



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

Fourth Session  
Forty-Seventh General Assembly

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**Proceedings of the Standing Committee on  
Resources**

May 26, 2015 - Issue 5

Forestry and Agrifoods Agency

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Published under the authority of the Speaker of the House of Assembly  
Honourable Wade Verge, MHA

## **RESOURCE COMMITTEE**

Forestry and Agrifoods Agency

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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: Kimberley Hammond

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Appearing:

### **Forestry and Agrifoods Agency**

Hon. Vaughn Granter, MHA, Minister  
Stephen Balsom, Assistant Deputy Minister, Forestry Services  
Keith Deering, Assistant Deputy Minister, Agrifoods Development  
James Evans, Chief Executive Officer, Forestry and Agrifoods Agency  
Clayton Forsey, MHA, Parliamentary Secretary  
Philip Ivimey, Departmental Controller  
Roger Scaplen, Director, Communications  
Rob Stead, Executive Assistant

### **Also Present**

Calvin Peach, MHA  
Scott Reid, MHA  
Ivan Morgan, Researcher, NDP Office  
Ian Murphy, Researcher, Official Opposition Office

Pursuant to Standing Order 68, Calvin Peach, MHA for Bellevue, substitutes for Nick McGrath, MHA for Labrador West.

Pursuant to Standing Order 68, Scott Reid, MHA for St. George's – Stephenville East, substitutes for Sam Slade, MHA for Carbonear – Harbour Grace.

The Committee met at 9:02 a.m. in the Assembly Chamber.

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

**MR. GRANTER:** Morning.

**CHAIR:** I think everybody has gathered, Minister – all your officials are here.

Welcome to the Estimates for Forestry and Agrifoods. A couple of reminders or housekeeping chores before we start: Mr. Peach is in for Mr. McGrath this morning, and Mr. Reid is filling in for Mr. Slade.

I need a motion for the minutes of the last meeting.

**MR. MITCHELMORE:** Moved.

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

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

Carried.

On motion, minutes adopted as circulated.

**CHAIR:** Okay, routines for today, we give the minister fifteen minutes to start with an opening statement, if he wishes, then the spokesman for the Opposition, the first person, could have fifteen minutes. Then we will move into ten-minute intervals. As we go through the morning, we usually break around 10:30.

I will start first by getting the Committee members, starting with Mr. Mitchelmore, to identify themselves.

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

**MR. MURPHY:** Ian Murphy, Researcher with the Opposition Office.

**MR. REID:** Scott Reid, MHA for St. George's – Stephenville East.

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

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

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

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

**MR. PEACH:** Calvin Peach, MHA, Bellevue, alternate for Nick McGrath.

**MR. GRANTER:** Vaughn Granter, MHA, Humber West.

**MR. EVANS:** Jim Evans, CEO of the Forestry and Agrifoods Agency.

**MR. DEERING:** Keith Deering, ADM for Agrifoods Development Branch.

**MR. BALSOM:** Steve Balsom, ADM for Forestry Services Branch.

**MR. FORSEY:** Clayton Forsey, MHA for the District of Exploits, Parliamentary Secretary of Forestry and Agrifoods.

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

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

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

**CHAIR:** Okay, thank you.

One sort of reminder to all members of the minister's staff is when you request one of them

to update anything that you are doing, you have to say your name before we start so Hansard will get the right mic turned on. They have a camera down there, but we are not being filmed.

We will start with the minister for an opening statement.

We will call the first heading.

**CLERK (Hammond):** Subhead 1.1.01.

**CHAIR:** Minister.

**MR. GRANTER:** Good morning, everyone, and welcome to everyone this morning.

I am going to forego my fifteen minutes and pass it over to questions. I just remind the people who are questioning that I would really appreciate it if we stick to the lines in the budget items. I am going to forego my fifteen minutes so that will give an extra fifteen minutes of questions. I was here in a previous meeting the other night and we got pretty tight near the end.

Welcome, everyone.

**CHAIR:** Mr. Mitchelmore.

**MR. MITCHELMORE:** I want to certainly welcome the minister and his staff. I am looking forward to getting questions answered on Forestry and Agrifoods which, I guess, based on the government numbers is valued at \$250 million for Forestry and Agrifoods, and the Parliamentary Secretary had stated it is valued at \$500 million. So it is an important department when you look at \$750 million value of the industry.

I want to ask the minister how many employees are with the Forestry and Agrifoods division.

**MR. EVANS:** The total number of positions we have from our 650, Forestry has 513 and Agrifoods has 137 positions, all of which are not filled at this point.

**MR. MITCHELMORE:** How many are vacant?

**MR. EVANS:** Approximately – and I will defer to Keith and Steve now in a moment – we

generally run a 5 per cent to 6 per cent vacancy rate. With so many positions and so many employees, we have a lot of turnover as you may expect. There are continuous vacancies throughout the department while we are filling jobs or recruiting.

**MR. MITCHELMORE:** How many are anticipated to fall under the attrition plan of being cut over the next five years?

**MR. EVANS:** The five-year plan for Forestry and Agrifoods over the next five years is ten positions, two positions per year.

**MR. MITCHELMORE:** Okay.

Under line item 1.1.01, Executive Support, the budget had \$457,300 and the revised amount for last year was \$407,700, yet the position has a Parliamentary Secretary. I am just wondering what positions were vacant or terminated in the Minister's Office?

**MR. GRANTER:** The variance is due to a vacant ADM, from \$457,000 to \$407,000. It was a vacant ADM, a Forestry position, during part of the year. As well, my office numbers would not be included here as they are accounted for in Fisheries and Aquaculture.

**MR. MITCHELMORE:** Okay.

This year with budget salaries being increased as we have said in other estimates of the 2 per cent, the numbers are still less than what it would have been budgeted in 2014-2015. Is there still a vacant position or is this because your ministerial salary of \$54,000-plus is not accounted for in this?

**MR. GRANTER:** That is correct, part of it. The minister's office would come under Fisheries and Aquaculture. There is also a secretarial/administrative position that is in the department, but where the department switched from Natural Resources to Fisheries and Aquaculture, the actual dollar value is not showing in the budget line, 01, under \$445,100. It is actually still showing up in Natural Resources.

**MR. MITCHELMORE:** Okay, but the –

**MR. GRANTER:** Even though the position itself is in Forestry and Agrifoods.

**MR. MITCHELMORE:** The work is being carried out under Forestry and Agrifoods.

**MR. GRANTER:** It is.

**MR. MITCHELMORE:** So will money be transferred to Natural Resources to pay for that position? Why would there be such an irregularity in terms of salary?

**MR. EVANS:** That was an error on our part during the budget process. The position was moved, as the minister said, but the dollars were still in Natural Resources. That is about \$30,000 approximately, so it should be \$475,000, \$480,000. The position is vacant right now and we are in the process of recruiting. We will find the money internally.

**MR. MITCHELMORE:** Okay.

With this being a separate department from Natural Resources, how many people actually moved into Forestry and Agrifoods from Natural Resources? This seemed like it was a separate division on itself as an agency. Were there other positions where there were errors?

**MR. EVANS:** Not that we are aware of. The total agency, Forestry and Agrifoods Agency, was moved as an entity under Minister Granter, under Fisheries and Aquaculture. All positions and salary dollars were moved. To my knowledge, this is the only error in salary dollars.

**MR. MITCHELMORE:** The Transportation and Communications budget was revised down by about \$53,000. Is this basically because the minister did not go to a number of conferences or do travel that was budgeted for? What did not get done?

**MR. GRANTER:** That variance is due to savings as a result of the reduced discretionary travel in the previous year, as well as due to – as I said under 01 – the vacant ADM, the forestry position during the last fiscal year.

**MR. MITCHELMORE:** So I go back to my question. That \$93,800 that was spent, did that

adequately cover what was needed to be done in terms of the ministerial work and the executive support?

**MR. GRANTER:** From my perspective, I would say yes.

**MR. MITCHELMORE:** So then why would you be budgeting another \$43,300 in Transportation and Communications, bringing your budget back up to the amount that was budgeted in 2014-2015?

**MR. GRANTER:** Because I just said that part of the reason was there was a vacant ADM position in the division last year. So if there was a vacant position, a vacant person – he or she would not have been travelling at that particular point in time if he was not in a particular position. Now that the position is filled we have to account for any travel associated with that position.

**MR. MITCHELMORE:** The Supplies that were purchased – \$3,000. It is down from \$2,500. Is that the reduced discretionary spending as well, reasons why supplies were reduced?

**MR. GRANTER:** No. Any time when you are looking at supplies, whether it is office supplies, paper, magazines, newspaper subscriptions – that was due to a variance in less than anticipated expenditures during the last fiscal year.

**MR. MITCHELMORE:** Okay.

Purchased Services; what would account for the \$500 that would have been spent on Purchased Services? It is down \$2,400 from what you had budgeted.

**MR. GRANTER:** That is a variance due to lower-than-anticipated Purchased Services expenditures such as rentals, lease of office equipment, photocopiers, printing services, on-site recycling, and shredding of materials.

**MR. MITCHELMORE:** What does this \$500 actually account for?

**MR. EVANS:** I will defer to Philip in a moment. The \$500, as the minister mentioned,

is rental, lease of equipment, meeting room facilities if required – I do not have the exact details – printing services, and advertising on site, these things. I am not sure if Philip could add to that.

**MR. IVIMEY:** Yes, I mean, that is correct. There is not really one specific item that would be charged to that subhead. Like Jim and like the minister referred to, it is more or less for printing services, advertising, recycling, and shredding services.

The exact details of what the \$500 is I do not have with me right now. It would be a multitude of individual charges, not one or two particular Purchased Services shall we say.

**MR. MITCHELMORE:** The next line, Property, Furnishings and Equipment, \$300 was budgeted, \$300 was what was actually spent, and \$300 is what you anticipate to spend this year. What was actually purchased for \$300? Is this just a continuous line item of \$300 that is constantly purchased?

**MR. IVIMEY:** Yes, this is just a continuous line item that provides for regular ongoing furniture and equipment requirements that would occur there in the Executive Support area, which we recover for the Deputy Minister, the ADMs, and the various secretarial and support staff there in that division.

**MR. MITCHELMORE:** It seems like a very low number. I guess in the minister's office there were savings of over \$100,000 in last year's budget. There are no plans to have that savings of \$100,000 this year as the number is estimated to be basically \$100,000 more.

Moving on down to 1.1.02, Administrative Support, which is capital, the Operating Accounts under Purchased Services; there was no money budgeted for Purchased Services, but \$183,000 spent. I would like an explanation from the minister on what that \$183,000 was.

**MR. GRANTER:** That variance is due to engineering work required for the Foreign Animal Disease Laboratory project at the provincial agrifoods building on Brookfield Road in St. John's.

**MR. MITCHELMORE:** How come that happened without being budgeted for?

**MR. GRANTER:** It was originally budgeted in 2014-2015 under the Property, Furnishings and Equipment, and was transferred to Purchased Services during the year.

**MR. MITCHELMORE:** Okay, so this is like Fisheries and Aquaculture where, with the wharf, the funds were in the Property, Furnishings and Equipment and gets moved up as a service gets spent?

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

**MR. MITCHELMORE:** The Property, Furnishings and Equipment in the next line of \$588,300; was that actually spent on any type of service or it did not get spent and it is carried over?

**MR. GRANTER:** Forestry and Agrifoods vehicle replacements for 2014-2015, \$588,300. Originally the budget with replacement was \$472,000; however, there was an additional replacement required during the year, \$95,000 for the replacement of a five-ton cab and a chassis truck for insect control, and an additional \$49,000 related to the replacement of a seeding truck for the silviculture nursery in Wooddale.

**MR. MITCHELMORE:** Right. All of them would have been planned except the five-ton truck that you had just mentioned for \$95,000?

**MR. GRANTER:** Yes.

**MR. MITCHELMORE:** Okay.

In this year's budget it is revised down significantly to \$219,300. What do you plan to purchase here?

**MR. GRANTER:** The reason it is budgeted down to \$219,300, the department has had a very aggressive purchase of vehicles for the division over the last three or four years. The quality of the vehicles in the division right now is very good, especially with the purchase of those that I just mentioned in the previous line. We believe the \$219,300 will adequately support purchase of any new vehicles in this budget year.

**MR. MITCHELMORE:** How many vehicles do you have in your fleet?

**MR. IVIMEY:** There are approximately 266 light vehicles, 112 snow machines, and eighty-two ATVs.

**MR. MITCHELMORE:** Okay. That is in terms of the vehicles that the forestry workers would be using, in terms of whether it be for enforcement or being on those roads?

