memorial University; Terry-Lynn Young, who is a genetics researcher at Memorial University; and Hege Rogno, who is a VP of Statoil in Norway. I think I have covered all the board members.

**MR. MITCHELMORE:** Are there any vacancies on the board?

**MR. JANES:** Our legislation provides up to a maximum number of board members. We are not at our maximum but we do have a sufficient number to conduct our business and carry quorum. This has been deemed to be an appropriate number of board members for our current functioning.

**MR. MITCHELMORE:** Okay.

Is there a minimum amount of research and development funding that you will provide, and is there a cap on the maximum amount in which you would provide any individual application?

**MR. JANES:** The minimum and maximums are determined by the programs. We have twelve programs. Each program is publicly outlined and is provided a minimum and maximum with that program. In rare and exceptional cases someone can apply. I am thinking this is three or four cases possibly we have had to date, that their request for an amount outside what is in that program that would require a decision of the board and to review and sanction that.

**MR. MITCHELMORE:** Are there sectors of the economy which you will not fund as research and development?

**MR. JANES:** No, there are not sectors that we will not fund.

**MR. MITCHELMORE:** Okay.

**MR. JANES:** Provided there is a demonstrable case, there is an economic impact that is always a requirement of anything we fund.

**MR. MITCHELMORE:** You look at economic impact in terms of competition or –?

**MR. JANES:** We look at it in terms of where it will position the Province.

**MR. MITCHELMORE:** Okay.

**MR. JANES:** If it is an academic, is this technology relevant to this Province? Does it align with the interests of the Province and where is it likely to take us?

If you are a business, it is: How does this business assist the Province? How does it take it forward, the business itself and the Province? How is it going to further the competitiveness of this business, be that improved productivity, new products or services, or other measures along those lines?

**MR. MITCHELMORE:** Have you received any applications on the fishery that was approved last year?

**MR. JANES:** Sorry, if I could just be clear on your question: Have we received any applications on fisheries that –?

**MR. MITCHELMORE:** Were there any applications for the fishery sector last year, in last year's budget?

**MR. JANES:** Yes, there were.

**MR. MITCHELMORE:** What about the forest sector?

**MR. JANES:** Yes, there were.

**MR. MITCHELMORE:** What about mining?

**MR. JANES:** Yes.

**MR. MITCHELMORE:** Green energies?

**MR. JANES:** Yes.

**MR. MITCHELMORE:** I would like to have a breakdown, as my colleague, Mr. Bennett, had made reference to, of where the funds are actually going. The projects, the sector, and the dollar value and the status of what they are. I think just for accountability and transparency, I would like to have that from the inception of when the Research & Development Corporation was started until it is right now, because we need to get best value when we are looking at research and development. Can that be provided?

**MR. JANES:** Yes.

**MR. MITCHELMORE:** Okay.

There are things that were mentioned, like the centre for arctic research, and others. Does the corporation invest in capital infrastructure or is it solely just under R&D work?

**MR. JANES:** We do invest in infrastructure where there is a pressing need and a demonstrated case. The one that you are referencing here, the Centre for Arctic Resource Development, it was a compelling case that this was an area of promise for the Province. The entity, the applicant, C-CORE, has a proven track record and had a very strong business case. This business case included not only matching funds from industry to complete the infrastructure, but in excess, I believe, of \$5 million to support a five-year program of research.

In that case, that was a project that we put \$4 million in to fund the infrastructure, but with our two partners, the Hibernia and Terra Nova projects, it was a \$16.5 million project in total. That included funds from them to help us and

complement our effort to build the infrastructure, but also to fund the research. In our opinion, that was a very strong project.

The answer to your question is, when there is a good compelling case like that, that the infrastructure is warranted and is seen as an enabling piece that will clearly lead on to good, applied research that will have an economic impact, we think that is a role we should play, and it is when we do.

**MR. MITCHELMORE:** Last year you would have expended about, say around \$17 million in grants or through research and development projects, based on what your previous budget was and what was provided in Grants and Subsidies. How much was actually levered from the industry last year?

**MR. JANES:** I do not have the exact figure for last year, but I can break it out. In aggregate over the past number of years we have invested \$69 million, we have leveraged close to \$170 million, and we have gotten, I believe, around \$50 million or so. I can get you the exact numbers, if you want, directly from industry.

**MR. MITCHELMORE:** Are there cases where you holdover funds, like they just sit almost like in your bank account and they are held for next year in terms of funds? They are committed, but they are not actually expended.

**MR. HUTCHINGS:** (Inaudible) is that, as I said, if it flows over two, three, four, or five years, those dollars, the commitment is made and as the CEO has indicated based on the milestone those monies would flow based over the terms of the contract for how many years it is.

**MR. MITCHELMORE:** Okay.

I guess there is a specific contract, but if you go outside and allow a third party to do the research, how is this set up for the billable hours and ensuring accountability, that we are getting best value for our tax dollars put forward, and that the proponent as well is doing its share? Are these applications audited? Do you have an

auditor on staff who would be conducting audits for compliance?

**MR. HUTCHINGS:** Glenn, can you speak to that?

**MR. JANES:** We have a financial team who judge progress against every payment. As I say, for every project there is a contract, and within every contract there is a milestone. So it would say you have to accomplish this to receive this payment. The account manager deals with the client and asks for proof that the milestone has been met. Once the account manager is satisfied that the milestone has been met, they refer it to our financial team who check to make sure that milestone has actually been achieved before they will disperse payment.

I think an earlier part of your question was about billable hours or things of that nature, or the client and their commitment. Actually, it is a precondition in the contract, whenever we sign a contract with a client, what the other sources of cash are and at what point they must flow into the project. That is also judged before we disperse the payment.

If, for instance, a client is required to pay 50 per cent of the total project cost, that 50 per cent is allocated against line items in the project. They could be infrastructure, they could be personnel, or they could be contract services. Unless they are meeting their obligations on their behalf of that as well, we will not be contributing our half. If you wanted to call it, I think your term was audit, that is part of our checking and process and protocol before we would disperse a payment.

**CHAIR:** Mr. Mitchelmore, if you are close to concluding that, fine, I will let you go a few more minutes. If you are going to take a bit more time, because of your time limit, I will go back to Mr. Bennett to start on another section.

**MR. MITCHELMORE:** I have a few more questions, certainly.

**CHAIR:** Okay.

**MR. MITCHELMORE:** If Mr. Bennett has more questions on R&D Corporation or wants to go somewhere else, I have certainly a few more that I want to ask. Fifteen minutes is certainly not sufficient to get all the answers with the Research & Development Corporation.

**CHAIR:** Okay, then I will go to Mr. Bennett. He can go to any section there.

**MR. BENNETT:** For Mr. Janes; you mentioned with this R&D that the corporation funds or supports, is this information proprietary?

**MR. HUTCHINGS:** In regard to applications?

**MR. BENNETT:** No, the results. Well, applications – clearly, the whole process, is this stuff that really would look at some of the businesses being – I suppose for want of a better word – intellectual property or trade secrets?

**MR. HUTCHINGS:** There would be some issues certainly in terms of proprietary information.

Glenn, do you want to speak to that?

**MR. JANES:** Absolutely, intellectual properties are an important element here to what we do and are part of the reason why we are set up the way we are. In any project that we do, intellectual property is addressed through the contract and how it is dealt with.

There is always the ability to tell publicly, in general terms, where the funds are going. Occasionally there are instances where a company is taking work where there will be no point in putting the money into the company. For instance, if it were your company and you were paying money, which we would require you to do, into a project and as a condition of us putting money into your company you would have to disclose everything that you are doing, then you have just given a complete free option to your competitors for all the money that you are spending.

So there has to be provisions in there to allow a company to protect intellectual property it

developed so that it can actually benefit from them, from the intellectual property, which is exactly what we want them to do because we want an economic impact.

**MR. BENNETT:** This information –

**MR. JANES:** I hasten to add as well in some instances we take a role where we would try to be an enabler of intellectual property and we would work at an earlier stage, which would be seen as pre-competitive by several companies where they would work together and share doing that pre-competitive work, and they would benefit from all having access to the intellectual property.

Again, I guess my point is it depends on the individual case.

**MR. BENNETT:** Will this be important – this proprietary information would be used generally by our Province?

**MR. JANES:** Every project that we would assess and evaluate, we would look for the business cases of how this is going to benefit the Province. If, through any aspect of this, we see that there is a high risk, that this will not benefit the Province, we are going to ask a question to see can that be addressed. If it can, then we want it addressed; if not, then it will not be a project we would do.

Intellectual property will be one of those aspects, but there would be many others as well. Ultimately, our goal and our mandate is to see an economic benefit and return to this Province, and we always use that lens across all aspects of our assessment.

**MR. BENNETT:** You have mentioned the Chair of the Corporation is Jackie Sheppard, and I understand she is a member of the Board of Emera. Do you not see the possibility of a conflict here, where someone who is the member of a board of a corporation in another Province who is the Chair of our R&D Corporation, that gives us some potential exposure to conflict of interest?

**MR. HUTCHINGS:** Not at all. There are conflict of interest guidelines with any corporation or any board of directors. Certainly we expect board of directors to adhere to those, whatever boards they sit on. I have deal with Jackie in the past, since my role as responsible for RDC. She is certainly very competent. So, no, we do not see a conflict.

**MR. BENNETT:** If, for example, we were trying to make a business case for natural gas use in this Province as opposed to Muskrat Falls, wouldn't Ms Sheppard be in a conflict of interest if Emera is a partner on the Nova Scotia side, yet she is the Chair of the board here, which potentially could put here squarely in the middle of a conflict?

**MR. HUTCHINGS:** Well, in any instance where there would be appearance of conflict, it would be incumbent on that individual to remove themselves from those discussions so they would not be part of it, like any board of directors anybody would sit on.

People who are involved in boards of directors, most of them have very diverse backgrounds and diverse involvements, so at any time there could be appearance of a possible conflict. Again, that goes to the governance and the structure of the board and what is outlined in regard to conflict of interest guidelines. In any case, any individual, if there was an appearance of conflict, would remove themselves.

**MR. BENNETT:** Are you saying there is no appearance, there is no conflict, or there are no guidelines?

**MR. HUTCHINGS:** There is no conflict.

**MR. BENNETT:** How can it be that a Director of Emera can be Chair of our R&D Corporation? Nova Scotia is a different province; Emera is a different corporation. Wouldn't they be competing directly as Nova Scotians with us?

**MR. HUTCHINGS:** We are talking about a Research & Development Corporation as has been articulated and discussed in terms of what the mandate of the Research & Development

Corporation is: to drive research and development in the Province in a vast array of sectors based on a very informed and knowledgeable board, driving various industries with a commercial opportunity and benefits for the Province. For that, you need a select and diverse group of people. We believe we have them. As I said, we do not see any conflict.

**MR. BENNETT:** Wouldn't it be safer to protect our proprietary information in this Province to have a Chair from this Province; or is there nobody available, qualified, who is a resident in this Province?

**MR. HUTCHINGS:** Ms Sheppard is originally from this Province; she has a diverse background.

**MR. BENNETT:** I understand; I read her file.

**MR. HUTCHINGS:** We are looking at very competent, good people. Again, I do not know if you are questioning the integrity of Ms Sheppard; but, as I said, looking at her experience, knowledge and certainly how she has performed as Chair, interactions I have had, we are quite pleased with her work and we see no issue.

**MR. BENNETT:** Was there a search made to determine if there was anybody competent to perform this position as Chair who is a resident in this Province?

**MR. HUTCHINGS:** We always do a search. Because you select one person or two people, there could be fifty out there who have the same competency level, but everybody cannot serve on the board. You go through a process and refine it, and then you come to your selection. I am sure there are others who are just as competent; but again you select and you move forward with those people. You look at how they perform and if they perform well, you continue to support them and recognize the good work they are doing.

**MR. BENNETT:** Was there a vetting process at the beginning when she was appointed Chair?

**MR. HUTCHINGS:** I was not in this position at that time, so I can certainly go back and look at it and provide you the information in regard to the process at that time.

**MR. BENNETT:** Are you able to provide any information, whatever was the call – presumably, there was some sort of advertising, or corporate search, or whatever was the process that arrived at this Chair who is not a resident of this Province and who is a director of a corporation in another Province, potentially in competition with us, ends up as Chair of our Research & Development Corporation?

**MR. HUTCHINGS:** I will get Glenn to speak to this in terms of the composition and expertise and whether they are residents of the Province or not. There are criteria that are outlined in terms of what the board selection would look like – Glenn, in terms of residents?

**MR. JANES:** Yes, there is actually a requirement in our legislation that makes sure that we have a balance of skills and abilities on our board. For instance, it stipulates that so many people must be active researchers so they must understand the subject matter.

