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**Proceedings of the Standing Committee on  
Resources**

April 21, 2016 - Issue 3

Department of Business, Tourism, Culture and Rural Development  
Forestry and Agrifoods Agency

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## **RESOURCE COMMITTEE**

Department of Business, Tourism, Culture and Rural Development

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Chair: Brian Warr, MHA

Vice-Chair: Kevin Parsons, MHA

Members: Derrick Bragg, MHA  
David Brazil, MHA  
Jerry Dean, MHA  
John Finn, MHA  
Lorraine Michael, MHA  
Pam Parsons, MHA

Clerk of the Committee: Lorna Proudfoot

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Appearing:

### **Department of Business, Tourism, Culture and Rural Development**

Hon. Christopher Mitchelmore, MHA, Minister

Brian Burke, Assistant Deputy Minister, Ocean Technology and Arctic Opportunities

Daryl Genge, Deputy Minister (A)

Bradley George, Executive Assistant

Robyn Hayes, Departmental Controller

Colin Holloway, Parliamentary Secretary

Terry Johnstone, Director, Policy & Strategic Planning

Jeff Loder, Director, Trade Policy

Tansy Mundon, Director, Communications

Carmela Murphy, Assistant Deputy Minister, Tourism and Culture

Gillian Skinner, Director, Regional Economic Planning and Development

### **Research & Development Corporation**

Levi May, Chief Financial Officer

Mark Ploughman, Chief Executive Officer (A)

### **The Rooms**

Dean Brinton, Chief Executive Officer

Donna Marie Humphries, Director, Finance

### **Forestry and Agrifoods Agency**

Steven Balsom, Assistant Deputy Minister, Forestry Services Branch

Keith Deering, Assistant Deputy Minister, Agrifoods Development Branch

Jim Evans, Chief Executive Officer

Philip Ivimey, Departmental Controller

### **Also Present**

Steve Kent, MHA

Gerry Rogers, MHA

Veronica Hayden, Executive Assistant

Ivan Morgan, Researcher, NDP Office

Pursuant to Standing Order 68, Steve Kent, MHA for Mount Pearl North, substitutes for David Brazil, MHA for Conception Bay East – Bell Island.

Pursuant to Standing Order 68, Gerry Rogers, MHA for St. John's Centre, substitutes for Lorraine Michael, MHA for St. John's East – Quidi Vidi.

The Committee met at 9:05 a.m. in the Assembly Chamber.

**CHAIR (Warr):** I'll start by saying good morning again. We'll ask Mr. Kent if he can start the introductions, please.

**MR. KENT:** Thank you, good morning.

Steve Kent, MHA for Mount Pearl North.

**MS. HAYDEN:** Veronica Hayden, Executive Assistant to Paul Davis.

**MS. ROGERS:** Good morning, I'm Gerry Rogers and I work for the good people of St. John's Centre. Thank you very much for your hard work. I know what a busy time this is with both the budget and Estimates and everything else that's happening. Thank you so very, very much for making the time for doing this this morning.

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

**MR. DEAN:** Good morning.

Jerry Dean, MHA, District of Exploits.

**MR. BRAGG:** Good morning.

Derrick Bragg, MHA, Fogo Island – Cape Freels.

**MR. FINN:** Good morning.

John Finn, MHA, Stephenville – Port au Port.

**MS. P. PARSONS:** Pam Parsons, MHA, Harbour Grace – Port de Grave.

**CHAIR:** Minister.

**MR. MITCHELMORE:** Christopher Mitchelmore, Minister of Business, Tourism, Culture and Rural Development, also responsible for Forestry and Agrifoods and the Research & Development Corporation.

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

**MR. DEERING:** Good morning, I'm Keith Deering and I'm the Assistant Deputy Minister of Agrifoods Development Branch, Forestry and Agrifoods Agency.

**MR. BALSOM:** Steve Balsom, Assistant Deputy Minister, Forestry Services Branch, Forestry and Agrifoods Agency.

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

**MR. HOLLOWAY:** Colin Holloway, Parliamentary Secretary to the minister.

**MR. GEORGE:** Bradley George, Executive Assistant to Minister Mitchelmore.

**MS. MUNDON:** Tansy Mundon, Director of Communications.

**CHAIR:** Thank you.

My name is Brian Warr and I'm the MHA for Baie Verte – Green Bay and I'll be your Chairperson this morning.

We're starting off with Forestry and Agrifoods. I'll ask the Clerk to call the first head.

**CLERK (Ms. Proudfoot):** 1.1.01.

**CHAIR:** Shall 1.1.01 carry?

Minister, if you would start with some opening remarks.

**MR. MITCHELMORE:** I understand that we have a lot of entities to go through here today and to give the Opposition the most opportune time to question the Estimates – I understand that we have three hours, but I'm certainly willing to extend that beyond the 12 o'clock timeline today if we don't get through all of the

matters, as long as the Opposition is in agreement to that.

I'll let them start with Mr. Kent.

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

Good morning. I want to join my colleague for St. John's Centre in thanking everybody for being here and participating in this wonderful process. I should advise upfront if I have to leave suddenly it's because I'm being appointed as the CEO of Nalcor. So if I have to leave abruptly, I apologize.

I'll jump right into it, in the interest of time. I have some knowledge of the great work that's going on within the Forestry and Agrifoods Agency. I was there very briefly as a parliamentary secretary; it feels like a lifetime ago. So I have great respect for the work that's being done in the agency. I have some questions for you as I get up to speed on the budget for the agency going into this fiscal year.

Under 1.1.01, I was just wondering if the minister could explain two quick things: the obvious one, the growth in Salaries; and secondly, there appears to be a spike in Purchased Services and also Property, Furnishings and Equipment. I was just wondering if the minister could comment on both of those items.

**MR. MITCHELMORE:** The variance from 2015-2016 to \$478,900 was a filling of a secretary to an ADM position that wasn't originally anticipated in 2015-2016. What we have now is the re-profiling of salary funds to the department of \$69,000 for the salary to the ADM and the higher salary for the ADM for the Forestry position compared to when the position was vacant.

**MR. KENT:** Okay. Thank you, Minister.

Last year there was an increased expenditure in Property, Furnishings and Equipment, not a big amount, but I'm just curious what that represents.

**MR. MITCHELMORE:** We had budgeted \$300 and \$5,600 was expended. That was for the

purchase of a desk, drawer, hutch and other office equipment.

**MR. KENT:** Thank you.

That's it for me on 1.1.01.

**CHAIR:** Ms. Rogers.

**MS. ROGERS:** Oh, we're not going 10 minutes by 10 minutes?

Okay, I have no questions on that particular item.

**CHAIR:** We'll do 1.1.01 and 1.1.02.

Mr. Kent.

**MR. KENT:** Okay, great. Thank you.

I notice there's a cut under 1.1.02, again in Property, Furnishings and Equipment. I only ask because it is a noticeable amount. I'm just curious what that means.

**MR. MITCHELMORE:** The variance is the reversal of a one-time re-profiling of funds from silviculture to admin support capital for the purchase of a seeding truck, which accounted for \$86,000 and the addition of \$23,000 as previous budget decisions and the fiscal forecast.

**MR. KENT:** Thank you. That's it for me.

**CHAIR:** Ms. Rogers, anything on 1.1.02?

**MS. ROGERS:** No, I'm fine with that.

Thank you very much.

**CHAIR:** Will the Clerk please call the next subhead?

**CLERK:** 1.1.02.

**CHAIR:** Which we've done.

Would you please call the next subhead?

**CLERK:** 2.1.01.

**CHAIR:** 2.1.01.

Ms. Rogers, would you like to start?

**MS. ROGERS:** Salaries, we see an increase of over \$500,000. Can the minister explain that, please?

**MR. MITCHELMORE:** The original budget was \$5.385 million. Last year, there was \$5 million. This was a result of various vacancies that existed within the division; \$5.5 million is the rate re-profiling of salaries within the department to meet salary plans; adjustments for the job evaluation survey is \$135,000 of that. It primarily is to fill vacant positions and to deal with the JES.

**MS. ROGERS:** Minister, again, just for point of clarification, so from \$5.385 million and then \$380,000 wasn't spent, why was that not spent?

**MR. MITCHELMORE:** The \$385,000?

**MS. ROGERS:** Yes.

**MR. MITCHELMORE:** The variance was due to a result of vacancies within various divisions during the year.

**MS. ROGERS:** Are those vacancies now filled?

**MR. EVANS:** We anticipate filling some of them. This whole program encompasses five divisions: ecosystem management; silviculture; policy division; forest engineering and industry services; and legislation and compliance. Throughout those, we do anticipate filling of some vacancies and the re-profiling of money – we did move some salaries in there from the regional operations; regional ecologist positions are in that budget right now. That's the difference.

**MS. ROGERS:** Could we have a list of the vacancies, the ones that were vacant, the ones that will be filled and the ones that won't be filled?

**MR. MITCHELMORE:** The department itself has a number of positions that are filled, and given the seasonal nature of some of our divisions, depending on if we need firefighting services, some of them will be called back. If firefighting services escalate, you would need to

hire more employees to deal with the situation or more call-backs.

The same thing with silviculture, depending on what's in the plan; so at any given time, there may be a variance in what's planned to hire, depending on what is in the upcoming budget. It is somewhat difficult, in your request, to provide to that detail because it would change, given on today versus summertime activity versus the fall. I'm not really clear as to how we would be able to provide that information to you in a list form.

**MS. ROGERS:** Okay. So for the firefighter positions, for instance, does that mean someone may be called back just for a period of a few weeks?

**MR. EVANS:** That's quite possible. If you look at the situation we had in Labrador two to three years ago, we did have to call in some additional firefighters just to deal with the issues there. It's possible but it's only in circumstances such as that.

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

Then for Purchased Services, in the revised budget for '15-'16, we see a bit of a significant drop there.

Can you tell me what was anticipated and then what was cut?

**MR. MITCHELMORE:** The Purchased Services last year, the budget had increased from \$284,000 to \$333,100. That is primarily due to higher-than-anticipated professional services because we had a data interpretation contract related towards inventory program during the year. This is basically looking at the photography and aerial view of the forest, the GIS.

We had quite a bit of work that was backlogged that would normally be done by the division. We anticipate the division can do the work, and based on our work plans for our five-year forest management we can contain our costs to \$256,400.

**MS. ROGERS:** Okay, and for the Purchased Services underneath?

**MR. MITCHELMORE:** The Purchased Services, we had originally budgeted \$1.5 million; \$945,000 was expended.

We didn't purchase new aerial photography in 2015-16. We have anticipated lower Purchased Services with our forest inventory work. We anticipate the budget line of \$928,400 is in line with what we will be purchasing and we can contain that cost. It will have no impact on our forest inventory planning.

**MS. ROGERS:** So the big variance in the budget from '15-'16 to the revised was mostly around the not purchasing of aerial photography?

**MR. MITCHELMORE:** Yes, that's correct.

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

Also, will we be getting some of the other Estimates? Departments have provided us with the briefing books. Will we be receiving those?

**MR. MITCHELMORE:** Yes, you'll get these briefing books.

**MS. ROGERS:** Great, that's wonderful. Thank you very much.

**CHAIR:** Thank you, Ms. Rogers.

Mr. Kent.

