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**Proceedings of the Standing Committee on  
Resources**

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Department of Fisheries and Aquaculture

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Honourable Wade Verge, MHA

## **RESOURCE COMMITTEE**

Department of Fisheries and Aquaculture

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Chair: Eli Cross, MHA

Members:

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

Clerk of the Committee: Sandra Barnes

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Appearing:

### **Department of Fisheries and Aquaculture**

Hon. Vaughn Granter, MHA, Minister  
Philip Ivimey, Departmental Controller  
David Lewis, Deputy Minister (Acting)  
Kate Lundrigan, Policy Analyst  
Brian Meaney, ADM, Aquaculture  
Krista Quinlan, ADM, Fisheries  
Roger Scaplen, Director, Communications  
Rob Stead, Executive Assistant  
Wandalee Wiseman, Director, Planning

### **Also Present**

Kim Ploughman, Researcher, Official Opposition Office  
Ivan Morgan, Researcher, NDP Office

The Committee met at 5:33 p.m. in the Assembly Chamber.

**CHAIR (Cross):** Good evening everyone.

We are about ready to start. I would just like to lay a couple of ground rules and then we will move into introductions from the Committee side.

Estimates Committees are governed by Standing Order 65 to 77. When we start with proceedings, we offer fifteen minutes to the minister to start, if he needs that time. Then the first speaker for the Official Opposition gets fifteen minutes and we alternate ten minutes after that, between the Opposition and the Third Party. We will call the line item at the start.

Housekeeping; we need a motion to adopt the minutes of the previous meeting.

**MR. MCGRATH:** So moved.

**CHAIR:** Moved by Mr. McGrath; seconded by Ms Perry.

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, minutes adopted as circulated.

**CHAIR:** I would ask now the members of the Resource Committee, starting with Mr. Slade, to introduce themselves, but you need to wait for the light.

**MR. SLADE:** I am MHA Sam Slade, the Member for Carbonear – Harbour Grace.

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

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

**MS MICHAEL:** Lorraine Michael, MHA, Signal Hill – Quidi Vidi.

**MR. MORGAN:** Ivan Morgan, Researcher, NDP caucus.

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

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

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

**CHAIR:** Minister.

**MR. GRANTER:** Vaughn Granter, Minister and MHA for Humber West.

**MR. LEWIS:** David Lewis, Deputy Minister.

**MR. MEANEY:** Brian Meaney, Assistant Deputy Minister.

**MS QUINLAN:** Krista Quinlan, Assistant Deputy Minister

**MS LUNDRIGAN:** Kate Lundrigan, Fisheries Financial Planning Supervisor.

**MR. IVIMEY:** Philip Ivimey, Departmental Controller.

**MS WISEMAN:** Wanda Wiseman, Director of Planning Services.

**MR. STEAD:** Rob Stead, Executive Assistant to Minister Granter.

**MR. SCAPLEN:** Roger Scaplen, Director of Communications.

**CHAIR:** Okay, just a reminder that all questions are directed to the minister and he will deflect. If you are into a supplemental question, you can go to the person, but the minister would, at his discretion, call back to question him.

Mr. Granter, do you want to start?

**MR. GRANTER:** Yes, thank you.

Good evening everyone.

**CHAIR:** Should we call the number first?

**CLERK (Ms Barnes):** You are supposed to.

**CHAIR:** Okay.

**MR. GRANTER:** Sorry?

**CHAIR:** Call the first –

**CLERK:** We have to call the subhead.

Subhead 1.1.01.

**CHAIR:** Minister.

**MR. GRANTER:** I am not going to give a preamble, but I welcome everyone this evening. I will turn it over to get into the line-by-line questions that the panel may have.

**CHAIR:** Okay. We will be using the clock.

Mr. Slade.

**MR. SLADE:** I also waive that right. I would like to get into the lines.

**CHAIR:** Just go right to it. You can start.

**MR. SLADE:** Mr. Minister, 1.1.01, Employee Benefits that were not spent, can we get an explanation for that?

**MR. GRANTER:** Sorry?

**MR. SLADE:** Employee Benefits.

**MR. GRANTER:** So you are under Salaries, 01?

**MR. SLADE:** Yes.

**MR. GRANTER:** It was budgeted \$254,900 and the actual spent was \$233,300?

**MR. SLADE:** Yes.

**MR. GRANTER:** That is a variance due to salary savings as a result of a vacancy in an executive assistant position in the Minister's Office. That was for a short period of time throughout last year. There was an executive assistant position that was not filled for a short period of time.

**MR. SLADE:** Okay. Transportation went up by \$10,000. Why would that be? Is it all ministerial travel in this section, or does the minister tap other monies in the department for travel? Can the minister table a list of his travels, including destinations and cost?

**MR. GRANTER:** It was budgeted \$48,600 and the actual came in at \$58,600. It was all ministerial. The variance was due to international travel requirements related to seafood development activities, as well as slightly higher than anticipated travel cost associated with some routine ministerial travel. So, yes, it was all ministerial travel.

**MR. SLADE:** Also, can you table a list of that travel?

**MR. GRANTER:** I do not have it with me, but I do not see it being a difficult problem to table any of the travel from the Minister's Office.

**MR. SLADE:** Okay, Sir.

**MR. GRANTER:** Just to add to that, it had to deal with travel to international shows as well as to Norway, China, and the Boston Seafood Show to promote –

**MR. SLADE:** You are referring to seafood shows?

**MR. GRANTER:** Seafood shows, yes.

**MR. SLADE:** Purchased Services was underspent by \$5,000. What was not purchased there?

**MR. GRANTER:** The variance was – expenditures for Purchased Services: rental and lease of office equipment, meeting room facilities, printing services, advertising, and recycling and shredding services as well. So it was less than anticipated in last year's budget.

**MR. SLADE:** Have there been any changes in staff at the Minister's Office since the last Estimates?

**MR. GRANTER:** Do you mean by numbers or by names?

**MR. SLADE:** No, not by names. Have there been any changes like higher numbers or lower numbers?

**MR. GRANTER:** No, there has not.

**MR. SLADE:** There has been no change at all?

**MR. GRANTER:** In the Minister's Office?

**MR. SLADE:** Yes.

**MR. GRANTER:** No.

**MR. SLADE:** Okay.

I go down to General Administration there now, 1.2.01, Executive Support.

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

**CHAIR:** Subhead 1.2.01.

**MR. GRANTER:** Subhead 1.2.01?

**MR. SLADE:** Yes, that is what it is.

**MR. GRANTER:** Subhead 1.2.01. Okay, go ahead.

**MR. SLADE:** Salaries went up by \$190,600. What positions were filled and how many?

**MR. GRANTER:** The variance from \$684,200 to \$874,800 is due to a salary continuance payment, a retirement that took place in the department, and severance costs associated with an ADM position. This position and associated funding were eliminated as part of the Budget 2013-2014 process.

Dave, do you want to add to that?

**MR. LEWIS:** In the 2013-2014 Budget we reduced the number of ADMs from four to two, actually. One of the ADMs took their redundancy as a salary continuance. So that carries on until that is expired. Therefore, part of the payout was in the last fiscal year. All the severance and everything are paid out now and the person is retired, but that is why that number is higher.

**MR. SLADE:** It is down again for 2015 by \$154,000? What positions were not filled?

**MR. GRANTER:** You are looking at the amount for \$720,200 – that variance, as it is across most government departments I suspect, is due to budgeted salary increases for 2015-2016 based on collective agreements, as well as funding for any planned salary step increases within those steps throughout government.

**MR. SLADE:** Okay.

Under Administrative Support, 1.2.02, \$86,400 was unexpectedly spent for Professional Services. Can we have an explanation, or the nature of this?

**MR. GRANTER:** The \$86,400 is part of the consulting and design fees required for the construction of aquaculture inflow wharves on the South Coast. The full capital budget for aquaculture inflow wharves originally budgeted is in Property, Furnishings and Equipment. I think that is standard across government as well prior to letting of contracts. Funds are transferred to Professional Services from Property, Furnishings and Equipment, as required, once the contracts are let.

**MR. SLADE:** Are you saying that this was part and parcel of building a wharf for the aquaculture industry? Where would that be located to?

**MR. MEANEY:** Part of the design work is we retain a consulting engineer to ensure that everything is built as per the design, so part of that cost goes under Professional Services and that is why it would be transferred out of the Property, Furnishings and Equipment account; but that is a standard piece in any engineering requirement that you have a consulting engineer on side.

**MR. SLADE:** Okay.

There was over \$2.5 million spent for Purchased Services. Can I have an explanation and can you table a list of the property, furnishings and equipment?

**MR. GRANTER:** The \$2,519,000, as I tried to explain in the initial question, are expenditures

that are actual construction expenditures related to the aquaculture inflow wharves. Full capital budget for aquaculture inflow wharves are originally budgeted in Property, Furnishings and Equipment, which is standard across government, for 2012-2013 and then funds, as contracts are let, are transferred to Purchased Services from Property, Furnishings and Equipment. So \$2,519,000 is for the aquaculture inflow wharves.

**MR. SLADE:** The \$2.5 million was the actual wharf. So the \$86,400 was for the design work and then the actual cost of the wharf was \$2.5 million?

**MR. MEANEY:** That would have been the amount of work undertaken by the contractor during the last fiscal year and that was the amount paid to the contractor for the construction.

**MR. SLADE:** Can we ask who the contractor was?

**MR. MEANEY:** I do not have that with me right now, but I can certainly get that information for you.

**MR. SLADE:** On the other one, the Property, Furnishings and Equipment, they actually only spent \$63,100 of a \$3.9 million allocation. Why was that?

**MR. IVIMEY:** The way that budget is worked; you will see the 2014-2015 budget was \$3.9 million, that is the full budget that was budgeted for the aquaculture wharves. It is budgeted in that one line object which is Property, Furnishings and Equipment, so that is where it is budgeted.

Now, that may not be indicative of where the funds are actually spent throughout the year because part of that infrastructure project will consist of design work which will be Professional Services; the actual construction itself which would be considered Purchased Services; and then any forms of equipment or materials itself would then we considered Property, Furnishings and Equipment.

What you see underneath the revised is the actual way the expenditures were spent during

the year. So the \$86,000 would be indicative of the Professional Services and the engineering work which Brian just spoke of; the \$2.5 million would be indicative of the actual physical construction itself, which would have been contracted out; and then the \$63,000 in Property, Furnishings and Equipment would relate to any kind of equipment, construction material that was purchased related to the project.

The total of those three subheads, you will see, is \$2.6 million. We spent \$2.6 million of the \$3.9 million that was budgeted; it was just spent in different areas within the same subhead.

**MR. SLADE:** Okay. In the section 1.2.02 and the total into that there, would that mean that all this money went into aquaculture? Am I correct to assume that?

**MR. IVIMEY:** Yes, that would be correct. This was budgeted for aquaculture wharves.

**MR. SLADE:** Okay.

Policy and Planning Services, 1.3.01, there was \$40,600 less spent for Salaries and I would just like to know what positions this affected.

**MR. GRANTER:** That was a variance due to various staffing vacancies in the department during the year or part of the year, or various periods of time through the last fiscal year. Did you just ask for the positions?

**MR. SLADE:** Yes.

**MR. GRANTER:** The positions would have been a WPEO II position, Economist II position, an Information Analyst I position, and a Senior Information Management Analyst position. That would be a WPEO II, Economist II, Information Analyst I, and a Senior Information Management Analyst.

**MR. SLADE:** There was \$15,500 unexpectedly spent for Professional Services. Can we get an explanation for that?

**MR. GRANTER:** That \$15,500 that is under Professional Services, that variance was for a professional services contract that was required for a review of the records management system in the department.

**MR. SLADE:** Okay.

Why did the Purchased Services go under budget? What was purchased?

**MR. GRANTER:** Purchased Services, to \$15,500 from \$50,000 – less spent on rental, lease of office equipment, photocopiers as an example; printing services was less than budgeted; onsite recycling and shredding services during the year came in under budget.

**MR. SLADE:** Okay.

Could you please table a list of grants and subsidies and recipients? Could I get that?

**MR. GRANTER:** Yes.

**MR. SLADE:** Revenue, \$21,400 more than expected –

**MR. GRANTER:** I am sorry, what line are you at again?

**MR. SLADE:** It is under Planning and Administration.

**MR. GRANTER:** Oh, yes, revenue under provincial, I got it.

**MR. SLADE:** Yes, it is \$21,400 more than expected and I am just trying to find out what source that came from.

**MR. GRANTER:** I will speak to that but if not, someone else can speak to it.

The variance is due to higher than anticipated revenue as a result of reimbursements of any overpayments on prior year invoices in grants and other miscellaneous revenue, so it is reimbursement of overpayments.

**MR. SLADE:** It is money that was put out but it came back to you?

**MR. GRANTER:** That is correct.

**MR. SLADE:** Does aquaculture planning take place under this division, or is it just a wild fisheries component?

**MR. LEWIS:** The planning and admin division is the planning division for the entire department, so it would include Aquaculture as well.

**MR. SLADE:** Aquaculture included.

**MR. LEWIS:** Although there is an Aquaculture Development Division. Obviously there would be policy people in that division as well. The overall planning for the department, the reporting, the transparency requirements and so on for all departmental requirements are all covered in this particular division.

**MR. SLADE:** Okay. What new policy programs have been initiated, say, for the past two years under this?

**MR. LEWIS:** In terms of new projects, we have engaged in a review of aquaculture socio-economic impacts on the Province. A report was released in January. The Annual Report of the department and the departmental Strategic Plan are all done through this division. The annual Seafood Year in Review report, which comes out in the wintertime, is produced through this division.

As the minister pointed out, the Professional Services that were here are related to information management. Information management also falls under this division. So the project that was done was to look at a new records classification system for a records management system. Planning Services provides the overall planning services function for the department. Also, information management and ATIPP responses and coordination are all done through this particular division.

**CHAIR:** Okay, so Mr. Slade's time has expired. We will go to Ms Michael.

**MS MICHAEL:** Thank you very much, Mr. Chair.

Minister, could we go back to 1.2.02, please? I just have a couple of questions.

**MR. GRANTER:** Yes.

**MS MICHAEL:** Under Property, Furnishings and Equipment, \$975,000 has been estimated for this year. What is that estimated for?

**MR. GRANTER:** The \$975,000 would be to complete the Milltown aquaculture inflow wharf. The wharf, because of the seasons, was not complete in the last fiscal year. That money will be carried over to complete the wharf this coming year.