**MR. EVANS:** Yes, you are correct. For Forestry and Agrifoods, actually.

**MR. MITCHELMORE:** Okay.

Would there be other vehicles associated with heavier equipment that you would have in your inventory that should be accounted for here? This is the budget, obviously, and we would probably see the amortization and see the details probably in your financial statements.

**MR. EVANS:** All vehicles would be in this inventory list, heavy and light vehicles. We do not have a lot of heavy vehicles. There are some in Wooddale tree nursery, and a couple associated with the fire program and the insect program, and maybe a couple in the Agrifoods program.

**MR. MITCHELMORE:** The Auditor General has highlighted that a number of government vehicles have gone missing. Is the department of Forestry and Agrifoods missing any vehicles from its inventory, based on these numbers of over 400 that would be in your inventory?

**MR. EVANS:** No, we are not missing any.

**MR. MITCHELMORE:** Okay, great.

I see that my time is basically up for questioning.

**CHAIR:** Thank you, Sir.

Ms Michael.

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

Good morning, Minister.

**MR. GRANTER:** Good morning.

**MS MICHAEL:** Good morning to all your officials and staff. Thanks for being here.

Just before asking questions; we have been receiving the briefing notes that have been done for ministers at the end of the – well, not necessarily right away in the room, but if I know we are going to get the ones for here that might limit some questions I might ask. So if we can just get that established.

Great, thank you. It has been really helpful, actually, having these passed over to us.

Okay, I can start with questions then.

Subhead 2.1.01, under 01, Salaries; we have a revision downward from the budget line in 2014-2015, and in this year's estimated budget we are up a fair bit, \$291,800. Could you just explain that whole line there, Minister, please?

**MR. GRANTER:** Yes, I can. The variance from 2014-2015 budgeted to revised were due to vacancies within the Administration and Program Planning division, as well as lower than anticipated overtime and other earnings that would have been paid out.

The increase for 2015-2016 to \$5,313,800 is because we moved three positions from the silviculture division to this division. So there are extra positions in this division such that we see an increase in the salary and you will see a decrease in the salary from that other division once we get there.

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

Have the vacancies that occurred in 2014-2015 been filled, or are they in the process?

**MR. GRANTER:** Those three vacancies?

**MS MICHAEL:** Yes.

**MR. BALSOM:** Two of those positions are filled and one is going to be abolished under our current plan.

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

Is that the only position that is being abolished in this division? It is a general question.

**MR. EVANS:** If I understand it correctly, I believe we are abolishing one position but creating another. I stand to be corrected on that, but the attrition plan – if that is what you are referring to, Ms Michael?

**MS MICHAEL:** Yes.

**MR. EVANS:** – is two positions per year for five years, for a total of ten.

**MS MICHAEL:** Okay.

**MR. EVANS:** We have the two identified for this fiscal year.

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

If I can ask further then, are they attrition by retirement?

**MR. EVANS:** I will refer to Keith and Steve again. One I believe was a vacant position and the other was a retirement.

I will refer to Steve on that one.

**MS MICHAEL:** That is it?

**MR. BALSOM:** Yes, that is right. One will be a retirement.

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

If we come further down to Professional Services, \$284,000 was budgeted in 2014-2015 and only \$198,600 was spent. Can we have an explanation of that, please?

**MR. GRANTER:** That variance is due to reduced professional services due to a delay in ISO 14001 registration plan for 2015-2016.

I will refer to anyone else for an explanation.

**MS MICHAEL:** That is basically it.

**MR. EVANS:** Yes, that is correct.

**MS MICHAEL:** You retained the base of \$284,600 because you do not expect that to happen again.

**MR. EVANS:** Yes, we were planning it for this fiscal year.

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

Under Purchased Services, the revision from the budget is down about \$702,000 and the estimate for this year is up, but not as high as the budget of last year. So if we could just have an explanation across that line.

**MR. GRANTER:** The variance in 2014-2015 is due to a late tendering of inventory interpretation contracts, therefore limited payments were incurred during 2014-2015. Reduced costs in both photo acquisition and lower than anticipated expenditures associated with wood supply modeling during 2014-2015. So that is the variance for the past fiscal year.

**MS MICHAEL:** Right.

**MR. GRANTER:** The \$1,502,100 for estimates is a variance due to a reduction of \$125,000 in purchased services related to government reduction measures. That is one area where we took some reductions across the department.

**MS MICHAEL:** Will there be much of a negative impact on that, Minister, on the work of the department?

**MR. EVANS:** No, we feel the budget we have is sufficient to meet our needs.

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

Turning over to 2.1.02, looking at Salaries, there is a variance between the budget and the revision of 2014-2015 of almost \$300,000. Could we have an explanation?

**MR. GRANTER:** The forty-one regional offices in the Province, twenty-five plus sixteen satellite offices for the entire division of Forestry and Agrifoods. So the variance is due to vacancies within the regional operations last year, as well as lower than anticipated overtime and other earning expenditures.



**MS MICHAEL:** Okay.

Is that more than anticipated overtime or less than anticipated overtime?

**MR. GRANTER:** Less than anticipated.

**MS MICHAEL:** Okay.

**MR. GRANTER:** Did I say more than?

**MS MICHAEL:** Yes.

**MR. GRANTER:** Oh, I am sorry – less than anticipated.

**MS MICHAEL:** That is all right, thank you. Well, I heard more. Whether you said it or not is another thing.

**MR. GRANTER:** It is early.

**MS MICHAEL:** Yes, that is right, and I had a fourteen-hour day yesterday.

Then if we come to the estimated budget for this year, it is up over \$200,000 from last year's budget.

**MR. GRANTER:** The variance is due to budgeted salary increases for 2015-2016 as per the collective agreement, as well as funding for any planned salary step increases.

**MS MICHAEL:** Okay.

Then the vacancies that you had last year, have they all been filled in the regions?

**MR. EVANS:** Not all, but some have. We have a continuous vacancy factor, I guess because there is so much turnover and so many employees.

**MS MICHAEL:** Right.

**MR. EVANS:** We do recruit actively, but there are still vacancies there, but we do that on an active basis and assess it as needed.

**MS MICHAEL:** What is the reason for the high turnover? Is it the nature of the work itself, or other employment opportunities for people

involved in the type of work that happens here under Operations?

**MR. EVANS:** My perception is that it is just other opportunities. People move up the ladder and get other positions and create a vacancy in their past position.

**MS MICHAEL:** Right.

**MR. EVANS:** We do not have a lot of people leaving, per se, right.

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

Under Supplies, there was a variance upward from the budget to the revision, if we could have an explanation of what happened there.

**MR. GRANTER:** That variance is due to increased gas consumption – the use of vehicles has increased significantly, as well as gas prices has increased. As well as purchases this year of tire, uniforms, floatation suits for officers due to a new snowmobile policy.

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

I suspect it was more of those than the gas, because in actual fact – although it may have been. Is it diesel that is used here or just regular? Because gas actually came down a fair bit during that year, but I suspect the other things you have mentioned took up a lot of money as well.

**MR. GRANTER:** Yes, but to answer your question, the vehicles are gas.

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

Then under Purchased Services there is a variance there as well between the budget and the revision, a variance upward, if we could have that explanation.

**MR. GRANTER:** Sorry, under Purchased Services?

**MS MICHAEL:** Purchased Services, yes.

**MR. GRANTER:** Purchased Services, \$447,000 to \$507,000.

**MS MICHAEL:** Yes.

**MR. GRANTER:** That is due to an anticipated Purchased Services cost associated with the vehicle repairs and maintenance.

**MS MICHAEL:** Okay. So that is mainly what that Purchased Services line is for, is it?

**MR. GRANTER:** Yes.

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

I just have some seconds left, so I will pass it back.

**CHAIR:** Okay.

Mr. Mitchelmore.

**MR. MITCHELMORE:** I would like to start then on 2.1.04, Resource Roads Construction, Capital.

**MR. GRANTER:** Sorry, what number again?

**MR. MITCHELMORE:** Subhead 2.1.04.

**MR. GRANTER:** Subhead 2.1.04?

**MR. MITCHELMORE:** Yes, it is Resource Roads Construction for forestry, pulp, and fuel wood production. The Purchased Services was estimated to be \$5,076,300, \$4.8 million was expended, and this year's budget was \$3,164,400. I assume that this is for the construction or improvements made to the resource roads itself. Can you explain why the drop and how many kilometres of road are anticipated, et cetera, for this value?

**MR. GRANTER:** Yes, you are correct. The variance from the 2014-2015 budget to revised is due to lower than anticipated volume of road construction during the year. The variance from revised 2014-2015 to estimates this year is due to a reduction of \$1,900,000, nearly \$2 million, in resource roads related to government reduction measures.

We prioritized the operations – industry could also build roads and get royalty reduction from us as well, even though government owns the roads.

**MR. MITCHELMORE:** Okay.

What type of royalty reduction would they be eligible for, if they built their own roads? Right now they pay us a fee, a stumpage fee.

**MR. BALSOM:** There is a royalty reduction of approximately \$2.23 to build their own road per cubic metre.

**MR. MITCHELMORE:** Per cubic metre, okay.

Have you ever received payment for a company that did their own road and received a royalty reduction?

**MR. BALSOM:** Yes. I guess we try to stick with building capital roads and encourage the harvesting contractors to build their operational roads. This has traditionally been the system that we have used and then they get a reduction in their royalty for the timber that they access.

**MR. MITCHELMORE:** Okay.

How much revenue was generated from this type of work last year?

**MR. EVANS:** The royalty for a reduction in a contractor building their own roads, I do not have the information here – Philip, I do not know if you have a total royalty number. I am not sure if we separate that out; we would have to go back – because if somebody does not build a road, we get a higher royalty of \$5.56 per metre.

**MR. MITCHELMORE:** Yes.

**MR. EVANS:** If they get a reduction for road building, as Steve mentioned, it is \$2.50 per metre less. They get other reductions as well for a slope and difficult terrain and using environmentally friendly high flotation tires, these types of things. I do not know if we separate that out. We will have to dig that out. Philip, do you have any –

**MR. IVIMEY:** All those revenues, like the royalties and for permits and fees, that would all show up under the Department of Finance; it would not show under Forestry and Agrifoods.

**MR. MITCHELMORE:** Right.

Do you have a total revenue for the royalties that were collected last year?

**MR. IVIMEY:** No, I do not have that information right here.

**MR. MITCHELMORE:** Okay.

So I would write Finance to get that information, not the Forestry and Agrifoods Agency?

**MR. IVIMEY:** Finance should be able to provide it, but I would assume that we might be able to provide it as well, internally .

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

Under 2.1.05, Forest Industry Diversification, last year there was no money budgeted but \$185,000 was expended. I would like the minister to explain that \$185,000.

**MR. GRANTER:** That was related to Holson Forest Products on the Great Northern Peninsula for \$65,000 for insurance of an asset, and \$120,000 to assist in a new business plan for Holson and an engineering study.

**MR. MITCHELMORE:** Okay.

In the past, last year there was \$84,000 investment in Holson Forest Products under the Forest Industry Diversification Fund. The amount that was spent this year and last year, why is the department continuing to pay for insurance of a private company? I thought under the Forest Industry Diversification Program, the program had expired?

**MR. GRANTER:** Yes, a \$7 million investment that we have in that facility. We have security on that particular facility, so we would not want to see a facility that would come to us lapse on insurance. That is why the \$65,000 for insurance for that particular facility this past year.

**MR. MITCHELMORE:** Does the Province have first charge then on the asset?

**MR. EVANS:** Yes, we have first charge on the kiln. I can get some information on that at a

later date, but there is investment in the kiln and the pellet plant. We have a first charge on the kiln, but I would like to clarify that later, if I could.

**MR. MITCHELMORE:** So you have first charge on the kiln, but not on the pellet plant which would be the biggest investment of that particular facility. Some other creditor would have first charge on the facility?

**MR. EVANS:** I would have to get you that information after, Mr. Mitchelmore. We do have some security on the pellet mill as well as the kiln. There is other financing, as you are aware, maybe from other financial institutions that have security as well. So I can get you that information after if you like.

**MR. MITCHELMORE:** Would the Province be fully secured, then, in their \$7 million investment based on the insurance? Would the insurance valuation and all the expenditures from other creditors secure the financial position of the loan investment for the Province?

**MR. EVANS:** Yes. We feel we are, yes.

**MR. MITCHELMORE:** How much is the insurance policy for?

**MR. EVANS:** Actually, Holson has the insurance policy. It is not government policy.

**MR. MITCHELMORE:** Okay.

Is this something that government will do for other businesses and industries that it has loans given to, pay the insurance on facilities and assets, or is this an exception?