It also stipulates that a percentage of our board members need to come from outside the Province. We need to be aware of the markets that we are trying to attract or sell into, so there is a diverse set of skills stipulated in our legislation so that we get a balanced board that can deliver what needs to be done on behalf of the organization. It also requires that there is somebody from a post-secondary institution within the Province on the board.

**MR. BENNETT:** What is the period of the appointment as the Chair?

**MR. HUTCHINGS:** Four years. Is that correct, Glenn?

**MR. JANES:** Appointments to our board can be made for any number of years, at the view of government. The maximum consecutive years any single board member can serve on our board is six.

**MR. BENNETT:** Who appoints the Chair?

**MR. HUTCHINGS:** That is government.

**MR. BENNETT:** On the advice of the minister?

**MR. HUTCHINGS:** Pardon me?

**MR. BENNETT:** On the advice of the minister?

**MR. HUTCHINGS:** Yes.

**MR. BENNETT:** Okay, thank you. I have no more questions.

**CHAIR:** Okay, thank you Mr. Bennett.

Mr. Mitchelmore.

**MR. MITCHELMORE:** Just with the Research & Development Corporation, I am wondering if it is all direct funds going out the door. Are there any instances where you generate revenue for your corporation to help pay for your thirty-six staff and operations? Or is it just a direct grant out the door?

**MR. HUTCHINGS:** Glenn?

**MR. JANES:** At this juncture, it is money out to support others.

**MR. MITCHELMORE:** Okay.

Do you have a holdback when you do a contract? You are saying that you do things in multiple stages. Is there a report or is there something at the end where there is a 10 per cent minimum holdback?

**MR. JANES:** Yes, there is, correct. Even at project completion, which I presume you mean, there is a holdback. We need information, as well as the client, about how the entire project has proceeded and concluded. There is a holdback before we disperse the final payment because we want that information first.

**MR. MITCHELMORE:** Are there instances where after a project is complete, is there a follow-up to see if there has been success,

especially with the commercialization of certain technologies? Is it something that the R&D Corporation has done to promote some of the people who it has helped and helped these companies generate further revenues?

**MR. JANES:** Absolutely. I would refer earlier that the vast majority of our projects are still in progress. For every project that is finished to date, we have surveyed. As recently as two weeks ago, we have prepared an aggregate report, albeit in small numbers of forty-odd projects, because that is what we have I think in that neighbourhood complete at the moment, to what that information tells us, and what leading indicators that tells us about what is working and how effectively it is working.

**MR. MITCHELMORE:** How many applicants have you had to date that have not been in compliance, that have not met your agreements?

**MR. JANES:** I do not have the number at hand. The number is small, but in each case we have either been able to rectify the compliance or we have terminated the project.

**MR. MITCHELMORE:** In instances where you terminated the project, were you able to recoup funds?

**MR. JANES:** We have never been in an instance where we have had to recover funds. We have been in instances where we say okay, you have gotten as far as this milestone, you cannot compelling convince us that you are going to be able to reach the next one, so we choose to discontinue.

It is our structure to safeguard against that. So, we are unlikely to end up in a situation where we are going to be trying to recover large sums of money, because we only dispense in smaller portions.

**MR. MITCHELMORE:** Okay.

Has the Auditor General ever audited your particular contracts and the status of applications? I know that they –



**MR. JANES:** Absolutely. The Auditor General has reviewed all our financials, has reviewed our contracts, our statements, every part of our organization – all our processes, procedures, internal controls, be they financial, be they evaluation projects, or be they human resources.

**MR. MITCHELMORE:** Has funding ever been expensed to community groups or non-profits or smaller rural entities?

**MR. JANES:** We have dispensed to non-profits – and they are available applicants for some of ours. There are a smaller number of those within the Province, because they would have to be non-profits who have a credible R&D capability or ability to get access to the expertise to deliver the R&D, but we have done non-profits. I cannot say from memory whether there has been a community group. I cannot recall one of them, if I am to be honest at the moment.

**MR. MITCHELMORE:** Would you say that the bulk of your applicants in research and development dollars are going out in non-renewable resource entities like oil and gas and mining?

**MR. JANES:** Yes, a significant and probably a percentage of ours are going out into non-renewable resources because they reflect the industries that are in the Province at the moment and that are flourishing, and for which there is activity and a demand for support.

**MR. MITCHELMORE:** What are you doing to market the RDC to entities across Newfoundland and Labrador to make them aware of your twelve programs I think you had mentioned? Are there marketing dollars expended to let people know that you are available? Do you meet with industry associations and things like that? What about new start-ups?

**MR. JANES:** Okay, so there are a number of things in there. New start-ups, I will start with first. We have a relationship with the Genesis Centre and group; we meet with them on a regular basis – at least quarterly, but the

informal communications are more frequent, and we have a number of clients through that base.

We have reached out across the Province. We have marketing campaigns that identify what we can do and how we do it. Very effectively, we have our staff go to the regions and spend time there, and meet with individual clients. For example, one of the ways to do it, we have been to many of the campuses of the College of the North Atlantic; because, being an applied facility that is teaching trades and applied skills, they have clients who come to them from the business community, saying: We have needs; can you help us?

That has been an avenue where we have been able to identify and market ourselves and our services, and have had success.

I can tell you, there are numerous different ways that we reach out to find the clients. We have even been through an exercise to identify who we think all the companies are in this Province who performs R&D.

**MR. MITCHELMORE:** Is there public consultation with RDC to go into communities and regions to let them know that you are there, that you do have funds available, and that maybe these community groups – or in the past, Regional Economic Development Boards, Chambers of Commerce – would be able to have some input to advance research and development in regions to create a more balance? Because I would imagine that the majority of your applicants are within the Northeast Avalon right now.

**MR. HUTCHINGS:** Balance in regard to marketing and making RDCs aware, in all regions of our Province, is also advocated by IBRD staff and the EDOs we have on the ground in regions of the Province.

We use them, as well, in terms of interactions they have. Whether it is for new start-ups, whether it is for businesses that are currently operating, if they are looking at expansion and would need some research and development work. There is significant capacity on the

ground in terms of those folks, in terms of making them aware of the Research & Development Corporation. The twelve programs they have and how they could connect with them, even as a small business or as a significant sector, or whether we would work with a sector industry.

Those folks on the ground are certainly well aware of the RDC opportunities that exist and what programs are there to assess various entities out on the ground in rural Newfoundland and Labrador.

**MR. MITCHELMORE:** I certainly appreciate that comment and recognize that the EDOs are there. I am just thinking there would be something that may be limiting some of these smaller entities from tapping RDC funds because research and development is certainly something that is critically needed, especially in rural regions to advance our economy.

There must be something, whether it is through red tape or whether it is through the filing of an application. There must be something in your process that needs to be looked at to try and improve how funds are regionally balanced to help grow rural economies as well.

**MR. HUTCHINGS:** Yes. I think I would comment that employers that exist today – we look at innovation, and we look at developing new technology and expanding. It is a new entity in some regard and it is a new approach.

You are right in some respects, I mean it is marketing. Even a realization by that employer that maybe they are not aware of the opportunities that could exist with new technology, new opportunities, whether it is enhancing their current business and size, or whether it may be an export opportunity. They often may not be aware of it, but, yes, I can certainly agree with some of the things you are saying.

There is an opportunity there. We are working to grow that out and make employers aware of the opportunities that may exist, whether it is

RDC, whether it is opportunities in business programs through IBRD.

**MR. MITCHELMORE:** I think there are incredible opportunities.

If I could be provided with a list of grants and subsidies and the information that I requested previously, I really do not have any further questions with the Research & Development Corporation. I thank Mr. Janes and yourself, Minister, for answering all of these questions relating to the corporation.

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

**CHAIR:** Thank you, Mr. Mitchelmore.

What I will ask then is a motion to adopt the heading 7.1.01.

Motioned by the Member for Fortune Bay – Cape La Hune; seconded by the Member for Bonavista North.

All in favour signify by saying ‘Aye’

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Opposed?

The heading is carried.

On motion, subhead 7.1.01 carried.

**CHAIR:** Now we will go back, if we could, to subhead 1.1.01 Minister’s Office.

**MR. HUTCHINGS:** Mr. Chair, if I could take a minute. I just want to thank my staff from the Research & Development Corporation.

**CHAIR:** Sure.

**MR. HUTCHINGS:** I want to thank them for their participation today. If we could take a minute they will –

**CHAIR:** They will move out? Okay.

Thank you for your participation.

As I said, we will move into heading 1.1.01. I will go back to you Mr. Bennett to start on that heading, please.

I will mention too, around 10:30 or so, depending on the flow of the questions, we will take a five or ten minute break for people to stretch their legs and go to the washroom.

Mr. Bennett, the floor is yours.

**MR. BENNETT:** Minister, if we were looking at 1.1.01, what does this cover? I know it says Salaries, Minister's Office. How many people are involved?

**MR. HUTCHINGS:** That would be myself and my executive assistant, and I do believe ministerial assistant, my assistant. Would that be it?

**OFFICIAL:** It is the minister, the EA, the CA, and the secretary.

**MR. HUTCHINGS:** The secretary; that is the one I missed.

**MR. BENNETT:** Minister, if I want to ask questions, for example, regarding the Business Attraction Fund, Office of Public Engagement, and all sorts of other areas your department deals with, is it better to go by component of whatever this figure is or wait until we get to wherever it may show up in the Budget?

**MR. HUTCHINGS:** It may be better to wait until we get to the actual section. Is that what your question is?

**MR. BENNETT:** Yes.

**MR. HUTCHINGS:** Yes, and then maybe we will have the numbers in front of us and we can –

**MR. BENNETT:** I have no questions on this section. I would rather wait until we get to the meat of it because obviously, this is pretty straightforward to me.

**MR. HUTCHINGS:** Okay.

**CHAIR:** That is all you are talking, Mr. Bennett, on section 1.1.01?

**MR. BENNETT:** Yes.

**CHAIR:** Right up to Executive Support Services, that whole section?

**MR. BENNETT:** Yes. Now, that top part there, I do not see a point in asking questions there when they may be better dealt with later. We cannot divide the minister up into four or five parts and say how much of your time is this and how much of your time is this. The exercise is not really very meaningful. I accept that it takes a certain amount of money to run his office and I would like to get to the meat of it, which is further on.

**CHAIR:** Fair enough. Well, you can go on to section 2. We just started one. You can go on to section 2 and I will go back to Mr. Mitchelmore. Any questions he has on heading 1, he can ask those. Then we can move from there.

**MR. BENNETT:** In 1.2.01, Salaries, which is under 01, how many people does that involve?

**MR. HUTCHINGS:** The deputies, the ADMs, and their secretaries, I do believe.

**MR. BENNETT:** So how many people is that?

**MR. HUTCHINGS:** You can go ahead, yes.

**MR. MEADE:** It is the deputy minister; there would be four assistant deputy ministers; there would be two assistant deputy minister's secretaries; and a deputy minister secretary.

**MR. BENNETT:** The four ADMs, if you have only two ADM secretaries, does that mean they are supported through another area? Obviously, they need support services.

**MR. MEADE:** One ADM secretary supports two ADMs. We have moved over time to that model. Many departments have, actually, hon. member, moved to that.

**MR. BENNETT:** When you come to Transportation and Communications, I am not complaining that the budget was precise and that you were right on the dollar, but how did you manage to do that, \$98,400 and \$98,400?

**MR. MEADE:** These are projected numbers, right. The revised number is asked of departments in February for the Estimates process, to project what you think you will spend. We basically projected that we would fully expend.

**MR. BENNETT:** Okay. Last year is the same as this year, no change?

**MR. MEADE:** Yes. We maintain the same Transportation and Communications budget.

**MR. BENNETT:** What does that cover generally? Is it air travel, is it vehicles, or is it phones?

**MR. MEADE:** Transportation and Communications would cover – the communications would be telecommunications, the use of BlackBerries, cellphones, things like that, but it would predominately be travel. It would be. We could certainly provide you a breakdown based on last year's if you so wish at some point.

**MR. BENNETT:** No, I do not really –

**MR. MEADE:** It would be travel, air travel, road travel, per diems and things like that. Anything associated with travel would be there and anything associated with telecommunications.

**MR. BENNETT:** Yes. Where I see that salaries are lower by \$80,000, \$90,000 or so, does that mean you lost someone year over year?

**MR. MEADE:** From last year's budget to this year's budget, we are down one assistant deputy minister. Last year's budget would have accounted for an Assistant Deputy Minister of Business Analysis. That position became vacant over the year and now through reorganization

the department will not be filled. We have gone from five assistant deputy ministers to four.