**MS MICHAEL:** Okay. So the wharf that was talked about earlier is the Milltown wharf, is that it?

**MR. GRANTER:** That is correct.

**MS MICHAEL:** Okay, thank you very much. That was my second question, where is that wharf?

**MR. GRANTER:** Okay. Thank you.

**MS MICHAEL:** So that is all the same wharf. Okay, thank you.

Turning to 1.3.02, first of all coming down to 10, Grants and Subsidies, there seems to be a slight increase in that line for next year. What is the reason for an increase?

**MR. GRANTER:** You are right, there is an increase in the Grants and Subsidies from \$2.8 million in 2014-2015 – the revised was \$2.8 million – up to \$3,050,000. The breakdown is the Centre for Fisheries Ecosystems Research, CFER. They went from \$2,350,000 to a \$2,600,000 budget.

Coastal and ocean management stays at \$150,000. Fisheries science and cod recovery is at \$300,000. That has been consistent for the last two years. The difference is the increase for the Centre for Fisheries Ecosystems Research, CFER.

**MS MICHAEL:** Okay.

Could we have just a little chat about the cod recovery, what the strategy is, and where things are going?

**MR. LEWIS:** There are a number of elements to cod recovery. One element of it is science.

The department has been providing funding to the Centre for Fisheries Ecosystems Research for the past five years. That includes a number of projects, some of which are related to Northern cod. The most prominent within the public eye would be the *Celtic Explorer* charter and the annual survey on the North East Coast, which is currently underway for this year now with the team of research scientists led by Dr. George Rose.

That is the science side of the cod recovery. As the minister alluded, there is \$300,000 of additional funding that goes into assisting in scientific projects. Some of it is done through CFER. Some of it is done in conjunction with the FFAW. There are probably fifteen science projects – just to pull a number out, somewhere in that order – done on an annual basis. It could be on crab and a number of other areas under that \$300,000.

On the science side, we are supporting science to get a much better handle on what is going on with the cod resource, and what recovery prospects are in the interest of having a much better understanding of how the industry is going to change over the coming years. The other side, of course, is utilization of the resource.

The minister has spoken in the House and publicly in the last few days around the 3Ps cod resource and the fact that a significant amount of that cod is currently staying in the water. It is not being processed. It is not being harvested. Prices are poor. So there are some real challenges for the industry getting back into the cod business.

We have one major cod producer and that is in Arnold's Cove. We have a number of well-established smaller operators in the cod business who have been at it for a number of years. A good example would be Codroy Seafoods over in the Codroy Valley that is in the cod business.

A lot of processors are recognizing that shrimp is on the decline, crab may be on a decline, and they have to go back into the groundfish business. They have to ease their way back into that. They have been out of the market for more than twenty years so there has to be some assistance in that area that can be done through



the Fisheries Technology and New Opportunities Program and others. In the last year, we have provided a number of exemptions under the MPR program to allow industry to test other markets for cod; the objective being to provide new opportunities for product, to try and increase the amount of landings over the course of the year, and also to increase the value.

In 2014, we saw on St. Pierre Bank an increase in the amount of landings in the inshore by 31 per cent. The prices went from fifty cents in 2013 to an average of around seventy-two cents in 2014. It is trying to utilize the resource, it is trying to improve marketing the resource, and it is also having a much better understanding on the science of where the resource is actually headed.

**MS MICHAEL:** Right.

Thank you. I appreciate that. Of course, on the All-Party Committee we have an awareness of some of that, but it is good to get a fuller picture.

Apart from the research that is happening, what exactly is the role of the provincial department in all of that? For a lot of it, we know the federal is the key group. In terms of influencing, in terms of – I think we have gotten a sense on the All-Party Committee of frustration in terms of influence.

**MR. LEWIS:** I guess one thing is the federal government has to set the quotas, they allocate the quotas to harvesting enterprises, and they license fishers and fishing enterprises. That is their role.

**MS MICHAEL:** Right.

**MR. LEWIS:** Our role, as the provincial department, is to license processing. We assist in marketing. So, those two sort of fit together. On the federal side, the government about five years recognized there were deficiencies in science. All of the work that was being done was being done by bottom trawl surveys. A lot of other places in the world are also utilizing acoustic surveys.

So the *Celtic Explorer*, which was chartered and brought in, is a world-class vessel for acoustic surveys. Through its sonars – and it has electric

engines; you can turn off the diesels and you can have silence in order to utilize the sounders – it can pick up individual fish. The information that has been collected by that survey is complementing the information that DFO has, and it is also challenging the DFO scientists to rethink some of the assumptions that they had made around cod.

For example, CFER, through satellite tagging of cod – this was the first instance of satellite tags on cod in the world was done through CFER – has demonstrated that large cod are migrating inshore and they are staying for longer periods of time during the year. Whereas the conventional wisdom was they went in and they went out in mid-fall, now they are seeing large fish right in on the rocks, basically, until New Year's.

There is some question as to whether or not the trawl surveys, which are being conducted in the fall, are not missing some of those fish. The information that is being provided through this initiative is complementing and challenging some of the research that is being done on the other side so that, overall, we have a much better understanding of what is going on out there and you can make much better decisions as to what is the state of the resource, how abundant is the resource, and how quickly can we start the resume a more fishing effort back to a commercial fishery.

**MS MICHAEL:** Good. So we do have good co-operation going on?

**MR. LEWIS:** Yes.

**MS MICHAEL:** Okay, thank you.

With regard to the current situation with the cod that has been allowed to be sent offshore for processing, that is in the hands of the provincial government, right?

**MR. GRANTER:** What do you mean cod is being sent offshore for processing?

**MS MICHAEL:** The current situation that we are dealing with –

**MR. GRANTER:** MPRs?

**MS MICHAEL:** Yes.

**MR. GRANTER:** In Fortune?

**MS MICHAEL:** Yes.

**MR. GRANTER:** The exemptions that we gave MPRs last year, the report that came out with regard to the media, only a small percentage of the fish that were exempted for MPRs are actually leaving the Province. In actual fact, the majority of the OCI exemption for cod fish last year was actually processed here in the Province of Newfoundland and Labrador.

**MS MICHAEL:** It was processed here?

**MR. GRANTER:** It was processed here in Newfoundland. So the exemptions for the MPRs, only 500,000 pounds were actually shipped outside of the Province.

**MS MICHAEL:** Okay.

**CHAIR:** Okay, your time has expired there, so I move back to the Opposition.

**MR. SLADE:** Subhead 1.3.02, Sustainable Fisheries Resources and Oceans Policy. Why were the Salaries down by \$60,500? What positions were affected by that?

**MR. GRANTER:** One staff member was on a temporary assignment with another division and one staff member was on maternity leave for part of last year, so the actual budget was down.

**MR. SLADE:** Okay. Why the increase this year? Who is being hired? It has gone up this year.

**MR. GRANTER:** The increase is from \$400,000. You do not go from the revised to the estimate; you go from budget 2014-2015 and you go from that to 2015-2016. The variance is due to budgeted salary increases for the 2015-2016 as per the collective agreement right across the department, as well as funding for any planned salary step increases. It is an incremental budget salary increase for the collective agreement clauses, which is \$17,200 over and above the 2014 budgeted year.

**MR. SLADE:** Okay.

The overall increase in the budget by \$338,500, is this the reason?

**MR. GRANTER:** What line are you at now?

**MR. SLADE:** I am down on the overall increases in the budget. You took the budget and you increased the overall, so that is the figure.

**MR. GRANTER:** Basically that increase, which I answered a question a little earlier, the total budget for that particular division is basically because of the increase for the funding to CEFR, which is the Centre for Fisheries Ecosystems Research. Their budget was \$2,350,000 and it went from \$2,350,000 to \$2,600,000. So that is \$250,000 there in one lump sum.

**MR. SLADE:** That is for CFER?

**MR. GRANTER:** CFER, yes.

**MR. SLADE:** Okay.

The Member of the Third Party asked a question about the cod recovery. I would suggest the programs that we are into with CFER kind of bothers me a little bit. Not because of the science, because the science part of it is very, very important, what bothers me so much about it is the duplication.

Out of this here, how much does the feds actually give you towards that program or is this all provincial money?

**MR. GRANTER:** That is all provincial money.

**MR. SLADE:** That is all provincial money. The concern that I do have is we are kind of letting the feds off the hook. In 1949 when we joined the Union, it was the responsibility of the federal government to provide science to that Province. Right now, by us doing the work, we are kind of letting them off the hook a bit. That is just observations. I figured I would make a comment on that.

Of course right now what we have – David just said it there – what we actually do have is we have conflicting information from the CFER side of things, which is the provincial

government, and opposite we say from the federal government. It is kind of conflicting.

I would say to you by the way – just to give you a little bit of information – I did spend some time at survey work with the federal government from 1996 to 2013. I actually did the sentinel survey. So I know what that part of it is about. It is kind of concerning. I am not sure that the provincial government should not be getting something out of the federal government to go towards this because we are doing their work. That kind of concerns me a little.

**MR. GRANTER:** Can I just make a comment on that?

**MR. SLADE:** Sure.

**MR. GRANTER:** I really appreciate the comment and concern because I share the same concern. When we look across the federal government and in the media reports, recently, in the last few days, with regard to the overall science research that has been done by the federal government, and it is across all departments, it is concerning for me as minister; but, at the same time, I firmly believe, personally, that it is important for us as a province as well to doing research across departments and included in my department as well.

In the absence of the federal government doing the kind of research, which I think you and I would agree, that the federal government should be involved in research and science, and research and development, but I do not think that should tie our hands in the Province from allocating and spending funds across departments with regard to research and development or science. I think we are on the same page there.

**MR. SLADE:** Yes, I do believe that we go should back to them and say we are kind of doing your work.

Like I was saying, it is sort of conflicting the CFER work and also the federal work. The federal part of the science is after coming out and saying fish is on a really good rebound. It is growing. It is increasing in size. The population of the stock is increasing in size. Our work here

that we are doing as a Province is coming out and saying it is very slow growth.

I can say this with all certainty – and I am not one of those people who go out and think that we should go now willy-nilly and fish the stock back to where it was in 1992, but I do believe the amount of fish is there. It is great. I think we can support somewhat of a fishery in it when you hear of fish rolling up on beaches and that.

Mr. Chair, I know this is probably a little bit outside of this here, but I would just like to pass the comment along because I have seen it. I have seen it myself and I have experienced it.

**MR. GRANTER:** If I could just make a quick comment. I just want to also say the value that we are getting in the sense of our homegrown researchers at the university, as well as the fisheries and Marine Institute – I met a number of times, and have seen those young minds who are doing all kinds of good research here in the Province. So these are the researchers and the scientists who will have an impact on the fishery of the Province for generations to come.

I think we are on the same page with regard to the responsibility of the federal government. Some of the monies that we are using through CFER and others, we are growing our own research minds here in the Province as well, so that is only good. That is only good for the future.

**MR. SLADE:** Absolutely. I totally agree with it, and the young science students and that. I totally agree with you on that. It is part and parcel, I guess, of what CFER does, but we need to be careful.

We do not need to be letting the feds off the hook all of the time. That is just a straight point; we do not need to be doing it. I think we should be going after them to pay for a portion of this work.

Is the Coastal and Ocean Management Strategy and Policy Framework implemented under here, under this?

**MR. GRANTER:** Yes.

**MR. SLADE:** When can we expect a progress report on this policy?

**MR. LEWIS:** The Coastal and Ocean Framework is included in our strategic plan as an initiative and it is reported in our annual report. It has been in place now, I guess, for four or five years. We have not actually considered when to do the evaluation yet, but as you pointed out, it is probably timely to start planning around an evaluation.

As the minister pointed out, we have \$150,000 in grants in this program that we pay out on an annual basis for support for various coastal and ocean initiatives, everything from scholarships for students to dealing with aquatic invasive species, and supporting local groups that are interested in beach cleanup and reclamation of coastal areas.

**MR. GRANTER:** I can just add a couple there. For example, in the Northeast Avalon, \$7,000 for a coastal erosion project; the Newfoundland Aquaculture Industry Association, mitigation of vase tunicate Phase 2, which was an aquatic invasive species; the Fish, Food, and Allied Workers, mitigation and control of green crab; the Humber Arm Environmental Association which is out on the West Coast, coastal management area workshops. There were a number of projects that would fall under that.

**MR. SLADE:** Can we get a list of that for this year? That is something that is not online.

**MR. GRANTER:** Yes.

**MR. SLADE:** Okay.

Are the aquaculture activities and licences vetted through this strategy? If not, why not, since this government promised the people of Newfoundland and Labrador a balanced approach in the use of our oceans, through ongoing consultation and collaboration.

**MR. MEANEY:** Aquaculture was considered. It was under part of the strategy when it was developed. The sustainability plan that we announced recently is an outcome of that process, in terms of ensuring that aquaculture is managed in our ecosystem in a sustainable manner. While it is not directly covered under

this particular division in the department, the work of the Coastal and Ocean Strategy informed us in terms of development of our own aquaculture strategy going forward.

**CHAIR:** Okay. Time is expired there now.

**MR. SLADE:** Okay. Thank you.

**CHAIR:** I have to move to Ms Michael.

**MS MICHAEL:** Thank you, Mr. Chair.

Could I just make one request? Whenever a request is made for a list, for example, under Grants and Subsidies, or something like that, the information would come to everybody on the Committee.

Great, thank you. I was going to ask the same thing.

Subhead 1.4.01, Coordination and Support Services, under Salaries, 01, obviously there is a real dip in the revised figure for last year. Could we have an explanation please, Minister?

**MR. GRANTER:** The variance was a result of some staff vacancies for all or part of the year, in addition to delays in staffing in relation to the Fisheries Investment Fund.

**MS MICHAEL:** Okay, thank you.

Coming down to Professional Services, obviously something unexpected came in there because you had \$30,000 budgeted, but \$151,500 spent.

**MR. GRANTER:** The variance there was due to a Request for Proposals, if you can recall, that was issued during the year to support the work of the Fisheries Investment Fund under CETA.

**MS MICHAEL:** Okay.

**MR. GRANTER:** That was the variance there.

**MS MICHAEL:** Could we have an update on what is happening with regard to that and the discussions with the federal government? Is anything happening at all right now?

**MR. GRANTER:** My comment on that would be we fully expect that the federal government would uphold to the agreement with regard to the CETA fund, and provide the funds for the Province to move ahead with regard to CETA.

**MS MICHAEL:** So you are expecting it.

**MR. GRANTER:** The expectation would be that the federal government would live up to the agreement that was in place between the federal government and the provincial government on CETA.