**MR. EVANS:** My view is I think government would assess every entity on its own merit, depending on the investment. I do not know if there is a specific policy related to that, but I think it would be on an individual basis determined if you pay the insurance or not.

**MR. MITCHELMORE:** The \$120,000 for a new business plan; did the company make a contribution to go forward on the business plan? Or was this solely funded by the department of Forestry and Agrifoods? Who is the consultant?

**MR. EVANS:** It was a business plan and an engineering study. Holson, as you are aware, is in financial difficulty. They made – and I will defer to Steve as well – in-kind contributions with their input into the plan. The consultant was TS Manufacturing. They did the engineering study and I believe they did the business plan as well.

**MR. MITCHELMORE:** Okay. Can you provide any other update on this particular project then, what the status of this business plan is, and if there is anything moving forward? There is basically no employment at this facility, at the pellet plant and sawmill or kiln, virtually zero employment currently for the community and the region that used to employ hundreds of people.

**MR. GRANTER:** An update that I can give you would be that the business plan is done and the engineering study is done. I know that the business plan and the study have been shopped around for potential investors. It is a great potential for the Northern Peninsula with regard to this particular facility in the future. It is being shopped around right now.

**MR. MITCHELMORE:** Okay, I see my time is –

**MR. GRANTER:** I do not want to get into any other details on potential investors.

**CHAIR:** Ms Michael.

**MS MICHAEL:** Thank you.

Just to continue, I have one more question with regard to Holson. Are you aware of – it would seem logical so that is why I am asking it – any discussions or any deal in place with Holson and Nalcor with regard to the timber that is going to be produced during the installation of the Labrador-Island transmission line?

**MR. GRANTER:** Is the question on availability of timber resource?

**MS MICHAEL:** Yes. I mean this is going to be timber that is going to become available, so I am just wondering if there are any discussions going on with them around that.

**MR. GRANTER:** I do not think the issue with Holson is the availability of product.

**OFFICIAL:** (Inaudible).

**MR. GRANTER:** Right. If you went to the site there is considerable amount of product that is still stored on site there, so the issue with them is not with regard to timber resources.

**MS MICHAEL:** Right. I was not making an issue of it, I was just wondering.

**MR. GRANTER:** No.

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

If I could come back to 2.1.03, Silviculture Development; under Silviculture Development there is a fair bit of variance. I think we have the answer to the salary variance from earlier on.

Coming down to Supplies and Purchased Services there was a variance downward in last year's budget under Supplies. This year there is a fair bit of increase in the estimate for this year over last year's budget.

**MR. GRANTER:** Okay. For the downward trend in 2014 to revised, that is lower than anticipated expenditures such as personal and household supplies required for field staff – we have people out in the field – as well as construction and maintenance supplies, and small tools and field equipment materials related to the greenhouse and nursery operations.

The upward one for budget 2015-2016 to \$679,000; there is an additional \$190,000 approved in budget 2014-2015 related to plant propagation associated with the five-year Cranberry Industry Development Program. So those are the additional funds there.

**MS MICHAEL:** Okay. Coming down to Purchased Services, again there is a variance downward of almost \$524,000 from the budget and the revision.

**MR. GRANTER:** The savings are due to a reduction in silviculture projects. Savings resulted from less pre-commercial thinning contracts and tree planting contracts than anticipated last year. The increase to \$3.8

million-and-change is for a one-time re-profiling of \$86,000 from silviculture to the administration and support capital related to the replacement of a seeding truck in 2015-2016, as well as the reduction of \$150,000 in silviculture related to the government reduction measures. That is one of the areas where we took funds out.

**MS MICHAEL:** Okay. How are things going with the silviculture around the Province, Minister?

**MR. BALSOM:** Steve Balsom, Forestry Services.

**MS MICHAEL:** I have to say I love your last name in Forestry Services.

**MR. BALSOM:** Thank you.

**MS MICHAEL:** It just dawned on me.

**MR. BALSOM:** I guess just to speak about the silviculture contracts from 2014; we had a very good year and still do have quite a bit of planting, to the tune of about 3,000 hectares last year. We did some disc trenching which was almost 1,500 hectares last year; some plantation maintenance and vegetation management, almost 200 hectares.

We still have a good program where we are. We always lag behind the industry and we are still dealing with regeneration success in different parts of the Province. So it is still a healthy program.

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

Minister, with regard to Corner Brook Pulp and Paper and their reforestation, have they received money over the past year for their program from government?

**MR. GRANTER:** Yes.

**MS MICHAEL:** How much?

**MR. GRANTER:** Steve.

**MR. BALSOM:** In the 2014 cost-sharing for the silviculture agreement there was in total \$1.4 million paid to Corner Brook Pulp and Paper.

**MS MICHAEL:** Okay.

Was that similar to the year prior, or do you have that figure?

**MR. BALSOM:** I do not have that figure with me.

**MS MICHAEL:** Maybe you could get that.

**MR. BALSOM:** I can provide it if you like.

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

Okay. We will move forward now to 2.2.01, Insect Control. Coming to the Salaries line, there is a lot of variance going on here between the budget last year and the revision, and now the budget for this year is up quite a bit from the budget last year.

**MR. GRANTER:** Yes. The variance is due to a smaller 2014-2015 insect control program than anticipated and reduced survey levels, giving a reduction in the major pest populations.

The Estimates for 2015-2016 is budgeted increases as per the collective agreement, funding for any planned salary and step increases. There is an additional \$150,000 approved as part of Budget 2015-2016 as part of an increased spray program for the hemlock looper and spruce budworm on selected areas of the Great Northern Peninsula.

**MS MICHAEL:** Right. Now I presume that most of these positions, we are talking about seasonal positions are we?

**MR. GRANTER:** Yes.

**MS MICHAEL:** Yes.

Do we have numbers for the numbers of people who were hired, for example, last year under this program?

**MR. EVANS:** The numbers that I have for insect control – bear with me for a moment. We can get them for you as we calculate them. I thought I had it right at my fingertips. I apologize for that.

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

Are there permanent positions in this division as well under Insect Control?

**MR. EVANS:** Keith just did the number. It is thirty-nine for last year.

**MS MICHAEL:** Okay. All right.

**MR. EVANS:** Thirty-nine positions.

**MS MICHAEL:** Would they have all been temporary seasonal?

**MR. EVANS:** The majority would be temporary seasonal in this category.

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

Coming down to Transportation and Communications, there is a variance upward from the budget of \$390,000 up to \$539,000 and now for this year it is up even more to \$641,000. So, an explanation, please.

**MR. GRANTER:** The variance is due to an increase in sampling required for the fall forecast survey.

The increase upward for this budgeted year \$641,000, there is an additional \$250,000 approved as part of Budget 2015-2016 as part of an increased spray program for the hemlock looper, as I said earlier, and spruce budworm on selected areas of the Northern Peninsula for this particular year.

**MS MICHAEL:** Okay.

These are basically the only two things that we have to deal with in an intense way right now with regard to insect?

**MR. GRANTER:** I understand with the hemlock looper, it would be more of a spray this year than the budworm on the Great Northern Peninsula, and the product uses a biological as opposed to a chemical spray.

**MS MICHAEL:** Okay. Well, that is good to hear.

Would the increase in Supplies then be related to all of that? Because there is a big increase in Supplies.

**MR. GRANTER:** The answer to that is, yes.

**MS MICHAEL:** Yes, it makes sense.

**MR. GRANTER:** It is reflected in Salaries. It is reflected in all three of those lines; Salaries, as well as the other two lines that I just mentioned.

**MS MICHAEL:** Purchased Services as well? Because Purchased Services has gone up \$200,000 also.

**MR. GRANTER:** Yes. The answer to that question is yes.

**MS MICHAEL:** Okay.

Thank you very much.

**CHAIR:** I think your time has –

**MS MICHAEL:** Yes.

**CHAIR:** Mr. Reid.

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

This is my first Estimates Committee. I was recently appointed as the Opposition agriculture critic, so I am going to be asking some questions I guess to gather a bit more information about the department. There will be some general questions related to each of the headings, just for my information, to give me a better understanding of some of the items that the department does in relation to the budget.

In terms of item 3.1.01, Land Resource Stewardship, I am just wondering if I could get a sort of general idea from the department exactly what is entailed under this heading, under this expenditure.

**MR. GRANTER:** Some of the areas would be mapping, environmental farm planning, limestone, land consolidation, roads. All of those would fall under Land Resource Stewardship.

**MR. REID:** Okay.

This is the sort of branch that would identify agricultural land in the Province and things like

that, in terms of Crown land, do soil testing and things like that?

**MR. GRANTER:** Yes.

**MR. REID:** Okay.

In terms of Salaries, how many people work for this department? What are the positions and –

**MR. DEERING:** There are twenty-nine people employed in this particular division; 137 in the branch overall, but twenty-nine people in this division.

**MR. REID:** Okay.

In terms of Professional Services and Purchased Services, what type of items would be entailed under that line item there?

**MR. DEERING:** In Professional Services, we often have to pay fees for plant and soil analysis in labs outside of the Province that we cannot do in our own lab.

In Purchased Services, it is repairs and rentals on vehicles and lab equipment, things like that.

**MR. REID:** Does a lot of the soil sampling and stuff like that go out of Province or is most of it done in-house? Why would you have to go out of the Province?

**MR. DEERING:** Most of it is done in-house but there are certain analyses that have to go outside and certain projects that we are engaged in that require the samples to be sent outside.

**MR. REID:** Okay. For certification and stuff like that?

**MR. DEERING:** Correct.

**MR. REID:** Okay.

In terms of Land Resource Stewardship, for Employee Benefits there was \$9,000 budgeted last year, but the revised figure shows only \$1,000. Why was less money spent than planned?

**MR. GRANTER:** Nine thousand?

**MR. REID:** Yes.

**MR. GRANTER:** I thought you said \$90,000 to \$1,000 but –

**MR. REID:** No, \$9,000.

**MR. GRANTER:** Okay, \$9,000.

That is lower than anticipated expenditures associated with the registration fees for seminars and conferences during the last fiscal year primarily related to vacancies within that particular division. Some vacancies would not have been attending seminars and conferences, so that is the reason for the \$8,000 difference.

**MR. REID:** How many positions are vacant there now?

**MR. DEERING:** How many are vacant?

**MR. REID:** Yes.

**MR. DEERING:** In this division, we currently have about four vacancies at the moment.

**MR. REID:** Is there a difficulty recruiting these type of people? Why are the positions vacant?

**MR. DEERING:** We do sometimes have to extend competitions to find the right people for these positions. We are taking steps to try to resolve those problems; but, yes, the reality is graduate agriculturists are not easy to find in Newfoundland and Labrador, unfortunately.

**MR. REID:** What type of people are you having difficulty recruiting?

**MR. DEERING:** Professional agriculture graduates from recognized universities.

**MR. REID:** Okay.

For Property, Furnishings and Equipment only \$10,000 was spent and \$35,300 was budgeted. What is the reason for this?

**MR. GRANTER:** Again that is less than anticipated purchases primarily related to vacancies within the division.

**MR. REID:** Okay.

In terms of Revenue – Provincial the revised amount came in under budget: \$10,600 compared to \$33,000. Why happened with the expected revenue?

**MR. GRANTER:** That variance is less revenue due to lower than anticipated laboratory requests – that is soils, plant, and feed laboratory during the year.

**MR. REID:** Why is it back up to \$33,000 this year – why was it down and why are you anticipating that it will be up this year?

**MR. DEERING:** This year we have instituted new measures in our limestone program which will require baseline information to be collected prior to approving subsidies for limestone. Each application will have to include lab analysis of soil conditions on the farm.

**MR. REID:** They will have to sort of prove that limestone is needed there?

**MR. DEERING:** That is correct.

**MR. REID:** Okay.

Let's go down to the next heading there, Limestone Sales; that is a good segue into that area. How does this program work? What is the subsidy? How much –

**MR. DEERING:** Essentially, the subsidy is intended to cover the cost of transportation costs really to get the limestone from the quarry in Cormack to locations throughout the Province. Clearly, the folks who live closer to the limestone quarry would benefit less from this subsidy and, obviously, the people who live further away from it would benefit more.

Last year, there was a significant increase in demand for limestone because we have increased land development year after year. As well, we had nutrient analysis taking place throughout most farms over the past two years; this resulted in a higher demand as well.

**MR. REID:** The subsidy itself, you pay for the transportation, the price is consistent across the Province to the farm?