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

Along those lines, I trust that any information either of us ask for will be provided to both parties. I know that kind of goes without saying, but I would appreciate that of course.

**MR. MITCHELMORE:** We'll provide you with copies of these binders after the Estimates.

**MR. KENT:** Great. Thanks.

Also, if we request any additional information that would not be contained within the Estimates binder, I just ask that it be provided to both parties.

**MR. MITCHELMORE:** Sure.

**MR. KENT:** Thank you.

I only have one additional question on 2.1.01, Mr. Chair. I notice a slight reduction in Grants and Subsidies. Two questions really: What do those Grants and Subsidies represent? If you could just give us an overview of what's contained in those Grants and Subsidies. Secondly, the reduction of approximately \$42,000 or \$43,000, if you could let us know what that means that would be appreciated.

**MR. MITCHELMORE:** The Grants and Subsidies that reflected \$844,200 last year was basically money that was put into resource information systems, Junior Forest Wardens and the Newfoundland and Labrador Lumber Producers' Association would receive \$75,000. This is to maintain the grade stamp; else we would have to go out of the province to maintain that.

The Labrador Innu, Metis, Nunatsiavut forest management agreements get \$100,000 and the forest research, Centre for Forest Science and Innovation, last year received \$623,800.

They will receive a reduction. We will provide that list. It will be \$595,000 this year. It does reflect a small variance of \$43,200 in terms of Grants and Subsidies and we do not anticipate that will impact. We had a number of projects and contracts with the centre and we'll continue to do work with them.

**MR. KENT:** Thank you, Minister.

Just a follow-up question: How much funding is provided annually to the Junior Forest Wardens Program? Which is a great program by the way, just curious what the annual budget would be for that.

**MR. MITCHELMORE:** The Junior Forest Wardens received \$8,000 last year. It's anticipated they'll receive \$3,000 this year.

**MR. KENT:** Eight thousand last year to \$3,000 this year?

**MR. MITCHELMORE:** Yes.

**MR. KENT:** I'm just curious; I don't believe the membership is really large these days which

would probably explain the relatively small budget.

Do you know how many young people are involved in that program?

**MR. EVANS:** I can't give you a definite number but I know there are reduced numbers in that program. I don't know the number.

**MR. KENT:** I appreciate that Mr. Evans wouldn't be able to provide an exact number but could you give me an idea?

I think it may be dozens of young people versus hundreds of young people. I'm just curious if you can give me some sense of – and you can provide it later if you can't guess. I think it's a relatively small program. Given my interest in youth programs, I'm just curious.

**MR. EVANS:** I think you're right. I think it's less than 100, for sure, but we can get you the number.

**MR. KENT:** Okay, that would be great because I do think it's a valuable program. I sensed it had been shrinking, through no fault of governments, of course, but they would face similar challenges to many youth organizations.

Mr. Chair, is it appropriate to ask about 2.1.02 at this point as well or do you wish to –

**CHAIR:** It hasn't been called but as soon as you're ready we can call that subhead.

**MR. KENT:** Okay. Well, I'm finished on 2.1.01.

**CHAIR:** Okay.

Would the Clerk please call the next subhead?

**CLERK:** 2.1.02.

**CHAIR:** 2.1.02.

Mr. Kent.

**MR. KENT:** Just a quick question, why the increased spending last year, both on Professional Services and more importantly, Purchased Services, given the sizable number?

**MR. MITCHELMORE:** The increase in Purchased Services – you asked for Purchased Services?

**MR. KENT:** Professional and Purchased, but the seven grand is of less interest than the larger number under Purchased Services, I guess.

**MR. MITCHELMORE:** The Professional Services originally budgeted \$5,300, went to \$1,200. That variance was due to a remediation contract that was required for the Black Duck Camp, the former Abitibi property. So that work is done. We don't anticipate we will be over budget, that there would be a variance this year.

Then the Purchased Services, that variance is to due higher-than-anticipated vehicle repairs, additional expenditures associated with the movement of wood from the Muskrat Falls Project and to clean up the site, as a result of the agreement with the LAO and additional expenditures relating to grading and repairing of roads that was required in Labrador.

Given that work is done, we anticipate that we can contain our costs at \$499,000 this year; a significant reduction from last year.

**MR. KENT:** Thank you.

That's it for me, Mr. Chair.

**CHAIR:** Thank you.

Ms. Rogers.

**MS. ROGERS:** Just out of curiosity, I know this was in the public for a while, so the removal of the wood due to the Muskrat Falls Project, where did that go? We paid someone to take it away?

**MR. EVANS:** Yes.

This project was a smaller project. The department or the agency provided fuelwood to three communities in Labrador, primarily targeted towards the elderly and underprivileged who couldn't access it themselves.

**MS. ROGERS:** Great.

Thank you very much – great use.

**CHAIR:** I'd just like to remind the staff, if you're being asked to answer a question, if you would state your name for the Broadcast Centre downstairs.

Thank you.

**MS. ROGERS:** Thank you.

**CHAIR:** Ms. Rogers, on 2.1.02, you're okay?

**MS. ROGERS:** Yes.

**CHAIR:** Okay.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 2.1.03.

**CHAIR:** 2.1.03.

Ms. Rogers.

**MS. ROGERS:** Yes. In Salaries, the original budget was \$3.464 million and the revised was \$3.116 million. Can you just identify what the significant drop was?

**MR. MITCHELMORE:** This was a result based on vacancies throughout the year. This year we see re-profiling of salaries to meet the salary plans of \$214,000 and an adjustment for JES of \$141,900 based on the job evaluation survey.

**MS. ROGERS:** What kinds of positions were vacant?

**MR. MITCHELMORE:** I would think these would be positions that are related to the silviculture, replanting of trees and maybe some positions at our Wooddale tree nursery, but I would hand it over to our ADM of Forestry, Steve Balsom, to provide a –

**MR. BALSOM:** That's correct. We had vacancies in both our silviculture, which is the planting program primarily, in a conservation operator II category and also in the Wooddale Provincial Tree Nursery, and they would have been silviculture worker I. It's a combination of two of those groups. There were approximately nine vacancies there.

**MS. ROGERS:** The vacancies were because of budgetary considerations or there was no work? Why were there so many vacancies?

**MR. BALSOM:** I guess it's a combination of the current forest industry and the reduction in the amount of harvesting that's been going on over the past few years. So both those programs have caught up. We're not planting as much as we have in the past. We don't need to grow as many trees. So vacancies were held because we didn't need to recall people due to the amount of work that was required.

**MS. ROGERS:** How come we're not planting as many trees as we were?

**MR. BALSOM:** Simply a reflection that we're not harvesting as much land as we have when we had our three pulp and paper mills and all of our capacity. We're currently at about half capacity.

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

In Purchased Services we see a discrepancy here from the original budget to the revised budget of approximately \$700,000.

**MR. MITCHELMORE:** The reduction of about \$700,000 was due to cancelled contracts due to – inclement weather resulted in two prescribed burns, lower-than-anticipated bid prices on contracted silviculture work and a reduced silviculture program related to Corner Brook Pulp and Paper Limited. So because of those measures we were able to save costs, and we anticipate – as we continue to go out and seek contracts – that they would be in line with previous years so we can contain our costs at \$3,015,400. So that's what accounts for the reduction and savings there.

**MS. ROGERS:** What kinds of contracts were cancelled?

**MR. MITCHELMORE:** The contracts that were cancelled were two prescribed burns.

**MS. ROGERS:** So those are burns that would have been planned, and then cancelled. Why would they have been –?



**MR. MITCHELMORE:** Yes, the weather was a result of why they were cancelled.

**MS. ROGERS:** Okay.

Would those be rescheduled again or would there be no need for those burns again?

**MR. MITCHELMORE:** Steve.

**MR. BALSOM:** The prescribed burn program has been something we've been attempting over the past number of years as a silviculture treatment, primarily on the West Coast, and we've been having a lot of difficulty due to our weather to have success in that program. So we've decided we are not going to pursue that means any further and look at other options.

We're going to remove that from our program this year, and potentially going forward we'll look at different means of preparing sites because it's very expensive to set up and mobilize, and weather can shut you down. It just costs too much. There's too much risk involved.

**MS. ROGERS:** Yes. What would be some of the other options?

**MR. BALSOM:** Some of the other options we have are – we can do mechanical raking of sites to remove the slash. We're also looking at planting different species, putting a mix of spruce in with some on the West Coast that doesn't get impacted by the insect that's causing the problems out there, that we're trying to remove fir for, that type of thing.

**MS. ROGERS:** Okay.

Good luck with that.

**MR. KENT:** Thank you.

I guess more of a general question for the minister; a few general questions for the minister about this area of silviculture development. I was just wondering, first of all, if the minister or his officials could identify, at which sites is silviculture now done?

**MR. MITCHELMORE:** You're asking which particular sites in our forest management plans that we would have programs?

**MR. KENT:** Yes.

**MR. MITCHELMORE:** Okay.

Jim.

**MR. EVANS:** Generally, the areas are assessed throughout the province after a disturbance. It could be fire or harvesting, and they're assessed for natural regeneration. Generally, on the West Coast you have a lot of natural regeneration of balsam fir, but there are some insect issues that Steve mentioned.

In Central, you have most of the tree planting – and Central being east of Springdale, I would say.

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

Actually, my second question Ms. Rogers has already posed and we've gotten an answer.

Are we in line with our targets in the sustainable forest management plan? Are we following that plan, I guess is what I'm trying to ask? Is the work we're doing in this area fully aligned with the forest management plan and with the targets that are set?

**MR. MITCHELMORE:** We plan to follow the forest management plan. That's been clear, and it's listed in the mandate letter given to me by the Premier. We also receive the ISO standardization for forest management.

Let's not have a DarkNL here, as the lights just flickered.

**MR. KENT:** You shouldn't have gotten rid of Ed Martin, I guess.

**MR. MITCHELMORE:** But in terms of the plan, we will be following the forest management plan and we have clear targets in place.

**MR. KENT:** If the lights go out that will be my signal to leave abruptly.

Thank you, Minister, for that answer.

I have no further questions on 2.1.03.

**CHAIR:** Would the Clerk please call the next subhead?

**CLERK:** Subhead 2.1.04.

**CHAIR:** Subhead 2.1.04.

Mr. Kent.

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

I'm just curious if the minister could comment briefly on how this resource roads construction unit functions and how is the roadwork determined annually? I assume some of it would be based on emergency requirements, but I'm just curious how the unit works and how the roadwork is determined form year to year.

**MR. MITCHELMORE:** Yes. We look at where harvesting activity is taking place and look at those plans to work with our harvesters that are out there delivering timber to our sawmills to make sure that we have adequate resource roads and that they are maintained. We have a responsibility toward them.

They have a clear plan. There are some areas where bridgework needs to be replaced or culverts, grading that would happen and, as you said, if there were emergency matters that need to be taken care of, then this would be handled under this particular budget.

**MR. KENT:** Okay.

I noticed there was a jump in the Salaries line the last fiscal year from \$143,700 to \$236,000. I'm just curious if that could be explained, please.

**MR. MITCHELMORE:** We had higher-than-anticipated expenditures associated with a conservation officer III and grader operators required throughout the year. So because of those activities, we had to have additional staff complete the work.