**MS MICHAEL:** Are there any discussions going on with them? When was the last time this was discussed?

**MR. GRANTER:** I cannot answer if anyone had any conversation outside of me, but I had some conversations.

**MS MICHAEL:** Okay, thank you. I will not push you any further.

Coming down to line 10, Grants and Subsidies, could we have an idea of what those are and why it was so low in the revised figure?

**MR. GRANTER:** The variance there was – there was a decreased demand on the Workforce Adjustment Program during the year. We budgeted \$750,000 and \$376,600 was the actual revised. Basically, it was because under the Workforce Adjustment Program, the money was not needed. There was less take-up.

**MS MICHAEL:** Okay.

So where does the money go?

**MR. GRANTER:** The Workforce Adjustment Program – for example, the short-term job creation: the Town of Hant's Harbour, for example, \$42,000-plus; Burin town council was \$112,000; town council in Lawn was \$8,450; Jackson's Arm town council was \$38,000; the temporary closure in Harbour Breton was \$170,000 that was transferred from MIGA. So that is the Workforce Adjustment Program.

**MS MICHAEL:** Could we get that list, Minister, please?

**MR. GRANTER:** Yes.

**MS MICHAEL:** Great, thank you very much.

I do not have any more questions under that section. Subhead 2.1.01, Purchased Services, there is a variance in the revised number from the budgeted. Could you explain that?

**MR. GRANTER:** Yes. For the \$321,000 to \$245,700, there was less vehicle repair and maintenance required for our fleet, in addition to savings in fisheries infrastructure demolition projects. We had some facilities around the Province that were inherited or fisheries properties that we have. So it is less cost in the demolition of those projects.

**MS MICHAEL:** Okay, thank you.

Subhead 2.2.01, Seafood Marketing and Support Services, Fisheries Programs, the line item, Grants and Subsidies, a big variance there, \$150,000 variance between the budget and the revision.

**MR. GRANTER:** We have had monies in the budget 2014-2015 and previous, so the variance is really due to limited take-up in the marketing initiative outlined in the fisheries MOU. The only project funded last year, the \$50,000, it was a one single project and was a shrimp promotion project in marketing for the United Kingdom.

**MS MICHAEL:** Minister, is much thought going into the development of an aggressive strategy around marketing? I mean, internally, is this discussion happening in the department? Obviously, something is needed – I think we might all agree that marketing is important but if there is no take-up, even with the limited money that is there –

**MR. GRANTER:** We have provided funding and encouragement to industry for marketing for the last number of years, but I guess the old saying it is one thing, you can lead a horse to water, but you cannot make it drink. They are all doing marketing individually and collectively, industry players. We would like to see more take-up on it. I will pass it over to the deputy.

**MR. LEWIS:** Even though we only spent \$50,000 of the \$200,000, it is actually progress in that a group of processors, shrimp processors, decided to participate in an international marketing effort in the United Kingdom. So not only Newfoundland processors but also European companies who were in that market and they agreed to participate in that project, so the department was able to assist in funding that.

It is a real challenge; as the minister said, we have had a lot of money in the budget over the years and very, very little take-up. I think it is partly because of the competitive nature of our industry and they are always more concerned about trying to source raw material than they are of collectively marketing. It is not to say that they do not market their own products, but co-operating and the whole marketing side, it is extremely challenging to get them there.

Through our other marketing initiatives like the trade show promotions we do in China, Brussels, and Boston we get good take-up. They work closely with the department and they follow up on those initiatives, but when you ask them to get together and to try to do something collectively on marketing that is where you really run into challenges.

We have made multiple attempts and we will continue to do so, but it is a struggle.

**MS MICHAEL:** You do see progress happening?

**MR. LEWIS:** Well this is actually progress, believe it or not, because in previous years it would have been zero.

**MS MICHAEL:** Yes, I think I remember a zero. Thank you.

Since I am down a little bit, I am going to ask a question that is not related to that. When we were talking about your ministerial travel, the question came to me about the All-Party Committee and where the expense shows up in your budget for the All-Party Committee. We had a discussion around that today with Health and the All-Party Committee there, so that is why I thought I would ask the question here.

**OFFICIAL:** That is the planning division.

**MR. GRANTER:** Officials tell me that funding for the All-Party Committee travel Ottawa next year, in this year's budget, would be from the planning division.

**MS MICHAEL:** From?

**MR. GRANTER:** Planning division.

**MS MICHAEL:** Okay, very good. Just getting an idea around that.

I only have a few seconds left, so I will let it go back because they may have questions on some of the area that I have covered. They probably do, I think.

**CHAIR:** Okay.

Mr. Mitchelmore.

**MR. MITCHELMORE:** Great, I do have lots of questions. I will start with 2.2.01, Seafood Marketing and Support Services. Under the Grants and Subsidies, after the questioning by \$50,000, the shrimp marketing promotion for the UK, who actually did that marketing promotion, what company?

**MR. LEWIS:** It was done through the Association of Seafood Processors which covers most of the shrimp producers in the Province.

**MR. MITCHELMORE:** Okay.

**MR. LEWIS:** It was not an individual company. That was the progress part of it when it was collectively a group of companies.

**MR. MITCHELMORE:** How much did the Province contribute to the overall marketing promotion?

**MR. LEWIS:** That was our contribution, the \$50,000.

**MR. MITCHELMORE:** What did they contribute? What was the overall cost of the project?

**MR. LEWIS:** We might have to get that.

**MR. GRANTER:** We do not have it, but we can get it for you.

**MR. MITCHELMORE:** Okay.

Subhead 1.4.01, Coordination and Support Services, you had discussed the Comprehensive Economic and Trade Agreement, CETA. Would the minister be able to confirm that there is no allocation for the proposed provincial portion of the fisheries fund, the \$120 million in the fisheries budget? We have asked in other Estimates Committee meetings where this \$120 million would be allocated and we do not see it.

The CETA agreement would have been a \$400 million fund, up to \$280 million for the federal government, which would mean up to \$120 million for the provincial government, but we do not see any line item within the whole budget of provincial allocation, despite it being mentioned on page 51 of the Budget saying that we are counting on Ottawa to provide its share.

**MR. GRANTER:** No is the simple answer, but the answer in length would be that funding would not flow to CETA until it would be ratified, and that would be a number of months out and probably would be in the Budget year beyond this particular Budget year. That is why you would not see a budget line this year there.

**MR. MITCHELMORE:** Okay.

Are there any pieces of correspondence or memoranda of understanding that have been exchanged in these talks so far this year in 2015?

**MR. GRANTER:** I am not sure what you are asking.

**MR. MITCHELMORE:** In terms of your dialogue with either the federal minister or the negotiating team, in your capacity as minister who the fisheries fund would fall under the department?

**MR. GRANTER:** In this calendar year, no.

**MR. MITCHELMORE:** Was there anything in the last calendar year?

**MR. GRANTER:** Any correspondence that would have been in the last calendar year would have been presented in the House of Assembly and tabled as documents in the House of Assembly. You would already have those.

**MR. MITCHELMORE:** That would be when Premier Dunderdale was Premier; those documents that were tabled then?

**MR. GRANTER:** All documents that have been tabled in the House of Assembly.

**OFFICIAL:** Right up until last fall.

**MR. GRANTER:** Right up until last fall, 2014.

**MR. MITCHELMORE:** Okay, so you are confirming there is no MOU signed on this deal?

**MR. GRANTER:** I am confirming all documents that were available have been tabled in the House of Assembly, and you have those.

**MR. MITCHELMORE:** Okay. So since there was no MOU in those documents, I guess there is no MOU on this particular fund, based on what you are saying.

Have you had any discussion, your officials, ministers, or Premiers that specifically – correspondence or things; an update that you are willing to provide the House here, the Estimates Committee, on this particular fund that would flow up to \$400 million to the Province?

**MR. GRANTER:** I have nothing to report or can report to the Estimates Committee. I will report anything that is associated with a line that is in the document, but I cannot at this stage of the game, report to the Estimates Committee to the question that you are asking.

**MR. MITCHELMORE:** Okay.

Under this section, Fishing Industry Renewal, MHA Sam Slade wrote you to inquire about government plans to invest its committed share of the \$400 million fish fund, especially if the feds would not participate. The response at the time by the department was really noncommittal. What is the status on that in terms of, if the feds do not move forward, is the \$120 million on or off the table?

**MR. GRANTER:** That is hypothetical and you know that. The answer to that question is simple. The federal and provincial government has an agreement with the fund, it is 70-30 cost

shared. The federal government is in, we are in as a Province, and that has not changed.

**MR. MITCHELMORE:** With this fund that was announced more than a year ago by the former Premier at The Rooms – and there have been negotiations, discussion with various groups and stakeholders – has any money been committed in Budget last year or this year for industry renewal related to the CETA discussions, this \$400 million hypothetical fund?

**MR. GRANTER:** As I said earlier to one of your questions, the fund would not have come into play until months out. So those funds would be allocated at a future date. Funds that would have been allocated would have been associated with Salaries. They are on budget line 01, under 1.4.01.

**MR. MITCHELMORE:** Are there any third party contracts or negotiations pertaining to this fund? There has been nothing that has been agreed to that has been disbursed or committed?

**MR. GRANTER:** We have undertaken work for planning purposes. Other than that, that would be it right now.

**MR. MITCHELMORE:** What planning would have taken place?

**MR. LEWIS:** As the minister pointed out under the Salaries line, \$400,000 of that \$800,000 was established for a planning team to develop, hopefully in consultation with the federal government, programming for the \$400 million fund.

In the last fiscal year, a team was constituted and work was commenced before things went off the rails last fall. The team has since been disbanded. The funding is there in the budget again this year in the hopeful event that things go back on the rails and there is an opportunity to negotiate with the federal government. The planning team at the time had developed a consultation plan, had initiated pre-consultations with some key industry players, and was preparing all of the materials that would be required to engage in a consultation process, a collective consultation process to develop the programming.

**MR. MITCHELMORE:** Okay, so \$400,000 was for the planning team. What was the other \$115,000 for under Salaries?

**MR. LEWIS:** The whole \$400,000 was not spent on the planning. As I said, the team was created, but subsequently disbanded.

The total amount that was spent last year was around \$180,000. The remainder was spent on a variety of – there are five positions which are funded under the Fishing Industry Renewal Strategy going back to 2007. They include: a fisheries development officer, a market development officer, a planning analyst, a financial analyst, and a program coordinator.

Those positions are temporary positions that we have had in the department since 2007. They are actually deployed in various divisions in the department. They are the reason for most of the expenditures in Salaries in this particular area.

**MR. MITCHELMORE:** Okay, so how many people for \$180,000? How long were they employed? What other type of benefits would have been associated? Were they all temporary employees? Did they get severance, et cetera?

**MR. LEWIS:** Yes, they were all temporary employees. One was a secondment; the other three were departmental employees which were deployed into this project from another project. While they were engaged in these activities, their other positions were left vacant, so there were savings achieved elsewhere in the department.

They came on; I think it was late summer. The lead person, the secondment, was discontinued in early winter. The remainder of the team has subsequently been given notice to go back to their original positions pending this project going back into a planning stage.

**MR. MITCHELMORE:** Okay. I can see my time is expired. I have more questions on this, but I will come back.

**CHAIR:** Ms Michael.

**MS MICHAEL:** Thank you.

Moving ahead then to 2.2.02 –



**MR. GRANTER:** Sorry, Ms Michael.

**MS MICHAEL:** Subhead 2.2.02.

**MR. GRANTER:** Thank you.

**MS MICHAEL:** Although looking at that I really do not have a lot of questions in that section, except I might as well ask; Professional Services, \$63,700 was budgeted and \$29,600 spent. This year it is going up only to \$40,000.

What normally is that used for in this area of the Professional Services?

**MR. GRANTER:** The question is what –

**MS MICHAEL:** What normally is that?

**MR. GRANTER:** – typically gets funded under here?

**MS MICHAEL:** Yes.

**MR. GRANTER:** The licensing board is funded through this, travel paid for their costs, which was less last year, and for any specific or special projects.

**MS MICHAEL:** It is the licensing board. Okay.

Could we come over to 2.2.04? The first question is under 01, the Professional Services, \$50,000 was spent and nothing had been budgeted. What would that be?

**MR. GRANTER:** The variance there is a result of two projects that came up throughout the year that required professional services funding. Our projection was \$40,000 for a shrimp project and \$10,000 for a sea urchin project. The actual amounts were \$35,000 for shrimp and \$3,800 for a sea urchin project.

**MS MICHAEL:** Right, okay.

**MR. GRANTER:** The shrimp project was the LIFO project, the report. It was the all-party report.

**MS MICHAEL:** Very good. Thank you.

Mentioning sea urchins – this question is from out of the blue – but last year the government approved a sea cucumber licence for Grand Bank Seafoods. Can we get an update on how that is working? Is that being successful in terms of the harvesters and the workers?

**MR. LEWIS:** Sea cucumber has proven to be a challenge for most of the licence holders. That particular licence was given to Grand Bank Seafoods which is owned by Clearwater. Clearwater is in the process – they are actually working with the Marine Institute – of trying to develop specialized products and processes to utilize the sea cucumber resource.

It has been quite a challenge. In the last year or two a significant amount of sea cucumber quota has gone unharvested despite the department adding licences to the system.

**MS MICHAEL:** What is the challenge? Marketing?

**MR. LEWIS:** Yes, market is the challenge, yes.

**MS MICHAEL:** Okay.

Coming down in that same section, coming down to line 10, Grants and Subsidies, there has been a \$1 million drop from last year's budget to this year. Could we have an explanation on that, please? What are the grants and subsidies here? Where do they go?

**MR. GRANTER:** The breakdown under Grants and Subsidies is FITNOP and core development funding, as well as the Canadian Centre for Fisheries Innovation, CCFI. The development, one is from – there is a million dollars less in the budget this year than would have been in previous years. The Canadian Centre for Fisheries Innovation, CCFI, remains the same. So that is the variance.

**MS MICHAEL:** I missed the point then about why the drop of a million dollars.

**MR. GRANTER:** Why?

**MS MICHAEL:** Yes.

**MR. GRANTER:** We are all required to find budgetary savings and that is one of the areas that was reduced.

**MS MICHAEL:** What do you see as the impact here of that, Minister, because last year almost all of it was spent. There was only \$150,000 variance. What would be the impact of having a million dollars less?

**MR. GRANTER:** We have contributed millions of dollars to that particular program, and continue to contribute funds to the particular program. We have invested heavily over the last number of years. This million dollars is a continuation of contributions that would go towards industry, whether it is inshore or offshore, or companies or harvesters. We will continue to contribute but we had to find some funds, and we took some funds from that particular program this year.