**MR. DEERING:** There is a formula that basically ensures that the subsidy covers the transportation costs.

**MR. REID:** Why was the allocation overspent last year? I think you covered that –

**MR. DEERING:** Yes. Because of increased demand for limestone as a result of increased land development year by year, as well as farmers becoming more educated on the dynamics of nutrient management on the farm.

**MR. REID:** Okay.

For Revenue – Provincial the revised revenue for last year is higher than budgeted. What was the source of this additional revenue?

**MR. GRANTER:** The variance is due to increased sales of limestone, as Keith just said, as a result of greater industry demand for limestone during last year.

**MR. REID:** Okay.

In terms of Land Development, item 3.1.03, can you tell me a little bit about this heading, what these expenditures are for, in a general way?

**MR. GRANTER:** The Land Consolidation Program is administered by the Land Resource Stewardship Division. As of 2005, the program is a Province-wide expansion of the existing St. John's urban regional land consolidation program, which was established in the 1980s. The program was approved by Cabinet for the purchase of agricultural lands throughout the Province.

Under the Land Consolidation Program – granted, agricultural land is purchased from retiring farmers and other land owners; once purchased, the land reverts to the Crown and can then be reallocated to a farmer as an agricultural lease.

**MR. REID:** It also includes agricultural roads I think, is it? I am looking at Land Development under heading 3.1.03.

**MR. GRANTER:** No, it does not include roads.



**CHAIR:** Okay, your time is expired there, Mr. Reid –

**MR. REID:** Okay, we will come back to that.

**CHAIR:** So we will move to Ms Michael and come back to you later.

**MR. GRANTER:** Sorry, it does include agricultural roads.

**MS MICHAEL:** Thank you, and I will continue with that.

Last year, I think we were told that the department had about thirty negotiations in process with regard to the sale of land. I am just wondering where things are right now with regard to the buying of land and also the passing on of land to new farmers.

**MR. DEERING:** I guess that would be kind of a ballpark average in the numbers of negotiations we have ongoing at any one point. We did manage to conclude several negotiations last year and we carried forward a number of negotiations into this year, as well as we have a number of new transactions that we are negotiating.

**MS MICHAEL:** Right.

Where are we right now with regard to the number of acres that are being used for agricultural purposes – I think we were told that 100,000 acres is sort of a point we need to get to for food security in this Province.

**MR. DEERING:** At this point, we are still using the number of about 25,000 acres. We would have achieved about approximately an additional 1,000 acres, ballpark estimate, in the last year. We have recently submitted to the Interdepartmental Land Use Committee a database containing about 180,000 acres, which obviously would be negotiated downwards through their process. We are hopeful that through that process we would achieve an available land base for agricultural purposes in the range of about 100,000 acres.

**MS MICHAEL:** Okay.

Is this going at the speed you would like, or would you like it to be able to be a bit more per year, or is it sort of what you see as expected?

**MR. DEERING:** I guess we would like to see a little bit faster progress with this, but with the budgets that we have for land development and the numbers of new entrants and existing farmers we have applying for the land, I do not think we could expect any faster development than that.

**MS MICHAEL:** Right, because at this rate food security looks as far off as women's equality, at the rate we are going. Let's hope we can get that speeded up. I am not speaking to you in particular. I think the government needs to look at that in general.

Thank you.

Then coming to the only line item under that – well two, I guess, I am curious about; one is the Property, Furnishings and Equipment. It was revised downward by \$181,000 last year, if we could have an explanation, Minister.

**MR. GRANTER:** Yes. That is lower than anticipated expenditures related to the purchase of agriculture properties. As well, \$150,000 was transferred to Grants and Subsidies and utilized for a grant for Humber Village Limited towards the cost of labour associated with the bridge repairs.

Thirty thousand dollars was transferred to Administrative Support, Capital, to cover overruns on the Foreign Animal Disease Laboratory that were incurred during the year. The Estimates for 2015-2016; the variance is due to a reduction of \$100,000 related to government reduction measures.

**MS MICHAEL:** Okay. Thank you.

I think those are all my questions under that.

Going to 3.2.01, Production and Market Development, under Salaries there is a variance upward from the budget to the revision last year. This year we are down below last year's budget, so an explanation.

**MR. GRANTER:** The increase was the higher than anticipated costs associated with a temporary manager of agriculture research position that was required during the year. The Estimates budget salary increase for 2015-2016 is per the collective agreement and also the planned salary step increases; also, a reduction of \$5,300 related to government's attrition management initiative, and a reduction of \$72,000-and-change related to a vacant IDO III position within the division.

**MS MICHAEL:** So those two positions are gone now. Is that what we mean by that? We are down \$40,000 from last year's budget.

**MR. GRANTER:** That is one position. That is the one position.

**MS MICHAEL:** The one position, okay, relates to that.

Okay. Thank you.

Under Purchased Services we have a base budget line of \$273,400, but there was a variance upward last year in that.

**MR. GRANTER:** Yes, that increase was the higher than anticipated repairs of vehicles, including farm equipment, during the year.

**MS MICHAEL:** Okay, so that is basically what the Purchased Services line there is mainly for, is it?

**MR. GRANTER:** Correct.

**MS MICHAEL:** Okay. Thank you.

Under Property, Furnishings and Equipment, I take it you maintain a baseline of \$73,200 and it –

**MR. GRANTER:** It is \$63,200.

**MS MICHAEL:** I am sorry, \$63,200. I saw \$63,000 and said \$73,000. I think I had the \$17,000 in my mind.

**MR. GRANTER:** Yes.

**MS MICHAEL:** You maintain that baseline all the time?

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

**MS MICHAEL:** Okay. Under Grants and Subsidies, last year the budget and the real was \$253,500. This year it is going up by \$560,000. Could we have some information on that line?

**MR. GRANTER:** Yes, that increase to \$813,500 from \$253,500 is the additional \$560,000 that Budget 2014-2015 approved related to government's five-year Cranberry Industry Development Program.

**MS MICHAEL:** Okay and how is that going, Minister? Are there new entrants into that program, or is it just the development of the current enterprises that are happening there?

**MR. GRANTER:** Both, but mostly with current enterprises with the anticipated new entrant in Deadman's Bay, I believe it is.

**MS MICHAEL:** I thought I had heard about a new entrant, but I was not sure.

Thank you.

I think that is all under that one. Coming down then to 3.2.02, to the Marketing Board, there are no big questions there. In Professional Services it seems like you maintain \$45,000, though last year you only spent \$9,000.

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

**MS MICHAEL:** What would be the Professional Services under that? What would the \$9,000 have been for last year, for example?

**MR. GRANTER:** One would be the Farm Industry Review Board members. During the year associated with, they had less appeals and complaints filed under the Farm Practices Protection Act. They would cover the cost of board members for meetings. Also, some of these board members would also attend, I call them, sub-boards, or they might attend the Egg Marketing Board or the chicken board meetings as well.

**MS MICHAEL:** Okay. So it is expenses for that, but because they are members of the board, they are professional services that are being offered.

**MR. GRANTER:** Yes.

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

Subhead 3.3.01, Agricultural Business Development; there was a big variance in Salaries last year from the budget to the revision. Could you explain?

**MR. GRANTER:** Yes, that variance is several vacancies within the division during the year, as well as less overtime expenditures than originally anticipated.

**MS MICHAEL:** Okay. This year it is up slightly from last year's budget.

**MR. GRANTER:** Yes. Budgeted salary increases, 2015-2016, as part of the collective agreement and the planned step increases of \$45,400, as well as a reduction of \$6,700 related to government's attrition management initiative.

**MS MICHAEL:** Okay. I take it your complement of staff is complete in that division?

**MR. DEERING:** We currently have three vacancies in that division.

**MS MICHAEL:** Okay, but you are anticipating filling them I take it.

**MR. DEERING:** That is correct.

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

Subhead 3.3.03 – and I am sure this would be in your notes when we get it, but could we just know where exactly these Grants and Subsidies go. It is \$2,250,000. It is maintained across the board so it seems pretty static.

**MR. GRANTER:** Yes. That is the Provincial Agrifoods Assistance Program, maximum grants of \$40,000, 50 per cent; 50-50 from a proponent as well as the department. There were 183 projects last year from this fund. We can provide the grants that were associated with those.

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

I think my time is up.

**CHAIR:** Okay.

Mr. Reid.

**MR. REID:** Yes. To get back to the issue related to the roads –

**MR. GRANTER:** What item are you at there, Mr. Reid?

**MR. REID:** It is 3.1.03, Land Development.

**MR. GRANTER:** Subhead 3.1.03?

**MR. REID:** Subhead 3.1.03, yes.

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

**MR. REID:** As you said, the roads are included in that.

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

**MR. REID:** I am just wondering how much of that allocation is spent related to roads, and how much is spent on land acquisition.

**MR. GRANTER:** Keith.

**MR. DEERING:** The \$500,000 that you see in Purchased Services is for access roads and electrical services. We actually provide opportunities for farmers to build new roads to the farm gate, as well as construct power lines into the farm. A majority of this is used to maintain existing roads, but in any given year you could expect to construct about five kilometres of new access road per year.

**MR. REID:** Okay. It is just five kilometres overall in the Province?

**MR. DEERING:** Right. As I say, a majority of it is used for maintenance of existing access roads.

**MR. REID:** Okay. These would be roads to private land or to –?

**MR. DEERING:** That is correct.

**MR. REID:** Okay. Is that usually for one farm? It seems like a small amount maybe to me. How

many people participate in this program? How many farmers?

**MR. DEERING:** We could have twenty-five or thirty maintenance projects every year. We may have several farmers who have farms off each one of those roads. So it is hard to say how many people would exactly benefit from this. Most new farms are established off existing road networks, but from time to time we do have to construct small portions of new roads to access currently un-accessed land base.

**MR. REID:** This would include grading of gravel roads in the spring and things like that. Would you usually contract the Department of Highways, or how would that be done?

**MR. DEERING:** You are correct, it does include grading. We hire grading contractor's right from a government standing offer list.

**MR. REID:** Okay. So it is not necessarily through the department of highways, through their equipment, it is sometimes a local contractor that is hired.

**MR. DEERING:** We would tend not to use the department of highways services for these purposes. We exclusively go to outside contractors.

**MR. REID:** Yes, okay.

Talking to some farmers in my area, there is a big agriculture population. There have been some delays I think this year in getting roads upgraded. Is that a normal sort of thing, or is it a thing that happens often?

**MR. DEERING:** Yes, we would agree that it has been a late start. We have had a lot of snow this winter, particularly on the West Coast. In some of the areas I think you are talking about, there is still snow in on the end of some of those roads.

So, yes, you are correct. It has been somewhat late on the West Coast. It is pretty much on schedule out east but on the West Coast it has been a little bit late.

**MR. REID:** Okay.

**MR. GRANTER:** I just want to reiterate one that I was dealing with recently, and as Keith just said, there is still snow on the road. The snow has not left the road, so it is difficult to get in there to do repairs when there is still snow and ice on part of the road, especially on the West Coast. I think you know what I am talking about as well.

**MR. REID:** Yes.

In terms of land purchase; generally speaking, how is that going? Land acquisition, how is it going generally?

**MR. DEERING:** This is a very important program for the agriculture sector. In places like on the Avalon Peninsula where the opportunity to increase the agriculture footprint through public and private lands is becoming fairly limited, this program is very important.

It is hard to overestimate the importance that this has for farmers. So I guess from our perspective it is an extremely successful program. The rates we pay vary greatly throughout the Province, but it is an extremely popular program. We tend to have a lot of people inquiring about the opportunities to sell property, and it keeps us pretty busy.

**MR. REID:** Yes.

I guess the idea is generally to bring land that might be lost to agriculture production to keep it in agriculture production. I am just wondering about other sort of lands that are owned or leased to say logging for forestry uses.

One of the issues that comes up sometimes when I talk to farmers is that there is agriculture land in the Province that is not being used for agriculture. It is being used to plant trees and stuff like that. There does not seem to be a priority given to the agriculture industry in terms of use of even Crown land and land that has been leased to pulp and paper companies.

Would that be an alternative to this sort of purchase of private land? I am just wondering what the possibilities are there in terms of expenditures as well.

**MR. GRANTER:** I think it is a very good question. Anything related to food security and an increase in our ability to grow crops and harvest, and food security in the Province, I think that is a policy kind of question, but I agree that as we move forward that more and more consideration will have to be given to using lands for agriculture and agrifoods development.

**MR. REID:** Yes, I guess it is expenditure. I will not belabour it, but it is an expenditure question because we are expending money to purchase land when maybe we already have access to land and it might be a more cost-effective expenditure to reassign the uses of land that exists. I am just wondering about that part.