**MR. BENNETT:** Is that work that is no longer needed, or is it work that someone else is doing or –?

**MR. MEADE:** No, we have reorganized the responsibilities of the assistant deputy ministers to still cover that. The divisions that would have been responsible to that individual are still in the department et cetera, but it would just have been reorganization of responsibilities.

**MR. BENNETT:** Okay.

Mr. Chair, I have no more questions on this section.

**CHAIR:** Okay, perfect.

Mr. Mitchelmore, we can go back to subsection (1).

**MR. MITCHELMORE:** Okay. With the Minister's Office, I know the minister had made commentary with the salaries, I am just questioning that in last year's budget there was \$311,400 budgeted and now there is only \$240,800. He has made reference to the current positions but did not acknowledge the Parliamentary Secretary position. Is that accounted for in this \$240,800? Because it seems like somebody certainly had a significant cut in pay if that is to go there as well.

**MR. HUTCHINGS:** The Parliamentary Secretary position was moved to the Office of Public Engagement. So that budget there was reduced reflective of that change.

**MR. MITCHELMORE:** Okay. The Parliamentary Secretary is just under Public Engagement itself –

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** - and does not reflect the overall department of IBRD in roles and responsibilities.

**MR. HUTCHINGS:** No. The OP reports to me as minister, so yes.

**MR. MITCHELMORE:** Last year under Purchased Services there was \$20,000 that was not spent. What was anticipated under Purchased Services that would make up that shortfall? Did something not get bought?

**MR. HUTCHINGS:** Just general, I guess, administration. What we projected, there was not a need for that in regard to operations.

Brent, do you have anything further to that?

**MR. MEADE:** No, it is a simple case of where we, through expenditure management, decided not to expend as much money.

As you can see for 2013-2014, there has been a rightsizing of the budget.

**MR. MITCHELMORE:** Okay.

**MR. HUTCHINGS:** Like I said expenditure management. In terms of last year going through, in terms of operating as a department, we knew, based on some projections, where we were going to be financially. There was, obviously, an effort by all ministers to look at their departments on where expenditures were and if we could reduce expenditures, that we would do that.

**MR. MITCHELMORE:** Overall, in a minister's office, that does not seem – if you add back the Parliamentary Secretary salary of \$28,000 you would be up more than what the revised amount was previously, overall, despite some other reductions.

I do want to ask: How many employees are currently under your department?

**MR. HUTCHINGS:** Right now, 177.

**MR. MITCHELMORE:** One hundred and seventy-seven. How many people were in your department last year?

**MR. HUTCHINGS:** Two hundred and two.

**MR. MITCHELMORE:** Two hundred and two. That is just the core department you are talking about in terms of numbers?

**MR. HUTCHINGS:** IBRD.

**MR. MITCHELMORE:** Does this include the Office of Public Engagement?

**MR. HUTCHINGS:** No.

**MR. MITCHELMORE:** It does not include the volunteer non-profit secretariat?

**MR. HUTCHINGS:** No. The Office of Public Engagement is a separate entity, separate from what we are talking about here. To my understanding, that is going to be discussed under Executive Council.

**MR. MITCHELMORE:** And the Rural Secretariat?

**MR. HUTCHINGS:** Yes, that would be under the OP.

**MR. MITCHELMORE:** That would be under –

**MR. HUTCHINGS:** Just for clarity, the Office of Public Engagement now has a Voluntary and Non-Profit Sector, the Office of Youth Engagement, the Rural Secretariat, the ATIPP Office, and Strategic Business Partnership. Those five entities now exist under OP and our budget for this fiscal year under the Office of Public Engagement.

**MR. MITCHELMORE:** That is going to be debated through Executive Council?

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Can you tell me how many positions were lost?

**MR. HUTCHINGS:** Where is that?

**MR. MITCHELMORE:** In all of those departments, in the Office of Public Engagement.

**MR. HUTCHINGS:** I think it is best left to Executive Council. I am not going to get in –

**MR. MITCHELMORE:** Okay. How many vacancies were in your office before these cutbacks?

**MR. HUTCHINGS:** Do you want to go ahead and speak to that?

**MR. MEADE:** Just to be clear, I remember you asking how many vacancies were in the department or how many vacancies did we eliminate funding for?

**MR. MITCHELMORE:** Okay, both. How many vacancies were in the department, and how many did you – how many positions were vacant last year?

**MR. MEADE:** At any given time there are various numbers on that. I do not remember. It depends on people moving. It could be any number of circumstances. At any given time in a department, you could have in our department anywhere from five to ten vacant positions.

To the question of, what vacant positions did we eliminate? The answer was eight.

**MR. MITCHELMORE:** How many contractual employees did you eliminate?

**MR. MEADE:** There were two. In this Budget there were two.

**MR. MITCHELMORE:** How many contractual employees did not have their contracts renewed who were temporary?

**MR. MEADE:** How many contractual employees had their contracts renewed?

**MR. MITCHELMORE:** Did not have their contracts renewed.

**MR. MEADE:** There were none. The two I speak of were the two who were not renewed.

**MR. MITCHELMORE:** Okay. How many temporary employees or non-permanent staff

were – in last year's Budget there would have been people whose contracts would have expired on March 31. How many of those people did not have contracts renewed? There must have been more than two people.

**MR. HUTCHINGS:** No, I do not think.

**MR. MEADE:** No, that would be it.

**MR. MITCHELMORE:** Okay. In your General Administration here you noted how many positions and that the \$132,100 in difference is basically an assistant deputy minister position?

**MR. MEADE:** That is correct.

**MR. MITCHELMORE:** How many positions were there and are still currently there? Is it seven?

**MR. MEADE:** I previously said those. It is a deputy minister, four assistant deputy ministers, two assistant deputy ministers' secretaries, and I believe that is it.

**MR. MITCHELMORE:** Okay.

**MR. MEADE:** Deputy minister's secretary.

**MR. MITCHELMORE:** Under the section 1.2.02, there is a revenue line under the revised amount of \$61,400. Can you explain where this revenue had to come from?

**MR. MEADE:** That revenue is actually posted in error. We have been informed by our controller's office it was posted in error.

**MR. MITCHELMORE:** Okay.

**MR. MEADE:** The only place, Mr. Mitchelmore, where there is revenue in the department normally is in trade and export because of the International Business Development Agreement. When you look at that section you will see that there is revenue reported there. That is in 2.1.01, you will see revenue posted there. Any other places here –

this was an error. We questioned this when we seen the Estimates. It was posted in error.

**MR. MITCHELMORE:** Okay. Did you find out as to why this error came about? Was it just a clerical error or was it –

**MR. MEADE:** It appears to have been a clerical error in the completion of the budget process, yes.

**MR. MITCHELMORE:** Okay.

Under your Policy and Strategic Planning, the salaries have dropped. Was there a position lost? It is section 1.2.03.

**MR. MEADE:** No, there were no positions eliminated in Policy and Planning. You will see that the revised number and the budget are fairly close. That is because last year there had been a position budgeted for, for an individual who was on leave, and they did not return. That position has been kept vacant. This is the staff complement for Policy and Planning.

**MR. MITCHELMORE:** What was that position?

**MR. MEADE:** It was a manager's position in Policy and Planning.

**MR. MITCHELMORE:** Who makes up the complement of the Policy and Strategic Planning division now? It does not seem like there is a large contingent of people with these salaries.

**MR. MEADE:** There is a director, there are two managers. There are four policy analysts.

**MR. MITCHELMORE:** Is it possible to get job descriptions for people who work and what their roles are under the Policy and Strategic Planning?

**MR. HUTCHINGS:** Sure.

**MR. MEADE:** Sure.

**MR. MITCHELMORE:** Okay.

Professional Services, we are seeing that it dropped significantly. You had budgeted \$135,000 in 2012-2013. Was there something that maybe some of these people were looking to hire outside consultants to do work and it did not get done? It is not going to get done in this year's budget based on the amount of money that is allocated. Can there be an explanation for what the Professional Services in 2012-2013 was for, what strategy or what type of initiative?

**MR. HUTCHINGS:** Part of that was due to our overall review for reduction measures. As well, I understand – and Brent, you can speak to this. There was a research project that was originally budgeted for but it was not undertaken.

**MR. MEADE:** The \$135,000 in last year's budget was a result, actually, of the merger of the policy shop in the former Department of Business and the former ITRD. When we posted last year's budget it was a result of that.

When we went through the year, as the minister has said, we did make decisions about deferring some research projects. This year, in the budget process, we have right sized the budget to what we feel would be an ongoing requirement of approximately \$50,000.

**MR. MITCHELMORE:** What type of initiatives would this department be looking at for strategic planning to meet the department's mandate in this coming year?

**MR. MEADE:** Within this division we would look at things like – we would do sector analysis. We may do some surveying. We may work with some external partners on some client surveys, things like that. It would be that type of material. It varies from year to year. It depends on what our needs are.

Some research would actually be done in the lines of business but in this division, the Policy and Planning, which is a corporate service of the department, we would fund things that would be broader, like the examples I have given you.

**MR. MITCHELMORE:** Line 10 is Grants and Subsidies. There is \$75,000 allocated to give

away to someone. Last year, there was none allocated. Who is going to get this \$75,000 grant?

**MR. HUTCHINGS:** Do you want to speak to that?

**MR. MEADE:** Yes. This is a result of where we moved the Strategic Partnership from IBRD into the Office of Public Engagement. There was some grant funding they were providing to a number of initiatives at Memorial University. When Strategic Partnership was moved to the Office of Public Engagement, it was felt that those grant elements, those projects that we were supporting would be now better aligned within IBRD in the Policy and Planning division.

They are very particular to some projects we are supporting at the Economics department at Memorial University, but also some projects that we support through the Harris Centre.

**MR. MITCHELMORE:** The Office of Public Engagement has Strategic Partnership, but does it not have funds to deal with these things? Are you taking away their grant money?

**MR. HUTCHINGS:** No, when we go through OPE we can show that the Strategic Partnership does have funding there available to it as well.

**MR. MITCHELMORE:** Okay.

Under the Strategic Initiatives, I guess this is showing the cancellation of the program and moving it to the Office of Public Engagement. Is that the case?

**MR. MEADE:** It shows two things. It shows the move into the Strategic Partnership, and it also shows where we have taken the Ireland Business Partnerships and integrated into Trade and Investment.

**MR. MITCHELMORE:** Okay. Last year it seems like what was available was not readily expensed. Can I have a list of grants and subsidies as to who was provided the \$77,000? How much of this actually went to Ireland Business Partnerships?

**MR. MEADE:** All of that amount would have gone to IBP-related activity, and we can certainly give you a list of those who received it.

**MR. MITCHELMORE:** Okay. There is no dedicated employee it seems, to these types of initiatives. So I guess there are a number of employees with IBRD that are –

**MR. MEADE:** We have a number of employees who do work with Ireland. In fact, we also have a trade officer still dedicated to the Ireland market.

**MR. MITCHELMORE:** Okay.

Now, there were no Professional Services, no Purchased Services. With the movement of this program to trade now, do we have any anticipation that the commitment to Ireland Business Partnerships is being pulled back?

**MR. HUTCHINGS:** No, not at all. As Brent had indicated, the synergies in terms of our trade division and in terms of activities, we wanted to integrate that activity. Whether it is through trade shows or various projects we have at Ireland, we are still certainly connected. We still see opportunities there. We just see this is a cleaner, tighter fit in terms of the operations overall through IBRD and working with Ireland.

**MR. MITCHELMORE:** Would the staff for the Office of Public Engagement be the same people who would still be dealing with the trade through Strategic Partnership, or are they separate people? If they are, then it seems like a duplication of service.

**MR. HUTCHINGS:** No. Do you want to just describe what trade is?

**MR. MEADE:** Yes. In Strategic Initiatives, just so we are clear, there would have been two functions that would have been voted under that. One would have been the Strategic Partnership. That has been now moved, and its associated salaries and all of that have been moved to the Office of Public Engagement.



The other element that was budgeted for here was work with Ireland Business Partnerships. It is that element that stays within IBRD, but is now integrated into the Trade and Investment branch.

**MR. MITCHELMORE:** Okay.

**CHAIR:** Mr. Mitchelmore, just one inquiry. Are you getting close to finalizing that? If you need a few more minutes, I will; if not, I will go back to Mr. Bennett.

**MR. MITCHELMORE:** No, I am getting to the end. It is just 1.2.05 there.

**CHAIR:** Okay, go ahead.

**MR. MITCHELMORE:** The only thing left, really, is Property, Furnishings and Equipment. I do not really have a question on that. I think the deputy minister has explained some of the transition.

I did have one question around the overall cost of renaming the department Innovation, Business and Rural Development from Innovation, Trade and Rural Development. All new business cards would have had to have been, all new promotional materials, all of these types of things when the department was collapsed – and business and trade are very synonymous; I am just wondering what the cost was associated with that name change.