**MS MICHAEL:** Okay. So you are saying that if you needed more you would try to find it within your budget?

**MR. GRANTER:** We are not permitted to do that.

**MS MICHAEL:** You are not permitted to do that.

**MR. GRANTER:** We are not permitted to do that.

**MS MICHAEL:** Okay. That is all I have there.

Aquaculture; instead of moving into aquaculture, Mr. Chair, if the Opposition wants to ask more questions prior to aquaculture instead of moving into that, I am open to turning it over.

**CHAIR:** Mr. Slade, do you want to start?

**MS MICHAEL:** I have lots of questions.

**CHAIR:** Yes, if you want to come back – we have not been voting off the line items. We are just going to do the total at the end, so you could have continued on.

**MS MICHAEL:** I will do that then, if that is what you want.

**CHAIR:** Okay. She will take the rest of her time.

**MS MICHAEL:** Under 3.1.01, in terms of line items, coming down to Professional Services, last year there was a budget but nothing was spent. This year there is a budget of \$8,000 and this year there is a budget of \$183,000, so there must be some new project or expectation here.

**MR. MEANEY:** This year it was announced in the Budget process, \$240,000 for scientific and oceanographic work related to bay management for aquaculture. So within a grouping there we have increased our funding, as you have indicated, to \$175,000 in Professional Services, \$15,000 in Supplies, and \$50,000 in Property, Furnishings and Equipment to accomplish that work. That requires the charter, for example, of the Marine Institute Oceanographic vessel to do the oceanographic work, the purchase of scientific equipment, et cetera, to undertake those studies this year.

**MS MICHAEL:** Thank you.

What work is going on with regard to research work around the impact of farmed salmon on the wild salmon?

**MR. MEANEY:** There are quite a number of initiatives ongoing at the current time. We are co-operating with Memorial University and the Department of Fisheries and Oceans in regard to looking at the impacts of escaped salmon on wild populations. DFO is taking the lead on that, but we provide a lot of input and veterinary advice in that process.

We have an ongoing working group with industry ENGOs and our federal counterparts in looking at mitigative measures to prevent salmon from escaping farms. That has been our key approach. In 2000 we brought in the code of containment, which was the first code that met the North Atlantic Salmon Conservation Organization's requirements for codes of containment worldwide. We were the first Province, first country to introduce that. That has reduced escapes from the farms by somewhere in the vicinity of 95 per cent over time.

We are doing a lot of work in terms of oceanographic work, and on the piece I spoke to earlier, it feeds into that, in terms of how we site farms. Do we site farms in the optimum place so that the impact on the bottom, for example, will be as minimal as possible? For example, you would find areas that are not depositional. You would not put a farm, for example, in an area where there is low water level, low water flows, and no flushing.

So there are quite a number of activities, as well as in the fish health side. We do a considerable amount of research on fish health and fish diseases.

**MS MICHAEL:** Is that research easily accessible if one wanted to really see what is going on?

**MR. MEANEY:** Our code of containment is available online. We have an annual report and results of our meetings with industry. The MUN study will be coming out published in a refereed journal in a year or two, when that work is completed. The remainder of the work is reported on in our annual reports.

**MS MICHAEL:** Right. Okay.

**CHAIR:** Okay.

I think your time has expired there now. I just remind everyone at the end of this ten-minute session we will do the five-minute break and come back at 7:00 o'clock.

**MR. SLADE:** Okay.

Subhead 2.2.02, Licensing and Quality Assurance; there was a salary drop last year and less this year of \$244,100. When we need so much emphasis on quality, how many positions are involved here? Are they just located in St. John's?

**MR. GRANTER:** The variance from budget to revised is due to a vacancy within the division during the year. It was a data entry operator and that was only part of the year.

For the current budget, the variance is due to a budget salary increase for 2015-2016 as part of the collective agreement, as well as funding for

any planned salary step increases. Additionally, it includes a reduction in salary dollars of \$75,000 related to the government attrition plan.

Dave will give you more detail.

**MR. SLADE:** Okay. I just noted in the salary summary, section 5, \$305,449 was allocated. Why is there a discrepancy there?

**MR. GRANTER:** I am not following you. I am not sure which line you are at.

**MR. SLADE:** I was in the salary summary.

It is a difference there from \$244,100 to \$305,449. There is a discrepancy there and I just wanted to know why the discrepancy.

**MR. GRANTER:** Just hang on there now. I will see if I can find it.

**MR. SLADE:** Okay.

**MR. LEWIS:** The attrition plan for this year requires the department to save \$114,000, roughly, and two PCNs. One area where we may be able to find savings is in this particular division because there are a couple of potential retirements, but they are not guaranteed.

So in putting the attrition plan into the Estimates, funding had to come out in certain salary areas. Departments are required to manage the plan as we go forward over the next twelve months. It is possible that we will not achieve any savings in this particular division. If there are not retirements, then we will not save any funding in this particular division, and we will have to find the savings elsewhere in the department.

In terms of reflecting the savings, the overall savings that were required for the department in the Estimates, this is one area where the savings were reflected. As I say, where the savings actually get achieved over the course of the year is a planning process that the department is required to engage in on a quarterly basis as we go through the year.

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

Professional Services; why was less than half the budget of \$63,700 spent and who got this money?

**MR. GRANTER:** Five meetings for the licensing board was a part of that and the cost was less than expected. A sea urchin study of \$14,300 was funded here as well. The remainder was paid to the board members for attendance at board meetings. There were less board meetings required last year.

**MR. SLADE:** Thank you, Sir.

Overall, \$81,000 less was spent than anticipated. Is this a reflection of a lack of interest in this program? In 2013-2014 there was a revenue line from the Province. Where did this go?

**MR. LEWIS:** Phil, do you want to deal with the revenue issue?

**CHAIR:** Phil Ivimey.

**MR. IVIMEY:** That revenue item was restated to the Department of Finance. So that revenue now shows up underneath the Department of Finance as opposed to the Department of Fisheries and Aquaculture.

**MR. SLADE:** Under the Department of Fisheries and Aquaculture?

**MR. IVIMEY:** Yes, correct, under the Department of Finance.

**MR. SLADE:** Yes. Okay.

What new initiatives and policies are being undertaken to improve quality of seafood? Are there any new initiatives?

**MS QUINLAN:** As noted, there was a sea urchin study which is looking at the best ratio of sea urchin. You are looking at the better quality that we can produce within our local plants and how that is produced within the plants. We also are looking at other items, including the proper temperatures for different species and how best to record the temperatures for those species. There are certain creatures that you would not want to insert a probe in and things like that.

QCEP training is also there. That is the Quality Compliance Enforcement Program that we have for our inspection staff. The QCEP program covers a number of items. There are eighteen units they are required to complete, including officer safety, sensory analysis, proper report writing, issuing of summary offence tickets, various items like that that will assist in the professionalization of the inspection team. This year we have another eight graduates out of our inspection group.

**MR. SLADE:** Does this section cover any aquaculture licences or quality assurances?

**MR. GRANTER:** No.

**MR. SLADE:** Why isn't the detail of what the Province brings in, in terms of fees, provided here?

**MR. GRANTER:** What is, or why isn't it?

**MR. SLADE:** Why is it not? Why isn't it in the details?

**MR. LEWIS:** As Phil Ivimey pointed out previously, the revenue items have been moved to all reflect under the Department of Finance. There are no changes in the fees for processing and buyers' licences in the overall government Estimates but the fees are not shown under the Department of Fisheries anymore, they are shown under the Department of Finance. It was identified last year actually, that that was a more correct accounting of fees rather than having them shown in the department. It was not determined by us, it was the Department of Finance.

**MR. SLADE:** Yes, I agree.

Can the minister provide a breakdown of fees and from what sources for the latest year, for last year?

**MS QUINLAN:** Yes, licence fees are all online.

**MR. SLADE:** They are all online. Okay, thank you.

Direct sales; we could ask about this issue or is it best to save that for the House and ask

questions in the House? I actually asked one today. What is the position on that?

**MR. GRANTER:** Direct sales is something that I have, as minister, looked at. I have had conversations with other colleagues, as I said in the House today. It crosses different departments with regard to Service NL, licensing, quality assurances, making sure how far we go with direct sales. Do we do direct sales with someone from a wharf? Do we allow someone to catch fish and take it to someone's door? Do we allow door-to-door selling of codfish or other species?

So that is where we are with it; trying to get our head around where we would proceed with regard to direct sales or would it just simply be direct sales to restaurants around the Province. There is a whole gamut of how far we go with regard to direct sales. I am trying to get my head around where we are going to go with regard to direct sales.

**MR. SLADE:** I would just like to say to the minister, it is being done anyway. It is probably something that could promote our fishery and also promote our tourism industry.

**MR. GRANTER:** I am not adverse to that. I understand the fact that it is being done. We know the amount of fish that is coming out of the water and how much is claimed for personal use.

**MR. SLADE:** Yes. Well, there is a lot of personal use.

**MR. GRANTER:** Exactly.

**MR. SLADE:** It is being done anyway. I just put that on the minister's –

**MR. GRANTER:** Again, I do not think we are in any disagreement.

**MR. SLADE:** No.

**CHAIR:** Okay.

At this point our time has expired. There is only one lady in the Broadcast Centre so we will let her have a five minute break. We will convene at 7:00 o'clock or as close as we can.

### Recess

**CHAIR:** Okay, we are ready to resume again.

As we start, I think we are with Ms Michael this time.

**MS MICHAEL:** Thank you very much, Mr. Chair.

We are still on Aquaculture, 3.1.01. We were having a little discussion I want to pursue a little bit further; that is talking about the research with regard to the stocks.

I was just wondering when the 20,000 farmed salmon escaped from the Cooke Aquaculture facility in Hermitage Bay a couple of years ago, that was a fair number. Do the researchers even know how long it would really take to find out what the impact of that was?

**MR. MEANEY:** I think the first important point to note is that these were domesticated animals.

**MS MICHAEL:** Right.

**MR. MEANEY:** So their possibility for survivorship was very, very low.

**MS MICHAEL:** Very low.

**MR. MEANEY:** They have no idea. They have no hunting instinct. They have never caught live prey before in their life so survivorship would be extremely low.

There were a number of fish that were identified in Garnish Brook on the Burin Peninsula. DFO took over all of the investigation in regard to that. They are monitoring the brook, both that fall and in previous runs, as I indicated to you earlier, together with some genetic researchers at Memorial University, and to use that, if you like, as a laboratory to see, what, if any, impact those fish would have on the wild population in that region.

**MS MICHAEL:** Do they have any idea of how many cycles it would take to know if there has been an impact or not? Is one year adequate or do they know?

**MR. MEANEY:** If you presume that some fish successfully spawned as an example, you would not have been able to determine that either until when those fish exit the river, which in Newfoundland from egg to smolt is generally around three years on the Island portion of the Province.

**MS MICHAEL:** Right.

**MR. MEANEY:** So if you put a counting fence in, it would be three years after the first spawning. If you were to look at returning adults, it would be another year beyond that. So you are talking a three-to-five year time period.

**MS MICHAEL:** Three to five years. Okay, thank you.

Back to the line item then, under 3.1.02. This is the Loans, Advances and Investments: appropriations providing for equity investment in aquaculture. It was \$6 million budgeted last year and only \$3.4 million spent. This year it is all the way down to \$2.8 million. That seems an extremely big drop, \$3.2 million.

What is the impact of that? It seems to me that is just a decision that has been made. Could we just have some discussion on that, Minister?

**MR. GRANTER:** The variance there is due to late receipt of the finalized proposal for the Aquaculture Capital Equity Investment project resulting in lower than anticipated funds being needed for the 2014-2015 fiscal year. That was the Northern Harvest project which some portion of the funding was announced in the previous year, a continuation of funding for this year of \$2.8 million, and the rest to be financed over the next two years. That is why it is \$2.8 million in the 2015-2016 Estimates.

**MS MICHAEL:** It was deliberately amortized over a period of time, is that what you are telling me? So \$6 million was budgeted but only –

**MR. GRANTER:** The project proponent – the length of the project is over four years.

**MS MICHAEL:** Okay.

**MR. GRANTER:** Including their investment and our equity investment.

**MS MICHAEL:** Okay.

That \$6 million that was budgeted, it was not clear when it was budgeted how much would be spent last year and how much would be moved on, is that correct? I am trying to get the correct understanding here.

**MR. MEANEY:** The program is driven based on our discussions with potential clients and potential investors as to what their anticipated expenditures may be if they were successful in the program. One million dollars of that \$6 million identified there was to a previous program we funded with Newfoundland Aqua Service, an on land net cleaning service. That was the end of their investment.

The remaining \$5 million we had anticipated at the Northern Harvest project would have commenced earlier and would have had the proposal earlier. However, due to a variety of reasons the proponent came with the proposal later. We were able to flow \$2.4 million in the last fiscal year, \$2.8 million in the current fiscal year, and the remainder going out over the following two fiscal years.

**MS MICHAEL:** Okay. Thank you. That makes it really clear for me.

Okay, let's see if I have any more questions under this.

Could we have a bit of discussion – I think that a reference has been made to it – around the Centre for Aquaculture and Seafood Development? What are the yearly operational costs and how much has been spent to date?

**MR. GRANTER:** What line is that?

**MS MICHAEL:** I do not have a line for it. That is why I am asking. Where would we find where that happens? Where does the money for the centre come from? Which line?

The facility itself, I understand, from our records show that it costs \$8.8 million, but what is the yearly?

**MR. GRANTER:** Subhead 5.1.01, under Aquatic Animal Health.

**MS MICHAEL:** Thank you.

Okay. So it is under the Aquatic Animal Health? It is the Centre for Aquaculture and Seafood Development. Why would it be under there?

**MR. MEANEY:** It is the Centre for Aquatic Animal Health and Development.

**MS MICHAEL:** Right.

**MR. MEANEY:** Primarily all the laboratory functions for our veterinarians and all the diagnostic work is conducted out of that building. The cost associated with that work is associated in this subhead.

**MS MICHAEL:** Okay. Which was the direct line again, Minister, that you read out? Subhead 5.1.01, so every –

**MR. GRANTER:** Subhead 5.1.01.

**MS MICHAEL:** Everything under this you are saying relates to the centre?

**MR. GRANTER:** Yes.

**MS MICHAEL:** Okay, thank you very much.

The next one for me will be 4.1.01 Aquaculture Licensing and Inspection. There really are not big variances here except under Property, Furnishings and Equipment. It seems like you needed something that was more than the usual \$5,000.