**MR. DEERING:** You are correct. In order for us to achieve the food security objectives that we have laid out for ourselves we will need to make progress on a number of fronts, including purchasing private land but also including laying out an agriculture development area footprint on publicly owned lands.

As I mentioned to Ms Michael a few minutes ago, we have submitted a database of land to the Interdepartmental Land Use Committee for about 180,000 acres. We do not expect at the end of this process that we will have access to all that. There will be some net down of that land base but we feel, through that process, we will be able to establish an agriculture production land base that new entrants and existing farmers will have some certainty that they can apply to and be successful for agriculture operations.

**MR. REID:** How many purchases are still pending?

**MR. DEERING:** I do not have the exact numbers in front of me. It is sometimes very sensitive, particularly where negotiations are ongoing. So I would not be able to provide specificity in terms of names and things like that, but at any one point we have about thirty negotiations in progress. That could be half a dozen less or half a dozen more at any one point.

**MR. REID:** In terms of where you are purchasing land regionally in the Province, is it mostly on the East Coast or West Coast, or

somewhere else? Where is the land being purchased?

**MR. DEERING:** We like to focus our attention through this program on opportunities on the East Coast, because the opportunity for agriculture development on publicly-owned lands is becoming very limited. Farmers depend on this program in order to expand their existing operations to a very large extent. That being said, land prices are coming up on the East Coast, and we have been making more purchases in other areas of the Province in recent years as well.

**MR. REID:** Yes.

Just to get a sort of sense of land and land issues, how much agriculture land is currently available in the Province? Currently in production, I guess, and currently available.

**MR. GRANTER:** Twenty-five thousand.

**MR. REID:** Twenty-five thousand acres.

**MR. GRANTER:** Yes.

**MR. REID:** Did that figure increase last year? How much farmland was added in terms of clearing and that sort of thing?

**MR. GRANTER:** Yes it did, with a net of about 1,000 acres.

**MR. REID:** Okay.

I think my time is up now, so rather than move to another heading I will just pass it back.

**CHAIR:** Okay. We will move to Ms Michael.

I just remind everybody, after this ten minute session we will have a short break.

**MS MICHAEL:** Subhead 3.3.04 Agriculture and Agrifoods Development Fund. The fund is budgeted at \$2,550,000 and last year we were not quite a million under that but a fair bit under that in the revision.

**MR. GRANTER:** All the detail I can give you is that the variance is due to a savings related to a project.

**MS MICHAEL:** Savings related to a project. These are grants and subsidies right?

**MR. GRANTER:** Yes.

**MS MICHAEL:** To me, I would like to see all the money spent.

**MR. EVANS:** This particular fund is targeted for larger projects of at least a million dollars. There are a lesser number, if you like, proposing and there was a project we had – there was a delay, and last year we did not get it finalized.

I do not know if Keith wants to add a little more to that.

**MR. DEERING:** Yes, we sometimes have projects that we intend to start that do not get started for some reason, which explains the savings. We did have two major projects that accounted for money that was spent last year, and I can provide you with this list as well.

We have an ongoing agreement with the Dairy Farmers of Newfoundland for land development. It is a five-year agreement that contributes \$750,000 a year. That largely accounts for the increase in land development for a lot of it that we would see on a year by year basis. That comes out of that fund annually.

As well, we had \$663,000 that we had spent to finish a project at Viking Fur in Heart's Delight.

**MS MICHAEL:** Okay. As you said, they are large-scale investments.

**MR. DEERING:** Yes.

**MS MICHAEL:** What is your involvement in encouraging, for example, the processing and value-added sectors within industry? Do you just sit and wait for companies to come or are you active in also looking at possibilities, suggestions, that kind of thing? Do you have any goals within the department, I guess is my question?

**MR. DEERING:** We do a little bit of both. In our Growing Forward 2 program, which will come up in the next subhead I think, there is increased emphasis in GF2 on processing, and that is on a national basis. We are getting a little

bit more profile and interest from processors through that program.

As well, from time to time we do get interest from individual parties who are interested in establishing processing opportunities in the Province, and it could happen at any time. We are in discussions currently with several people like that.

**MS MICHAEL:** Okay.

Since 3.3.05 is the Growing Forward 2 Framework, let's talk a bit about that, because I see the Grants and Subsidies under that program are budgeted over a million higher than last year. Do you have new expectations in this area?

**MR. GRANTER:** You are under Grants and Subsidies. There were 155 projects last year under this particular category. The budget line 10, the additional \$1,089,000-and-change approved in Budget 2015-2016 is related to a carryover request of unexpended funds from previous years.

**MS MICHAEL:** Could we have an idea, these are ongoing projects that are part of the program.

**CHAIR:** Keith.

**MR. DEERING:** In the terms and conditions of our process of implementation for all of these programs we are not permitted to overcommit money.

**MS MICHAEL:** Okay.

**MR. DEERING:** What happens is at the end of every year we will always get projects that either do not get completed or do not get started at all and will usually result in savings.

What we have had to do for the grants portion of this budget this year, we had to ask for a million dollar carry-forward request, which accounts for the last two years of the framework agreement.

**MS MICHAEL:** Okay.

**MR. DEERING:** Without this we would have been forced to lapse a significant amount of federal funding. So you likely will not see this in this program again until the last year of the

program. In order to clean up the accounting in the last year – there will be inevitable program savings at the end of each year, which we will be forced to clean up in the last year.

**MS MICHAEL:** Okay.

I may have heard this, but I cannot remember. Where are things with this federal-provincial initiative in terms of the long term? I am not sure of the length of time that has been allowed for in this. You had one and now we are into two, so how long is the time frame for two?

**MR. DEERING:** It is again a five-year framework agreement.

**MS MICHAEL:** It is five years. Okay.

**MR. DEERING:** We are in the middle year this year. Interestingly enough, ministers are currently already talking about GF3. Further to that, in 2017 we host the national table of the ministers in Newfoundland which will be handy about the time we will be signatory to GF3.

**MS MICHAEL:** Okay. That sounds good actually. I think it is a really important initiative. There is no doubt about that. I guess when we get the briefing notes we will be able to see the different companies that are part of this.

**MR. DEERING:** Absolutely.

**MS MICHAEL:** Okay, great. Thank you very much. I will not get you to go through that now because of that.

I will just see if I have any particular line items under that. No. All of it is self-explanatory.

Under 3.4.01, the budget line for Supplies last year was \$509,600, and it was a variance upward to \$835,000.

**MR. GRANTER:** That increase was for purchase of training materials for the animal welfare division, for rabies management, and increased cost of supplies.

**MS MICHAEL:** Okay, thanks.

Under Revenue – Provincial, what is that in this division?

**MR. GRANTER:** Is your question on the increase from \$580,000 revenue to \$797,000?

**MS MICHAEL:** Well what is the source of the provincial revenue?

**MR. GRANTER:** Yes, it would be vet services.

**MS MICHAEL:** Oh right. Okay, I remember that now from other years. Last year it was revised upward, quite a bit actually.

**MR. GRANTER:** Yes, that was higher than anticipated revenues as a result of the increased sale of supplies as well as a change in the call fee schedule. Basically, one of our farmers in the Province came back into using the government-provided veterinary services as opposed to private veterinary services. He was paying vet fees that were not in the previous year, so that increased the revenue.

**MS MICHAEL:** Right. I think you talked about the veterinary services when we were doing the Fisheries Estimates, so we have the report on that, where things are with the vets.

That is all I have at the moment, Mr. Chair.

**CHAIR:** Okay. We will take a break now and come back at 10:35 o'clock.

**MR. GRANTER:** Come back at what time?

**CHAIR:** At 10:35 o'clock.

**MR. GRANTER:** At 10:30 o'clock, okay.

### Recess

**CHAIR:** We can start, if we are ready. Mr. Mitchelmore, we want to move to –

**MR. MITCHELMORE:** Subhead 2.1.02, Operations and Implementation. When this was being asked about, the vacancies in the regional office and lower overtime by, I believe, Ms Michael; do you have a calculation of how much overtime was expended in last year's budget in terms of the department overall?

**MR. GRANTER:** No, we do not have that here.

**MR. MITCHELMORE:** All of these would include the smaller satellite offices, regional offices. I am wondering about the total Annual Allowable Cut, the total AAC for the Province. We were at 50 per cent last year based on the estimates. Are we at 50 per cent in last year's budget in terms of what was cut, or is it less than that?

**MR. GRANTER:** The answer to that is it a little more than 50 per cent – actually it is between 50 per cent and 60 per cent.

**MR. MITCHELMORE:** Between 50 per cent and 60 per cent, okay.

The five-year plans, are any of the offices or their districts up to have their plans done in this year's budget?

**MR. BALSOM:** We are currently going through districts ten, eleven, twelve and thirteen; they are underway.

**MR. MITCHELMORE:** Will these forestry plans have any type of impact on current negotiations with the 280,000 cubic metres for the Central timber supply?

**MR. EVANS:** The Annual Allowable Cut is a sustainable harvest level, and we do not anticipate any significant increases or decreases in the AAC.

**MR. MITCHELMORE:** Okay.

Do you have an update on the Rentech negotiations that have been going on for quite some time? Is there dedicated staff in the budget associated with this? Do you anticipate being able to move forward in this budgetary year on an announcement or movement?

**MR. GRANTER:** The most recent meeting with Rentech would have taken place in the last few weeks. Conversations are still taking place. As I said in the House, when we get to a stage whereby there will be an agreement, then we will announce it. If we get to a point in time when we feel that an agreement cannot be struck, then we will make that known as well.

**MR. MITCHELMORE:** Okay.

The department is not looking at other Expressions of Interest that were submitted – all the ones that have been currently dropped are dropped and they are gone?

**MR. GRANTER:** As a department, we want to come to some ability to be able to use that resource. Whether it is with Rentech or some other proponent in the Province or outside the Province that is where we want to go as a department.

**MR. MITCHELMORE:** Okay.

I wanted to ask about the Silviculture Development on 2.1.03. It seems like with the AAC being only at 50 per cent to 60 per cent of its full value if it was all harvested, that is obviously having an impact on silviculture development and the replanting efforts that the department would be undertaking. If trees are not being cut, then they are not going to be replanted. Is this being sustainable for the long term? Because right now my understanding is that people are basically getting fourteen weeks' worth of replanting work.

**MR. BALSOM:** You are correct. As we catch up with the silviculture, we do close that gap on the harvesting that took place prior to having the three large pulp mills on the Island. The program itself will be rightsized eventually to fit the current industry. Again if successful in getting a proponent to harvest in Central, then it would have to be adjusted accordingly.

**MR. MITCHELMORE:** Okay.

Subhead 2.1.04, Resource Roads Construction, the \$2 million change in budget you said is basically on fiscal restraint; but does some of that have to do with the priority of the fact that if there is not a high level of harvesting, less roads and infrastructure is being committed, the same as silviculture development will eventually decline in terms of what you can invest if you are not cutting the trees?

**MR. GRANTER:** The answer to that question would be yes.

**MR. MITCHELMORE:** Okay.



I want to go back to 2.1.05 when we were talking about Holson Forest Products under Loans, Advances and Investments. It is my understanding, based on the Auditor General's report, that the Forest Industry Diversification Program had ended. So, where is this money coming? Did it get re-profiled from somewhere else in the department?

**MR. EVANS:** Yes, you are correct; it did get re-profiled. The accounts are still there. To re-profile it, we had to seek and achieve Treasury Board approval.

**MR. MITCHELMORE:** Okay.

This went to the Treasury Board, got approval, a request obviously went in from the company, and you would have reviewed their financial statements to ensure that they could not afford their \$65,000 in insurance.

**MR. EVANS:** Yes, we have that information on file.

**MR. MITCHELMORE:** The company, subsidiaries of the company, would not have \$65,000 to make payment for the insurance on their \$12 million, \$13 million asset, basically?

**MR. EVANS:** That is what the information indicated. They do cover insurance. I believe it is on their sawmill. Because of the financial difficulties we have opted in some cases – not all cases, all times – to cover the cost of insurance on the pellet mill.

**MR. MITCHELMORE:** This company received the wood chip plant from Newfoundland and Labrador Hydro, which was sold for millions of dollars. I am just wondering where this is accounted for. That sale went to Hydro-Quebec, a competitor of Newfoundland and Labrador. Wouldn't the sale of that asset, the decommissioning, be able to account for the insurance on such an asset?

**MR. GRANTER:** Yes, I understand some of the equipment in that facility you referenced was used in his facility and the remainder was sold. That is a question that would not fall under the auspices of Forestry and Agrifoods, but through Natural Resources.