We have, in this year's budget, \$165,700 which includes adjustments for the JES of \$22,000 from the original \$143,700.

**MR. KENT:** Thank you.

My final question is Grants and Subsidies, it's a relatively small number, I'm just curious what's contained in that \$18,000.

**MR. MITCHELMORE:** The \$18,000 is grant expenditures related to memberships in forest research institute of Canada and the Canadian Woodlands Forum, which was a little slightly lower than anticipated.

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

**CHAIR:** Thank you.

Ms. Rogers.

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

In Supplies \$648,000 budgeted, revised to \$86,000, can you just tell me what happened there?

**MR. MITCHELMORE:** The Supplies and the Purchased Services, if we look at what we're actually purchasing here, it's either looking at roads or looking at bridges, culverts, timber and other things. What had happened in budget 2015-2016, there was a reduced requirement for bridge components and that was transferred into the Purchased Services to actually deal with more roadwork activity that would happen.

I think, in future years, we should look to consolidate these lines because they're all one in the same in terms of the activities that are purchased, whether it's a bridge or whether it's gravel for the roads, but that's the budgetary line and how the variances for the Supplies and the Purchased Services are being presented today.

**MS. ROGERS:** Okay.

What a beautiful, glorious Newfoundland and Labrador we have, but ever so complex, huh?

**MR. MITCHELMORE:** Uh-huh.

**MS. ROGERS:** I have nothing further for that section.

Thank you, Mr. Chair.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 2.2.01.

**CHAIR:** 2.2.01.

If you can start, Ms. Rogers, please.

**MS. ROGERS:** Insect Control, we see a significant difference in the Salaries from the budget of 2015-16 to the revised budget.

**MR. MITCHELMORE:** In 2015-2016 there was lower-than-anticipated-salary cost with the insect control program delivery during the year. There was a one-time \$1 million additive to the budget to deal with a particular spray program and there were higher-than-anticipated salary allocations when the assessment was done.

Actually, the amount should have been placed in other areas, as you see the variances in the budget there for Transportation and Communications, around things like spray aircraft which would have accounted for that variance.

This year, we have government reduction measures of \$203,800, the removal of the one-time funding for the increased spray programming of \$150,000, adjustments to the JES of \$67,200 and attrition management adjustments of \$3,500.

**MS. ROGERS:** How many jobs would we have lost then here? Was this reflecting job losses?

**MR. MITCHELMORE:** In our budget there were no layoffs in the Forestry and Agrifoods Agency. Jobs were dealt with through the attrition management program that was clearly identified previously.

**MS. ROGERS:** How many positions are those in attrition?

**MR. MITCHELMORE:** Positions for the entire department, like the Forestry and Agrifoods Agency that were dealt with through attrition?

**MS. ROGERS:** Specifically in the area of Insect Control.

**MR. MITCHELMORE:** It was \$3,500 for attrition management adjustment.

**MS. ROGERS:** Three thousand. Okay, thank you.

How are we doing with our insect control program?

**MR. MITCHELMORE:** Which budgetary line are you referring to, Ms. Rogers?

**MS. ROGERS:** I'm asking just a general question.

**MR. MITCHELMORE:** In terms of insect control, when there were situations of the looper or the other insects that came, we did have issues in the past around that. There were higher allocations given to do spray programs and to deal with insect control. We're monitoring the forest quite regularly and we're seeing where we don't have to allocate as much funding to insect control programs in this budget because of the condition of our forests.

**MS. ROGERS:** Well, that's a good news story.

Thank you.

**CHAIR:** Thank you, Ms. Rogers.

Mr. Kent.

**MR. KENT:** Just a very quick follow-up question to Ms. Rogers's last question. Any predictions about the kind of year we'll see in 2016 in terms of insect control? I assume from the minister's comments that there's no major crisis on the horizon that we anticipate in 2016, but any general commentary on predictions for 2016 when it comes to insect control?

**MR. MITCHELMORE:** Our forestry conservation officers and our team have been doing research. We continue to monitor through our forest management plans to make sure that we have environmentally sustainable forests in our practices. We monitor quite regularly.

We cannot control, however, if disease or insect happens, but we will monitor closely that if anything does arrive throughout the fiscal year that we will deal with the matter very

responsibly. And if we have to conduct spray programs or contain any insect, we will use our insect control program. This is why we have a budgetary line to deal with this matter.

**MR. KENT:** That's it for me on 2.2.01.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 2.2.02.

**CHAIR:** Subhead 2.2.02.

Mr. Kent, you can start.

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

Does this area of the budget, under Fire Suppression and Communications, include water bomber operations?

**MR. EVANS:** It does, yes. We share the water bombers with Air Services under Transportation and Works. So we work with Transportation and Works, the Air Services division, and we give direction, I guess is the right word, to the water bombers. We place them and we utilize them on fires, as needed.

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

There was a noticeable increase in Property, Furnishings and Equipment. I'm just curious what that relates to.

**MR. MITCHELMORE:** We had higher-than-anticipated Property, Furnishings and Equipment expenditures in order to replenish equipment in preparation for the 2016-2017 fire season. So this would have been outfitting a fire truck in Paddy's Pond and some equipment for the Wooddale Provincial Tree Nursery.

**MR. KENT:** That's it for me, Mr. Chair.

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

Ms. Rogers.

**MS. ROGERS:** Under Supplies, we see a drop from the 2015 budget and revised.

Can you just explain that for me?

**MR. MITCHELMORE:** Yeah, we had lower-than-anticipated supplies required for fire suppression during the year, such as portable radios, antennas, GPSs, burn kits, uniforms, et cetera. We anticipate we can keep our cost, given our current inventory, to \$320,700. We will ensure all of our firefighters properly have the equipment they need.

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

I'm not sure; did we already look at that issue of Purchased Services? There's a slight increase there.

**MR. MITCHELMORE:** We had higher-than-anticipated vehicle repairs and maintenance in 2015-2016. What we've done in the budget at \$168,000 is basically rightsizing the budget. Because of our fleet and because of the historical context, this is a budgetary line that's always been revised because of the activities that one would deal with when you're looking at forest fires and whatnot and the cost of being able to contain repairs. So we've budgeted \$168,000. It's a rightsizing of the budget there.

**MS. ROGERS:** How many forest fires did we have last year? Are we seeing any kind of variance in forest fires in the province over the past while?

**MR. BALSOM:** We had 128 fires last year. It wasn't a lot. We had just under 4,000 hectares were burned. They were all small fires that didn't last any more than two days.

We're kind of seeing that trend in a bit of a lower – kind of opposite to the other end of the country due to the weather we've been getting in July.

**MS. ROGERS:** Nothing would burn in July.

**MR. BALSOM:** We're predicting lower-than-anticipated fire years, but it seems like every few years Labrador can have a large fire. It's hard to predict.

**MS. ROGERS:** Okay. So we're not seeing an increase?

**MR. BALSOM:** Not if last year is any kind of indication.

**MS. ROGERS:** Okay. Thank you.

I'm fine, Mr. Chair.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead.

**CLERK:** 3.1.01.

**CHAIR:** 3.1.01.

Ms. Rogers.

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

I just would like to look at 02, the Revenue, the provincial revenue. It was anticipated \$33,000 in Revenue. We had \$11,000. Then for this year the anticipation is lower.

Can you just tell me a little bit what that's about?

**MR. MITCHELMORE:** Sure.

We had less revenue due to lower-than-anticipated laboratory requests for Soil, Plant and Feed Laboratory during the year last year. We reduced the budget by \$25,000 because we believe that – and there has been minimal revenue received over the last number of years.

So we don't anticipate that – through our labs because of other private laboratories that exist, whether it be petroforma or AGAT or whatnot – we will not be able to achieve \$33,000 in revenues.

**MS. ROGERS:** So who would those requests come from? What kinds of requests? Would they be companies or individual landowners or –

**MR. DEERING:** We routinely get requests for analysis from commercial farmers to have their soils tested to see if they need to add limestone or fertilizers and things like that.

Similarly, we also get requests from homeowners to have analysis done on their landscape for landscape issues on their own

properties to see if they need to add limestone to their turf on their front lawn.

**MS. ROGERS:** Why would they not be coming to the provincial labs then? Why would we see such a significant drop?

**MR. DEERING:** Last year and the last couple of years, we actually had a piece of work done by an external consultant for the commercial farms. As a result of the work they did, they actually sent a lot of their samples outside of the province to be analyzed. That was just part of the network they had already established.

So a lot of the reason for last year was that fact that many of our commercial farming entities, particularly on the East Coast, were participating in that other program.

**MS. ROGERS:** But these commercial farmers would have previously sent to provincial labs?

**MR. DEERING:** Yes.

**MS. ROGERS:** So why would they not be doing that?

**MR. DEERING:** A lot of the groundwork has been laid by the consultant's piece that was done over the last couple of years. I think the baseline information has been collected.

They will still, no doubt, come from time to time to our labs to get work done but the expectation is that it will be reduced.

**MS. ROGERS:** Okay.

Thank you. I'm fine.

**CHAIR:** Thank you, Ms. Rogers.

Mr. Kent.

**MR. KENT:** No further questions, Mr. Chair, on 3.1.01.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead.

**CLERK:** Subhead 3.1.02.

**CHAIR:** 3.1.02.

Mr. Kent.

**MR. KENT:** Just one question really, the Supplies and Revenue for agricultural limestone were down a little last fiscal. I'm just curious why that is and is it demand driven? I assume it is, but if the minister could comment that would be great.

**MR. MITCHELMORE:** Yes, it is demand driven. Primarily, this program has always been subscribed to the maximum. We had slightly less-than-anticipated purchase of limestone last year. This is primarily from East Coast farmers purchasing because the limestone is on the West Coast of the province.

So this is a program that helps primarily those that are on the Avalon Peninsula and other East Coast farmers to make sure their soils have the appropriate level of limestone so they can have maximum growth.

**MR. KENT:** Okay. Thank you.

**MS. ROGERS:** I'm fine.

Thank you, Mr. Chair.

**CHAIR:** Okay. Thank you.

Would the Clerk please call the next subhead.

**CLERK:** Subhead 3.1.03.

**CHAIR:** 3.1.03.

Ms. Rogers, please.

**MS. ROGERS:** Yes, under Professional Services and Purchased Services, what kinds of services would be purchased there?

**MR. MITCHELMORE:** The Professional Services are primarily due to legal fees, survey costs and appraisals associated with land purchases we would have under this particular program.

The Purchased Services is costs associated with off-farm access road construction and maintenance on Crown land. So we have

administrative costs, associated survey – I have quite a list here and you'll get a copy of that at the end, if that's okay.

**MS. ROGERS:** Okay, perfect.

So we don't use our in-house legal services for the purchase of lands and any of those legal services required around that?

**MR. MITCHELMORE:** Well, that was a decision previously, but, as minister, I've drafted a letter to the Department of Justice seeking to see if we could secure in-house justice solicitation, recently. It can be a way to save additional money.

Even though we've budgeted right now this amount, it may come in lower if we're able to get Justice to do the legal work associated with that.

So that is a measure I've taken as minister to help contain costs.