**MR. HUTCHINGS:** I cannot quantify that for you. I can certainly see if we can get some information to you in regard to that.

Brent.

**MR. MEADE:** Honourable member, we can certainly try to find – it would have been limited to those things, letterhead and business cards, really, because everything else we would do, of course, would be virtual, whether it was web pages or anything like that. So it would only be, I would suggest to you, any costs associated with print material.

I will say this to you, though, that any collateral material we had, any promotional material that was brought together from the Department of Business and that the former INTRD had, we continued to use that until exhausted supply. We have also made conscious decisions where even signage, we would not replace. You will still find Innovation, Trade and Rural Development signs in many places because we feel we will let the life of that sign fulfill itself before we would replace.

So we did make those conscious decisions around it, but there would have been some costs associated with business cards and print material. I would think it is small, but we can certainly see if we can that number for you.

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

**CHAIR:** Thank you, Mr. Mitchelmore.

Okay, what I will ask now is to adopt the heading 1.1.01 to 1.2.05.

Motioned by the Member for Bonavista North; seconded by the Member for Fortune Bay – Cape La Hune.

All those in favour, signify by saying ‘aye’.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Opposed?

That heading is adopted.

On motion, subheads 1.1.01 through 1.2.05 carried.

**CHAIR:** Mr. Bennett, I will go back to you and in the next twelve or thirteen minutes we will take a ten-minute break.

You can move to section three, I believe.

**MR. BENNETT:** Subhead 2.1.01?

**CHAIR:** Yes.

**MR. BENNETT:** Minister, in line 10 in that section it says Grants and Subsidies.

**MR. HUTCHINGS:** Yes.

**MR. BENNETT:** Last year \$625,000 was budgeted, \$565,000 expended, this year it is for \$1,737,300. What do you anticipate that to be for? Do you already have that earmarked, or is it for some program you expect to be drawn down at some point? What is it?

**MR. HUTCHINGS:** We moved the Aerospace and Defence Fund into that line item, which is \$1.5 million, and the other grants were \$237,300. That would be that total of about \$1.7 million that would be transferred into that line item.

**MR. BENNETT:** When you say Aerospace and Defence Fund, what is that? What does it do?

**MR. HUTCHINGS:** Do you want to speak to that?

**MR. MEADE:** The Aerospace and Defence Fund was a fund that was created under the Department of Business to support the aerospace and defence sector. In particular, to look at whether there were infrastructure needs or particular business needs with some of the aerospace and defence firms that would better position them for export and foreign direct investment opportunities.

The fund was originally voted under Investment Attraction and we moved it up. This year the fund is in its final year. The fund is fully encumbered. There are projects that have been approved that will utilize the full \$1.5 million for the coming year.

**MR. BENNETT:** Are there companies here in the Province that is actually doing this development work right now?

**MR. MEADE:** Yes.

**MR. BENNETT:** Are they secret initiatives or general initiatives? What sort of stuff are they doing? It sounds exotic for here to be doing

aerospace and defence, yet it is not very much money if it is aerospace and defence.

**MR. MEADE:** Yes. The aerospace and defence sector – maybe we could ask Mark to speak to this as well, Minister – would be a sector that is actually quite vibrant here. Albeit it is fairly small in comparison to other jurisdictions, there will be also be – and I think we need to note that there are aerospace and defence companies that also cross into other sectors. There would be companies that would be into ocean tech space that would also be using that ocean technology or their technology in aerospace or defence application.

There are quite a number of companies here that do it. Provincial Airlines is a significant aerospace and defence company. They are doing retrofit of planes out there and things like that. That would be one example of a company here that is in the aerospace and defence sector. There would be many others as well that we could outline.

It is a sector that is a priority sector for the department. We do work with a number of companies in the sector. It is not only this fund, but our general programming of the department has worked with this sector for quite a number of years. We have people who are, in fact, sector specialists in this area and work within the Province with the community but also across Atlantic Canada with other provinces around trying to support the sector.

**MR. BENNETT:** For how long have we supported this type of initiative in the Province?

**MR. HUTCHINGS:** I think it is about four years.

**MR. MEADE:** This fund in particular – yes, it is about four years.

**MR. BENNETT:** Is most of the money going to salaries, or researchers, or for other people? Or is it for hardware types of things?

**MR. MEADE:** No, it would be for projects where companies may have some capital

expenditure requirements, so some of it was in for infrastructure. Some of it would have been used, for example, we use the aerospace and defence fund to establish the training program through Lufthansa at the College of the North Atlantic in Gander. That would have been a number of different eligible activities there. There may have been capital expenditures, but also curriculum development expenses and things like that.

So it would not be necessarily tied to any particular – it would be any number of those things, Mr. Bennett. It could be some salaries, it could be professional services, but it also would be infrastructure and other things.

**MR. BENNETT:** What sort of potential do you see in this area, say, in the next three, five or seven years? Where are we going with it?

**MR. HUTCHINGS:** The sector has seen growth. Provincial Airlines is certainly a good example in terms of their initiatives and what they have done. They did some work with United Arab Emirates over the past number of years in terms of outfitting surveillance planes; that was all done here in Newfoundland and Labrador – significant contracts. So we see growth.

The players we had overall were small, but the players we do have has done some significant work in the industry, so we certainly see further growth and we certainly see an opportunity to support it. I think it is important that we continue to support it.

**MR. BENNETT:** Is there the potential to attract others that are not operating here right now, to bring them in?

**MR. HUTCHINGS:** I think so, yes. It is like any industry, I guess, you try and develop a core base or a significant footprint so people see that you are in the business and you are a player. I think with that then comes some attraction. Yes, I do agree with you, there could be opportunities.

**MR. BENNETT:** Is this something that would maybe engage the Business Attraction Fund?

**MR. HUTCHINGS:** Once again, it is an issue of the particular offer, what someone coming into the Province would have in mind. The Business Attraction Fund – we hear from a lot of companies from time to time, but we do an analysis of what the benefit is to the Province and what they are expecting from us, as a government, in terms of inputs of public funds and those types of things. In regard to that fund, if it is inward investment we will certainly look at the opportunities.

**MR. BENNETT:** Are we making a concerted effort to go get some of these? I am all for business. In the case of business, more is better.

**MR. HUTCHINGS:** Yes.

**MR. BENNETT:** I feel we need to have a whole lot more in this Province which would be ongoing and renewable to take up some of our non-renewable dollars. Where are we looking? Is it toward some of the bigger players like Brazil or Quebec - Quebec is pretty protectionist with Bombardier - or is it Europe?

**MR. HUTCHINGS:** Well, I guess Quebec with Bombardier in terms of some work that has been done here; I certainly looked there. Europe, as well as our trade; and our folks, in terms of investment, when they travel and we go to the various aerospace and defence international shows and those types of things, expos, we have a presence there and are in the market. At that point we are advising of what we have here, and look to, as you say in terms of attraction, what we have, the environment we have, and look to build on the industry we have here now.

Again, we are out there. We are in the market and looking at what we can bring to the Province. All our strategy, and you hit it, is that we have a lot of our royalties now coming from our non-renewable resources. We are looking to branch out, obviously, in my department, in all the different divisions, to grow our economy, diversify and make it sustainable. We want to

use some of those funds to diversify and make it sustainable.

When you look at the ICT sector, we are up to \$1.6 billion. We talk about ocean tech, talk about this area, and aquaculture on the South Coast. We want to branch out and do different things. The folks we have internationally who are working, that is what they are trying to do.

Yes, I agree with your analysis in terms of expanding out business and attracting to the Province. I do not have anything else.

**MR. BENNETT:** In conjunction with this particular area, like aerospace and defence, are we also pursuing opportunities that would be northern or Arctic because of the challenges that are faced? We seem to be well situated here in Goose Bay, with Labrador, maybe that is an area that we have some protection.

**MR. HUTCHINGS:** Yes, that is an excellent point. As you may know, last year we did the Arctic Opportunities symposium and initiative. We met at six locations – or four?

**OFFICIAL:** Four.

**MR. HUTCHINGS:** Four, yes, and I think that goes to your point. In terms of surveillance and prevention and what they do now, obviously, they do a lot of that type of work. We have activities in the Arctic and we are strategically positioned.

Look at activities going off on Greenland in terms of exploration, now moving into production in the oil and gas sector. A lot of that is serviced through Aberdeen now, in Scotland, but if you look at our adjacency to that for an example, we are much closer.

Then as you look, as you said, further to the Arctic in terms of what we are seeing up there, in terms of ice conditions, accessibility to the North, exploration, and other issues and everything that comes with that, whether it is emergency response or whether it is providing services, I mean there is a huge opportunity there.

When we had our symposium around the Province we used to meet with stakeholders, business, to try and identify further opportunities in how we grow that out. That could be things like infrastructure in particular ports. It could be any means of supports; but, yes, I agree there are huge opportunities. We have identified that. That is one of our main agendas we have as we move forward.

**MR. BENNETT:** Line 05, Professional Services, \$500,000 is budgeted. Approximately half of what was budgeted last year was used. What types of professional services are they? Is it consulting, accounting, legal? Do you have an idea, because it is a significant amount?

**MR. MEADE:** Professional Services under Trade and Export will relate to us hiring in-market consultants. It would relate to us doing particular market analysis. Some of this, as well, is done with our Atlantic colleagues through the International Business Development Agreement.

We may take the lead, for example, on behalf of Atlantic Canada to do an analysis around particular elements of the Brazil market. We would pay for it. That is why you see revenue, by the way, as well in this activity. That would be generally what it would be, in-market consultants, particular expertise on particular sectors, very particular market intelligence that we would be wanting to purchase.

**MR. BENNETT:** Does IBRD engage in or see its role in marketing any of our seafood products?

**MR. MEADE:** Not directly. The Department of Fisheries does have that responsibility, but I would suggest to you that through our trade missions and through any other work that we do, we do work with fisheries related companies. Fish marketing is a direct responsibility of the Department of Fisheries and Aquaculture.

**MR. BENNETT:** There is no synergy there, no cross over?

**MR. MEADE:** No. I would suggest to you, there is. Again, through our trade missions and things like that, they would be participating with us. When we are in market – this is the reality of it – we are not promoting just particular companies, we are promoting Newfoundland and Labrador.

**MR. BENNETT:** You may want to take that break now.

**CHAIR:** Okay. Mr. Bennett, I appreciate that. We will take our break and then we will come back and start with Mr. Mitchelmore again.

### Recess

**CHAIR:** Mr. Mitchelmore, I will give you the opportunity now to go to your next heading.

**MR. MITCHELMORE:** Okay.

Under the Trade and Investment section - and this section of the Estimates seems to take in quite a number of initiatives from the department - previously, section 2.1.02, Investment Attraction, those funds were allocated, I believe, for the Air Access Strategy. Some of it was appropriated. There is nothing there right now for Salaries, Employee Benefits, Transportation and Communications, et cetera.

That is 2.1.02, Investment Attraction, which originally had \$2.5 million spent out of – well, overall, almost \$3 million of a \$4 million budget expended.

**MR. HUTCHINGS:** The Air Access Strategy, that expired last fiscal year. On a go-forward basis, if there are opportunities that come up, we would still look at it in terms of the opportunities that previously existed under that actual program. That program was set for four years, and with a specific sunset date, and it did sunset last fiscal year.

**MR. MITCHELMORE:** The strategic plan says that it goes until 2014. So there are no funds allocated and the initiative has been cut?

**MR. HUTCHINGS:** Do you want to speak to that?

**MR. MEADE:** Sure. The strategy – yes, you are correct, member. The strategy is for a longer period of time. The programming was for a finite period of time. It did sunset last year. It is the view of the department that any of the initiatives that could come forward, either from airport authorities or from airlines that would have a strong business case, we can accommodate in our existing programs.

**MR. MITCHELMORE:** What has this strategy done to improve air access and airports itself? I do believe they were not actively recruiting airlines to try and get additional airlines coming into the industry. This was more about standardizing airports and services such as that.

**MR. HUTCHINGS:** Two things; one was assistance with the airport structure, and as well was flight attraction. We have seen some uptake on that in Gander to Halifax; I think it was Gander to Labrador. These flights are indicative of an economy and the activities in that economy.

In terms of driving economic activity, transportation is key, and this initiative did support that. Now we are at a point in our economy here – in terms of flight activity in the industry, the economy is very robust.

As the deputy minister said, on a go-forward basis if there are actual business cases for future flights we will certainly look at them. Ones that we would look at would be even outside the Province from very strategic locations. We will look at them on a go-forward basis under existing programs.

**MR. MITCHELMORE:** Will an annual report be posted of their success or failures throughout the strategy?

**MR. HUTCHINGS:** We have not contemplated it but we can certainly do something in regard to – Brent, have we?

**MR. MEADE:** No, the strategy has not warranted, at this point, annual reports. As with any strategy, as it nears its completion we would have an evaluation around that.