**MR. MITCHELMORE:** Right. I understand that. In terms of approving the insurance of an asset, you would have to get Treasury Board approval, which was stated, and you would have to look at the financial obligations of a company, its subsidiaries and whatnot. So you would be looking at all departments and doing due diligence to see if there were funds.

Based on the public news release of *The Telegram* and the *Northern Pen* newspaper – it stated that the Quebec company saved upwards of \$10 million by purchasing the chip plant. There would have been a multi-million dollar transaction that would have taken place. I am just wondering, if the company had made millions of dollars on this particular sale, why they would not be able to afford \$65,000 in insurance.

**MR. EVANS:** It was not evident in the financial statements.

**MR. MITCHELMORE:** Okay.

The new business plan that was supplied for \$120,000, did this go for a tender of any sort? Does it meet the guidelines within the department for hiring a consultant? The tender, was it sole sourced?

**MR. EVANS:** For the \$120,000, there were three aspects: one was a business plan, one was the engineering study, and there was another one for marketing, I believe.

Yes, it did fit all the categories or qualifications of the tendering. It was sole sourced to my understanding.

**MR. MITCHELMORE:** Okay.

The \$50,000 that was awarded to ship the wood that is rotting in Labrador, the Muskrat Falls timber; where would this be associated in your forestry budget?

**MR. EVANS:** I will refer to Philip in a moment. Ten thousand dollars came from Aboriginal Affairs and \$40,000 came from the forest industry and services branch in the last fiscal year. That is correct, yes.

**MR. MITCHELMORE:** Okay.

**CHAIR:** Okay.

Ms Michael, you are concluded. If you do need to interject you can just let us know. We will not run the clock anymore; we will just let Mr. Mitchelmore and Mr. Reid –

**MR. MITCHELMORE:** I will go with Mr. Reid then. He has some questions.

**CHAIR:** Mr. Reid.

**MR. REID:** Okay.

Let's go back to agriculture again and this time under heading 3.2.01, Production and Market Development. I just wanted to get an overview of what the expenditures under this heading do, specifically what are the market initiatives that are being undertaken by the agriculture branch?

**MR. GRANTER:** It provides marketing services, marketing expertise, food safety, quality training, and implementation of research and development activities. It initiates market studies and critical assessments to current market situations, conducts alternative crop research, and technology adoption and technology transfer projects.

It makes provisions for product engineering, nutritional formulation, packing technology, expertise and quality control, and food safety certification. Along with all of that, it disseminates product findings and marketing information through technical and marketing briefings and reports, workshops, information sessions, conferences, and personal communications.

**MR. REID:** I notice one of the major expenditures is Grants and Subsidies. I wonder can we have a breakdown of the funding under that heading. Who received the grants and what subsidies were provided.

**MR. DEERING:** The largest portion of the grants in that subhead is \$560,000 for the Cranberry Industry Development Program. We are in our second year of –

**OFFICIAL:** Five years.

**MR. DEERING:** The balance of that is in the School Milk Program.

**MR. REID:** The School Milk Program.

**MR. DEERING:** Yes.

**MR. REID:** Okay.

I am just wondering; the School Milk Program, I guess, is a very successful program?

**MR. DEERING:** Yes, we would like to think so. Our portion of the grant covers the packaging costs to put the milk in cartons because it is not contained in the same cartons that you find on the store shelves. The supplier, the processor is not identified on the carton itself. It has the School Milk label. Both of the processors, both Central Diaries and Scotsburn, contribute the milk that is in the carton.

We would like to think it is a good program because it puts milk in schools.

**MR. REID:** Yes, I guess the idea is locally produced products in schools.

I noticed in the news recently there was a private school that is very successful in bringing local produce in the school. I am wondering does the department have any initiative to expand that private-school initiative into public schools. Is there anything happening in relation to that? That is a market, I guess. Are we making any expenditures, or any initiatives to –

**MR. GRANTER:** Just to identify two programs; Little Green Thumbs is a program as well as Agriculture in the Classroom that our department is involved directly with, in the school system, in the public system.

**MR. REID:** Yes. Those are, I believe, creating awareness of programs. Sometimes they grow their own food and eat the food as part of that program. I was more specifically – related into bringing healthy, locally produced foods into schools. Are there any initiatives related to that?

**MR. DEERING:** Currently, we do not provide funding support to those types of initiatives. Although through Agriculture in the Classroom and Little Green Thumbs, we do promote that

idea on growing and eating local food, and educating children where their food is actually coming from.

**MR. REID:** In terms of locally produced foods in restaurants, I think the department has been doing some very good initiatives in terms of connecting farmers and restaurant owners in the Province. I do not know if you want to tell us a bit about that.

**MR. DEERING:** Sure. We have a number of initiatives that we support and participate in. One of the most popular ones over the last few years is From this Rock Culinary Tour. We have a dozen or so locations throughout the Province where we have very high-end chefs preparing food from locally produced produce and from meat.

That has become a very important connection between producers and restaurants, and has resulted in some very interesting developments over the last few years for local producers.

**MR. REID:** Yes, I have gotten some very good feedback on that from farmers and restaurant owners as well. I think it is a good initiative that you should continue and expand on.

I am just wondering in terms of tourism-related initiatives and linking – that is one of the things you are doing in terms of restaurants. I am just wondering about agricultural operations, that want to sort of combine what they are doing with tourism in some ways. Some farmers have told me that, in some ways, government sort of restricts how they can get building permits or things like that, or the way the funding operates it sort of restricts if you want to have a combination farm-tourism facility, if you want to have a market and those sorts of things – I am not sure; is that a concern in terms of marketing and market development?

**MR. GRANTER:** All I can say to that would be a general statement across government but if there are business proposals that any aspect of industry in the Province wants to make, whether it be through multiple departments, we are open to those kinds of proposals through individual departments or across departmental lines. There is opportunity there for tourism operators as well as with our department to look at potential

business opportunities across all government. That is all I can say to that.

**MR. DEERING:** I can expand on that, if you wish. Our programs do not provide opportunities for agri-tourism, although we understand that other departments do. In our negotiations of Growing Forward 2, there are very careful steps taken not to include agri-tourism because of the opportunities that exist nationally for them to do that. That being said, we do not necessarily discourage it. Our focus and our programs is on commercial agriculture development.

**MR. REID:** I guess some people are saying that in Newfoundland the model for agriculture and sustaining and expanding the industry is different than it might be in other parts of Canada where you have a large-scale industry and the path forward is marketing through small unfarmed markets and that way. I am just wondering the rationale for that in terms of –

**MR. GRANTER:** That would be a policy discussion that we could have. If you want to sit and discuss it sometime, we can.

**MR. REID:** Okay.

I think I have another question here related to this heading before I move on to some other things. In terms of marketing boards, I am just wondering how many marketing boards are there in the Province and what products they (inaudible).

**MR. DEERING:** Currently, we have three commodity boards: one for dairy, one for chicken, and one for eggs; one in each out of the three supply managed commodities. Those are the only ones that exist at the moment.

**MR. REID:** Okay.

**MR. GRANTER:** Where are you to and what subhead? Are you still under 3.2.01?

**MR. REID:** I just switched to 3.2.02, Marketing Boards, but I am going to go back to 3.2.01 now in relation to marketing.

The question that I was trying to think about there when I moved on: In terms of food and

markets and things like that I am wondering have you sort of co-operated with any other departments such as the Department of Fisheries in terms of establishment of local food markets and things like that. Is that an initiative that you are exploring or that you would consider? I think that falls under the Marketing heading.

**MR. DEERING:** Up to this point, we have not had extensive collaborations with other departments. We are still trying to develop enough capacity in production to satisfy our own needs, but certainly we see that evolution in other provinces where production capacity has been achieved. We see collaborations between food processing and other fisheries type sectors. Eventually, I expect we will get there, but at this point we have not had extensive collaboration for other departments, no.

**MR. REID:** I was not necessarily thinking about combining the products and marketing it, but establishing facilities, local markets, where local food could be purchased.

**MR. DEERING:** I am glad you made that clarification because we do provide funding supports for the establishment of farm markets through our funding programs. We have provided support to that in the past, yes.

**MR. REID:** Okay.

I am going to hand it back to my colleague there now.

**MR. MITCHELMORE:** Subhead 2.2.02, Fire Suppression and Communications. The Salaries line that was budgeted was \$2.25 million. It was revised to \$2.471 million and is now estimated to be \$2.3 million. Given the increase in Salaries for this year's budget, there are obviously some positions that are likely terminated in this particular situation. I would ask the minister to explain this line.

**MR. GRANTER:** Yes, the revised from 2014-2015 was due to – obviously nobody has any control over the number or the severity of fires that will take place in the Province in any given fire season. That was higher than anticipated overtime, as well as shift differential payments as a result of fires during the year, overtime.

For 2015-2016, the budget salary increase is as per the collective agreement and steps, as well as a reduction of \$9,900 related to government's attrition management initiatives.

**MR. MITCHELMORE:** How much would be accounted for in terms of salaries and how much is overtime – regular benefits and overtime?

**MR. GRANTER:** We can give you that breakdown here shortly. While we are looking for that we have had forty-nine fires to date this fire season.

**MR. MITCHELMORE:** Forty-nine fires. How many did we have previously? Do you have those figures, Minister?

**MR. GRANTER:** Last year?

**MR. MITCHELMORE:** Yes.

**MR. BALSOM:** Last year, we recorded 124 fires on the Island and Labrador. In 2013, the number was 101.

**MR. MITCHELMORE:** Okay.

**MR. BALSOM:** If we look at the area that was impacted, in 2014 it was approximately 17,000 hectares whereas in 2013 it was 43,000 hectares, the difference being one large project fire that happened up in Labrador. So the number of fires really does not give a good indication of the cost of it.

**MR. MITCHELMORE:** How much land would be impacted – resource.

**MR. BALSOM:** That is right. One large fire and you really could impact the program.

**MR. MITCHELMORE:** While we are waiting for those figures, Minister –

**OFFICIAL:** We have them.

**MR. MITCHELMORE:** You have them? Okay.

**MR. IVIMEY:** With respect to your question on the Salaries figures, approximately \$260,000 is budgeted for overtime. There is about \$138,000 that is budgeted in other earnings

which would account for standby payments, shift differential and those types of things. Then the remainder of the Salaries would be for actual permanent and temporary and seasonal positions.

**MR. MITCHELMORE:** Right. How many employees work in Fire Suppression and Communications?

**MR. GRANTER:** We are tallying that number up. Did you want to move to another question and once it is tallied, I will give you the answer.

**MR. MITCHELMORE:** Yes. Employee Benefits; in the Budget of 2014-2015 you had expected \$40,000, but yet \$400 was spent, and nothing in this year's budget. Can you explain the \$40,000, what that was originally budgeted for that did not get expended?

**MR. GRANTER:** It is my understanding that was lower than anticipated expenditures, with fees for seminars and conferences, as well as membership fees and training sessions.

**MR. MITCHELMORE:** Training sessions, okay. So you do not anticipate going to any type of conferences, any type of training or whatnot in this year's budget at all?

**MR. IVIMEY:** Historically, that Employee Benefits expenditure has been underspent. If you go back to last year's Estimates, you would probably see a very minimal amount spent under that subhead as well.

I do not know if you remember, but when we actually had the Fisheries Estimates Committee – or Natural Resources, I am sorry. Underneath my division there was a category for training expenditures that were related to organizational development initiatives. It was managed by the Human Resources Secretariat.

They provide training for various types of things for multiple departments for Natural Resources, Forestry and Agrifoods, and Fisheries. Some of the training-type initiatives, the seminars and stuff that would fall under for the Fire Suppression staff, are paid for from that subhead.

What we have done for the upcoming year, for 2015-2016, is we have actually reallocated that \$40,000 to other subheads because, like I said, in the past number of years we have not spent it and it has not really been efficiently allocated under that subhead.

**MR. MITCHELMORE:** Okay.

Property, Furnishings – oh, you have the numbers, Minister?

**MR. GRANTER:** Yes. With regard to the numbers in the division there are 114 in total. Five are permanent and the rest are temporary seasonal positions.

**MR. MITCHELMORE:** Okay.

Property, Furnishings and Equipment took quite a bit of a jump there. Is this what was used to purchase a water bomber? There was a water bomber in last year's Budget I believe. If so, does that bring our total up to four, or how many do we have?

**MR. GRANTER:** That was higher than anticipated Property, Furnishings and Equipment expenditures in order to replenish equipment in preparation for the 2015 fire season.

**MR. MITCHELMORE:** That was not a water bomber?

**MR. GRANTER:** Some examples of that would be smaller items like water pumps, hoses, and operational items that we would need for fire discretion.