**MS. ROGERS:** Okay. I just have a few quick questions here.

In *Budget 2016*, government committed to follow through on its commitment to develop a new food security and agriculture growth strategy. Can we get an update on what this will entail?

**MR. MITCHELMORE:** Well, right now we've already had consultation with the Federation of Agriculture. I believe we had 22 stakeholder groups. That had taken place a number of weeks ago and we're continuing to have that dialogue.

We're very committed to an agricultural growth strategy and looking at food security in Newfoundland and Labrador. I understand that we have a lot of lines to get through here in the Estimates. If you have some specific questions about programs or things that I'm mandated to do, I'd be more than happy to have that conversation with you, Ms. Rogers.

**MS. ROGERS:** Okay.

We learned last year that the province has approximately 26,000 acres under cultivation in

the province and a thousand of which was added in 2014-15 fiscal year. How much more land was added this past year?

**MR. DEERING:** I guess I may have to get back to you with specific numbers, but we had a program with the dairy farmers for \$750,000. That was, I guess, compensated through that program at about \$3,500 an acre. That program was fully subscribed.

We also had a Cranberry Industry Development Program. That program was also fully subscribed. We've increased our cranberry footprint from about 250 acres on up to 390. We have about two years left on that program.

I guess some of the numbers I would have to get back to you on; there are some fairly small developments in horticulture. I'd have to go back and reflect on some of the numbers in our other programs to figure out exactly how much land base, but it's relatively small compared to those two.

**MS. ROGERS:** Okay, so when we see the uptake it's a good news story. Is there a plan to increase that program and those grants at this point?

**MR. MITCHELMORE:** With respect to looking at land development and land acquisition, my mandate letter has been very clear, and that's been around looking at the assets that we have in terms of Crown land. We would be working on that matter.

**MS. ROGERS:** Okay, great.

How far are we? We know that we need a hundred-thousand acres under cultivation to achieve food security. How close are we to that?

**MR. MITCHELMORE:** Right now, you clearly outlined where we are in terms of the amount of acreage that we have in use. We're always looking at reaching out to new farmers and when we look at food security, it's a very broad topic. It depends on if we look at vertical farming – there are a variety of things – if you want to look at hydroponics to deal with food security.

So I think that this would be a very complex matter for us to get into acreage and determining how much we need. We can have 100,000 acres and plant solely potatoes and that's not going to solve our food security problem, Ms. Rogers.

**MS. ROGERS:** That's right.

Okay, thank you.

**CHAIR:** Are you finished, Ms. Rogers?

**MS. ROGERS:** I want to ask about agriculture and agrifoods, the development fund. That was eliminated due to poor uptake.

**MR. MITCHELMORE:** I believe that's a line item.

**MS. ROGERS:** Yes.

**MR. MITCHELMORE:** Which line item are you talking about now?

**MS. ROGERS:** Well, we can wait till we get there. I'm fine with this one.

Thank you, Mr. Chair.

**CHAIR:** Thank you, Ms. Rogers.

Mr. Kent.

**MR. KENT:** I'm fine, Mr. Chair.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead?

**CLERK:** 3.2.01.

**CHAIR:** 3.2.01.

Mr. Kent.

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

I note that Grants and Subsidies will increase by about a half-million dollars. I'm just wondering why that would be.

**MR. MITCHELMORE:** A half-million dollars is for the Cranberry Industry Development

Program as per our commitments to the program.

**MR. KENT:** Okay, great.

And can you make some comment on the variances with the provincial revenue?

**MR. MITCHELMORE:** There was no revenue received for the sale of cranberry plugs. This was a decision based on government. Under the new Cranberry Industry Development Program there's no requirement for us to sell cranberry plugs; therefore, revenues have been adjusted accordingly.

So we've taken out \$44,700. Despite having more acreage we see that we'll get more revenue, up to \$10,000 this year, but we're not selling the plugs.

**MR. KENT:** Thank you.

That's it for me, Mr. Chair.

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

Ms. Rogers.

**MS. ROGERS:** I'm fine, thank you.

Just a second, I'm a little bit lost here now.

Someone would like to know if we gave the plugs or did we just not sell them?

**MR. MITCHELMORE:** We gave the plugs to the Cranberry Association, the farmers.

**MS. ROGERS:** Great.

Thank you.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 3.2.02.

**CHAIR:** Thank you, 3.2.02.

Ms. Rogers.

**MS. ROGERS:** I'm fine.

Thank you very much. I have no specific questions for that section.

**CHAIR:** Thank you, Ms. Rogers.

Mr. Kent.

**MR. KENT:** I'm just wondering if there are any changes contemplated in this area; and secondly, Minister, if there's anything changing because of international trade agreements. I suspect not but I'm asking anyway.

**MR. MITCHELMORE:** In terms of the structure of the marketing board or how they're operating?

**MR. KENT:** Yeah, and will any new or upcoming international trade agreements have any impact on any of the work that's going on with the marketing board?

**MR. MITCHELMORE:** Our agency is always willing to engage, discuss and talk to farmers about the opportunities that exist, whether it be with TPP or CETA or some other international trade agreement. We do see some opportunity for our farmers there.

**MR. KENT:** Thank you.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead.

**CLERK:** Subhead 3.3.01.

**CHAIR:** 3.3.01.

Mr. Kent.

**MR. KENT:** In this area, just a broad question really. I'm guessing that this agriculture business development area is responsible for promoting farm growth. I think there may be a tie-in to your mandate letter as well, Minister. I was just wondering if you could comment on that.

**MR. MITCHELMORE:** Yes. In particular, if you look at the Grants and Subsidies, the additional \$60,000 is the funding proportion based on the mandate letter and a commitment to give \$60,000 to the Federation of Agriculture



to look at new development that would take place there.

This particular program looks at farm management, counselling and training programs, the agri-insurance, livestock insurance, Growing Forward 2 and other development assistance.

**MR. KENT:** That's fine. Thank you.

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

Ms. Rogers.

**MS. ROGERS:** I have no specific questions for this section, only that I have been speaking with some new farmers and it's very exciting, the possibilities that face our province. We know the challenge of food security and just thank you very much for your work.

I know the potential for innovation is great. There are some great people out there willing to work closely with you to do this innovative work.

Thank you.

**MR. MITCHELMORE:** Thank you.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead.

**CLERK:** Subhead 3.3.02.

**CHAIR:** 3.3.02.

Ms. Rogers, if you could start, please.

**MS. ROGERS:** I am fine. I have no particular question on this.

Thank you.

**CHAIR:** Thank you.

Mr. Kent, 3.3.02.

**MR. KENT:** Nothing for me, Mr. Chair.

**CHAIR:** Would the Clerk please call the next subhead.

**CLERK:** 3.3.03.

**CHAIR:** 3.3.03.

Mr. Kent.

**MR. KENT:** I'm fine.

**CHAIR:** Ms. Rogers.

**MS. ROGERS:** Yes, could we have a list of the recipients for the Grants and Subsidies for this, or would that be in the briefing book that would be provided?

**MR. MITCHELMORE:** I don't think this would be in the briefing book because a number of the programs – whether it be through the provincial agriculture assistance programs – are attached to individual names. I guess if you're requesting that information, we would have to make sure it's not breaching any privacy matters. If you do want that information, we certainly can endeavour to get you the details.

**MS. ROGERS:** That would be great.

Thank you.

**MR. MITCHELMORE:** Okay.

**MS. ROGERS:** I'm fine.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 3.3.04.

**CHAIR:** 3.3.04.

Ms. Rogers.

**MS. ROGERS:** Yes. Again here, the list of recipients, if possible.

Also, my question is, why was the Development Fund cancelled?

**MR. MITCHELMORE:** The Development Fund is not cancelled.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** It will be reduced over a four-year period. Previously, we had \$2.55 million in the budgeted. We had expended only \$1.25 million.

We have a commitment, as the ADM Keith Deering had mentioned, to the dairy farmers when it comes to looking at land development there for \$750,000; however, we have \$1.5 million and we anticipate that would be all that would be used under this particular program. We are planning to utilize and make accessible Crown land as per my mandate letter.

**MS. ROGERS:** It's not entirely clear to me why the uptake wasn't as much as expected. Again, it's an area that we really need development in, where we need the innovation. Can you explain? Is this –

**MR. MITCHELMORE:** I don't disagree that we shouldn't be looking to develop more farmland, and I would like to have seen this particular program fully subscribed every single year. The case is it wasn't. It may have been because of guidelines or various restrictions that exist or the ability to secure private lands and costs associated with it, but we are recognizing that we have other avenues to make land available to farmers and those who would like to do agricultural development in the province and we're committed to working with them.

**MS. ROGERS:** I guess my question is, is this specifically money to buy land or is it to look at the whole area of diversification, which is one area that is just ripe for diversification for the province.

**MR. MITCHELMORE:** This fund is intended to encourage development, diversification and expansion of larger-scale agricultural products in primary, secondary and value-added in the industry. Based on where we have been and the uptake, we have a variety of other programs that can help assist and attract and stimulate this type of large-scale investment and activity.

When it comes to, particularly, land, we have – which has been primarily what this program has been used for – the ability to utilize Crown land.

**MS. ROGERS:** So then if we have a drop of \$1 million, are we going to see that reallocated

anywhere else then if you have a number of other programs that will help in increasing diversification, exploring diversification? Is that allocated somewhere else? Are there any other programs that are bumped up to help make that happen?

**MR. MITCHELMORE:** Not in this budget, no.

**MS. ROGERS:** Okay. So we're seeing a \$1 million drop in this area.

Thank you.

**MR. MITCHELMORE:** In fact, if we look at the revised and what was expended last year, we're actually seeing \$250,000 more that we have in our budget from previous years as to what as actually spent.

**MS. ROGERS:** That's true, but I guess my question, again, would be, if it's an area that is so vital and with the potential of diversification, why is it we weren't able to spend that \$1 million? There may be a number of factors. Is it –

**MR. MITCHELMORE:** Of course, and we have a plan as we're developing our programming and we will see changes, I anticipate, that will benefit farmers and benefit the industry and attract investment as we move forward.

**MS. ROGERS:** Thank you.

**CHAIR:** Anything further?

**MS. ROGERS:** I'm fine, Mr. Chair.

Thank you.

**CHAIR:** Mr. Kent, anything on 3.3.04?

**MR. KENT:** No, Ms. Rogers stole my questions.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 3.3.05.

**CHAIR:** 3.3.05.

Mr. Kent, please.

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

Why the smaller budget for Grants and Subsidies? It's probably due to the federal agreement that's in place, but I'm just wondering if you could provide some detail on why the drop from \$3.7 million-and-something to \$6.7 million-and-something.

**MR. MITCHELMORE:** The Growing Forward program is a five-year framework which can be allocated over the five-year period which is split 60-40. We're in our fourth of the fifth year, and currently we're renegotiating a new agreement. So all funds over the five-year period would be what is available based on federal-provincial agreements.

**MR. KENT:** Thank you.

**CHAIR:** Thank you.

Ms. Rogers.

**MS. ROGERS:** I think I am fine. I have no particular question there.

Thank you.

**CHAIR:** Okay, thank you.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 3.4.01.

**CHAIR:** 3.4.01.

Ms. Rogers, would you like to start?