**MR. MITCHELMORE:** Okay.

The section we are debating right now, in terms of the estimates and expenditures or on traded investment – and the minister has just referenced the importance of transportation. Is there any initiative through your department to look at developing an advanced transportation strategy?

**MR. HUTCHINGS:** Through our department?

**MR. MITCHELMORE:** Yes.

**MR. HUTCHINGS:** I am not sure what you mean, from an economic development perspective with Transportation and Works?

**MR. MITCHELMORE:** In order to facilitate trade or any type of export activity, there would need to be a means of transportation, whether it is looking at air access, looking at port development, water, looking at road development. I would think the Department of Innovation, Business and Rural Development through trade and export would be looking at advanced transportation, as well as a telecommunications strategy to really advance Newfoundland and Labrador and to actually be a competitor.

We are working with partners like Iceland, Greenland, and the New England States, but if we really do not have a strategy for advanced telecommunications and transportation, then we are going to be continuously looking at getting small piecemeal work, subcontracts here and there and miss the big opportunities. I am wondering if through any of the department, whether it is through Policy and Strategic initiatives, if they are actually looking at an overall strategy on these things.

**MR. HUTCHINGS:** Yes, as I indicated before – or if I did not – communications and transportation is key, as we all know, to

economic development, whether here in the Province or outside.

In terms of infrastructure, the Atlantic Gateway initiative of the federal government, we partnered with them. We have seen commitments to upgrades that are beginning with the airport in St. John's, which is so critical. We have also seen upgrades completed in Gander.

As well, we look at port development. You would be familiar with our investment in St. Anthony in terms of large containers and the importance of those in terms of going and bringing into export markets. All of that, yes, is a priority of ours.

Our communications; well in terms of high-speed Internet and those initiatives that we have put forward, both of those components, communications and transportation are significant to us. As a department we look to drive those and, as well, partner with those other departments within government to work with them. We have had, I do not need to tell you, tremendous investments in terms of roads and infrastructure. We continually have work to do. To acknowledge from what you said, it is key to continued growth, those two elements that you describe.

**MR. MITCHELMORE:** I went to Iceland this past September and I had the opportunity to actually meet with Eimskip. They do containerized shipping out of St. Anthony. They have been able to do the international shipping to connect Iceland and then go into Greenland.

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** It is quite significant. They recognize the partnership and the international trade opportunities that exist. When you are looking at port development and doing strategic port development, that is incredible because it is reaping benefits.

**MR. HUTCHINGS:** I have had discussions with Eimskip as well, actually, in terms of their operations and possibilities that exist.

**MR. MITCHELMORE:** I want to ask: Does the Division of Trade Policy and Logistics still exist within your department?

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Okay. That division is responsible for reviewing and analyzing ongoing provincial, national, and international trade and logistical policies that impact the competitiveness of provincial businesses operating. Is there any type of report that reflects their work?

**MR. HUTCHINGS:** Daryl, do you want to speak to that?

**MR. GENGE:** We would not necessarily have a specific report that talks about the work of the Trade Policy division. A lot of our trade logistics activities are fully integrated with our trade and investment team. That work is spread across the team.

On the Trade Policy side, we deal primarily with trade negotiations, trade agreements, internal trade agreements, and the current international trade agreements.

**MR. MITCHELMORE:** It would be that office that would be responsible for the comprehensive Canadian European trade agreement?

**MR. GENGE:** That is correct, yes.

**MR. MITCHELMORE:** I guess I will ask – the negotiation documents show that the EU is demanding protection of patents that would increase the cost of our prescription drugs in Canada by close to \$3 billion. This would certainly balloon our health care costs.

We have seen the Health Minister talk about the ‘unsustainability’ of our health care spending – nearly 40 per cent of the budget, the most per capita – and looking at facilitating things like privatizing our drinking water, waste water management, and challenged by local policies. How is that going to impact things like the Muskrat Falls development, looking at these types of initiatives?

We have not seen anything from the Department of Innovation, Business and Rural Development forthcoming on this. There has been nothing revealed to the public or to our provincial parliamentarians to look at studying the details. Will this come to the table, come to the Legislature to debate or will the department be more forthcoming with information?

**MR. HUTCHINGS:** This is an agreement between the negotiators here of Canada and the EU. We have participated for some time now with the federal government, or chief negotiator in terms of what issues are important to the Province of Newfoundland and Labrador. Many you have just described were important to us.

In regard to patents and those sorts of things, the Minister of Health brought in a very progressive generic drug policy last year, which reduced costs. We do not foresee doing anything or agreeing to any agreement that would negatively affect some of the progress we have had in terms of cost. As we all know, future health care costs is a huge concern for us all and how we deal with that. We would not want to participate in anything that would negate some of the opportunities and progress we have made on that.

In regard to what is in the public domain, you referenced an agreement. There is lots of information that has been leaked out, some of it accurate and some of it not. In terms of what may or may not be in an agreement, there is no agreement to date. There has been extensive dialogue back and forth. My officials in this division have been fully engaged. They have done a good job in terms of representing where we are.

In terms of engagement in Newfoundland and Labrador, I have met with numerous sectors from this Province and associations that have expressed to me, some with a desire to see things in the agreement, others with what they did not desire to see in the agreement. I have met with individuals. I have had letters. I have had e-mails.

My understanding is any agreement would go before the House of Commons to be approved there, and to be discussed and debated by the elected officials. If you have particular concerns in regard to the agreement or where we need to be, I would be happy to listen to them. Again, to date there is no agreement. There are still discussions ongoing.

We have always said a priority for us, certainly, in any agreement was related to fish and getting access to a large European market for our seafood lines. We are still adamant in that regard and we will see where it takes us over the next weeks and months.

**MR. MITCHELMORE:** I am certainly aware of tariffs, the ATQs and things like that, but one of the concerns with trying to get access to the European market is also the removal of the minimum processing, which could see our product shipped and processed in countries that have lower wage, European countries like Romania and Bulgaria. That would be a significant concern for loss of employment.

As well, you did mention the brand, the generics, and certainly we approve of looking at progressive policies when it comes to generic drugs. If the brand life is extended, then these drugs are not going to be generic for a much longer time, so it is going to have added health care cost.

Is there a willingness or ability on your department to offer myself a briefing on CETA negotiations or provide some detail beyond just the fish piece that the Province has been negotiating?

**MR. HUTCHINGS:** Well, you say the fish piece. There are a number of issues on the table. It is not just fish. I just alluded to that as a priority of what would be important us, but there is a whole range of things. Depending on where you are in the country, obviously, you have priorities in terms of what you would or would not like to see.

Again, we are not getting in a situation where we are negotiating with the EU. We hold what

is dear to us. Where we may want to have some movement, we are not going to put that in the public domain because we just think – it is a negotiation back and forth between us.

We can talk to the high level issues in terms of what is being discussed. There are moving parts in all of this, in terms of other jurisdictions and other provinces, where they stand today and where they may stand tomorrow.

As a government, all we can say is we are going to hold dear what we think is important to the Province. Something that we think does not meet the best interest of our Province or industries or health care, in terms of where we need to go, we are not going to participate or be part of it.

**MR. MITCHELMORE:** Okay.

**CHAIR:** Mr. Michelmore, are you almost complete in that heading?

**MR. MITCHELMORE:** I have another question under the division, Trade Policy logistics. If I could just ask that one question, then certainly Mr. Bennett could continue.

**CHAIR:** Okay, fair enough.

Mr. Bennett, are you okay with that?

**MR. MITCHELMORE:** I do have other questions as well.

I just wanted to know about the Atlantic Gateway. What is the status with that, being that it is getting to the end? There were three projects, I believe, the department had undertaken.

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Are they complete, and is there further work?

**MR. HUTCHINGS:** The Gander project is complete.

**MR. MITCHELMORE:** Okay.



**MR. HUTCHINGS:** The St. John's project, there is some engineering work being done in regard to getting that moving forward. SmartBay, I think, has been completed – or is ongoing?

**OFFICIAL:** It is almost completed.

**MR. HUTCHINGS:** It is almost completed. That one is ongoing.

**MR. MITCHELMORE:** Okay.

**MR. HUTCHINGS:** I met a while back with the minister responsible for Atlantic Gateway, Minister Ashfield, in Ottawa. We talked about, as Mr. Bennett had indicated yesterday, in terms of Arctic opportunities. We made him aware of our strategy in terms of Arctic opportunities, and Atlantic Gateway funds or anything that we can connect to and drive what we are trying to do in terms of building Arctic opportunities, and had a discussion.

I also talked about – with him, too – if there is any slippage in terms of the funding, what we could access in that regard. So, that is the status on that.

**MR. MITCHELMORE:** Thank you.

**CHAIR:** Thank you, Mr. Mitchelmore.

Mr. Bennett.

**MR. BENNETT:** Under 2.1.02, one side has no numbers any more. I think that means it has been moved to another area.

**MR. HUTCHINGS:** Yes, that would be moved up to Trade and Export Development. So, 2.1.02 would be moved up to 2.1.01. Is that correct?

**OFFICIAL:** Yes.

**MR. BENNETT:** I am sorry. Where did it go?

**MR. MEADE:** Anything under Investment Attraction, and Trade and Export have now been fully integrated.

**MR. BENNETT:** Okay.

**MR. MEADE:** Henceforth, Trade and Export Development will be the activity covering all of that.

**MR. BENNETT:** Okay. If we go over to the other page, 2.1.04, Business Attraction Fund, it is budgeted \$15 million. Last year, we used \$1.947 million. Minister, do we have a strategy in place in the Province, or would you contemplate a strategy whereby we would identify business opportunities here in the Province that others might want to take advantage of and we would take the step of marrying the two?

For example, let's take anything in a business opportunity from, maybe fish waste, which Bob Verge says is up to \$500 million waiting to be developed, which we are just discarding, to maybe the bakeapples we see being developed in Southern Labrador to pellets, or whatever it is. Does the government contemplate, or would you consider having like a catalogue of opportunities in this Province?

With entrepreneurs ready to go – but they do not have something, they do not have markets, they do not have capital, they do not have whatever – to actually match them up with people in other countries, maybe India, maybe Taiwan, whereby we could identify the opportunities here and literally be the matchmaker so we can get the economy going with foreign entrepreneurs and local entrepreneurs. To joint venture them to run this fund so we use all that is allocated and create employment.

**MR. HUTCHINGS:** Yes, it is an interesting point you make. Through our trade investments, and prior to what we had, we are a little bit more focused now. I will let Daryl speak to that in a second.

In terms of what you described, and looking at an inventory of what we have here in regard to particular industries that may need inward investment, and also opportunities in regard to buildings or infrastructure we have here, the adjacency of that infrastructure and what

opportunities that could open based on where it is in the Province and those types of things, that intelligence of information. When our folks go out and sell Newfoundland and Labrador, whether it is at expos or looking at foreign investment, we do some of what you talk about in terms of selling those assets and opportunities we have, and try and link up those opportunities with foreign investment.

We talk about this fund as business attraction. This is a fund that deals with opportunities that could exist and how we could assist, but business attraction is much broader in terms of our government and what we do. We see business attraction that is happening, but it may not come out of this fund. We see it in the fishery in terms of the South Coast aquaculture. We have seen it in our natural resources. We see it in our mining sector in Labrador, where we see Chinese investment coming into the Province and investing in various sectors and opportunities.

You can look at this and say, well this was not all used, but you have to put a broader lens on if you are talking about direct foreign investment. If I have my numbers correct, I think since 2010 direct foreign investment in the Province has almost hit \$3.5 billion in additional foreign investment. We are seeing significant direct foreign investment in the Province.

What we are seeing, which is important, is we are seeing investment – take Chinese investment, I think it is in iron ore. Obviously, they need that commodity. What you are seeing now is you are seeing investment from outside that is tied directly to a need for a commodity, which integrates the whole process. It gives us sustainability; obviously, there is no one in between. The investor needs a commodity. They are investing in a local company here in the Province. Once that commodity is ready it goes to that market, so that our business continuum is there. I think that is so important.

Daryl, do you have anything to add?

**MR. GENGE:** Yes, I think it is important to look at our approach going forward is a fully

integrated model, as the minister explained. When we go into new markets our trade and our investment teams will be working collectively together to look at opportunities for existing businesses here in the Province, look at business opportunities where the capital is not available here in the Province to actually take advantage of those opportunities and to develop new industries.

We are looking at markets where there is significant interest in both bringing new product into those markets but, as well, investors in those markets looking at coming into Canada. We are looking at places like China, like Brazil. We will continue to be in existing markets like the Northeast US, Europe – although Europe is a little stagnant right now – and other high-growth markets around the world.