**MR. MITCHELMORE:** Where does the water bomber fall under in terms of financial –

**MR. GRANTER:** That falls under Transportation and Works.

**MR. MITCHELMORE:** It is a Transportation and Works purchase, okay.

Line 02, Revenue – Provincial, \$44,100, where would you be getting other provincial revenue from under Fire Suppression and Communications?

**MR. GRANTER:** That would be reimbursement for cost of fire suppression predominantly in Labrador from the Grand River Ironsands Inc. and A L Stuckless & Sons Ltd; or, if they were responsible for actually starting the fire, then they would have to reimburse government.

**MR. MITCHELMORE:** Okay.

How many water bombers do we have that are currently in operation?

**MR. GRANTER:** Five.

**MR. MITCHELMORE:** Five. Do you feel that we have sufficient fire suppression resources, teams, in place to be able to adequately deal with forest fires here in the Province?

**MR. GRANTER:** Yes.

**MR. MITCHELMORE:** Okay.

I want to ask a question about –

**MR. GRANTER:** Just in addition to that, if circumstances are necessary we can available of services that can be provided by other jurisdictions as well, like we have done in the past our own selves out to other provinces.

**MR. MITCHELMORE:** Okay.

You had talked about the silviculture, that \$1.4 million was paid to Corner Brook Pulp and Paper.

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

**MR. MITCHELMORE:** This would be 2.1.03 under Silviculture Development.

That money was expended to Corner Brook Pulp and Paper for the services that were provided. Are there other investments that you have made to Corner Brook Pulp and Paper this year that we have not talked about that is within your department?

**MR. EVANS:** No, the silviculture is the only – they spend the money and we reimburse them.

Additionally to that, there was a five-year agreement. The government covers the cost of forest inventory and protection on their limits as well.

**MR. MITCHELMORE:** Okay, so the \$110 million that was provided as a loan, which obviously went through Finance, the Department of Forestry and Agrifoods has no aspect in managing or operating expenditures, what is drawn on that particular fund or having that type of dialogue, that would all be handled through Finance?

**MR. EVANS:** We work with Finance on that. It is a Finance file. As an example, any advance for funding comes through us and Finance. We review it and approve it as well.

**MR. MITCHELMORE:** Okay.

**MR. EVANS:** We work together with Finance on that file.

**MR. MITCHELMORE:** Is there any particular update that you can provide on the Corner Brook Pulp and Paper mill and that particular investment?

**MR. EVANS:** The investments prominently in the mill and Deer Lake Power seem to be doing very well. The mill's cost of manufacturing paper, they have certainly improved their costs and they are probably the second or third in North America.

**MR. MITCHELMORE:** Okay.

Is there any plan to look at reinstating the rebate program such as wood pellets that existed to try and develop a local market?

**MR. GRANTER:** That would be a policy discussion that we would have to have within the department and across government.

**MR. MITCHELMORE:** Okay.

Your sustainable forest strategy lists primary investment to industry innovation like bioenergy, biorefining, and value-added solid wood products. You have a list for investments and grants here under section 2.1.01 when it

comes to the Administration and Program Planning.

I am just wondering if there are any funds moving forward to advance bioenergy, biorefining, and value-added solid wood products – do you have any investments in this year's budget focused on your forest strategy?

**MR. EVANS:** The investments would be in the form, primarily, of research in 'bio-products,' value-added products, and any other products associated with the forest industry. That would be the primary investments. Steve, I do not know if there is anything else –

**MR. MITCHELMORE:** Is there a line item or a value attached, because I do not see the research aspects for any of those in the budget?

**MR. EVANS:** I am going to refer to Philip on that one, just to make sure I am correct.

**MR. IVIMEY:** Yes, underneath the subhead 2.1.01 is where the budget for forest research is located, and within that grant budget there is \$623,000 allocated for 2015-2016 for grants related to forest research and innovation.

**MR. MITCHELMORE:** Are they earmarked, or have they been approved for anything at this point?

**MR. EVANS:** Not all. Some are a carryover from the previous year I would expect. We do have a list of what was completed last year, but there are some other new projects coming in line for this year as well. So a bit of a combination there.

**MR. MITCHELMORE:** Okay, great.

I have some more questions but I know my colleague has some as well. So just to be fair, I would go back to him at this time.

**MR. GRANTER:** If I could, looking at the clock, I know there are a number of sections we have not looked at; just a reminder to stick to the line items. If we get into a policy discussion we may not get through all of the line items. So just a reminder on that.

**CHAIR:** Yes. Go ahead.

**MR. REID:** In that regard, in relation to line item 3.2.01 Production and Market Development, you mentioned earlier that one of the items of the main grants was related to cranberries I believe, the cranberry project. Is that correct? Could you just give us an update on that cranberry program and how successful it is? How much money does it actually receive? How long has it been on the go, and what is the future of it?

**MR. GRANTER:** The current industry development program: \$3 million from ACOA, \$750,000 from IBRD, and \$3.25 million from Forestry and Agrifoods, for a total of \$7 million over the next five years.

To get to commercially secondary processing within the cranberry industry we need to get to a minimum of 500 acres. This investment of \$7 million, with current people who are involved with the industry – farmers, along with a new entrant – would take us to the 500 acres-plus within this time frame of five years, which would then look at the ability to have secondary processing of cranberries in our Province. From all indications, it is a very high-quality berry that is being produced here in the Province. Second to none, really.

**MR. REID:** Yes, I think it is a very good initiative. It is a different way of looking at agriculture in the Province. We sort of look at root crops and things like that, while sometimes not paying attention to the naturally adapted crops in the Province.

In relation to cranberries as well; I will just jump ahead a little bit there in terms of line item 3.3.04 Agriculture and Agrifoods Development Fund. I notice \$2.55 million are allocated under that heading. That is "to stimulate and attract large scale investments in agriculture and agrifoods projects, particularly in the secondary processing ... ." The money that is expended there, how was that expended?

**MR. GRANTER:** I will let Keith answer that, but I believe Keith answered that question from Ms Michael earlier.

These are, as you said, very large scale projects; projects that would require a million dollar investment. We can contribute \$500,000 and

proponents can contribute \$500,000, or actually we can contribute up to a million dollars. So with that large sum of money, it kind of limits the players in the game as compared to a project where you can contribute \$40,000. That gives us more people who are able to avail of funding.

I will let Keith describe some of the projects.

**MR. DEERING:** The money that we spent last year, \$750,000 of it was allocated to the second year of a five-year land development program we have explicitly with the dairy farmers of Newfoundland. That is exclusively for the purposes of developing forage land to help us become self-sufficient in feed for livestock.

**MR. REID:** Yes.

**MR. DEERING:** As I mentioned, this is the second year of a five-year program, and that will continue for the next three years after this one.

As well, we had contributed \$663,095 to finish a project for Viking Fur. That was valued at about \$2.2 million for the full project. This was the second year. It took two years to finish that project.

**MR. REID:** I am just wondering, what have you been doing to pursue these large scale projects? Do you go out looking for them, or do you wait for them to come to you, or do you work with other departments? How do you attract these?

**MR. DEERING:** We certainly like to make producers and processors aware of these programs because we think they are very good. Obviously, most of the existing industry knows about them, but from time to time we do have new entrants that look for information on these kinds of things.

Also, we have a website called AgPal.ca that any new entrant can go. Through a series of dropdown menus you can plug in the information you are looking for on agriculture programs and it will provide a list of programs that are available, depending on the questions you ask.

Incidentally, we do have a very healthy appetite for this fund for this year, and we do highly

anticipate that we will be fully committed on this one this year, on large scale projects.

**MR. REID:** Yes, okay.

I noticed last year there was about probably a million, close to a million – yes, over a million not spent. So this year you anticipate it will be fully subscribed or fully used?

**MR. DEERING:** Yes.

**MR. GRANTER:** Yes.

**MR. REID:** Okay, maybe the cranberry processing plant might be one of them.

I asked about marketing boards; back to the Professional Services and Purchased Service under that line item 3.2.01. I am just wondering what the Purchased Services were for there? It went over budget this year and the allocation is up again this year, so I am just wondering what the Purchased and Professional Services were there?

**MR. GRANTER:** As I said earlier to a previous question, that was the higher than anticipated repairs to some farm equipment during the year.

**MR. REID:** Okay.

Under 3.3.01 Agricultural Business Development – Administration, in terms of the Purchased Services and the Professional Services there, what did that involve?

**MR. GRANTER:** Is the question on the variance or a question on what is provided?

**MR. REID:** On what is provided.

**MR. GRANTER:** The funding is required for guest speakers who design and deliver workshops for agriculture industry on a variety of business and financial related issues. Funding is also required for the hiring of consultants and outside expertise related to the annual Agrifoods and Garden Show.

Under Purchased Services, the funds are to provide for vehicle repairs and maintenance and property assigned to this division. Printing Services are expenses associated with meeting,



training, and seminars. It also includes building rental, advertising, and other costs for agriculture fairs and events. That is under Professional and Purchased Services.

**MR. REID:** Under heading 3.3.03, Agriculture Initiatives – that is 3.3.03.

**MR. GRANTER:** Yes.

**MR. REID:** This is provincial initiatives. What are some of these initiatives? Can we get a breakdown of how this funding was spent?

**MR. GRANTER:** Yes, these are maximum grants, as I said earlier this morning, to \$40,000, 50-50. It could be things like the purchase of tractors or other equipment that might be on somebody's farm. Yes, we do have a list that we can provide.

**MR. REID:** Okay.

I think I have asked the questions about the Agriculture and Agrifoods Development Fund. In terms of item 3.3.05, Growing Forward 2 Framework, the Grants and Subsidies, I am wondering can we get a list of those Grants and Subsidies under that program. It is a big expenditure. I am just wondering can we get a breakdown of that.

**MR. GRANTER:** The answer to that question is yes.

**MR. REID:** Okay.

Did you want to go, Chris?

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

**MR. REID:** Okay.

**MR. MITCHELMORE:** On 3.5.01, Research and Development, the revenue side; last year the total Research and Development cost the Province \$189,200 because the feds had contributed over \$700,000. This year, it is estimated that Research and Development for agrifoods will cost the Province \$928,000. Can you explain? Was this one-time federal funding? Did it expire? Why are we not pursuing federal monies?

**MR. GRANTER:** That is revenue you are referring to, right?

**MR. MITCHELMORE:** Federal revenue

**MR. GRANTER:** The \$711,700?

**MR. MITCHELMORE:** Yes.

**MR. GRANTER:** Yes, that would have been revenue received from the federal government associated, as you said, with the federal AgriFlexibility cost-shared agreement that was anticipated to be collected in 2013 and 2014. The department would have submitted to the federal government the receipts to be reimbursed that amount of money in the last fiscal year, but the federal government did not actually get the cheque back to the Province until this fiscal year. So it had to be identified as a revenue line for 2014-2015.

**MR. MITCHELMORE:** So is there any ability to recoup any of the Research and Development dollars under this year's budget or will it simply be zero? I understand that this came in late and it should have shown up, maybe, in last year – the budget the year before.

**MR. GRANTER:** The federal program has ended. There is no more federal program.

**MR. MITCHELMORE:** Okay. Thank you.

Back to 3.1.02, the Limestone Sales; I am clear on the sale aspect. I just want to ask from an operational perspective that we are getting about \$35,000 worth of revenue for every \$100,000 in operational costs.

**MR. GRANTER:** Did you say 3.1.02?

**MR. MITCHELMORE:** This is 3.1.02, Limestone Sales. The Operating Accounts show the dollars, \$540,000 in the revenues. If we look at what was budgeted, what was revised, and what is estimated, we are operating at about a 65 per cent loss in terms of what it costs to produce and what we get back.

Can that be explained? Is there a way to recoup more money from limestone sales? Maybe there can be an explanation on that because right now,

based on what it costs to operate and what we are getting, we are losing 65 per cent.

**MR. GRANTER:** Yes, the variance is due to increased sales of limestone, as we discussed earlier. For this year, we have changed some of the criteria. We have added a couple of additional criteria that users of this particular program will have to meet which would have an impact on the revenue and the cost side.

Keith?

**MR. DEERING:** Just a little bit more background on the way this program works. The request comes into our office for the limestone from all the farmers across the Province. They make their contribution to it as well. It is not a 100 per cent subsidy, which is where this \$174,000 was collected from last year. Their contribution, more or less, captures the cost of transportation.

There is only one quarry in the Province which is located in Cormack. It is a considerable expense for the folks in Eastern Newfoundland to make use of limestone. It is extremely important that farmers make the best use of this because without proper pH and nutrient balance, productivity becomes fairly limited.