**MS. ROGERS:** Yes, thank you.

The line item I would be interested in is the Revenue – Provincial. We see a nice bump in the Revenue and then a reduction for '16-'17.

**MR. MITCHELMORE:** Revenue is increased based on the – associated with burns done in the division's incinerator. We've added additional revenue this year from what was previously budgeted, from \$680,000 to \$830,000, based on

the burns that were done in the division's incinerator by about \$150,000. So we anticipate we can maintain that additional revenue.

**MS. ROGERS:** Why was there such a significant bump in the burns?

**MR. MITCHELMORE:** It was increased demand.

**MS. ROGERS:** Yes, I realize that.

**MR. DEERING:** We had a new incinerator installed, I guess completed last year, and has a much larger capacity than the previous one we were using. We have the ability to be able to burn larger volumes, which I guess permits the folks who use that service to burn more things.

**MS. ROGERS:** Okay.

**MR. DEERING:** So we have seen a lot more activity in the incinerator. Also, this particular item can fluctuate, depending on the amount of vet services that we provide to our farmers as well. In fact, it was up quite significantly last year due to the fact that one of our dairy farmers, who was previously using private vet services, came back and started using provincial government vets again.

**MS. ROGERS:** Are we seeing a growth in dairy farmers in that area in terms of the output in dairy farming?

**MR. DEERING:** Not so much in dairy. We are self-sufficient in dairy in this province, and the growth in dairy is basically prescribed by a national formula. So we don't see a lot of growth in dairy. The quotas we have, with the exception of some small increases, have been largely the same for quite some time.

**MS. ROGERS:** Are we going to see a growth at all in the area of livestock for food?

**MR. DEERING:** Yes, in the non-supply managed commodities I suspect we will. In dairy, chicken and eggs, again we are largely self-sufficient, but in beef and sheep and some of these other livestock commodities I would think we will see unprecedented growth in the next little while.

**MS. ROGERS:** Unprecedented?

**MR. DEERING:** I think so.

**MS. ROGERS:** And would this be existing farms or new farms, and what has sparking that growth?

**MR. DEERING:** Good question; I guess one of the things that we've been doing over the last few years – I'll back up a little bit, actually. One of the biggest constraints in livestock development up to this point has been the cost of production and, namely, bringing into the province the feed that's required to grow that livestock.

So we have been taking steps over the last few years to do a lot of research in grain development and we're seeing much more land base put into production. And our thinking is that as the cost of production comes down with the production of these grain requirements locally, that will foster the growth in the livestock sector.

**MS. ROGERS:** So that we can grow the feed here ourselves –

**MR. DEERING:** Yes.

**MS. ROGERS:** – rather than bringing it in?

**MR. DEERING:** That's correct.

**MS. ROGERS:** Great.

And I've met farmers who are raising sheep and who really want to be able to expand. So it's great; that's good to hear.

**MR. DEERING:** Our winter wheat program has been very successful and we're doing that throughout the province. We've been growing a lot of barley on the West Coast. Just yesterday, we were clearing fields in Pasadena to try canola.

**MS. ROGERS:** Wonderful, great. Thank you, that's good to hear.

(Inaudible.) Is there a plan for any other growth areas besides that? Under farming, under agriculture?

**MR. DEERING:** Yes, I would think outside of the supply-managed commodities, particularly in the commodities that we can grow, like, we refer to them as the Jiggs' dinner-type commodities – carrots, turnips, potatoes, cabbages – we would expect that we're going to see significant growth in those areas as well.

We can't grow everything in Newfoundland, but in those commodities we would expect to see significant growth. We are also doing research in grape varieties and various other fruits as well, which I guess, much to our surprise, is working out very well.

**MS. ROGERS:** Yes.

**MR. DEERING:** So we would expect to see growth in fruit as well.

**MS. ROGERS:** I think we're on the same latitude as Northern France, so I know some of the grape growers.

The whole area of harvesting kelp, does that come under agriculture or does that come under fishery?

**MR. DEERING:** Fisheries.

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

**CHAIR:** Thank you, Ms. Rogers.

Mr. Kent, anything on 3.4.01?

**MR. KENT:** No, other than to express my excitement about increased barley growing, as a beer drinker. So keep up the good work, I say to the officials opposite.

No further questions, Mr. Chair.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 3.5.01.

**CHAIR:** 3.5.01.

Mr. Kent.

**MR. KENT:** Sorry, Mr. Chair; I'm just quickly reviewing my notes. I'll pass at the moment on 3.5.01.

**CHAIR:** Ms. Rogers, anything on 3.5.01?

**MS. ROGERS:** No, I'm fine with that as well. Again, I would like to thank everyone for their wonderful work. It is an exciting time. I know we're on the cusp on some kind of qualitative leap in our production of food. I do hope that the monies that are needed to be able to foster diversification, to support some new possibilities, and push beyond our borders in terms of what we have been doing, I do hope that the resources are there to be able to do that.

Thank you very, very much for your wonderful work.

**CHAIR:** Thank you.

Would the Clerk please recall the subheads?

**CLERK:** Subhead 1.1.01 to 3.5.01 inclusive.

**CHAIR:** Would the Clerk please call the total?

**MR. KENT:** Sorry, Mr. Chair, could I just ask a question? Maybe I missed it, but I thought we did 3.4.01, but I wasn't sure that we'd actually done 3.5.01.

**CHAIR:** I came back to you in the beginning and you passed it.

**MR. KENT:** Oh.

**CHAIR:** Is there something that you need to ask, Mr. Kent?

**MR. KENT:** No, sorry, Mr. Chair. I missed it and I wasn't listening to my colleague next to me. I apologize.

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

**MR. KENT:** No, I was listening to you. I wasn't listening to the colleague immediately to my right.

Just a general comment to say that I think all parties share some passion around developing both our forestry and our agrifoods sector. While

I'm sure we'll get into lots of fun debate in Question Period, I think there's an opportunity for us here to collaborate. I say that sincerely because I know the minister shares my passion around food security, in particular. So if there are opportunities for us to work together in a spirit of all-party co-operation to advance these sectors, then there's definitely willingness on my part and I don't doubt that that would be similar for my other colleagues.

I look forward to working with you and appreciate your participation this morning.

**CHAIR:** Thank you.

**MR. KENT:** Sorry for missing 3.5.01.

**CHAIR:** That's fine.

Would the Clerk please recall the subheads?

**CLERK:** Subhead 1.1.01 to subhead 3.5.01.

**CHAIR:** 1.1.01 to 3.5.01.

Shall the total carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, subheads 1.1.01 through 3.5.01 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:** Carried.

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

**CHAIR:** We'll just have a very short break. Do you need to switch out?

**AN HON. MEMBER:** Yes.

**CHAIR:** Okay.

**Recess**

**CHAIR:** Okay, we'll get started.

Again, welcome back. I'd ask the minister to have staff introduce themselves, those who have not.

**MR. MITCHELMORE:** Christopher Mitchelmore, Minister Responsible for the Research & Development Corporation.

**MR. PLOUGHMAN:** Mark Ploughman, Acting Chief Executive Officer for the Research & Development Corporation.

**MR. MAY:** Levi May, Chief Financial Officer for the Research & Development Corporation.

**MR. HOLLOWAY:** Colin Holloway, Parliamentary Secretary to Minister Mitchelmore.

**MR. GEORGE:** Bradley George, Executive Assistant to Minister Mitchelmore.

**MS. MUNDON:** Tansy Mundon, Director of Communications, BTCRD.

**CHAIR:** Will the Clerk please call the first subhead?

**CLERK:** Subhead 9.1.01.

**CHAIR:** 9.1.01.

Mr. Kent.

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

Thank you for being with us. I just want to take the opportunity to congratulate Mr. Ploughman on his appointment as the acting head of the Research & Development Corporation. This is an area where there's great potential, and while RDC has been on the go for a number of years,

there's still a lot of untapped potential and a lot of work to be done.

I don't have a lot of detailed questions. I guess my only specific question related to the Estimates is related to the Grants and Subsidies line. There is a significant reduction of several million dollars, so I was just wondering if the minister can give us some information on what the intentions are and what impact we anticipate on RDC's efforts.

**MR. MITCHELMORE:** The Research & Development Corporation has seen their Grants and Subsidies, operating grant, reduced by \$3.2 million I believe, or close to \$3.2 million. Some of the reductions account for a \$1.2 million deferral in tangible capital asset, as well as changes – not filling vacant positions and the layoff of two employees at the Research & Development Corporation. As well as finding other efficiencies through line by line, they were able to reduce their operating expenditures by \$1 million, and there will be some changes to the non-commercial component of the Research & Development Corporation through some of their programming that was geared towards more academic, that will see some changes.

The goal of RDC is to leverage and to work primarily with commercial clients to have greatest economic impact on the overall economy when it comes from a pre-commercial to commercial, but it will be up to the board of directors and the Research & Development Corporation to utilize this grant to its full potential and capitalize on all the opportunities. We see significant opportunity in research and development in the community. RDC is an asset to the province and they've proven themselves through various projects that they've done.

**MR. KENT:** I think I agree with everything you just said, so I appreciate your comments. This is another area where I think we can offer each other some support because there is great potential here to stimulate economic growth and to attract R & D activity to the province.

I have no further questions, Mr. Chair.

**MR. MITCHELMORE:** Thank you.

**MS. ROGERS:** Thank you.

It's Gerry Rogers. I work for the great people of St. John's Centre. I want to thank you very, very much for your work and for your commitment to the people of the province.

As you know, in our particular fiscal situation, current, past and going forward, how important research and development is, particularly in the area of diversification and how vital the work you are able to do, the work you are able to shepherd, the work you are able to ignite is so very, very important for our province going forward.

I have no specific questions, except for: What do you see, in this current situation, as some of your priority target areas for research and development?

**MR. MITCHELMORE:** The Research & Development Corporation primarily has three strategic areas they focus on. It would be the oil and gas sector. It would be mining and the exploration activity around it. That would comprise two-thirds of typical expenditures at the Research & Development Corporation. The remaining one-third would be for other opportunities that would exist, whether it be in life sciences or whether it would be in forestry or other activity in manufacturing, or working in academia on various other projects.

There have been some exciting developments that have taken place with the Research & Development Corporation. If we look at, for example, an announcement with Rambler mines where using a piece of equipment that would have been used in diamond mining into this cooper and gold mining to be able to extend mining life and enhance productivity.

These are the types of things that the Research & Development Corporation are very proud that they're engaged in. They have a number of files they work through the board. They have a very business-like way of operations that's performance managed and really good indicators as to how we can look at enhancing the overall economy.

I guess I can get the CEO to point out, for the dollars that have been invested in RDC, how much has been levered in the overall economy.

**MR. PLOUGHMAN:** In terms of leverage, we typically get a leverage of about three to one. So every dollar that's invested by RDC, we'll see another \$3 come in. That's a combination of funds that we'll get from other funding agencies, but mostly it's from business, which is core to what our mission is, to drive business-led research and development in the province.

**MS. ROGERS:** Okay.

Again, is there any particular area – I know the three different areas that are sort of the primary ones – is there anything particular that we can get excited about right now in terms of the near future, what's on the horizon?