To answer your question, that is part of our new model. We are actually actively looking for both trade and investment opportunities collectively in markets and to take advantage of opportunities here in the Province. Our trade team is actively working throughout the Province looking at with both existing entrepreneurs but as well in areas where we have gaps and we need to fill those gaps.

**MR. BENNETT:** Minister, as part of the Business Attraction Fund, is there a consideration, or would you consider using some of that fund or a comparable fund to actually go and scout out business people and bring them here at our cost for three or four or five days and actually tour the Province for business opportunities? Because when you are on the other side of the world in India, China, Japan, or wherever, we are not really that well known.

Canada is very well known, but investment goes to the bigger provinces. They go there first. Would you consider, or have you considered, or is there a plan in place whereby we would scout out for entrepreneurs?

India, for example, supposedly has more millionaires than we have people in Canada. They already speak English. They are already familiar with our systems, and they are going

great guns in other areas. As part of our Business Attraction Fund to actually go find them – if they want to come here, you would be able to demonstrate if they have any wealth or not. They could come and tour the Province and then they would see the natural applications. Would you consider that as part of the Business Attraction Fund?

**MR. HUTCHINGS:** Yes, it is an interesting concept. We do some reverse trade shows and bring folks in, as you say.

You talked about very wealthy – from the Chinese community, I have met with a couple of very wealthy Chinese investors who have come through various means and wanted to meet. We have had discussions and they have come forward. They looked at investments in the oil and gas sector, mining, and even outside of that, in the fishery and other industries. So, we are seeing some of what you described, but it is a good suggestion. It is something we can look at as we move forward in terms of identifying.

I know the other year we had the mission, the ambassadors were here. That was something that we did with them. We took them to various facilities and showed them the type of industries we have. Some of them were very eager about investment. They were connected to entrepreneurs and people in their countries. What we did is we hooked them up with Daryl and his group and made that connection.

In a roundabout way, that is what we did, what you just described. We hooked up entrepreneurs in other countries who had wealth, investors who wanted to look at, as you said, Canada. Since they were here we exposed them to Newfoundland and Labrador and what we had. We are continuing that dialog and have lines of communication open with them, much like you described.

**MR. BENNETT:** Minister, do we work with the federal government through our embassies and foreign affairs to help market this Province? Because Canada is not only very well known, it is very highly regarded –

**MR. HUTCHINGS:** Yes.

**MR. BENNETT:** – and if we are piggy-backing on Canada, we should be able to do much better with a much bigger critical mass than we have. Do we do that?

**MR. HUTCHINGS:** Yes, we do. We engage with the embassy in terms of promotion if we are in other countries, as well. I have had discussions with a number of Canadian ambassadors in various jurisdictions. I met with them in terms of how we can promote and what we can do, describing, as you have said, in terms of accessing capital in other countries.

**MR. BENNETT:** What about provincial sponsorship of entrepreneurs who want to move to Canada, they want to move lock, stock and barrel their families to set up or buy a business here? Are we engaged at all in immigration in a hands-on way of people who would come here because they want to live here, and we want them here because they will contribute to our society?

**MR. MEADE:** We do not have a particular program. There is a provincial nominee program but we would obviously work with the federal government and with the immigration office in the provincial government around how we could work together in recruitment of immigrants to Canada, and to Newfoundland and Labrador in specific, not only to meet our business needs but also to meet some of our labour market needs.

We work very closely with Advanced Education and Skills on the immigration file but we are also engaged as an economic development department, as a business development department, with the federal government and immigration as well. You may be very well aware that the federal government is moving towards much more of an employer based, much more of a business based approach to its immigration policy. As a department, that obviously would be aligned with that. From an economic development perspective, we have been engaged in those conversations.

The lead department for immigration in the Province is Advanced Education and Skills, but we do work closely with them on that.

**MR. BENNETT:** Do we work with immigrant communities that are already here? You take a restaurant, like India Gate has been here for more than twenty years. Many people are here only in small numbers from other nations. Do we showcase people who are already here, who may have contacts where they have come from who may be interested in relocating?

**MR. HUTCHINGS:** Yes, we do. Where there is interest shown from a foreign investor we try to highlight the ethnic background of what we have here to try and match it up. That is always important too, as you know, to have that connection.

Rita, do you want to speak, too?

**MS MALONE:** It is interesting what you raise. We have had opportunities to explore joint ventures with Sri Lanka on the West Coast, because there are a number of positions and people from Sri Lanka. We have built good relationships with contacts they have, and they hand over to us, as a department, engaged in business activity. We have had success, and we work with AES on that as well.

Another area is in Gander, Labrador West, as well as back on the West Coast, a Philippian community in the Corner Brook region. We have been able to make some good business linkages and therefore attract other cultures or individuals within those communities.

**MR. BENNETT:** Minister, is there any ongoing discussion, or is it considered that the Business department of IBRD would work with other departments of government to make this Province a more business friendly place to operate?

That is not to say we may not, but I am not sure that we are with our business climate. Whether that integrates not only Red Tape Reduction but reduction in taxes for small business, maybe labour relations which might, in some people's

view, including me, is in badly need of updating so we do not have people go on strikes for months on end. Is there any consideration to putting together a formula whereby if you think business and you think coming to this Province as opposed to any other province?

**MR. HUTCHINGS:** Yes, that is an ongoing process all the time. Based on some of the investments and some of the people who we are hearing from, I think it is fair to say people are excited about the business environment here and about coming here, whether it is nationally or internationally.

To your point, yes, we are always evaluating that business environment, whether it is taxation, whether it is incentives, your labour climate, all of those things. You want sustainability in your labour climate, no doubt, and the perception that there will be stability. I think we have done fairly well with that in creating the environment but we always have interaction with other departments. I hear from various industries, sectors, boards of trade always in recognizing where we are, but also suggesting new ways or new means that we change some public policy to make it more inviting for the business environment.

We have come a long way. I think we have a good environment now but, certainly, there is more we can do. We always work with other departments to see how we can improve on our business environment.

**CHAIR:** Thank you.

Okay, Mr. Bennett, I am going back to Mr. Mitchelmore. I just want to make people aware that we are down to forty minutes. We are only allotted until 12:00. I do not know what the time frame will allow us later on if we have to reconvene. It may or may not be possible. I do ask, if there are pertinent things you want to get to, please proceed.

**MR. MITCHELMORE:** Thank you, Mr. Chair.

I am sure we could make additional time allocated to have our questions answered. I have a number of questions and I certainly want to get to them all.

When it comes to the Trade and Investment, and I need some clarification from the minister. You stated that section 2.1.01 and 2.1.02 have been collapsed and combined. Basically, what that means is \$6.8 million previously has now become \$4.3 million. That seems quite a significant cut.

How many jobs were actually lost in this section of Investment Attraction, and Trade and Export Development?

**MR. MEADE:** There were two Economic Development Officer positions eliminated. There was a vacant Clerk position eliminated. There was, as well, throughout the year, three contractual positions that were not renewed. They occurred at various points throughout last fiscal year.

**MR. MITCHELMORE:** Okay. There were contractual positions that were not renewed. I had previously asked about the department and I believe you had stated there were only two positions.

**MR. MEADE:** Yes, but you had asked at the end of March. You had asked what positions were not renewed at the end of March. These positions were not renewed at various points through last year. In fact, I think three of them were during the summer of 2012.

**MR. MITCHELMORE:** Okay. Can I have information as to the positions throughout the year that are no longer there, whether they are full-time, part-time, contractual, seasonal, to know what actually happened and the positions, by position and their role? It would be nice to see what the current department is made up of and how these programs are collapsed so I can help my constituents when they ask questions, to know which area they need to go to have these discussions. So that can be provided?

**MR. MEADE:** Yes.

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Okay.

You had explained the Grants and Subsidies under that section as being around defence, is that correct? That is part of the defence strategy, number 10 under Grants and Subsidies, this \$1.7 million?

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Okay. What was the previous \$565,000 spent on?

**MR. MEADE:** The budget of \$625,000 and then the revised expenditure of \$565,000 would have been programming related to business networks, international trade assistance, which is travel assistance, and it would also be some other miscellaneous grants. We provide some support to APEC and certain things like that. So it would be comprised of that.

Some of those things, the Business Networks and International Trade Assistance, are now actually moved to another part of the department under the Business Development program. So there are some ins and outs here, hon. members, in what I am saying, but the \$1.737 million now includes \$1.5 million in Aerospace and Defence Fund and \$237,000 in miscellaneous grants.

**MR. MITCHELMORE:** Can I have a list of what your programs were offered, like Business Networks, International Trade, and all of the others in the department as to what their funding was last year and what it is this year?

**MR. MEADE:** Yes.

**MR. MITCHELMORE:** Were the business networks cut in terms of funding?

**MR. MEADE:** No, what happened is that we consolidated, as you may be aware, over twenty programs into two umbrella funds.

**MR. MITCHELMORE:** Okay.

When it comes to 2.1.03 under Marketing and Enterprise Outreach, there is a significant drop when it comes to the Purchased Services. Was there something that was not done that was planned? It is \$259,500, the revision, as to what was estimated to be spent, but over \$640,000 allocated.

**MR. HUTCHINGS:** I do believe there was a marketing strategy that was indicated and that was budgeted for. That was delayed and was not completed. Then in terms of just overall reduction, I think there was \$200,000 reduced just based on expenditure management.

**MR. MITCHELMORE:** Are you available as the minister to provide a progress report on the Marketing, Enterprise and Outreach Division on how they are doing to promote your programs and activities locally and internationally in marketing and supports? There is nothing available online as to what this department has been doing.

**MR. HUTCHINGS:** Yes, we can provide that.

**MR. MITCHELMORE:** Okay.

In that, would that have any information on the strategic partnerships with the Southeastern US, New England, Iceland, and Ireland?

**MR. HUTCHINGS:** Yes, we can provide information in terms of what that is.

**MR. MITCHELMORE:** Okay.

The Business Attraction Fund, this lucrative fund of \$15 million that has spent only \$1,947,000; that is Loans, Advances and Investments. You alluded that some of these expenditures would be for trade shows?

**MR. HUTCHINGS:** No.

**MR. MITCHELMORE:** So the \$1.9 million, can I have details on who was lent these funds?

**MR. HUTCHINGS:** Yes, those would have been funds, agreements reached with companies coming to the Province. That is what would

have been dispersed to those companies in the current fiscal year.

**MR. MITCHELMORE:** How do you do your lending in terms of these companies in terms of providing loans, making sure that there is security, or doing your investment around equity and putting the provincial dollars at risk, things like that when it comes to business attraction? Is there a policy in place as to what is the best measure to protect our tax dollars and our investments?

**MR. HUTCHINGS:** There is a business analysis group within IBRD. It is a negotiation so we would look at whether it is equity, whether it is grant, whether it is a loan, and what the components of that loan would be, what the applicant is bringing to the table.

There is some risk involved with this; but always, at the end of the day for us, it is: How do we best protect the public funds of Newfoundlanders and Labradorians and how that agreement would look. Whether it is security on assets, whatever that would be, we always look to protect as best we can and balance with it the opportunity to get that business to come to the Province. Because it is very competitive; other jurisdictions are chasing the same companies at times.

At the end of the day, if we do not think the security is there or we have not reduced the risk to the level that we are comfortable with, we will not proceed. I mean, I can tell you we have had companies that I have spoken to and looked at proposals and what they were asking the Province to do and the amount of investment and what it would mean for us, we basically said no – and we often see that. They will come and ask for the world, but we are not interested in that. We want to protect the best interests of the Province and still get them attracted to come here.

Rita, do you have anything to add to that?

**MS MALONE:** No, that is fine.

Thank you, Minister.

**MR. MITCHELMORE:** This fund says that it can “provide for large scale strategic investment in business ventures and infrastructure...”. Is there a plan in place by your department to look at investing in infrastructure? With meetings that you have had, surely there must be barriers when it comes to port facilities or when it comes to things like three-phase power or whatnot.

Rather than let funds not be utilized to advance our economy to be looking at saying if we cannot attract the business, maybe there is a local barrier. I just think about a community in my district like Roddickton looking at exporting wood pellets, they need wharfing infrastructure, to put in that type of an investment. As well as there is a mining development, marble mine there, and other potentials for mining. Without wharfing infrastructure, you are not going to attract this international business to open up a mine.

Would this be a fund that could be used to put up this type of infrastructure investment?

**MR. HUTCHINGS:** Any deal we do if there are infrastructure requirements, we can look at that through our suite of programs, whatever that would be. Rita, do you want to speak further to that?

We would not see the fact that if we have a company that is coming here and can meet the economic needs or drive the economic opportunities of the Province, or can maximize a resource we have here, we would not be restricted by the fact that we would not consider infrastructure to facilitate that project.