**MR. GRANTER:** That variance there was an unforeseen expenditure associated with the purchase of a boat trailer for site inspections.

**MS MICHAEL:** Okay.

If we come over to 5.1.01, under Supplies there is a variance of \$25,000. Could we have an explanation of that?

**MR. GRANTER:** Yes, the variance was \$130,000 to \$155,000, you are correct. It was due to increased supply requirements associated with surveillance programs for the ISA.

**MS MICHAEL:** Okay.

Obviously, you do not expect that to happen this year. If it does, it does, I guess.

**MR. GRANTER:** It was unexpected.

**MS MICHAEL:** It was unexpected. Okay.

Under Purchased Services, again a variance of \$50,000.

**MR. GRANTER:** Yes, from \$340,000 to \$390,000. Again, that was for unexpected costs with regard to ISA surveillance.

**MS MICHAEL:** Okay.

**MR. GRANTER:** Laboratory services, sorry.

**MS MICHAEL:** Okay.

I think those are all of my questions, Mr. Chair.

**CHAIR:** Okay. We will come back to the Official Opposition.

**MR. MITCHELMORE:** The last time I was speaking we were talking – this is under 1.4.01, Coordination and Support Services around CETA.

**MR. GRANTER:** Subhead 1.4.01, I just want to stick to the line items.

**MR. MITCHELMORE:** Yes.

**MR. GRANTER:** Go ahead.

**MR. MITCHELMORE:** This is around Salaries; it was \$180,000 of the \$515,500. The staff had stated there was a temporary employee. It is a secondment and three redeployed, I guess, from another project, and stated that this work happened late summer. When did their work end for them to gain this \$180,000 of employment?

**MR. GRANTER:** That question was previously answered, by the way.

**MR. LEWIS:** The secondment ended in early winter, I think it was January. The other staff have just recently been given notice for their positions and they are going back to their original positions in the department, which were

held vacant while they were on the project. There is a minimal cost difference between the positions they were in and the positions they are going back to.

**MR. MITCHELMORE:** What have they been doing in the interim, because they announced that we are pulling out of CETA? That has been made for quite some time now. What have the employees who are still there been doing that has been focused on the planning aspect?

**MR. LEWIS:** When the project was commenced there was a variety of work that was initiated. As the minister had indicated, there were RFPs that were developed. There was website development, consultation plans, a variety of work that was done and is pending a resumption of negotiations with the federal government.

**MR. MITCHELMORE:** Okay. What positions are these three people going back to and in what section of these Estimates will they fall?

**MR. LEWIS:** The three people; two are in planning services and one is in seafood marketing and support services.

**MR. MITCHELMORE:** Okay.

You said these people were hired in late summer of 2014 but the announcement was made in October 2013. Was there no staff allocated to deal with the CETA agreement and this fisheries fund between October and late summer?

**MR. LEWIS:** The funding was initiated in the last fiscal year's Estimates, in 2014-2015.

**MR. MITCHELMORE:** Okay. From what I am getting from you here is that the announcement was made in October 2013. There was no money budgeted at that time. Staff came on in late summer 2014. That is a long time from the announcement to getting to the planning stage.

**MR. LEWIS:** Well, the process for budget planning – budget initiatives are developed in the fall. Estimates are not passed until April, and in this case May or later, and at that time the department proceeded with filling positions.

**MR. MITCHELMORE:** Okay.

I want to go back to 1.1.01 Minister's Office. What I want to ask is how many vacancies are in the Department of Fisheries and Aquaculture?

**MR. GRANTER:** You are referencing under my office, in the Minister's Office?

**MR. MITCHELMORE:** Well, if you have a global number.

**MR. GRANTER:** Under 1.1.01 is the Minister's Office, and your question is how many vacancies are in my office?

**MR. MITCHELMORE:** Yes.

**MR. GRANTER:** The answer is none.

**MR. MITCHELMORE:** Okay. How many temporary employees are in this salary line?

**MR. GRANTER:** In the Minister's Office?

**MR. MITCHELMORE:** Yes.

**MR. GRANTER:** How many temporary?

**MR. MITCHELMORE:** Yes.

**MR. GRANTER:** None.

**MR. MITCHELMORE:** What about part-time employees?

**MR. GRANTER:** None.

**MR. MITCHELMORE:** How many full-time employees?

**MR. GRANTER:** Four.

**MR. MITCHELMORE:** Okay.

Under 1.1.01, you had mentioned that under Transportation and Communications the \$58,600 was for seafood department activities such as travel to the seafood show and other places. Will you provide a list of the travel expenses associated with each trip? Were there ministerial staff that would fall under that?



You had stated it was all ministerial travel, but how many staff would have accompanied? If there were other staff who accompanied on these delegations, will they be provided when we get a copy of this information for seafood department activities?

**MR. GRANTER:** I think you would know that all ministerial travel is available and published online. It is readily available.

**MR. MITCHELMORE:** The information is not always updated or thorough when it comes to all the information, as to the number of employees or whatnot who would have been accompanying the minister. Some of that would fall under Executive Support or other information if they are travelling to various seafood shows or on trade missions.

Is there an ability to get, when it comes to out-of-Province travel, documentation from your department on out-of-Province travel by you, as minister, your staff or other individuals who would be covered under the public department?

**MR. GRANTER:** I do not see that is anything that we cannot provide. I understand there is already an ATIPP request for that information as well.

**MR. MITCHELMORE:** Is the minister saying he will provide the information or you are suggesting we should ATIPP the request?

**MR. GRANTER:** I am suggesting it is not something that I could not provide, no.

**MR. MITCHELMORE:** Okay.

Subhead 1.2.01 under Executive Support, Salaries; how many vacancies?

**MR. GRANTER:** There are no vacancies.

**MR. MITCHELMORE:** Okay.

How many temporary employees?

**MR. GRANTER:** None.

**MR. MITCHELMORE:** Part-time employees?

**MR. GRANTER:** None.

**MR. MITCHELMORE:** How many full-time employees account for the \$874,800?

**MR. GRANTER:** Eight.

**OFFICIAL:** Eight is it? Okay.

**MR. MITCHELMORE:** Eight. So now there are only seven under the \$720,200 because of the person who retired. Is that correct?

**MR. GRANTER:** That would be correct.

It is still eight, sorry.

**MR. MITCHELMORE:** Still eight. Okay, so you are saying that a person who left was given a severance of \$154,600? You had stated that the person who left retired early and was given a severance, or was it more than that because of salary increases from the people who are remaining in the budget.

**MR. GRANTER:** Do you want to repeat the question?

**MR. MITCHELMORE:** Okay. The question is – I will simplify to be clear – the person who retired last year, how much severance was paid?

**MR. GRANTER:** Whatever would have been the entitlement for that particular individual at that point in time.

**MR. MITCHELMORE:** Do you have a figure, your accounting or –

**MR. GRANTER:** I do not have it in front of me, no.

**MR. MITCHELMORE:** Okay.

How much would the salary continuance be?

**MR. GRANTER:** I do not have that number in front of me.

**MR. MITCHELMORE:** Will you provide those two figures? We had Estimates in Executive Council where one individual was paid a severance of over \$400,000.

**MR. GRANTER:** This is not one of them.

**MR. MITCHELMORE:** Just seeking clarification as to what the amounts are in the figures because you are saying that the same amounts of people are working, one person retired, and there is \$154,000.

**MR. GRANTER:** The total amount is approximately \$125,000. That was for continuance, severance, and everything.

**MR. MITCHELMORE:** Okay.

My time has expired there, Mr. Chair.

**CHAIR:** Does Ms Michael have any more questions?

**MS MICHAEL:** No, I do not.

**CHAIR:** Okay.

**MS MICHAEL:** Thank you.

**MR. SLADE:** Okay.

I would just like to go into a few questions on FTNOP. Of course, we all know that FTNOP has come in under –

**OFFICIAL:** Subhead 2.2 –

**MR. SLADE:** Subhead 2.2.04, actually.

**MR. GRANTER:** Go ahead.

**MR. SLADE:** Okay. FTNOP has come in under heavy criticism that the program benefits big players and very few fish harvesters, even with over \$16 million being spent. A 2013 report by Pisces Consulting highlighted that one of the weaknesses of the program was that improvements were required within promotion of small producers, harvesters, and Aboriginal groups. How is the department working to address this concern?

**MR. GRANTER:** Interesting preamble to your question. You referenced, come under criticism. I am not quite sure about where you stand or your party stands on FTNOP.

**MR. SLADE:** No, no it is –

**MR. GRANTER:** So that was an interesting preamble. I kind of picked that up.

**MR. SLADE:** Anyway, it is not criticism. I would assure the minister of that.

**MR. GRANTER:** I am wondering if the criticism –

**MR. SLADE:** It is not meant to be criticism, the question –

**MR. GRANTER:** The question I got is do you support the FTNOP, or do you not support the FTNOP, or your party.

**MR. SLADE:** If the FTNOP is being there for not only the big players, but also the small players. I think it is very important that we have a level playing field here. If government is going to go into a program, it needs to be out there for all stakeholders, not just the big stakeholders.

**MR. GRANTER:** Since 2007, 282 projects have been approved under FTNOP: processing, \$5.8 million; harvesting, \$4.6 million; marketing, \$2.4 million; a small amount under aquaculture under the FTNOP, \$341,000; and \$227,000 plus change for resource based or a combination of components.

Four hundred and fifty-eight applications were received and 282 projects have been approved. Currently, there are thirty-one projects under assessment. The total value of all projects is \$53 million; and the commitment to date under the FTNOP is \$13.36 million. The important number I believe, one of the biggest numbers I believe, is 282 projects have leveraged with a value of \$42 million as well.

I believe as well that as we move the FTNOP forward that FTNOP should benefit – and it has benefited all of the industry. There have been partnerships between FTNOP and the Fish, Food and Allied Workers Union, small harvesters, larger harvesters, companies, the inshore and offshore. So, it has been a gamut right across the spectrum. As minister, I can see value for FTNOP for all players in the industry, including small harvesters as well, if that is your question.

**MR. SLADE:** Mr. Minister, can I get a list of –

**MR. GRANTER:** Programs and who received?

**MR. SLADE:** – the programs and who received them and applications of those who applied and were turned down?

**OFFICIAL:** It is all online.

**MR. SLADE:** Pardon?

**OFFICIAL:** It is online.

**MR. GRANTER:** Yes.

**MR. SLADE:** I just think – and I mean even if I go into it a little bit deeper; in 2014 one report also concluded that there was no evidence that this money provided equal benefits to the majority of boats in the inshore. The report provided four recommendations to refocus the business sense. Are these recommendations being considered and implemented now?

**MR. GRANTER:** Absolutely.

**MR. SLADE:** Okay. We are not against the FTNOP, I want to make that perfectly clear to the minister, but we do think that it can be shared out more equally among the stakeholders. We do believe that.

**MR. GRANTER:** I was very clear in an interview I did back when I first became minister – it would have been sometime in the fall – that I believe FTNOP and any funding that we provide to the industry should benefit all stakeholders.

**MR. SLADE:** Exact words you said, Mr. Minister.

**MR. GRANTER:** That would be offshore, inshore, large harvesters, small harvesters. That is where I am.

**MR. SLADE:** That is exactly your statement.

**MR. GRANTER:** Take some time to move things through. Keep in mind that FTNOP is based on the amount of applications that comes in. A company might put in ten or fifteen applications and some individual may put in one application as well. A lot of times you get a lot

of multiple companies putting in a lot of applications.

**MR. SLADE:** It is a fair statement, Mr. Minister. Like I said, it is just smoothing the program out so that everybody is involved and everybody gets an equal crack at it.

**MR. GRANTER:** Yes. Thank you.

**MR. SLADE:** Mr. Minister –

**MR. GRANTER:** Still under the same?

**MR. SLADE:** Yes. It is just a question about the *Cape Dorset*. We put a heavy investment into that boat and we are kind of getting the indication that there was no insurance carried. Am I correct to say that?

**MR. GRANTER:** The *Cape Dorset* does not fall under the fisheries department. That would fall under another department within government, not us.

**MR. SLADE:** Not your department? Can anyone tell us which?

**MR. GRANTER:** No, that is not our department.

**OFFICIAL:** IBRD.

**MR. GRANTER:** BTRCD.

I do not have an answer for that. Sorry.

**MR. SLADE:** Okay, Sir.

Mr. Minister, has any of the scientific work – I am still there on –

**MR. GRANTER:** Subhead 2.2.04?

**MR. SLADE:** Yes.

**MR. GRANTER:** Okay, go ahead.

**MR. SLADE:** These questions may be a little bit outside of 2.2.04, but anyway, just a question: Has any of the scientific work on the *Celtic Explorer* been peer reviewed by any DFO personal? Are you sharing the information with

DFO, the scientific information? Is DFO using it?

**MR. GRANTER:** I could not tell you what DFO is using or not using. Any information that we had would already be currently published.

The *Celtic Explorer* has been doing work in Newfoundland – this is the fifth year now. They have numerous reports that have been produced and made public in the last five years on the work and research.

**MR. SLADE:** The question I am asking is: Does your department send off the information that you guys are getting now from that report? We all know it is provincial information, right? So would DFO be using any of that in their assessments?

**MR. LEWIS:** The Centre for Fisheries Ecosystems Research works out of the Marine Institute at Memorial University. The scientists publish their scientific reports in peer review journals. There have been numerous reports produced over the past five years since CFER was in place. The scientists also attend DFO's assessment meetings when they are reviewing the stock status of various stocks. They provide information. They sit in on those meetings. They present information at those meetings to assist in an overall understanding of the stocks.

The head of DFO science in the Newfoundland region sits on the industry advisory committee for the Centre for Fisheries Ecosystems Research as well. They recently came out with a report. I guess you probably have a copy of it. CFER published a report just in the past couple of weeks that is pretty comprehensive.

**MR. SLADE:** Yes.

**MR. LEWIS:** It gives a good overview of how they interact and the work they are doing.

**MR. SLADE:** So basically they are using it or are not?

**MR. LEWIS:** Are they what?

**MR. SLADE:** Are they using it or are they not? You would think they are. It is provided to them whether they use it or not.

**MR. GRANTER:** It is available – like you provide a document of information to anyone, it is up to the group or the organization whether they use it or not.

**MR. SLADE:** Yes.

**MR. GRANTER:** You would hope that any organization would use any piece of research that is out there that would benefit –

**MR. LEWIS:** Just to clarify, there are a number of projects that are being conducted by CFER in conjunction with DFO. A good example would be the halibut tagging study on the West Coast which is trying to determine the range and spawning areas of halibut. That is done in conjunction with harvesters, the FFAW, and DFO. There are a number of those projects that both CFER and the federal government are engaged in, collaboratively working on the same projects.