**MR. PLOUGHMAN:** We are seeing some very interesting growth taking place in the geosciences sector. Our programs are a combination of directed research but there's also academic research and other commercial-type programs.

In the directed-research programs, we generally pick themes that are significant, like with respect to current trends and opportunities. So we're doing a lot of work around ocean technology and sensor technologies. We'll be hearing a little bit more about that in the coming months, about some of the exciting work that's taking place there.

As I indicated, there's also been some growth in the geosciences which is important to Newfoundland and Labrador because a lot of that activity takes places in rural Newfoundland and Labrador.

**MS. ROGERS:** Yes.

**MR. PLOUGHMAN:** We will also see, I think, a lot of growth in the start-up community. There's growth of entrepreneurship. All entrepreneurship that's successful is coupled in innovation. Innovation generally means research and development. So with respect to our Proof of Concept program, we're expecting to see some uptake on that.

**MR. MITCHELMORE:** Ms. Rogers, part of my mandate is around the development of an innovation strategy and Research & Development Corporation will play a very

critical role in that, as we roll out that strategy over the next little while.

I'd be more than happy to have a further conversation with you. I thank you for your interest in this.

**MS. ROGERS:** Okay.

Also, would the exploration and development of alternative forms of energy come under the Research & Development Corporation, at all? I know we have Nalcor, but in terms of research and development, looking at those areas.

**MR. MITCHELMORE:** The Research & Development Corporation will engage with any business or entity to see if any of their research and development activities are something that they can deliver on any of their programming.

So if somebody has an idea they should certainly engage with the business advisors or account managers at RDC, have dialogue with them, work through the Research & Development Corporation and the board of directors there.

**MS. ROGERS:** Great.

Thank you very much and, again, thank you for your work.

**CHAIR:** Thank you, Ms. Rogers.

That would be it under Research and Development. We're going to move to The Rooms, if the Clerk could call the next subhead.

**CLERK:** Do we have anyone to move for The Rooms?

**MR. MITCHELMORE:** Did we vote on that or are we –

**CLERK:** (Inaudible.)

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

We'll get Dean and Donna Marie in. It's just two people.

**CHAIR:** (Inaudible) The Rooms Corporation.

I just ask our newcomers to please introduce themselves.

**MR. BRINTON:** Good morning. I'm Dean Brinton. I'm the CEO of The Rooms.

**MS. HUMPHRIES:** Good morning, Donna Marie Humphries, Director of Finance at The Rooms.

**CHAIR:** Thank you.

**CLERK:** Subhead 8.1.04.

**CHAIR:** 8.1.04.

Ms. Rogers, would you like to start, please?

**MS. ROGERS:** Again, thank you very much. Thank you for your incredible stewardship of one of the jewels in our cultural crown in Newfoundland and Labrador. I know that it's been a very difficult time in the past few years having to fulfill the mandate in spite of some of the fiscal restraints.

I know that, as a province, we are so very proud of The Rooms. We are proud of what it has done and also we live in anticipation, as well, in what it can do, not only for tourists but for the people of Newfoundland and Labrador. I know that it's a very, very busy time, particularly with the 100th anniversary coming up.

I want to thank you for the work you have done with such skill in partnerships with philanthropists, with people in the arts and the culture and the heritage section. So I want to thank you very much for that work, at times under such very, very difficult situations.

As you can imagine, I'm somewhat disappointed in the fact that access has been somewhat diminished in terms of having to close some days. So I'm wondering why the budget announced a cut of \$200,000 to close The Rooms two days instead of one. Here the cut says only \$93,500.

Can you explain a little bit about some of the cuts and the decisions made in view of the cuts to The Rooms?



I also have to explain, I have to leave here in eight minutes. It's beyond my control. This morning I am a woman without choice. This is where my heart is but I'm afraid I'm going to have to leave. I trust my colleague will be as thorough, as well. I'm sorry that I won't be here for the Tourism and Culture part. Again, this is so much where my heart is but my body will have to take me somewhere else.

Thank you again for the incredible work you are all doing with such success.

Thank you.

**MR. MITCHELMORE:** Ms. Rogers, the change to The Rooms Corporation, we do anticipate \$200,000 in savings by reducing the hours on Tuesday in the off-season only. We will remain open during the summer on Tuesdays, as well as we've reduced the number of free days a month that would have been available.

But the changes to what was budgeted of \$6,717,100 last year and what's budgeted this year of \$6,623,600, you're correct that there's only a small variance, and that's primarily due to the JES to account for increases due to the new job evaluation that is accounted for by government and the particular grant to The Rooms so it's able to pay the employees the wages that are part of the contracts.

**MS. ROGERS:** Will we experience any job losses due to the diminishing of the hours that it's open?

**MR. BRINTON:** May I, first of all, just thank you for your very kind words. It's been a remarkable privilege to be part of The Rooms for the past decade. We have really wonderful things ahead of us.

We don't expect that there will be any job loss as a result of this. We're going to reduce our cleaning and security coverage; that's how we're going to save about \$200,000 a year. But in terms of our government employees, there shouldn't be any impact there.

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

On that note, I may have to just slip out.

**CHAIR:** Thank you, Ms. Rogers.

I would just like to remind the staff if they're called upon to answer a question, if they wouldn't mind just introducing yourself before you speak.

Mr. Kent.

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

Good morning, I missed the introductions but I see lots of familiar faces, so that's good to see. Maybe we didn't do those introductions yet, did we?

**MR. MITCHELMORE:** Not yet.

**MR. KENT:** Oh, then I didn't miss anything.

Good morning and thank you for being with us. I simply want to echo Ms. Roger's comments. I have great respect for the work that's being done by The Rooms and the facility, and the programs that it provides to the province are exceptional. Based on the commentary provided so far, I don't have any further questions.

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

**MS. ROGERS:** Can I just ask one more quick question?

**MR. MITCHELMORE:** Sure.

**MS. ROGERS:** Can you tell us a little bit about what you see on the horizon for The Rooms, any particular new direction or any news programs or anything that's coming?

**MR. BRINTON:** Well, our next major project, of course, is the First World War-related projects that include the opening of the Royal Newfoundland Regiment Gallery on July 1, the completion of the site of the former Fort Townsend which is the grounds of The Rooms, as you know – and the connection, by the way, between the two is that the very first Royal Newfoundland Regiment was formed at Fort Townsend in 1795. So we're bringing that part of our history full circle.

We also have quite a remarkable ceremony, I believe, planned for July 1. It's going to be

broadcasted nationally by the CBC. It's going to be on the large screens on Parliament Hill as part of Canada Day. The parade from the War Memorial is coming to The Rooms. Princess Anne, Princess Royal, will be here to be involved in the dedication and so on.

All of our effort right now is being directed at that. I'm very pleased also – I know this is well known – that we've been successful in securing over \$11 million to date for our First World War projects, which I believe really speaks volumes about how Newfoundlanders and Labradorians feel about Beaumont-Hamel and the First World War.

**MS. ROGERS:** Yes. The \$11 million you've secured from where?

**MR. BRINTON:** Well, this has been a major gift campaign for two reasons. We haven't had a large staff to approach hundreds of potential donors. Secondly, we didn't want to do anything that would impact smaller charities.

If you're trying to raise \$25,000 and so on from a lot of different sources, those are the funds, locally, that are often used for a lot of smaller charities. So our great supporter, Elinor Gill Ratcliffe, contributed \$3.25 million. That was matched by Fortis, another \$3.25 million.

**MS. ROGERS:** Wow.

**MR. BRINTON:** The five large Canadian chartered banks have together contributed \$2 million and so on. These have been all major gifts. There's also going to be an announcement from the federal government very shortly.

**MS. ROGERS:** Great.

Also, is there anything in the plan to help increase visitations by local people?

**MR. BRINTON:** Yes, we believe that the Royal Newfoundland Regiment Gallery is going to bring thousands of people to The Rooms that would have otherwise probably never visited, both residents and tourists. We're making plans now to capture that market and make sure that we can eventually try to encourage them to become members and become interested in the other things that we're doing on an annual basis.

**MS. ROGERS:** My membership has lapsed; I've got to do something about that. But yes, that's been a concern that we haven't had as much uptake in terms of people using The Rooms as much as probably they could be.

**MR. BRINTON:** Yes. And, as I'm sure you well know, the key there is to constantly be changing the pallet of programs and events that you're offering the public so that people have a reason to come back time and again. And with this core budget, we think that we're going to be able to continue doing that.

**MS. ROGERS:** Great, thank you very much. I must fly.

**CHAIR:** Thank you.

**MR. BRINTON:** Thank you very much.

**CHAIR:** We'll just take a minute to switch out the staff and bring in the staff of BTCRD.

Welcome, and continuing on with the Estimates on Business, Tourism, Culture and Rural Development.

I'd certainly like to welcome everybody here again this morning. I'd kindly ask the staff only to introduce themselves. Again, just a reminder for the Broadcast Centre downstairs, if you're called upon to answer a question, if you would kindly say your name, wait for your tally light, and continue to speak.

So if you'd introduce yourself, please.

**MR. GENGE:** Daryl Genge, Acting Deputy Minister.

**MS. MURPHY:** Carmela Murphy, Assistant Deputy Minister of Tourism and Culture.

**MR. BURKE:** Brian Burke, ADM for Ocean Technology and Arctic Opportunities.

**MS. HAYES:** Robyn Hayes, Departmental Controller.

**MR. JOHNSTONE:** Terry Johnstone, Director of Policy and Strategic Planning.

**MR. LODER:** Jeff Loder, Director of Trade Policy.

**MS. SKINNER:** Gillian Skinner, Director of Regional Economic Planning and Development.

**MR. HOLLOWAY:** Colin Holloway, Parliamentary Secretary to Minister Mitchelmore.

**MR. GEORGE:** Bradley George, Executive Assistant to Minister Mitchelmore.

**MS. MUNDON:** Tansy Mundon, Director of Communications.

**CHAIR:** Okay.

Would the Clerk please call the first subhead?

**CLERK:** Subhead 1.1.01.

**CHAIR:** 1.1.01.

Mr. Kent.

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

Good morning to everyone. It's great to see many of you again. I'm familiar with the great work you do on behalf of the province, so thank you for that.

With regard to 1.1.01; are there or were there any vacancies, any positions being eliminated? I was just wondering if the minister could comment on that.

**MR. MITCHELMORE:** Sure.

The Salaries line that was revised up to \$311,900 last year reflected a retirement and leave payouts for political staff. That was the executive assistant that would have previously been in the minister's office due to the election and the changes.

The decrease right now in the current budget of \$207,100, the current amount – the decrease is \$80,300. It reflects the transfer of political staff from the department to the House of Assembly and a step increase for the executive assistant.

**MR. KENT:** Thank you.

No further questions, Mr. Chair.

**CHAIR:** Thank you.

Would the Clerk please call the next set of subheads, please?

**CLERK:** Subhead 1.2.01 to subhead 1.2.04 inclusive.

**CHAIR:** Subhead 1.2.01 to 1.2.04 inclusive.

Mr. Kent.

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

Under 1.2.02, Administrative Support, Professional Services funding was unspent. I was just wondering if there's any particular reason for that. I was just wondering if we could get an overview of what would be contained within the Purchased Services line, beyond the office admin stuff, copier contracts and that stuff. Is there anything else in there that's worth noting?