**MR. MITCHELMORE:** Absolutely. I just wanted that clarification around it, just for an understanding. Somebody looking at these lines would say look at how much this is costing for the revenue, but that explains it. We are certainly getting the value back when it comes to the food production that would come from using the limestone.

I wanted to ask about the status of implementing the ISO 14001 Environmental Monitoring System forest certification. I have asked this in previous Estimates. Is there a dollar figure associated with doing this implementation, a cost to the Province?

**MR. BALSOM:** Yes, we have been working for two years now on getting ISO 14001 certification. We have been handling the costs internally with regard to doing the training. One of the re-profiling that we discussed earlier, moving one of the positions into administration, was in relation directly to support this program.

**MR. MITCHELMORE:** Okay.

**MR. BALSOM:** We will be ready this fall now to do our third party audit which we anticipate will be between \$40,000 and \$50,000 for outside services.

**MR. MITCHELMORE:** That would fall under Purchased Services.

**MR. BALSOM:** Correct.

I just have to clarify, Professional Services.

**MR. MITCHELMORE:** Professional Services, okay.

Will this type of certification be – there are different types of certification as well after ISO. Will the Province be pursuing land based, like forest certification of a company, people-based certification, or both? Is that something the department is undergoing right now? Is there a dollar figure associated with it?

**MR. BALSOM:** We have had an initial look at the various forest certification programs that might benefit the Province, but right now they are primarily market driven. Until we have a large-scale exporter, and depending on what market that might be, it will kind of steer the way we go for certification, or if we need to, or if a private company would do it similar to Corner Brook Pulp and Paper. Right now, ISO 14001 will set the foundation for those certification systems, and then kind of be the first step in achieving that, if we decided – or if we have the need to go down that path.

**MR. MITCHELMORE:** Great. I am very pleased to hear that.

Subhead 3.2.01, Production and Market Development – Administration; I just want to ask about the provincial revenue. It was budgeted for \$54,700 and only \$6,300 was collected, yet you anticipate getting the same amount as budgeted last year. That is a \$48,000 shortfall.

**MR. DEERING:** I guess there needs to be an adjustment in future years. Essentially, the \$6,300 is related to the sale of seed potatoes

from our seed potato production facility in Glenwood.

**MR. MITCHELMORE:** Okay.

**MR. DEERING:** The balance of that in previous years would have been projected for cranberry plug sales, but in the new program, as part of our contribution to the program we are providing cranberry plugs free of charge to producers from our facility in Wooddale. I expect in next year's Estimates you will see an adjustment here to eliminate that differential you see here. It will be down to \$6,300 in our anticipated revenues.

**MR. MITCHELMORE:** Do you have a cost as to how much work the Province is spending in giving away cranberry plugs?

**MR. DEERING:** Our financial contribution to the propagation process is \$190,000.

**MR. MITCHELMORE:** It is \$190,000. I am not familiar with cranberry plugs, so maybe we could have a conversation about this rather than in the particular Estimates around that process because I would be interested in knowing more.

I wanted to ask about the Growing Forward 2 Framework, 3.3.05, because from what I heard is that there is carryover this year and there will be cleanup at the end. I sat on the Public Accounts Committee when we questioned the Growing Forward program based on the Auditor General's report when he had talked about there was a lot of value from the federal government where receipts and things were not being submitted. There was a loss, I guess, in terms of what could be collected. We lost some of the value in the overall agreement.

I am just wondering, has the department taken steps and measures, and is the feds allowing more flexibility in terms of the carryovers that take place for projects that do not get done? At the end of the agreement, will we be in a similar situation where the Province is on the hook or will not be able to collect certain dollars from the feds?

**MR. EVANS:** As a result of the Auditor General's report we have made modifications to how we administer the program.

As Keith said earlier, this is a carry forward mainly to invest the money in the industry but also to capture the federal money that we would lapse. So that is a critical part of it. We may have to do it in year four of the agreement as well.

I do not know if you want to fill in there, Keith, any more.

**MR. DEERING:** Sure. Thank you.

To get to the other part of your question about the flexibility from the federal government; in fact, in negotiation of GF2 the federal government wanted to give us less flexibility. In the initial framework agreement, the federal government has written into the agreement that we can carry forward 25 per cent from year to year of their contribution. They wanted to bring that down in Growing Forward 2, but we managed to hold it at 25 per cent throughout the multi-level framework negotiation. It is still 25 per cent.

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

Scott, did you have more questions?

**MR. REID:** Just a few more, and then we can go back to you if you like.

Someone mentioned to me a program under Animal Health, 3.4.01 Administration and Support Services. Someone mentioned a project, the Chinook Project. I am not sure what it is. I am just curious as to what it is.

**MR. DEERING:** The Chinook Project is a project that is coordinated through basically the Atlantic Vet College. Through this program they send practitioners to the North Coast of Labrador to vaccinate dogs against rabies.

**MR. REID:** Okay.

**MR. DEERING:** There are a number of innovative mechanisms they are trying, including chips and things like that. It has been a very successful program, received very well by North Coast residents. We anticipate that – in fact, it has already started for this year.

**MR. REID:** Okay.

What is the expenditure on that program?

**MR. DEERING:** It is \$15,000.

**MR. REID:** Okay, interesting.

The other questions I have are related to Research and Development. I am just wondering how that fund is administered. What is the application process? How are they selected? What criteria are used for selection? Exactly what type of research is taking place? Is it institutions, is it applied research on farms? What type of research is going on?

**MR. DEERING:** Thank you.

I guess in previous years, I think as Mr. Mitchelmore has already highlighted, the program used to be much more substantive with a \$1.5 million federal contribution, which expired in 2014. Through that program, we were able to have an extensive process inviting proposals from producers to do innovation and R&D projects.

We have a very large compendium of the results of those projects. Last year, unfortunately, the program – because the federal program had sunset, our program was reduced to \$1 million. For that we were essentially able to only achieve our own internal projects, as well a couple of small projects from outside.

The main project for us last year would have been our grain research. We have managed to institute a program throughout Newfoundland now that I think will be a game changer for livestock producers in this Province. We have been producing spring wheat and winter wheat in various trials which turned out to be extremely successful. We also have projects related to soybean production on a potato rotation.

I have a complete list of the projects we did last year that we can provide as well. We are currently expanding on a research trial for growing grapes in Newfoundland, which early results are very promising. We are expanding on that one this year. We are into all sorts of alternative property search in our internal programs.

**MR. REID:** Okay, interesting.

You mentioned that the federal funding had been cut. I guess there is a lot of possible take up, a lot of demand for this. I am just wondering, in terms of additional funding for this type of – is there a lot of demand for this type of funding, this type of research going on?

**MR. DEERING:** In the face of the AgriFlexibility Agreement sun setting, we tried to make our case for the federal government to continue their contribution to that – unsuccessfully, unfortunately. They were in the midst of budget cuts as well.

Collectively, with the other Atlantic provinces, we have now entered into a new collaborative R&D program with New Brunswick, Nova Scotia, and Prince Edward Island. We hope that we can build a case collectively for the federal government to come back to the table on the basis of this regional collaboration that is taking place in Atlantic Canada, but we will not know that for sure until the beginning of next year. Early discussions are promising.

**MR. REID:** Okay.

I can hand it back to you.

**CHAIR:** Mr. Mitchelmore.

**MR. MITCHELMORE:** Subhead 2.1.02 under Operations and Implementation. I just have a question around the wood permits that are issued. Would this be where domestic wood permits would fall? These would be the operators, I guess, the staff who would issue the permits, and they would also issue the sawmilling fees.

In this year's Budget 2015-2016, we saw a reduction in fees for small and medium sawmill operators. Is the minister or someone in the department just able to elaborate on why – I think it is a good move – the fees were reduced for small and medium operators?

**MR. GRANTER:** Back to your previous question; it is domestic and commercial permits. We just readjusted the steps with regard to your second question because the small operators were paying as much, I believe, as the larger

ones. So we felt that it was better to look at the smaller harvesters with their potential, compared to the larger ones, and reduce their fees.

**MR. MITCHELMORE:** Right.

Those fees were increased a couple of years ago to all be with the large operator. Did you have anybody who may have lost their licence over that time, a commercial licence? If so, would you look at reinstating those licences? Is that something the department would do?

**MR. GRANTER:** The answer to that question is no. From my knowledge, we do not have anyone who would have lost their licence.

**MR. MITCHELMORE:** Okay.

I want to go back to 2.1.05, Forest Industry Diversification. This allows for maybe a one-year continuation of at least the property of Holson Forest Products because there is at least insurance covered on this particular property. What is actually being done? Will the departments and staff at least talk to people in the region?

There have been a lot of people who have lost employment in other industry downturns like in Lab West and other regions. When there are fish plant closures there is actually support provided through the Department of Advanced Education and Skills. Is there something that will be taken?

Although this operator is still operating with a small number of limited staff, it is not the sixty-plus staff that was operating a few years ago. A lot of people had to leave to go find work and they are unemployed at this point in time.

**MR. GRANTER:** Yes, we understand the importance of the forest industry to the Great Northern Peninsula. As we said earlier in these budget lines, Holson has a new business plan. They are shopping it around. We have done a study on it.

I guess the hope that you would have, and the hope that the people in the Roddickton area and all throughout the Northern Peninsula would have is that they would be able to shop it around and get some potential investors to partner with

and move an industry forward. I am not saying the industry, but I am saying an industry forward in that particular region.

As minister, I do not have any difficulties at all with my visits to the Northern Peninsula to visit people in that particular area, the town councils, and the industry players.

**MR. MITCHELMORE:** I think there is a concern out there based on that. This has been something that started in 2009. It was announced prior to this; the pellet plant, kiln, and integrated business plan. It had a business plan.

It needs significant investment, I think, to fully operate. Unless a partner, unless somebody is going to make that investment and either buy it up or whatever is going to happen in that private business – either that or government is going to have to either invest more money to see that it be operational, or at some point government has millions of dollars in loans here that are accountable to the people of the Province.

I guess that is outside the frame of Estimates. I think there is a lot of concern out there with the Rentech negotiation taking years in terms of Central timber. If we look at the Labrador timber supply just sitting stagnant and now being subsidized to ship – with a new business plan it could be years away before we see any type of jobs for the people of this region.

There has been a lot of investment into forestry by governments – whether it is this one or others – into a linerboard plant in Roddickton, and in terms of other sawmills. We are just not seeing anything go forward. Probably this conversation should take place outside where we have a meeting with your officials, Jim, and others to further the conversation as to what really is the plan for Roddickton and the Great Northern Peninsula.

**MR. GRANTER:** As minister I have never shut a door on a conversation on advancing any of the regions of the Province. I have not done so in fisheries.

My door is open for any suggestions from anyone with regard to potential business opportunities that would exist in the forestry

industry anywhere in the Province. My door is open for that and I would make my officials available to take any suggestions from anyone, whether it is in the private sector, business sector, or from you in Opposition.

**MR. MITCHELMORE:** Based on that and the Estimates, I do not think I have any further questions, Minister. There are certainly a lot of other questions, but they are not necessarily linked to a line item here. They can be loosely linked, but there is certainly more that needs to be discussed when it comes to a number of the topics. I am looking forward to engaging in dialogue on some of the initiatives and seeing things as they unfold over the next little while.

Maybe my colleague, Scott, has more questions or Ms Michael.

**CHAIR:** Okay.

I will call the line items.

Subheads 1.1.01 to 3.5.01.

**CLERK:** Subhead 1.1.01.

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

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Contrary?

Carried.

On motion, subhead 1.1.01 carried.

**CLERK:** Subheads 1.1.02 to 3.5.01 inclusive.

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

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, subheads 1.1.02 through 3.5.01 carried.

**CLERK:** The total.

**CHAIR:** Shall the total carry?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, Forestry and Agrifoods Agency, total heads, carried.

**CHAIR:** Shall I report the Estimates of the department of Forestry and Agrifoods carried without amendment?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Contra-minded, 'nay.'

Carried.

On motion, Estimates of the Forestry and Agrifoods Agency carried without amendment.

**CHAIR:** The next meeting of our Committee is tomorrow evening at 5:30 p.m. and that is for Advanced Education and Skills Estimates.

I would like to thank the minister and his officials for their time this morning and the Committee.

Is there any further comment from the minister?

**MR. GRANTER:** No, I would just like to thank everyone for coming this morning, and to thank the officials from my department, members of both Opposition Parties, and my colleagues from my party as well.

Thank you.

**CHAIR:** Okay.

I would entertain a motion for adjournment.

**MR. PEACH:** Moved.

**CHAIR:** Moved by Mr. Peach.

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

Meeting adjourned.

On motion, the Committee adjourned.