We would look at the complete picture and, at the end of the day, what is the investment by the Province, what is the investment of the company coming in, and what is the return going to be to the Province, number one, in terms of driving a sector that maybe has not been developed yet or enhancing on a sector that already exists. Fundamentally, it is the bigger picture of what is the return to the Province. If we need to invest in infrastructure, it is certainly something we can consider.

**MR. MITCHELMORE:** I am somewhat concerned if the Department of Innovation, Business and Rural Development are not looking at core infrastructure that is needed to really attract business. It seems like other departments like the Department of Fisheries and Aquaculture has been investing in biosecure wharves and core infrastructure to attract these people, the companies, and the aquaculture industry on the South Coast. It has created 1,000 jobs and levered \$400 million in the economy for a \$23 million investment. That is quite significant for the tax base, for revenues, and for the economy of the South Coast for the Member for Fortune Bay – Cape La Hune.

In a similar way, I would think that it would be the Department of Innovation, Business and Rural Development’s responsibility to use funds like the Business Attraction Fund to create core infrastructure, whether it be in wharfing, port development for cruise ships, add three-phase power in areas where the potential is to bring in a business.

In a lot of cases, we are missing international business opportunities because we just do not have the infrastructure. That is where government should be investing more so than providing subsidies in many cases where we see after five years the tax breaks that your department gives, the company just uproots and leaves.

**MR. HUTCHINGS:** Yes, I do not know if you are missing the point here. We have done significant infrastructure, port transportation, and we continue to do that. My point was we do that anyway to build our infrastructure, but secondary to that if there is something that comes up as part of a deal or a company wants to come here, if there is a specific piece of infrastructure they need, what I am saying to you is that would be part of the overall assessment and it would be something that we can consider.

**MR. MITCHELMORE:** Why do you need to use this type of fund and this \$15 million when we have \$267 million in an Immigrant Investor Fund that can be used for attracting business and providing that type of lending? It would make

much better sense it seems to have an allocation of these type of funds better utilized in other types of programming.

International business can utilize the Immigrant Investor Fund. I know it has to be paid back, but it is over a five-year period and there is constant revenue added to it. It would make better use of using that fund. Other provinces have done so.

Would there be consideration in the future to look at using the Immigrant Investor Fund for business lending? It has not had any successful applications to date.

**MR. HUTCHINGS:** In the past it had applications, but due to our suite of programs we have not availed of it. Currently, and certainly on an ongoing basis, we are looking at all the activity in the Province now, public-private partnerships, and whatever that may be in terms of the Immigrant Investment Fund. We are looking and will continue to look at opportunities. The issue with that as you indicated is there is a commitment to pay back after the fifth year, and that has started now, and to make sure that we can meet our payback schedule. We can, but, no, we are continuing to look at that fund and opportunities.

**MS MALONE:** I wanted to address two points. In the earlier point about provincial investment in economic infrastructure and economic activity, you used an example and a really good one of the Connaigre Peninsula. We work very closely together with our sister and brother departments to advance business investment. In the case of Connaigre, DFA plays a substantive role around infrastructure but so did IBRD in numerous wharf infrastructures and indeed on biosecurity.

In addition, what we do best and what we do really well is the downstream activity, business supports to the supply chain, as well as direct supports with the Department of Fisheries in the Cooke Aquaculture and Gray aquaculture deals. Similarly, if you look at St. Anthony we have provided the wharf infrastructure of about \$6 million as phase II. In addition, we provided downstream business investment to five and six

businesses that fell out of that and enjoyed the results of the same. I do want to leave here with an understanding that it is an integrated approach between the Department of Tourism, DFA, and indeed Natural Resources. We do an awful lot of work on infrastructure, but we do an awful lot of work on downstream with business activity.

In regards to the Immigration Investment Fund, we have \$230 million. The minister is quite correct, some of that has now matured to a five year piece. We have looked at many initiatives, including the return on investment and the 'repayability' and liquidity. I am really pleased to say we are involved in very, very healthy positive discussions with respect to a number of initiatives tying to the build out of the mining industry, the oil and gas industry, and with private sector. Indeed, from your research I can tell you have done, we are also embarking on looking at access to capital and access to expertise. I believe Mr. Bennett touched on that by looking at venture capital for emerging industries. So we are in the very, very advanced stage of discussions on proposals with the federal government.

**MR. MITCHELMORE:** Thank you, Rita, I really appreciate that. British Columbia has very successfully used its Immigrant Investor Fund for venture capital, created a wealth in the economy, and attracted significant business. Seeing that your department is taking a similar type of approach is very positive moving forward because I do think you can lever a tremendous amount of funds into the economy.

**CHAIR:** Mr. Mitchelmore, sorry, your time is up, but if you are close to completing that section, where I know you are in the last parts of it, I can give you a minute or two.

**MR. MITCHELMORE:** Yes, I had one question around just the foreign investment piece and around asking the Carino loan that was offered this year. It was not in the Estimates with the Department of Fisheries and Aquaculture, so I am wondering if it was the Department of IBRD that had expended that loan. I am not thinking that it is, but I am just



asking for clarification. I would like to know where the money is coming from, and I will have the opportunity to ask the Minister of Fisheries on May 6.

**MR. HUTCHINGS:** No, it is not IBRD.

**MR. MITCHELMORE:** Thank you.

**CHAIR:** Okay, Mr. Mitchelmore.

Mr. Bennett, just so we can adopt this, you are good on heading 2.1.01 to 2.1.04? I think you had indicated –

**MR. BENNETT:** I think I am, because I think the rest falls into – this has a lot of carryover, it seems like.

**CHAIR:** Okay, perfect.

Can I have a motion to adopt sections 2.1.01 to 2.1.04?

**MR. CROSS:** So moved.

**CHAIR:** By the Member for Bonavista North.

**MR. RUSSELL:** Seconded.

**CHAIR:** Seconded by the Member for Lake Melville.

All those in favour, ‘aye’.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, ‘nay’.

Motion carried.

On motion, subheads 2.1.01 to 2.1.04 carried.

**CHAIR:** Okay, Mr. Bennett, the floor is yours.

**MR. BENNETT:** Minister, a little over a year ago you issued a press release that said, “Significant Milestone Reached to Reactivate St. Lawrence Fluorspar Mine”. What is the status of that operation right now?

**MR. HUTCHINGS:** The status right now is that there was some further work to be done on, I think, the wharf infrastructure, the planning, and the engineering. The company has done that, and my understanding is that they are soon close to going to tender in terms of getting the wharf infrastructure started. We expect it to start this year.

**MR. BENNETT:** Okay, I understand from the release from March 2012 this was announced first of all in August, 2011, I think, was the initial announcement –

**OFFICIAL:** Yes.

**MR. BENNETT:** – and that we were looking at 370 jobs in a two-year construction phase? Did that happen?

**MR. HUTCHINGS:** Well, we are not started. The project has not started. My understanding is there was some redesign in terms of the engineering and costs of the wharf. They went back and had to do a reassessment of that. That is the first component of the project. The last update I had is that work is now completed and they are looking at putting that first phase to tender, and that is expected to start this year.

**MR. BENNETT:** So the \$17 million repayable contribution, was any of that paid out?

**MR. HUTCHINGS:** A small portion of it has flowed. \$300,000 has flowed, and that is it.

**MS MALONE:** (Inaudible) close to \$700,000 now has been cash flowed.

**MR. BENNETT:** But for time, but for the delays, is this project as we were told it would be?

**MR. HUTCHINGS:** Yes, I am advised nothing has changed. It is still as it was advised and the intent of the company is to move forward.

**MR. BENNETT:** There was an announcement a few days ago about \$2 million to Icewater and this was for equity, an equity investment of \$2 million redeemable over eight years.

**MR. HUTCHINGS:** Yes.

**MR. BENNETT:** I understand that this was to purchase a vessel, is that correct?

**MR. HUTCHINGS:** The company had purchased a vessel I think about a year and a half ago. Through the process of Canadianization of the vessel and other things they had to do, they became strapped in terms of, I guess, cash flow. They came to us looking for any possible assistance and in that process, in terms of looking at where they were to and in terms of the vessel, we did do the \$2 million.

**MR. BENNETT:** Is it a fishing vessel?

**MR. HUTCHINGS:** Yes.

**MR. BENNETT:** Is it fishing right now?

**MR. HUTCHINGS:** Yes, I do believe.

**MR. BENNETT:** The \$2 million, you said cash flow, was this for general operations or to get the vessel working?

**MR. HUTCHINGS:** Maybe, Rita, you can speak to that?

**MS MALONE:** The vessel, when it was originally estimated, was to come in around \$7 million; when the vessel was ultimately constructed it was closer to \$9 million. What the company did was remove from their cash flow the required amount to finish the vessel. This was repatriation of their required working capital in order to continue to operate successfully.

**MR. BENNETT:** They basically revolved what was, I suppose, an operating or funds they would use up, so then they put a mortgage back on the vessel.

**MS MALONE:** Mr. Bennett, yes, they utilized their existing cash flow to capitalize the overruns of the vessel and that put them in a difficult situation in terms of their ongoing cash flow needs.

**MR. BENNETT:** Is there any security provided but for the shares?

**MS MALONE:** Yes, we have a fairly robust deal. It is a \$2 million preferred share at this point with a full redemption schedule in place and also a dividend, a cumulative dividend, each year of the next eight years. In addition, we have a convertible option to a term loan with full security, and that security would be the vessel, of which there is an existing prior charge but we are well secured.

We have two options there. In the event their cash flows and their mandatory redemption, including their annual dividends, are not forthcoming, we have the option to convert and take the full security suite as well.

**MR. BENNETT:** There is a marine mortgage on the vessel already?

**MS MALONE:** Yes.

**MR. BENNETT:** How much is that for?

**MS MALONE:** That is for \$6.2 million.

**MR. BENNETT:** Okay, \$6.2 million. Do you know who that is with?

**MS MALONE:** The vessel mortgage is with a conventional lender.

**MR. BENNETT:** Okay. Has there been an appraisal done on the vessel?

**MS MALONE:** Yes.

**MR. BENNETT:** What did it appraise at?

**MS MALONE:** It appraised at over \$9 million.

**MR. BENNETT:** Minister, there was a loan made to OCI around two years ago for cutting technology, water jet cutting for yellowtail flounder.

**MR. HUTCHINGS:** I am not familiar. It could be under DFA. I am not familiar.

**MR. BENNETT:** I understood it was under the Research & Development.

**MR. HUTCHINGS:** Yes, it could be. I cannot speak – my understanding was there was a project, if I remember correctly, but the monies never flowed. I am not sure. Mr. Bennett, I can get that information for you specifically.

**MR. BENNETT:** Can you find out and advise us? My understanding is that the funds were advanced, the equipment was purchased, and the equipment was never used. This was supposedly for the Marystown plant. It was to maybe try to retrofit chicken filleting equipment –

**MR. HUTCHINGS:** Okay.

**MR. BENNETT:** – to fish filleting, which may be fine, I do not know the technology. Then OCI closed the Marystown plant and I am trying to find out what happened to the funds, what happened to the equipment.

**MR. HUTCHINGS:** Okay, I will get that information for you.

**MR. BENNETT:** Heaven forbid they send it to China to process yellowtail over there.

**MR. HUTCHINGS:** Yes –

**MR. BENNETT:** We do not know that.

**MR. HUTCHINGS:** My understanding was that the monies were not dispersed but I cannot confirm that. I will find out for you.

**MR. BENNETT:** Minister, under 3.1.02, Investment Portfolio Management, line 10 says \$3.636 million, from \$1,500 last year. What is that?

**MR. HUTCHINGS:** That would be where we moved all our business development programs, too, under that heading.

**MR. BENNETT:** Is that already committed to something you already have in mind, or is it yet to be applied for?

**MR. HUTCHINGS:** No, that would be application based.

**MR. BENNETT:** Okay. What types of things would be eligible for that?

**MR. MEADE:** This is where we have now moved our business development program in non-repayable. It would be elements like some things we talked about earlier, Business Networks, things like that, if we want to work with companies improving productivity around technology utilization. We would assist companies in market development so we could work with them on marketing strategy work or marketing analysis work.

We could look at in terms of if there is particular expertise that they need in the company, technical assistance, we could assist with that. There is a myriad of things we could do, but generally in the theme of improving the productivity and competitiveness of our SMEs.

**MR. BENNETT:** Minister, a few weeks ago you made an announcement in Petty Harbour with different suites of programs from the department. Is that more finalized now? It seemed like it was fairly preliminary some time ago.