**MR. MITCHELMORE:** Okay, under Professional Services there were no funds spent last year because of a deferral of a retention schedule which was part of a process to consolidate records and which looked at saving money by doing a consolidation of records. We did a decrease of \$10,000 when we did the line-by-line review.

In terms of Purchased Services, this is primarily made up of our lease, and record storage cost would be there.

**MR. KENT:** Thank you for that, Minister.

My next question pertains to 1.2.03. It relates to the Grants and Subsidies line item which has been eliminated in this fiscal year. I'm just wondering what that \$25,000 amount in Grants and Subsidies was previously used for?

**MR. MITCHELMORE:** We had posted that in terms of the posting that went online. The \$25,000 was a decrease to CARE. This would have been the team funded through Dr. Wade Locke.

**MR. KENT:** Okay.

Similarly, under 1.2.04, \$1.8 million in Grants and Subsidies was unspent last year. It's not budgeted this year. I'm just wondering what that relates to.

**MR. MITCHELMORE:** The \$1.815 million is a decrease that reflects the Colonial Building interpretation, the internal aspect of the Colonial Building that was announced in the budget as deferred indefinitely during the 2016-2017 budget and GRI process.

**MR. KENT:** Okay.

No further questions, Mr. Chair.

**CHAIR:** Thank you.

Would the Clerk please call the next set of subheads?

**CLERK:** Subheads 2.1.01 to 2.1.03 inclusive.

**CHAIR:** 2.1.01 to 2.1.03 inclusive.

Mr. Kent.

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

My questions are under International Business Development, Marketing and Enterprise Outreach, and Investment Attraction Fund. I have a few broad questions on Trade and Investment. I recognize there's a lot of good work that's been done, and we're lucky to have the calibre of staff that we have in this area, and in other areas as well, but I'd certainly highlight this one in particular.

I'm just wondering if the minister can make any comment on the current status of CETA negotiations as it relates to Newfoundland and Labrador.

**MR. MITCHELMORE:** Well, CETA negotiations are ongoing, as you may have read in the media as well, about the English text passing its legal scrub. Right now it has to go through the French text version, and then has to go through the EU in terms of acceptance.

Federally, we are engaged with our federal counterparts, and the federal minister has been in Europe on a matter. We're working to prepare

our business community to be able to amply do business and capitalize on benefits that are in the CETA agreement, which we anticipate to come into effect in the spring of next year.

**MR. KENT:** Okay. Thank you.

Could you comment specifically on the status of the fisheries fund, the infamous fisheries fund?

**MR. MITCHELMORE:** The matter of the Fisheries Investment Fund is something that my department has been tasked in leading, but this would be – in terms of the actual fund itself, would fall under Fisheries and Aquaculture, but I continue to have discussions with my counterparts in international trade with the federal government and look forward to securing investment into our fishery based on CETA negotiations.

**MR. KENT:** Minister, I sense you're optimistic. Would that be a fair categorization of how things are progressing?

**MR. MITCHELMORE:** Well, we're continuing to have those negotiations. So I don't have any further comment to make, Steve, on that particular topic.

**MR. KENT:** Oh, well, I can only try.

Any trade missions affected by the discretionary travel freeze in this fiscal year?

**MR. MITCHELMORE:** I'll defer that to –

**OFFICIAL:** Would you like to answer that?

**MR. LODER:** The freeze in discretionary spending is not anticipated to impact a number of trade missions. We focused our energy in trying to streamline activity. The regular course of business is planned.

**MR. KENT:** That's good news. Thank you.

I know we have an MOU with a province in China that, as the critic, I should learn to pronounce but I believe it begins with Z. I was just wondering if you could give me an update on the status of that MOU.

**MR. MITCHELMORE:** We do have an MOU. I've had discussions with representatives who are looking at doing business in China, looking at how we could secure having a delegation and look at the opportunities to enhance and increase business within China. Those types of discussions have happened within the last number of days. We are active in that particular matter of looking at the Chinese market.

**MR. KENT:** That also is good news.

So just to be clear, there is a trade mission being contemplated, either in partnership perhaps with the federal government or with COF or on our own? It is being contemplated?

**MR. MITCHELMORE:** We're certainly open to having inward delegation when it comes to having Chinese investors and those who would like to look at the opportunity here. We're always looking at bringing in investors in Newfoundland and Labrador to attract foreign direct investment and create new opportunities.

So I'm very encouraged to see there's been some interest, but we don't have anything currently planned. If it progresses to that point, we will certainly be willing to have inward delegations from China or other countries come to Newfoundland and Labrador.

**MR. KENT:** Thank you, Minister.

I appreciate those questions aren't specific to line items, so I appreciate the opportunity to have a good conversation that Question Period doesn't allow. Thank you for that.

Under 2.1.03, the Investment Attraction Fund, I acknowledge there was Capital allocated that wasn't spent last fiscal. I also notice the budget is lower in 2016-2017.

So I would like to ask the minister to just provide some explanation on the plans. Is government planning to do less through loans and advances in investments to attract investment? Just wondering if you can give me an idea of what the plans are.

**MR. MITCHELMORE:** Sure.

Historically, this Investment Attraction Fund has typically been higher in dollar allocations, even in previous budgets. There's been a significant amount of dropped balances that have carried over the years and it's made media presence, but in the last year we did see \$7.35 million of the \$13.5 million allocated for attraction of business investment and that infrastructure.

This year we have an \$8 million budget allocation which includes money for venture capital and anticipated investments that we have for loans and advances with companies. We still have money available to attract and invest new companies, as well as we have the Business Investment Corporation to be able to do lending and secure business opportunities.

The decrease of \$5,500 really reflects a reduction of \$3 million in a line by line and \$2.5 million being re-profiled to the regional diversification fund within Comprehensive Economic Development to ensure that we have sufficient resources for our economic development initiatives throughout the province and to secure proper leverage when it comes to looking at our federal colleagues, such as ACOA and others, with those particular funds. So it's a movement of dollars that still will attract significant investment in our province.

**MR. KENT:** Okay.

Thank you.

Mr. Chair, I believe we've only called as far as that, correct?

**CHAIR:** 2.1.03.

**MR. KENT:** Okay.

No further questions.

Thank you.

**CHAIR:** Would the Clerk please call the next set of subheads.

**CLERK:** Subheads 3.1.01 to 3.1.03 inclusive.

**CHAIR:** 3.1.01 to 3.1.03 inclusive.

Mr. Kent.

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

Under 3.1.01, I'm just wondering what's included in the Grants and Subsidies in line 10.

**MR. MITCHELMORE:** Grants and Subsidies are basically the EDGE contracts that we would have.

**MR. KENT:** Okay.

Thank you.

I'm sure you can appreciate some of this is an education process because these Estimates are somewhat new to me. While I've read them before, I haven't been a part of this process with BTCRD.

Under the Grants and Subsidies line under 3.1.02, Minister, I was just wondering if you could tell us how that works and what's included in that amount.

**MR. MITCHELMORE:** That's our Business Development Support Program we have in which we can help companies look at being more efficient, utilization of technology and other matters which we provide so that companies can be more innovative. There is a benefit to entering into that marketplace.

So that's what the particular program is. There's also some interest under the Fisheries Loan Guarantee Program.

**MR. KENT:** Okay. Thank you.

Are there any changes contemplated in how the Strategic Enterprise Development Fund financing is provided? Any changes being considered or anticipated?

**MR. MITCHELMORE:** The Strategic Enterprise Development Fund which, historically, had a higher value for a particular project that got budgeted. Particularly, it was for the Canada Fluorspar project. We see some exciting news this week about plans for Canada Fluorspar where they've selected, in Marystown, the Cow Head project as a site for their depot and looking at new jobs and opportunities. This particular investment was budgeted for

particular wharfing that would not particularly be needed for that project.

In terms of Strategic Enterprise Development, we see opportunities to do business deals with entities. We have a variety of programs within BTCRD, but we also have the ability to reach out to the Department of Finance or Treasury Board to look at securing. We will not let opportunities that exist that can create long-term economic employment pass by.

**MR. KENT:** Thank you.

Mr. Chair, we have called as far as 3.1.03, correct?

**CHAIR:** That is correct.

**MR. KENT:** My next question is related to 3.1.03. I note there's nothing budgeted this year but there was also nothing spent last year. So, just wondering, are these funds moving elsewhere?

I don't think this is where venture capital would show up, but I'm just curious where that fits in the department's budget as well?

**MR. MITCHELMORE:** Actually, in terms of my response to Canada Fluorspar and that agreement, as to what I talked about, was the capital –

**MR. KENT:** Oh, okay.

**MR. MITCHELMORE:** – that was allocated under the Strategic Enterprise Development.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** There are funds. We do have a contingency fund should economic opportunities come into play within the Department of Finance.

In particular, the venture capital fund that you had talked about previously falls under the investment attraction program. That's where the appropriations for venture capital fall.

**MR. KENT:** Okay. Thank you. That's helpful.

No further questions, Mr. Chair.

**CHAIR:** Thank you.

Would the Clerk please call the next subhead?

**CLERK:** Subhead 4.1.01 to 4.2.01.

**CHAIR:** 4.1.01 to 4.2.01 inclusive.

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

I think we'd both agree this is potentially a huge growth area. I note the reference in the minister's mandate letter as well.

I would like to hear the minister's perspective on what's going to be happening this year to develop a new innovation strategy. I'm also curious what that means for the current innovation strategy. So I'd welcome the minister's comments on that.

**MR. MITCHELMORE:** We're very excited about developing an innovation strategy for the people of the province. It's quite exciting to look at the ecosystem and the opportunities that we have when it comes from entrepreneurship. We certainly see a real business-focused opportunity when it comes to innovation.

We will be developing through BTCRD and RDC, as mentioned earlier, an ability and a working group to develop the innovation strategy. We will be engaging our stakeholders as well to be part of that particular process. That work will become underway very soon. I'm very excited as well about other opportunities that exist within the Arctic and ocean technology sectors.

**MR. KENT:** Thank you. I appreciate those comments and share your excitement about the potential in those areas.

Under Purchased Services, Minister, there was perhaps an unanticipated expenditure; I was just wondering if you could comment on that.

**MR. MITCHELMORE:** The expenditure, the \$238,000 was basically repairs that were needed to the Atlantic Cable Facility, the ACF, which is the fibre link that we have and we have an agreement that we pay one-twelfth of the cost if there's a fibre break. We can't anticipate when breaks may or may not happen, so the budgetary

line is \$9,500 but we have appropriated plans for contingency in case of these unique matters.

**MR. KENT:** Thank you.

Under 4.2.01, anything happening that you're able to talk about at this point; anything different happening this year to drive sector development that you'd be willing to share at this stage?

**MR. MITCHELMORE:** We have strategic sectors and we have six specific sectors. A lot of activities and initiatives will take place in a variety of these sectors. If we look at our agricultural sector, as we talked about Forestry and Agrifoods, we see the ability for partnerships and synergies between our programming at BTCRD and also the Forestry and Agrifoods Agency as we work towards food security and agricultural growth strategy, as well as looking at ICT and looking at the innovation strategy that is being planned.

Also looking at life sciences, we've seen growth in that sector, when we look at genetics and genome – and I know that's an area as well, Steve, of particular interest for you.