**MR. SLADE:** One would think and one would hope that the information that we are out there doing now on the status of cod that they would want to be in on that, and both parties using the information to the betterment of all concerned in Newfoundland and Labrador.

What is the status of the vessel the *RV Gecho II*. There has not been much about the research vessel as the *Celtic Explorer*. How much money has government allocated to this vessel in total in this year's budget?

**MR. GRANTER:** We provide money for CFER and it is up to CFER themselves how they allocate the funding through the work that they do in a particular year. So we allocate the funds and they dispense the monies through their organization.

**MR. SLADE:** So what survey work is this ship doing? Can anyone tell me that? Is she on a different survey altogether?

**MR. LEWIS:** The *Gecho II* is a small, inshore, fiberglass vessel. It is fitted with acoustic equipment, but it does research in Trinity Bay, for example, in the inshore bay areas. The *Celtic Explorer* is a sixty-five metre offshore vessel that ranges the coast from Labrador all

around the East Coast of the Island and as far down as the St. Pierre Bank.

The *Gecho* is doing research. Doctor George Rose is using it, students are using it for some of their research; but it is an inshore, small, fiberglass vessel fitted out with acoustic equipment to be able to conduct different research in the bays.

**MR. SLADE:** Okay, I understand how it is inshore vessel.

Thank you.

**MR. LEWIS:** It is wholly owned by CFER.

**MR. SLADE:** Mr. Chair, is my time up?

**CHAIR:** Ms Michael –

**MS MICHAEL:** I am okay.

**CHAIR:** You are still okay, so we will not set the clock anymore, you can just (inaudible) and if Ms Michael wants to interject, she can just let us know.

**MR. MITCHELMORE:** I will go.

**CHAIR:** Okay.

Mr. Mitchelmore.

**MR. MITCHELMORE:** Under 1.2.02, this is the Administrative Support for capital assets. This is the wharf infrastructure for, I guess, the aquaculture industry, the wharf that was announced the last couple of years, the Milltown wharf, I believe. Is that correct?

**MR. GRANTER:** Yes.

**MR. MITCHELMORE:** The government contracts out the design for these and also does the build and owns and maintains them forever. Is that the concept with this investment, they become one of our capital assets?

**MR. GRANTER:** Yes.

**MR. MITCHELMORE:** Okay.

Under 1.3.01, the planning and administrative support, I would like to know under the Salaries line how many positions are vacant here. Did you say four positions?

**MR. GRANTER:** You are referencing 01, Salaries?

**MR. MITCHELMORE:** I am just interested in job vacancies in 2014 and currently.

**MR. GRANTER:** You are asking about current?

**MR. MITCHELMORE:** Current job vacancies.

**MR. GRANTER:** There are currently three vacancies, but there are two going back I understand.

**MR. MITCHELMORE:** Okay.

How many employees under this section do you have budgeted for?

**MR. GRANTER:** Twelve.

**MR. MITCHELMORE:** Twelve, okay.

The contracts that you set under Professional Services in this budget line were for a review of records management. Can you elaborate on who was contracted and what the scope of work actually was?

**MS WISEMAN:** The work that was done was done by Prima consulting and they were hired on to do a review of the records inventory and classification systems for the Aquaculture Branch.

**MR. MITCHELMORE:** Okay.

I want to go down to the revenue aspect in this line 02, Revenue – Provincial. I know you have explained this as reimbursement on prior overpayments. Why would the department be overpaying this sum of money and be constantly expecting to be in overpayment of \$2,000? Last year, somewhere there was an error made where there was an overpayment of \$21,600. Can you further explain how these errors would happen?

**MR. IVIMEY:** I would not classify them as errors. The line object is more or less a placeholder for revenue in the department. It is the only area in the department that we have for, I guess, what we term miscellaneous revenue. It would be, for example, if we issued a grant of \$200,000 to a proponent and for some reason at the end of the day the proponent's expenditures were only \$175,000 or \$190,000, we would then expect the proponent to return that funding and it would return to the department as revenue. That is the subhead in which where it would go.

There would be other forms of revenue there as well. For example, if there was an invoice that was double paid in error, or if there was an invoice that might have been overpaid and the vendor provided us the funding back, or it is picked up. As well as miscellaneous revenue from employees, there would be reimbursement of personal expenditures. For example, cellphones, those kinds of type of expenditures, or even travel advances. There are travel advances made to employees who in turn may not end up taking that particular travel for which the advance was intended. That would then be paid back to the department and would show up there in the form of revenue.

The \$21,600 you see, it does not relate to one particular error, shall we say. It could be a combination of multiple things that would come back to the department in forms of miscellaneous revenue during the year.

**MR. MITCHELMORE:** Okay.

You had mentioned some of the projects, either overpayments or whatnot that would happen. How would you be in that position? Why would you be paying in advance for work that is not done? Is that standard policy of the Department of Fisheries?

**MR. LEWIS:** An example might be the special assistance grants that are \$3,000 grants to harbour authorities and fishermen's committees and so on for small community infrastructure projects. When the project is approved and they are ready to commence, we pay out 70 per cent of the project normally, which is \$2,100. They then proceed to obtain funding from other areas if they can for materials, perhaps some labour, et cetera, in order to complete the project.

Occasionally, projects do not proceed or they do not utilize all the funding, so that would be a case where we advance some funding, a modest amount of funding at the beginning of a project to get it moving and on occasion we might end up having to get the funding back. As you can see, \$21,000 over a budget of \$29 million is not a huge amount.

**MR. MITCHELMORE:** How would you recoup that money? Would it be the department? Do you have an employee who would be recouping it or would you be sending it to an outside agency?

**MR. LEWIS:** No, it would be internal. Those projects are managed on the ground by the fisheries field rep in the area. We have a person in St. John's who coordinates all of the projects around the Province and deals with the people in the field. If there is a project in St. Anthony, the fisheries field rep in the St. Anthony area works with the harbour authority or fishermen's committee on a particular project, for example.

**MR. MITCHELMORE:** What does this account for? Will we get a list of what the \$21,600 in payments back was for? I would like that information.

**MR. GRANTER:** I will take that under advisement.

**MR. MITCHELMORE:** Okay.

Subhead 1.3.02, Sustainable Fisheries Resources And Oceans Policy. Under Grants and Subsidies, this covers CFER, the research with the *Celtic Explorer* as was mentioned earlier. Dr. George Rose has been the director there and the lead researcher on this for the last number of years and has announced that he is going to be retiring after this year. Is there succession planning here or will government axe this funding after this year's budget? What is the plan?

**MR. GRANTER:** Valuable work has been done by CFER, and from my perspective we will continue work with regard to the Centre for Fisheries and Ecosystems Research. Just as any employee of government or agency who retires and moves on, obviously, you look at replacing that particular employee either from someone

internal or someone external. It is pretty straightforward in my opinion.

**MR. MITCHELMORE:** Okay. So you plan on leasing the *Celtic Explorer* to continue this work or will this end after this fiscal year?

**MR. GRANTER:** That is a question I cannot answer right now.

**MR. MITCHELMORE:** Okay.

Under Fishing Industry Renewal, Coordination and Support Services, this is back to 1.4.01. This goes back to the CETA situation but you had also noted there was additional work that was being done in terms of under the Professional Services, \$151,500. Would you explain again how this money was expended in a contract? Who was the contractor for the professional services?

**MR. LEWIS:** The \$151,500 does not only include CETA. There was a review of the Lobster Enterprise Retirement Program from the previous year. There was a commitment to do a review of that project.

Under the Professional Services – under the CETA planning process it was envisaged that there would be four pieces of work done. Three RFPs were issued on and the fourth one did not proceed at all. We are awaiting the resumption of negotiations and planning process for moving the CETA plan forward.

**MR. MITCHELMORE:** So, no RFPs. Those three RFPs that were issued, they have all been cancelled have they?

**MR. LEWIS:** No, they were not cancelled. They were proceeded; they were issued in the fall and they were proceeded on. The fourth one was not issued at all.

**MR. MITCHELMORE:** The three that were moved forward then, they have been awarded?

**MR. LEWIS:** Yes.

**MR. MITCHELMORE:** What are the contract values of these RFPs? I would like to know where in the Budget line these RFPs would fall. What are the RFPs and who is doing the work?

**MR. GRANTER:** Are you asking for the amounts of each of the RFPs?

**MR. MITCHELMORE:** I would like the amount of each RFP, who is the proponent, and what work they are doing.

**MS WISEMAN:** The three RFPs relate to CETA. One was the Newfoundland Seafood Value Chain infrastructure benchmarking assessment, and that was for about \$44,000. That was done by Pisces Consulting. The second one was fishery science needs and assessment for the Newfoundland commercial species and ecosystems for about \$45,000. That was also Pisces Consulting. The third one was a review of the seafood development research and development programs in Newfoundland and Labrador. That was for about \$40,000, and that was done by Gardner Pinfold.

The one on the lobster was for about \$20,000, and I believe the proponent on that was MQ5.

**MR. MITCHELMORE:** Okay, so this work, obviously, is ongoing. This would add up to the \$151,500, these RFPs and, the work around the lobster sustainability program.

In preparing for CETA, in all of these amounts, there was no work done on trying to value Minimum Processing Requirements, MPRs?

**MR. GRANTER:** No.

What budget line is that?

**MR. MITCHELMORE:** Well, the 1.4.01, Coordination and Support Services, states that this is around “planning and program development related to Canada/EU Comprehensive Economic and Trade Agreement (CETA) Fisheries Investment Fund. I guess I get it; all the amounts were accounted for, the \$151,500. I just wanted to clarify that there was no work done on the MPRs. So that has been clarified.

There was some discussion earlier around the amount of exemptions, and I believe you had said that there was only 500,000 pounds of cod that was exempt?

**MR. GRANTER:** I do not have that number in front of me, but I think that was the amount I referenced earlier. I do not have those numbers in front of me. That was a question that came up, but I think I did say 500,000, yes.

**MR. MITCHELMORE:** Okay.

So, under the agreement with Ocean Choice International, is the Province getting any type of – because I do not see any type of financial return, any type of revenue for the quotas, or any aspect that would be attached with that deal –

**MR. GRANTER:** I just want to know what budget line we are referencing there. If we could get to the Estimates and get to the budget line, other than that line of questioning.

**MR. MITCHELMORE:** Okay, the –

**MR. GRANTER:** I have been pretty lenient on the answers that I have been giving, so if you want to stick to the Estimates and stick to the budget lines.

**MR. MITCHELMORE:** Sure.

When it comes to the Salaries in this department, under 1.4.01.01, Salaries, how many people are working in this department, this section?

**MR. GRANTER:** You are asking for the entire department?

**MR. MITCHELMORE:** Yes, the entire department.

**MR. GRANTER:** Nine in 1.4.01.

**MR. MITCHELMORE:** Okay.

How many people will be, I guess, through the attrition plan under the Salaries item here – you mentioned one employee, you are thinking, will fall under the attrition plan. Do you have others in this year's budget that will fall under that 1,200 job reduction plan? Will there be two, three, or four salaries that will be made redundant or not filled because of the attrition plan?

**MR. GRANTER:** Our budget in 2015-2016 has been reduced by \$115,000-and-change to

achieve the attrition targets, as my deputy said earlier. In addition, salary funding of \$69,300 has been taken from the budget as a result of the elimination of a vacant manager's position. Basically, it is two positions per year over five years.

What divisions they come from within the department, as the deputy minister explained earlier, will be determined by if someone in a particular division actually retires or not – we do not know. We know that people are able to retire, we have targets set and if we cannot find them in one division, well then we will find them in other divisions or throughout other means to reach the \$115,300.

**MR. MITCHELMORE:** Sure.

I will defer to my colleague if he would like to ask more questions. I have several more questions that I would like to ask. Do you want me to continue? Okay, I will keep going then.

Under Regional Services, Administration and Support Services, 2.1.01 – this is for the maintenance and repair of all government-owned fisheries facilities – provincial revenue was revised at \$25,000 last year. What accounted for that revenue?

**MR. GRANTER:** The variance was due to higher than anticipated revenue related to user fees at wharves and laydown areas lease fees.

**MR. MITCHELMORE:** How many facilities would the Province own where they would be collecting these types of fees?

**MR. MEANEY:** Those lease fees and laydown fees primarily deal with four aquaculture wharves on the South Coast. Access to each of the wharves is paid by the company. As well if they have any storage areas in the area, they pay a square footage fee. Depending on which wharf and which company, it varies by company. That is primarily for that. The only other piece is a \$5,000 lease fee for the processing plant in St. Alban's. That is leased by us to the operator.

**MR. MITCHELMORE:** Okay.



How come the amount is being reduced this year in this year's budget? If we anticipate we get \$5,000 for the St. Alban's processing facility, if that is going to continue in operation, why would we not be getting the additional monies? We would only anticipate to get another \$5,000 for all other activities associated with all of those four aquaculture wharves and all the other associated fees. Why would we be going back to a smaller figure?

**MR. MEANEY:** Last year there were a number of variances in our accounting. I am not sure if Phil could address those clearer.

**MR. IVIMEY:** Yes, it most likely should have been adjusted up to \$25,000, in keeping consistent with the previous year's number. That was most likely overlooked as part of the budget process. It may or may not be as high as \$25,000, but that is something that we should look at for future years, I agree.

**MR. MITCHELMORE:** This processing fee in St. Alban's, is it something that is a long-term, negotiated payment; or it is just something that \$5,000 does not escalate; or does the agreement expire every year and have to be renewed; or it is a long term, twenty-year agreement for predictable revenue?

**MR. MEANEY:** It is a ten-year agreement. We would be in year four right now.

**MR. MITCHELMORE:** Okay.

Each year it is \$5,000 every year for ten years?

**MR. MEANEY:** Yes.

**MR. GRANTER:** Yes.

**MR. MITCHELMORE:** It has not been paid in advance. We collect \$5,000 each year.

**MR. MEANEY:** Yes.

**MR. GRANTER:** Yes.

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

Under Fisheries Programs, 2.2.01, Seafood Marketing and Support Services, there is also

\$45,000 in revenue that came in and \$45,000 that was budgeted. When I asked about the Grants and Subsidies associated with the shrimp marketing and what the evaluation was, I can only assume that is was \$45,000 that was contributed.

What actually makes up that \$45,000? Is that the partner funding?

**MR. GRANTER:** Yes, that would be when we do marketing and travel to the Boston Seafood Show, as an example. That would be the industry contribution to the booths that we establish at the Boston Seafood Show, the Newfoundland and Labrador booth at the show. So that would be the industry's contribution.