**MR. HUTCHINGS:** No, that is finalized. That was based on a commitment in 2011, that we review our suite of programs. There was certainly a lot of dialogue with a survey that was done with our stakeholders, those who have used our programs, or staff. I had an opportunity to visit a lot of our staff around the Province and just a comprehensive review of what we were hearing about our programs, our suite, what we did well, and what we needed to improve on. That culminated in the announcement in terms of how the suite of programs is now aligned, and that fit with what we were told.

**MR. BENNETT:** Some was private and some was public. How would an applicant find out what is available today? Is there a brochure or Web site to say this is what is eligible or –?

**MR. HUTCHINGS:** Yes, all that information would be on our Web site. We would do it through our local offices, our staff, or here in St. John's.

What we are trying to do is streamline. If someone comes in to us and says: We have an idea; we are in business and this is what we would like to see. We want to take them from the front lines and we will direct them to where they need to go, not for them to figure out, well, do we go here, here, or here? We want to take them, listen to them, here are our thoughts, here are our ideas, and here is where we are in the business continuum. As government, how do you help us or what programs do you have?

Our staff's job is to take them and slide them in. We will do the backdoor stuff in terms of what program you slide in and that kind of stuff. We just want to get them in, work with them, and use our programs to support them as best we can.

**MR. BENNETT:** How much budget do you have, both for the private and for the public?

**MR. HUTCHINGS:** About forty-eight in total.

**MR. BENNETT:** Is it for loans, or grants to match loans, or a certain amount of equity? How does that work?

**MR. HUTCHINGS:** It is basically, all of the above. There are some grants, as was mentioned, in terms of tech utilization programs that we do in terms of small companies application based. I think it has been tremendously successful in terms of SMEs that need a new piece of technology and they apply for that. It is application based.

To drive their business it could be – I remember Auk Winery in Twillingate, I think last year needed a new piece of equipment to increase the volume of bottles per hour. Based on that, they were able to take advantage of an expert opportunity. That is just an example of what we try to do in regard to that particular program. So the programs do vary.

**MR. BENNETT:** The \$2 million for Cape Dorset; is that part of that program or is it a different program?

**MS MALONE:** No, that is a one-off investment.

**MR. BENNETT:** How were the principals involved in Cape Dorset able to access a one-off? How did that work?

**MS MALONE:** You are referring to the ice water deal, are you not?

**MR. BENNETT:** Yes.

**MS MALONE:** Yes, in a normal fashion they put forward a business plan and we had our normal negotiation discussions in partnership with DFA in terms of the resource side on that. It was a normal business negotiation analysis assessment process. Whether it is \$200,000 or \$2 million, there is a very rigorous process that you go through and determine to award investments.

**MR. BENNETT:** In the course of the last twelve months, how many of these one-off transactions did the department do?

**MS MALONE:** This is the only that we have done in this last twelve months.

**MR. BENNETT:** Are there any others in the works or contemplated?

**MS MALONE:** No.

**MR. BENNETT:** How did it come about that this was able to be a one-off if there are not any others?

**MS MALONE:** This came about because the circumstances arose, the solutions were clear, and the money was found to provide the appropriate investment.

**MR. BENNETT:** Where did this money come from?

**MS MALONE:** It came from our Strategic Enterprise Development Fund.

**MR. BENNETT:** What else has this Strategic Enterprise investment fund – is that what it is called?

**MS MALONE:** Fluorspar indeed that we earlier chatted about.

Thank you.

**MR. BENNETT:** Okay.

Other than the Cape Dorset and Fluorspar, are there any other initiatives that have received funds through this fund?

**MS MALONE:** No, Fluorspar was a year ago or 2011, and this one this year, no, not that I recall.

**MR. BENNETT:** In the case of Fluorspar, these funds have not yet been dispersed?

**MS MALONE:** Some have, but the program is in progress as the minister chatted about earlier.

**MR. BENNETT:** Seven hundred thousand dollars or so has been dispersed. Is the remaining sitting somewhere or is it just waiting to be drawn down? Is it sitting in an account some place?

**MS MALONE:** Yes, Mr. Bennett, it is sitting in the vote that you just discussed which was the \$16 million-plus.

**MR. BENNETT:** Okay.

**MS MALONE:** That is the balance of the investment to be provided as the progress is made.

**MR. BENNETT:** If somebody wanted to receive the same treatment as Fluorspar and as Cape Dorset, what would they do?

**MR. HUTCHINGS:** They would come in, the same thing, in terms of a business case or an opportunity, or if they find themselves in a situation where they need assistance, they would

come in and have a discussion with us. The business plan, business analysis, the same process would be undertaken.

We want to be flexible enough to meet opportunities or to assist if we have an industry like, for example, the fishing industry in rural Newfoundland and Labrador in a particular case hits tough times, we want to be nimble enough to basically have that discussion and look at the opportunity. If we can provide assistance at the end of the day – if we think the risk is minimal, it will never be total non-risk, but we want the opportunity to be able to make a decision to assist.

**MR. BENNETT:** Are there any guidelines set forth for that type of an investment?

**MR. HUTCHINGS:** Yes, certainly. In terms of the financing and those types of things, that stringent analysis applies to all offers or all business requests. It would be the same as Rita has indicated. The same requirements are met.

We have to be confident that the people's funds are as best protected as possible, while ensuring that we can avail of an opportunity or assist a company that needs assistance at a particular point in time. We expect to continue to show growth and opportunity.

**MR. BENNETT:** In addition to security, are there other guidelines such as jobs created, or if IBRD already has funds placed with that applicant, like to protect an existing investment?

**MR. HUTCHINGS:** Yes, if we have a current investment we would look at where that investment is, but long term what the opportunities for growth are. At the end of the day, it is still a full look at the picture and what the return is going to be to the Province.

**MR. BENNETT:** Are there any –

**CHAIR:** Mr. Bennett, sorry; out of fairness for time, we do have to adjourn at 12:00 p.m. because there are a number of Committee members have another function, I am going to go back to Mr. Mitchelmore.

Mr. Mitchelmore, I ask that as we get close to 12:00 p.m., we are going to have to adjourn. Then we will make some due diligence to see if we can entertain, with the Clerk, and the minister, and his staff, of reconvening at a later time – if it is convenient for everybody and it works during our schedule.

Mr. Mitchelmore.

**MR. MITCHELMORE:** Thank you.

I will certainly pick up where Mr. Bennett is leaving off with this Icewater deal. I had asked the minister a question in the House, because when you look at equity investment, equity poses a much higher risk to the lender, versus looking at a loan – which companies like loans because they have low interest rates.

It seems very surprising to me that the Department of IBRD would have this dual option and offer a low dividend rate of 3 per cent. It seems like an absolute giveaway in terms of what the risk it exposes us to. I am not opposed to looking at doing this type of lending, but if the vessel is valued at \$9 million, then they should be able to go out into the open market and get a competitive rate, a competitive loan, based on the value of that vessel. Why would we not offer a term loan at that similar low rate? Why was the option of equity made available?

That seems like a very poor decision on behalf of whoever made it in this department. I have to question why would you do equity and not the loan? If you are doing equity, normally you would have it at a high rate, 10 per cent, 12 per cent, especially given the risk that is associated with this industry.

**MR. HUTCHINGS:** First of all, from a commercial point of view, my understanding is that the company did seek that and the opportunity did not exist. At the end of the day, the bottom line is here we have a company that is operating in our traditional industry that has good potential, has not had the opportunity in the past to utilize quotas, and with this vessel, has that opportunity.

We saw an opportunity here to assist this company to get through a rough patch of water. In terms of us, I will let Rita speak to the actual equity piece, but as I said, with various companies and interactions we have we go through and do the best possible deal we can. Again, we have security on this vessel, we are getting a 3 per cent annual return, which will be delivered after eight years, and overall we made the decision that it was a worthwhile investment in rural Newfoundland and Labrador in an industry that we think has potential and in a company that has potential.

Rita.

**MS MALONE:** To your question, obviously the overall value proposition the minister outlined as to what it did for employment and build on the growth of our original quota that is still our security piece as well. I just want to make two points. We do preferred share, non-voting equity positions with numerous clients in this Province. We do not mandatory have an exit strategy, nor a dividend payable. The dividends are declared and paid, and they are nowhere near 3 per cent on average on these average preferred deals. This deal has a cumulative 3 per cent mandatory.

The second thing is it is the convertible option. Most of our smaller, preferred share deals, of which we have many, are not a convertible. You take the risk and you take the return, and the risk is there. The other reason we did preferred shares in this instance is to repay trade the working capital, but also to restore the balance sheet to allow them to secure better working capital, increased working capital, that they require to operate a 250-strong integrated facility.

So the decisions were taken based on good banking principles, with the added value that this is as quasi-equity as you will ever get because we have the convertible term option at our option, unlike most preferred share deals that venture capitalists get into or we in government.

**MR. MITCHELMORE:** I ask the minister if there was a risk assessment done and if it can be made available, as well as the details of the loan, as you have done with other companies which you have lent money. You have provided the details to my office. I am wondering if I could have the details on this.

**MR. HUTCHINGS:** Like any other deal, whatever we can release we will certainly release. If that mirrors any other deal we have done, there is no problem with that.

**MR. MITCHELMORE:** I want to ask about the twenty-one programs in the department. They are collapsed into two. One of those programs is the business investment for commercial clients. That is this section we are talking about. It seems from your release that this is going to focus on newer companies. Is that the strategy? That is the indication I got from your release and statements in the media.

**MR. HUTCHINGS:** New, emerging, and ongoing, it just will not be new.

**MR. MITCHELMORE:** Okay. Is there a timeline when these programs are going to be up and running? We are into the budgetary process. We do not see the applications online and what changes that is going to mean. It is certainly slowing down potential investment in the Province.

**MR. HUTCHINGS:** I do not understand that. The programs are up and running now. Our staff is available. Any connection between anybody on the ground and our staff, they should be plugged right in now to what is happening.

**MR. MITCHELMORE:** So there is no particular application process that is online or anything like that, that is currently available.

**MR. HUTCHINGS:** Anything that was on there before or anything that is available now, it is all the same. It is just, as I said before, we have consolidated these. If someone walks in and speaks to an EDO today or tomorrow, we will review it in the context of these two funds

and there should be no delay in terms of driving any economic activity.

**MR. MITCHELMORE:** Of the twenty-one programs, were there any cuts like Technology Utilization, Innovate and Demonstrate Program, Commercialization, the Global Travel Program, the Innovation Enhancement Program, and Youth Innovation? In collapsing them, is this going to have an impact on leveraging other funds from federal and provincial amounts and stacking funds? Some organizations had stacked funds before in your department. So now are you actually removing caps to allow them to better utilize federal funds as well or is this a regressive move?

**MR. HUTCHINGS:** No, we are not; no caps. What it does, in some cases, is allow the integration of – in the past where there were so many lines that were almost separate entities, an employer may not have been able to take of advantage of multiple lines or multiple means of funding. Now, this allows a more integrated approach. At the end of the day, an employer may get access to more funds or more various assistance that they may not have in the past.

**MR. MITCHELMORE:** Is this meant to cut down on red tape and process, and improve the experience with the client?

**MR. HUTCHINGS:** Yes, that is one of the components.

**MR. MITCHELMORE:** If so, it is certainly a good step.

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** I am wondering about the Craft Industry Development Program, where that fits now, and what changes people who are in the craft industry development field can anticipate with this year's Budget in terms of cuts?

**MR. HUTCHINGS:** That is one of the examples I talked about, an integrated and across-the-board access to all of the programs, which is a benefit now to the craft industry and

that is why we did it, basically, to integrate. We have specific staff still tied to the craft industry. We see the craft industry, certainly, as room for growth. We have been a heavy supporter of the industry and continue to be part of that.

Rita, do you have anything further to add to that?

**MS MALONE:** You are right, Minister. The deputy earlier raised about our grant program to attend trade shows, to try new product development, our Crafts of Character, and those types of things. They are still being funded under the one umbrella program.

**MR. MITCHELMORE:** How many positions were lost in the craft sector in your department?

**MR. HUTCHINGS:** Two positions.

**MR. MITCHELMORE:** Where are the current industry specialists located now?

**MR. MEADE:** There would be a position in St. John's and a position that is actually, I think, out of Grand Falls that covers Central and West.

**CHAIR:** Mr. Mitchelmore, in the interest of time, and I know there is some commitment by some members here, we are going to have to adjourn and then work with the minister and the Clerk to see if we can find some time in the schedule to reconvene at a later date.

I want to thank the Committee. I want to thank the minister and his staff for their due diligence and their open discussion.

I do ask for a motion to adjourn.

**MS PERRY:** So moved.

**CHAIR:** Made by the Member for Fortune Bay – Cape La Hune; seconded by the Member for Lake Melville.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Opposed?

We are adjourned until we can look at a time that works for everybody to reconvene.

I thank everybody.

On motion, the Committee adjourned.