**MR. MITCHELMORE:** Okay.

**MR. GRANTER:** That is why it falls in as revenue.

**MR. MITCHELMORE:** Where is the line item that shows the cost associated with renting the booth and that aspect? Would that be under the Transportation and Communications under this aspect, or is it the Purchased Services, the \$310,000?

**MR. GRANTER:** Purchased Services.

**MR. MITCHELMORE:** So all of that is associated. Is the \$310,000 what the Province pays to rent the booth at the Boston Seafood Show, or are there other costs associated? If there is, can we get a breakdown of what these purchased services are by dollar amount?

**MR. GRANTER:** The \$310,000 is the total of the entire marketing. Boston Seafood would be \$115,000 and change. The Seafood Expo in Brussels would be \$54,000 and change. The China Seafood Expo would be \$48,000 and change. The Seafood Expo Asia – which was the first time we went there this particular year – was \$41,000. WorldFood Moscow was an allocation of \$13,000 and change for the total of 310,502, if you add up all the change.

**MR. MITCHELMORE:** I am trying to add up the figures, \$115,000 –

**MR. GRANTER:** Yes, \$115,792 for Boston plus the industry networking reception. That is \$37,000. So the total is \$310,502.

**MR. MITCHELMORE:** There was \$37,000 spent for networking and hospitality at the Boston Seafood Show?

**MR. GRANTER:** That is a part of the Newfoundland delegation provincial reception that takes place annually at the show, yes. Each of the provinces has a networking reception at the show.

**MR. MITCHELMORE:** Each province has a networking session?

**MR. GRANTER:** Yes, they do.

**MR. MITCHELMORE:** How many people would you generally say come to this networking session?

**MR. GRANTER:** Well I have a loud voice and it took every bit of lungs for them to hear me. It was a huge crowd. I would say 500 to 600 people.

**MR. MITCHELMORE:** Okay. That would add up to the \$310,000; \$37,000, \$115,000, \$54,000, \$48,000, \$41,000, and \$13,000.

**MR. GRANTER:** Just to add to that as well, seafood for that particular event is donated by industry in the Province.

**MR. MITCHELMORE:** Okay. It is prepared, I guess, by chefs?

**MR. GRANTER:** Chefs, that is correct.

**MR. MITCHELMORE:** Do they do the preparation or the Province brings a chef?

**MR. GRANTER:** Traditionally we take a couple of Newfoundland chefs to highlight their skills as well at the show, and Newfoundland seafood and seafood products.

**MR. MITCHELMORE:** Okay.

**MR. GRANTER:** Rave reviews too by the way.

**MR. MITCHELMORE:** I have been to some of the events that the FFAW has had when it comes to traceability of the halibut project – I believe the past minister was there – and talking with the restaurant reps, a variety of them at the Sheraton. It is just fantastic in terms of presentation. We do have a lot of quality to offer.

As my colleague mentions, the restaurants do bring up, time and time again, access to fresh fish product, local market, and being able to direct sell that. Some restaurants have been able to find a way to capitalize on a very small scale, whether it be with seal products or whatnot.

Certainly there needs to be a broader access and focus, I think, to make sure that local people and people who come here for the experience of seafood get that experience. For 500 years we have been known for our fish and the quality of fish, but we are just not delivering that, I do not believe, on a broad scale to the overall population.

There are restaurants and outlets there that are doing it and doing it at a high quality, but there are limitations to what they are able to deliver based on current regulations. I know that is a policy and not actually something that is here in the budget item.

Of your \$200,000 that is listed here for Grants and Subsidies under 2.2.01, do you anticipate that there could be – is that earmarked for anything right now? Will you continue with the shrimp marketing promotion in the UK or is there no uptake at this point?

**MR. GRANTER:** The shrimp promotion in the UK has only been recently done in recent months. That funding, that \$200,000 is there, and it is offered to industry if they want to take uptake on this. I would encourage them to do so, but we have not had much luck in recent years. I guess as the deputy said earlier, a \$50,000 uptake for the shrimp promotion is a good first start.

**MR. MITCHELMORE:** Is there an application or is there a minimum amount that must be contributed? Is there anywhere where anybody can go and get some guidelines for this marketing program that is offered? I do not

want to take up too much time in Estimates discussing this if the information is available on your website or if we can talk about this elsewhere, but I would certainly like to get some additional information.

**MR. MEANEY:** The seafood marketing program – on our website you will see the program information and criteria that is there identified on our website for that. As well, the marketing component under FTNOP and the program criteria are listed on our website there in terms of FTNOP marketing. That information is available there.

**MR. MITCHELMORE:** Okay.

Under 2.2.02, Licensing and Quality Assurance, under Professional Services, \$29,600; you had mentioned that this covers the cost associated with the fish licensing board and you said they had five meetings. Why would their travel costs not fall under Transportation and Communications?

**MR. LEWIS:** The actual per diem for Professional Services for the board members to participate in meetings is covered under Professional Services account. Their travel is also provided for under the Transportation and Communications there.

**MR. MITCHELMORE:** Okay. What is the compensation for the appointed fish licensing board?

**MR. LEWIS:** They are Level 2. They are government set rates. They are Level 2 rates.

**MR. MITCHELMORE:** What is the Level 2 rate?

**MR. LEWIS:** I am not sure exactly what they are today. It is a standard government rate anyway, whatever the Level 2 rate for Professional Services is. It is 280 or 330, something like that for the Chair, and lesser amounts for the other members.

**MR. MITCHELMORE:** They get paid for their meeting attendance, and they get paid compensation for the travel and associated costs at the standard government rate?

**MR. LEWIS:** Yes, standard rates.

**MR. GRANTER:** Standard Level 2.

**MR. MITCHELMORE:** Even the Chair as well. Okay.

You said there was a sea urchin study done under Professional Services here. What consultant did that study?

**MR. LEWIS:** My recollection is that it was Pisces Consulting. I am not 100 per cent sure.

Sorry, I am 100 per cent sure. I was thinking about a different study. It is Pisces Consulting.

The department, in 2013, had some challenges in terms of striking the right balance between the requirement process in the Province and enabling processors who ship a certain percentage of sea urchins out of the Province, and trying to balance the needs of the two processors that are in the Province to provide work in the plants with the opportunity for harvesters to actually sell their catch.

At end of the season, we engaged a consultant to meet with various industry participants. The FFAW, harvesters, and plants came to the conclusion that the right split was a 50-50 split, where 50 per cent of the urchins will be processed in the Province on an annual basis and 50 per cent could be shipped unprocessed. So the exemptions that the department issued for sea urchins were for the 50 per cent to be shipped out unprocessed.

**MR. MITCHELMORE:** So, 50 per cent of all the sea urchins that are caught are shipped out for processing.

**MR. LEWIS:** That is correct.

**MR. MITCHELMORE:** There are two processors. Is it Fogo Island Co-op?

**MR. LEWIS:** No, it is not. It is Hodder's Shellfish Inc. in Centreville –

**MR. GRANTER:** Notre Dame Bay.

**MR. LEWIS:** Yes, and Wood-Pick Enterprises Ltd in –

**MR. GRANTER:** Wareham, Bonavista Bay.

**MR. LEWIS:** Yes.

**MR. MITCHELMORE:** Right.

**MR. LEWIS:** The issue with sea urchins is it is a dive fishery. When you get good weather and there is a good content of roe, divers can aggressively harvest sea urchins. The problem is capacity – it is an extremely labour-intensive process; plants can only handle a certain amount of product. With the number of divers out there and the number of plants that we have licensed at the moment, you can glut the market very easily. So what we are finding is a bunch of divers on perfectly good days being unable to fish because there was no outlet for their product.

**MR. MITCHELMORE:** These exemptions are basically any company can buy and sell unprocessed sea urchins and ship them out.

**MR. LEWIS:** No. It is only related to the two processing companies that hold the licences to process sea urchins. It allows them to buy sea urchins, ensure that they have the full amount of sea urchin that they require to keep their processing operation operating and their workers engaged, but it allows them to accommodate any surplus landings that come in from harvesters and gives them an outlet for that product as well. So, you do not have a situation where you have a glut where you have to shut down the harvesting side of the fishery, but at the same time you have the opportunity to provide the plants with the continuity of work.

**MR. MITCHELMORE:** Okay.

Under 2.2.03, Compliance and Enforcement, this is where you would be doing the audits. Do you have auditors that would fall under these salaried positions?

**MR. GRANTER:** Yes.

**MR. MITCHELMORE:** How many auditors?

**MR. GRANTER:** We have two in total; one is a senior auditor and the other is a junior auditor.

**MR. MITCHELMORE:** Okay.

Do they go and audit the sites themselves, the licensing facilities?

**MR. GRANTER:** This is for processing so they would audit the processing facilities in the Province.

**MR. MITCHELMORE:** Do they do a site visit every year for every processor, or do they spot audit? How is that –

**MR. GRANTER:** No, they do not, but I will ask the deputy if he could explain a little more on that.

**MR. LEWIS:** We have the two auditors. We have approximately eighty processing facilities in the Province. They have set up an audit plan where they rotate their audits of various plants. They do not do all each year. They do so many each year. Generally, it is every two years. There is a bit of risk management in it too in terms of if you ran into any situations previously. Generally, we do not. So, plants are generally audited between every two and every three years.

The purpose of the audit is to ensure that MPRs are being met and that the production reports that are coming in to the department are accurately reflecting what the plants are actually producing.

**MR. MITCHELMORE:** Have you audited the OCI plant down in Fortune, the auditors?

**MR. LEWIS:** I am certain that they have. I do not know when the most recent one would be.

Now, that is a separate audit than the audit of the agreement. When the minister referenced the agreement, we went in and we audited – as I said, the audit that we normally do with our auditors is we go in and we determine that company X has reported production of a certain amount of lobster, a certain amount of cod in, say, filleted form, et cetera. Those are reported to the department. They have implications for licence renewal. They have implications in some cases for fees and so on. The auditor goes in and confirms that all of those reports are accurate, a normal audit of their records.

In the case of the OCI audit, OCI had certain commitments. They had to acquire a vessel. They had to invest a minimum of \$1 million in the Fortune plant. They had to pay \$2.50 top-up for any workers who were displaced out of Marystown when Marystown shut down. There are a number of extraordinary requirements under the agreement that are not the normal thing that auditors would have reviewed. The audit of the OCI agreement looked at those extraordinary items to ensure they had in fact been met.

**MR. MITCHELMORE:** Would we be able to get a list of the companies that were audited and the year when they were audited?

**MR. LEWIS:** I do not see why we could not.

**MR. MITCHELMORE:** I do not need the details of the audit reports if that is –

**MR. GRANTER:** You are just asking for a list – if a list is all you are asking for, that should not be difficult to provide.

**MR. MITCHELMORE:** Given what the deputy minister just said around the implications of these audits, if people are not meeting their MPRs, Minimum Processing Requirements, or if production is not happening, what sanctions has your department done? Have you cancelled licences? Have you imposed any fines to companies in the last budgetary year?

**MR. GRANTER:** We have cancelled licences, but we have not cancelled licences for this particular purpose under that particular line. Licences have been cancelled over the last number of years. In each year, we see a number of licences that get cancelled.

**MR. MITCHELMORE:** Okay.

Has there ever been any fees collected or fines – I guess that is not something that the government does is impose a fee or fine if somebody is not obliging by the Minimum Processing Requirements in the Province. What aspects – is that something Service NL would do, or who is responsible when it comes to the lack of compliance to policy?

**MR. GRANTER:** We do have, under our regulations, that we could actually lay charges from our department.

**MR. MITCHELMORE:** Okay.

Has the department ever laid charges on any processor?

**MR. GRANTER:** Yes, we have.

**MR. MITCHELMORE:** Okay.

Subhead 2.2.04, when it comes to Fisheries Innovation and Development, under Professional Services \$50,000 – you said the all-party report falls under that and it was \$40,000?

**MR. GRANTER:** That is correct.

**MR. MITCHELMORE:** That was done by Pisces Consulting as well?

**MR. GRANTER:** Yes.

**MR. MITCHELMORE:** The sea cucumber report, which is also under this one, is a secondary report, but is that also done by Pisces Consulting or was it another consultant?

**MR. GRANTER:** I do not know the name offhand, but it was not Pisces.

**MR. MITCHELMORE:** Okay. We can get that information after; that would be fine.

I wanted to ask around all of these Professional Services, there are a lot of consulting fees as we are going through the budgetary items. Were these through a tendering process or were there exceptions granted to any of these consultants?

**MR. GRANTER:** There are published guidelines for consultants across government and we would follow the published guidelines for consultants.

**MR. MITCHELMORE:** Okay.

Have there been, in times, exceptions granted under those published guidelines? There is ability where you can go outside and get a consultant exclusively, I guess, without going

through a tendering process if they are unique circumstances.

**MR. GRANTER:** The department has done that over the years, yes, but not in recent –

**MR. MITCHELMORE:** Okay.

The seal inventory processing loan, 2.2.05. The advance that was revised is \$2 million for last year's budget. Can you just elaborate or explain – this was money that went to a Dildo plant, Carino, to purchase the 60,000-something seals. Is that correct?

**MR. GRANTER:** No. The \$2 million is a variance due to the payment of \$2 million during the year to two separate proponents under the Seal Inventory Financing; \$1 million related to Carino and \$1 million related to PhocaLux.

**MR. MITCHELMORE:** I am not 100 per cent okay. The revised amount, this was in last year's budget and there is nothing for this year's budget moving forward. So you do not plan during the seal season that will be coming up in March to provide any type of inventory financing or whatnot to PhocaLux or any other company in the future based on that. There is no line item there.

**MR. GRANTER:** We do that based on demand. Sometimes they come forward looking for funding; sometimes they do not come forward looking for funding. We will support the industry if they come forward. We will look at the proposals that they bring forth.

**MR. MITCHELMORE:** Yes, but there is no plan for any type of loan, advance, or investment under capital. There has been many cases with the aquaculture industry where you have had \$5 million or \$6 million allocated, it does not get spent, it gets carried over for projects. There is a plan for future development.

Here, when it comes to sealing, in the past we saw \$3.6 million, we see \$2 million. We see a million that has been paid back but we do not see anything going forward. You stated earlier, Minister, you cannot move money around from one section to the other to make up for this. So in my view, if I was a sealer I would look at, or in the sealing business, that government has no

intention in this coming season to provide any type of financial support.

**MR. GRANTER:** That is not accurate, because we provided funding and we continue to look forward to providing funding to proponents who might come forward who need a loan with regard to the sealing industry, just as we have done in the past. We have offered it in the past to industry.

Carino, for example, has had some uptake on it, and there have been years when they did not take it. They did not take it last year and they did not take it this year. There was only one company this year that was advanced any funding and to pay it back, yes. All funds that have been allocated through that particular funding allocation have been paid back to government.

**MR. MITCHELMORE:** Okay.

I need clarification on that payback because it shows that \$2 million was provided in revised loan. That was what was voted on and that was the total. It seems like it was expended, but it shows revenue. The Province only received \$1 million back. Did the Province expend \$2 million and only get \$1 million back?

**MR. GRANTER:** Two million dollars would be placed in trust for each of the two companies. One company did not avail of the \$1 million, which was allocated for that particular company, so it would show up as revenue because it was not actually taken down by that particular company.

So this particular year, \$2 million was allocated; \$1 million went out and was used by one company. The other company, right up until the last minute, were going to avail of it and decided not. So we put it in trust through the legal firms, then it has to come back to finance as a revenue.

**MR. MITCHELMORE:** Okay, that clarifies this section for me quite clearly now.

This loan is it a no-interest-based loan or is there interest attached to this inventory financing? In the past it seems like there has been a 3 per cent interest rate or whatnot charged.

**MR. GRANTER:** It is 3 per cent.

**MR. MITCHELMORE:** It is 3 per cent. Is that a simplified 3 per cent or is it – how is that 3 per cent amortized? It makes a difference if it is a daily compound or – do you have a payout of when they need to pay back and how much they are going to pay back in interest?

**MR. GRANTER:** I do not have that in front of me. I do not know –

**OFFICIAL:** (Inaudible).

**MR. GRANTER:** I do not have that in front of me, but I will say that it assists the sealing industry, and without that – sealers early in the spring out hunting seals. That is why we provide that funding. The funding is a loan and the loan comes back to government. I do not have the breakdown of the interest.

**MR. MITCHELMORE:** I certainly support the seal industry.

**MR. GRANTER:** I know you do.

**MR. MITCHELMORE:** I have seen where the loans have gone out and they have come back, and there has been payment made. Where it is public money, I want to make sure that it is being accounted for in a thorough and accountable way and that is why I am asking the particular questions. If you can endeavor to get that information at a later time I would appreciate that.

My colleague, Sam Slade, has a few questions on aquaculture. I have a few questions on aquaculture as well, but I will defer to have him go as a Fisheries critic.

**CHAIR:** Mr. Slade.

**MR. SLADE:** Okay.

It is 3.1.01.

**MR. GRANTER:** Yes.

**MR. SLADE:** The salary was underspent last year. What position was dropped and where?

**MR. GRANTER:** The variance was a vacancy within the division during the year. It was a manager of regional aquaculture and that position was in St. Alban's.

**MR. SLADE:** Is there any reason why it was dropped?

**MR. GRANTER:** The person was temporarily assigned to another position.

**MR. SLADE:** Okay.

Professional Services; no money was spent last year but there is \$183,000 allocated this year. Can we get a handle on why that is?

**MR. GRANTER:** Yes, I think that came up earlier on in a question. Brian Meaney answered that with regard to funding for future development of bay management on the expansion with regard to aquaculture; bay management planning for the South Coast.

**MR. SLADE:** Was there no bay management last year? There was bay management last year?

**MR. MEANEY:** The bay management program has been in place now for two years. What this piece of work here, as we indicated earlier, there was \$240,000 allocated in the Budget for oceanographic work on additional bays in around the area and bays west of where we are operating right now. That oceanographic work involves the purchase service of the vessel at the Marine Institute, which is the \$183,000 you referenced there earlier. That is the approximate cost we estimate to lease that vessel this summer.

**MR. SLADE:** Okay.

Purchased Services; can the minister provide a breakdown of the money spent here for 2014 and how they intend to use a lot of the monies in 2015? Will it be used for promotional purposes or to promote the aquaculture industry?

**MR. GRANTER:** Under Purchased Services?

**MR. SLADE:** Yes.

**MR. GRANTER:** Referencing \$258,800?

**MR. SLADE:** Yes.

**MR. GRANTER:** It was a variance due to less snow clearing and hydro costs at aqua wharves on the South Coast than originally anticipated. Obviously, we do not know how much snow we are going to get or how much maintenance is required throughout the winter season. So that is the budget line of \$264,600.

**MR. SLADE:** This is something that government actually does, the snow clearing and one thing and another on these wharves?

**MR. MEANEY:** I am sorry, I could not get you.

**MR. SLADE:** Is that something the government actually does is snow clearing on these wharves?

**MR. MEANEY:** Yes, we operate the wharves and we contract snow clearing for the wharves.

**MR. SLADE:** Do the wharves actually belong to the provincial government?

**MR. MEANEY:** Yes.

**MR. SLADE:** So you are the owners of the wharves?

**MR. MEANEY:** That is correct.

To clarify your point on the Purchased Services, a large portion of that \$264,000 is in rental of our office space in Grand Falls-Windsor. It is at about 50 per cent of that \$264,000. The rest is booking meeting rooms, staff training, hiring vessels, hiring snowmobiles, whatever we do on a daily basis. That is what that Purchased Services piece is utilized for.

**MR. SLADE:** How many of those wharves actually get used in the wintertime? I guess they are processing at all points in time throughout the winter?

**MR. MEANEY:** These aquaculture wharves are used all year round. There is no fish permitted to be landed at those wharves.

**MR. SLADE:** Correct.

**MR. MEANEY:** There is only clean material going out to the site. So it will be smolt, nets,

employees, and feed that would go over that wharf and then out to the farm sites.

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

The minister is aware that the aquaculture industry is not without its challenges. What does he see as the greatest challenge facing the industry in the year or so ahead?

**MR. GRANTER:** We have grown the aquaculture industry from \$10 million to nearly \$200 million. I suspect that we have done a good job in maintaining the industry and growing the industry. We will work with the industry and work with the players on the South Coast to continue to grow the industry to greater success.

**MR. SLADE:** Does the minister see any difference now that the Province has an aquaculture strategy? Is there any difference in what you have been doing before than you are doing now? Is there anything in the aquaculture strategy? There is nothing being done any different?

**MR. MEANEY:** We announced the strategy late last year. This year is a planning year. We have identified a number of key areas outlined in the strategy that we will be focusing on. One would be a complete review of our aquaculture policies within the department, the establishment of a ministerial advisory council on aquaculture, a waste management strategy with industry, working on that this year, and our fish health management strategy. Those are the four key areas that we intend to focus in the strategy.

In the background, in all the other areas of the strategy that we identified, we have a number of staff who are working on planning and implementation for the next following five years – or the remaining four years out from there.

**MR. SLADE:** How many wharves have you guys completed at this point in time in that section, and, of course, at what cost?

**MR. GRANTER:** Here are the following wharves – is that the question?

**MR. SLADE:** Yes.



**MR. GRANTER:** The places where there are wharves. In 2009-2010, work was done on the Hermitage wharf, Pool's Cove wharf, and Belleoram-St. Jacques. A study in 2010-2011 of the Harbour Breton wharf; continuation of work done on Hermitage, Pool's Cove wharf, St. Alban's. In 2011-2012, there was work done in Harbour Breton, Hermitage, Pool's Cove, Milltown, St. Alban's, St. Alban's wharf upgrading.

In 2012-2013, there was allocation for Harbour Breton wharf, Hermitage fender replacement, Pool's Cove wharf extension, Milltown wharf. In 2013-2014 it was the Harbour Breton wharf, Hermitage fender replacement, Pool's Cove wharf, Milltown wharf. Then this year Milltown wharf, which we talked about earlier.

**MR. SLADE:** Okay, so these are –

**MR. GRANTER:** Five wharves in total.

**MR. SLADE:** Okay.

**MR. GRANTER:** The total cost to date, \$16 million.

**MR. SLADE:** Sixteen million dollars.

**MR. GRANTER:** Yes.

**MR. SLADE:** The one for Milltown this year, Budget 2015 provides \$1 million to complete that wharf in Milltown?

**MR. GRANTER:** To complete that wharf, \$900,000-something.

**MR. SLADE:** Okay. Was that part of the \$4 million announced last year?

**MR. GRANTER:** Yes.

**MR. SLADE:** Do you know what the total cost of this wharf will be?

**MR. GRANTER:** Yes, \$3.9 million.

**MR. SLADE:** Okay.

That is it for me, guys.

**MR. GRANTER:** Thank you.

**CHAIR:** At this point, it is 8:31 p.m. We actually started at 5:35 p.m. I know at this point the minister has answered a lot of policy questions. We have four minutes for line items or at the end of the four minutes the minister's discretion to continue.

**MR. GRANTER:** You had better ask a lot of questions in four minutes.

**MR. MITCHELMORE:** If not, I guess we could reconvene the committee if you wish, Minister, to answer more questions on the line items because I certainly have more questions.

**MR. GRANTER:** No, you have four minutes. We have been here three hours and answered a considerable amount of questions and took latitude to answer policy questions. Those questions could have been asked in other avenues but I gave the floor to you to ask the questions, so you have four minutes – and I am cutting into your four minutes right now.

**MR. MITCHELMORE:** Subhead 5.1.01.01 Aquatic Animal Health, Salaries. Are there vacancies with your veterinarians?

**MR. GRANTER:** Yes. We have four veterinarians. Currently we have three, and we have a graduate coming out of the veterinarian college in Prince Edward Island this year who will be commencing employment with us in October. I do not know if the convocation is in October or commence employment in October –

**OFFICIAL:** Commence employment in October.

**MR. GRANTER:** Commence employment in October, and it's a student from Newfoundland who did veterinarian college.

**MR. MITCHELMORE:** How many of these veterinarians work at the Aquatic Animal Health and Centre for Development down in St. Alban's?

**MR. GRANTER:** All four of them work out of the centre. There is one stationed in St. Alban's.

**MR. MITCHELMORE:** Is that person there or is it a vacant position? There is one person at St. Alban's and the other two are in St. John's?

**MR. GRANTER:** That is correct.

**MR. MITCHELMORE:** Okay.

What happens when this person has time off or takes leave? How would this be filled?

**MR. MEANEY:** There is a rotation with the other three veterinarians. They are also similar to our agriculture veterinarians. We have veterinarians on standby, twenty-four hours a day, and on callback on the weekends. So there is always a backup available.

**MR. MITCHELMORE:** Okay.

Purchased Services increased to \$390,000 from \$340,000. What is the standard \$340,000 that is estimated for in the current budget year? Are these consultant reports or –

**MR. MEANEY:** Our Purchased Services all relate to diagnostic testing. So a particular test that we would have conducted on particular samples at a number of labs inside the country and out.

**MR. MITCHELMORE:** Okay.

The Grants and Subsidies on this list of \$77,400, what actually qualifies for a grant or subsidy? Why would somebody be utilizing that under the Aquatic Animal Health section of your budget?

**MR. MEANEY:** One of the pieces that we take very seriously is ensuring that our diagnostic testing and our policies and procedures are of international standard. We are also taking that facility to ISO standardization as well.

So we provide funding to the Atlantic Veterinary College and they provide us with evaluation of our programs, blind testing of our diagnostic work, and providing ISO certification training for our employees.

**MR. MITCHELMORE:** ISO certification, achieving that standard would be very positive, I would think.

**MR. MEANEY:** Once our employees – I think we are about 80 per cent through and our facility is about 80 per cent through. This will be one of only four level two diagnostic facilities in

Canada. So it is one of the highest standards in terms of certification for diagnostic of diseases in Canada.

**MR. MITCHELMORE:** Subhead 4.1.01, Aquaculture Licensing and Inspection, I do not see a revenue line here for the licensing. Do you have a dollar figure as to what would be paid? Are there annual fees, or once a site is licenced they just pay the one-time fee?

**MR. MEANEY:** Again, as we have mentioned earlier on our fish processing fees, they end up in the general revenue in the finance. Our licensing fees for aquaculture are \$500 per shellfish site and \$1,000 per finfish site on an annual basis.

**MR. MITCHELMORE:** I will ensure to –

**CHAIR:** I have to interrupt there for a second. Our time has expired and we cannot keep the broadcast people here all night; they have been working a long day. Basically we have given some leeway. If you have line items for one minute, I guess it would be fine –

**MR. MITCHELMORE:** (Inaudible) leeway of one minute if we started just at 7:35 p.m. I mean, there has not been any latitude to go beyond the three hours and I have been particularly asking line item questions.

**CHAIR:** We also spent a half hour (inaudible) –

**MR. GRANTER:** We did not do any preambles – I did not do a preamble for fifteen minutes. I never took the time, I gave you the floor for fifteen minutes, and neither did Mr. Slade. So that was a half hour there, technically, that could have been used for preambles on both sides. It is 8:37 p.m., Mr. Chair.

**CHAIR:** We are at a point we need to call the items. The policy items, members can meet with the minister at different times to do these. There has been a lot of leeway in the sense that I know the minister has answered quite a few policy questions that could have been devoted to line items. Time was taken from that to actually do that.

I guess it is just at the discretion that the minister has made his statement. Can we call the line items?

**CLERK:** Subhead 1.1.01 through 5.1.01 inclusive.

**CHAIR:** All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Contrary?

**SOME HON. MEMBERS:** Nay.

**CHAIR:** Carried.

On motion, subheads 1.1.01 through 5.1.01 carried.

**CLERK:** The total.

**CHAIR:** Shall I report the total carried?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Contrary?

**SOME HON. MEMBERS:** Nay.

**CHAIR:** Carried.

On motion, Department of Fisheries and Aquaculture, total heads, carried.

**CHAIR:** Like we said this would conclude the Estimates for –

**CLERK:** Without amendment.

**CHAIR:** Oh, yes.

Shall I report the Estimates for the Department of Fisheries and Aquaculture carried without amendment?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Contrary?

Carried.

On motion, Estimates of the Department of Fisheries and Aquaculture carried without amendment.

**CHAIR:** If discussion would want to follow, then I am sure the minister or officials could make a point to meet, if that is agreeable.

The next meeting for this Committee is Monday morning.

**CLERK:** Tuesday, May 26.

**CHAIR:** The schedule is Forestry and Agrifoods, Tuesday, May 26 at 9:00 a.m.

Thank you to the minister and the department. Thank you, members of the Committee.

**CLERK:** We need a motion to adjourn.

**CHAIR:** We need a motion for adjournment.

**MS PERRY:** So moved.

**CHAIR:** Moved by Ms Perry.

Carried.

On motion, the Committee adjourned.