**MR. KENT:** Yes.

**MR. MITCHELMORE:** We had announced a partnership and funding towards the hearing project for hearing loss in Grand Falls-Windsor recently where Dr. Terry-Lynn Young is looking at genetics around hearing loss in families. That was partnered with the EXCITE Corporation and ACOA in the Town of Grand Falls-Windsor.

We look forward to doing more of these types of initiatives to look at life science because we have a unique genetic pool in Newfoundland and Labrador – so that potential lot of untapped potential.

**MR. KENT:** Great to hear you talk about that, Minister. It's another area where I think you and I are very much aligned. And if I can help support the government's initiatives in that area – I see great potential, not just from an economic perspective but from a population health perspective, there's just incredible opportunity there.

I thank you for your comments on that. I have no further questions, Mr. Chair.

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

I ask the Clerk to please call the next set of subheads.

**CLERK:** Subhead 5.1.01 to 5.3.01 inclusive.

**CHAIR:** 5.1.01 to 5.3.01 inclusive.

Mr. Kent.

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

Will things be functioning the same or differently this year when it comes to regional development planning?

**MR. MITCHELMORE:** Our regional economic development planning, we have a variety of different programs but there are changes when it comes to regional economic development in terms of we are relocating a physical office, the Avalon office. We have plans to close down, to save on leasing costs of \$123,000 and move these employees into our office space at BTCRD. We have the appropriate space.

So that, in particular, may create opportunities to work with our employees and have better synergy across departments to look at and capitalize on how we look at regions and look at the opportunities that exist. So that is one measure of which we are implementing some change.

**MR. KENT:** Thank you.

Under 5.2.01, there is a notable reduction under Purchased Services; I am just wondering if the minister could briefly comment on that.

**MR. MITCHELMORE:** The Purchased Services is a decrease of \$86,200 as a result of a lease cost this fiscal, and some leases have not yet renewed and are being paid at the existing rate.

The Purchased Services for this year, a decrease of \$200,300, reflects a line-by-line review, the reduction of \$80,300 and the GRI process for the

\$120,000 basically for the relocation of the Avalon regional office to the Confederation Building.

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

No further questions.

**CHAIR:** Okay, thank you.

Would the Clerk please call them next subhead?

**CLERK:** Subhead 6.1.01.

**CHAIR:** 6.1.01.

Mr. Kent.

**MR. KENT:** Thank you.

This is another huge growth area with amazing potential. I'd like to begin by asking the minister: Will the goals of the ongoing ocean technology strategy continue to be advanced? Does the department remain committed to that strategy?

**MR. MITCHELMORE:** We're very much committed to ocean technology and opportunity sector. We've done a number of things since I've become minister around ocean technology and Arctic opportunities. We've been at the Northern Lights Conference. We've had implementation meetings with the delegation of Nunavut. I've hosted workshops at that particular session with a team of our collaborative group, whether they be with the Marine Institute or NRC. We've been advocating for new infrastructure investments around this particular area.

We see tremendous potential for a pathway to the Arctic, Newfoundland and Labrador being that strategic location. We'll continue to implement the MOU with Nunavut. We were so happy to have that delegation here just a few weeks ago. They've had positive opportunities to look at all areas of the MOU agreement, whether it be infrastructure or health care or skills in training or culture. As well, we look at other opportunities in the North and we'll continue to make that a priority area because that does present a significant aspect for growth.



**MR. KENT:** I think the work that's been done in this area and is being done in this area is excellent, and happy to lend our support in any way we can.

No further questions on 6.1.01.

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

Would the Clerk please call the next set of subheads?

**CLERK:** Subhead 7.1.01 to 7.1.04 inclusive.

**CHAIR:** 7.1.01 to 7.1.04 inclusive.

Mr. Kent.

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

I'm very pleased and relieved to see the budget pretty well intact for Tourism Marketing. We've reaped the benefits of investments in this area for the last number of years, and I am glad the new government has chosen to continue that commitment. We've had some brief public exchanges, but hopefully we can have a slightly more productive discussion this morning.

I just would like to hear the minister's quick comments on what's being done specifically to target markets to capitalize on exchange rates and gas prices and so on. I'm sure that's under active consideration, I have no doubt. I was just wondering if the minister can give me a little more insight into what's being done this year to capitalize on some of those potential opportunities.

**MR. MITCHELMORE:** Well, we're very excited about the upcoming tourism season, and with the new launch of our tourism ad we've seen tremendous uptake. We've received a lot of positive response.

Our YouTube view of that ad, once it went up in January, is now in 10th place, and some of these ads on the channel have been there for up to six years. This one's only been for a very short period of time with more than 100,000 views. So it's quite exciting. We're purchasing ads across Canada. We have to be cognizant of exchange rates.

There's tremendous opportunity in the US market because of population, especially the New England states, but the exchange rate being – in the US dollar – beneficial to them, it also makes going to the US more expensive for the Canadian consumer. So we also have to be cognizant of that.

A number of our markets are still the Canadian marketplace. We're still in those markets as well, but we do have an Atlantic Canadian Tourism Partnership, and we are partnering with Destination Canada. Destination Canada does have a targeted, I believe it's a \$20 million – a \$30 million strategy, and we're part of that strategy, to be able to target specific markets that would be of interest to us, like many in the New England states, because of the connection.

**MR. KENT:** Right.

**MR. MITCHELMORE:** Whether it be the Boston market or New York. So we're being strategic on where we want to invest. As well as in Europe as well, that's not a market that's lost on us. We are there when it comes to the UK, German marketplace.

Newfoundland and Labrador is a unique place to visit, and much of our consumers have more disposable income. They're usually well educated. This is a trip they're planning. Fluctuations and things like that in gas prices typically would not impact or hinder their ability to come to the province. This is a decision that they make. We don't get accidental tourists. They come here for a reason, because of our product and our experience; the authentic experience they get when they come here.

As well, we're working with our airport authorities to enhance tourism and visitor access, because beyond marketing you need access. We're very pleased to see those three direct flights to Europe that exist, to Dublin, as well as a couple to London. We'll continue to work with the airport authorities to get enhanced links and work towards seeing another link to the US marketplace as well.

So it's not lost on us. Our department and our division in Tourism and Culture, as well as business investment, we're looking at trying to secure enhancements to tourism so that we can

grow the industry, because there is a goal set to grow revenues to \$1.6 billion by 2020. What we've done recently through our destination development plans is we've set the way to increase our product offering to help grow revenue.

**MR. KENT:** Thank you, Minister.

My next question pertains to 7.1.02. I'd welcome the minister's general comments on what's happening in this area to capitalize on the opportunities; although in his previous comments he may have very well covered that already.

Minister, I don't know if there's anything else you'd like to add at this point of a general nature around opportunities we're trying to capitalize on this year.

**MR. MITCHELMORE:** I think one of the things – as I mentioned earlier, we have the destination management organizations on the ground that have been working very hard to do destination development planning and they're going to be advancing their initiatives, which they have prioritized recently. So those are our opportunities. We will continue to work with our partners through Hospitality Newfoundland and Labrador and the tourism board. We're very engaged when it comes to what we want to do to grow tourism.

If you have questions about the Grants and Subsidies seeing a significant drop, this is for the completion of the St. John's Convention Centre project. That was the amount of \$12,200,000.

**MR. KENT:** You read my mind.

No further questions, Mr. Chair.

**CHAIR:** Okay.

Just prior to going into the next set of subheads, I'd like to take a five-minute break, please.

**MR. KENT:** I'm sorry, Mr. Chair.

I do have a question about 7.1.04. I apologize, I thought that was the next one but it's still this one.

**CHAIR:** Continue on, Mr. Kent.

**MR. KENT:** Just very quickly. Can you confirm that the \$1.3 million was for the Marble Mountain ski lift replacement?

**MR. MITCHELMORE:** I can. That's what that expenditure was. That's the last payment to complete the purchase of the ski lift. That was over \$4 million.

**MR. KENT:** Is the work complete at this point in time?

**MR. MITCHELMORE:** Yes, and they actually did a one-year launch of the ski lift to celebrate the anniversary of the implementation.

The ski lift is operating. Certainly, snow conditions and everything sometimes makes it challenging with the weather conditions that we have, but we did not have any breakdowns or any major issues with this new ski lift, and I'm told it is fully insured.

**MR. KENT:** I think skiing would be possible in my backyard today. It's rather unfortunate.

So there were no major savings or overruns, the project was pretty well on time, on budget. Would that be fair to say?

**MR. MITCHELMORE:** Yes.

**MR. KENT:** Okay, great.

Any plans to sell Marble Mountain or any part of it? Is that under any kind of active consideration?

**MR. MITCHELMORE:** With respect to Marble Mountain, we see opportunity with Marble Mountain. Marble Mountain itself needs to focus on its core operations, which is the ski lift. Skiing and snowboarding gives it its greatest potential.

We're going to work with Marble Mountain and the board to look at finding ways in which there can be investment made that can reduce operational cost and focus on that core product offering to bring up the numbers so that it actually encourages people who haven't been skiing in a while or snowboarding in a while to

get there. The more people who are utilizing this pristine facility that we have on the West Coast, helps generate other revenues, whether it would be at the Marble Villa which we own, as well as the food services and beverage services that exist, as well as rentals and accommodations. So increasing revenue is an important focus for us right now at the Marble Mountain Development Corporation.

We do have a plan to move forward when it comes to looking at the base development at Marble Mountain because there are significant assets. If we could generate new inward investment from new businesses at the base of Marble Mountain, like other ski hills, like in Banff and other areas, that's how they generate revenue. So if you could do a lease sale on particular property, that could be a rent that is basically paid, or a lease paid to the Marble Mountain Development Corporation, but these types of matters need to be dealt with through the board of directors.

We're certainly working on engaging a project management team to work with them so that we can make the viability of Marble Mountain much more successful as we move forward. It's not something that can happen overnight, Mr. Kent. It's been a long-standing matter, I think by a number of other ministers that would have been responsible for the Marble Mountain Development Corporation, but it is something that, I can tell you, I've had a number of conversations with my staff. I met with the board of directors and I've been to Marble Mountain. I see opportunity with the Marble Mountain Development Corporation, and I want to see it be around for the long term.

**MR. KENT:** Okay. Thank you.

I'm afraid of heights; otherwise I would go with you and go up the lifts, but I'm afraid that won't be possible. I can hang out in the chalet if that's helpful at any point in time.

I don't have any further questions on this section, Mr. Chair.

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

I'm suggesting that we take a four- or five-minute break and we'll be back at 11:25.

Thank you.

### Recess

**CHAIR:** Okay. Thank you very much.

I'll ask the Clerk to call the next set of subheads.

**CLERK:** Subheads 8.1.01 to 8.1.03.

**CHAIR:** 8.1.01 to 8.1.03 inclusive.

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

This is an area where I also have some real passion and concern in light of the budget. I know it's an area that the Member for St. John's Centre is quite passionate about, as well. So I probably will delve a little deeper than we have been doing so far this morning, just to try and gain some more insight into what's planned and what the potential impact of this budget is on our culture and heritage sectors. So I'll apologize in advance for all the questions.

Just wondering, under 8.1.01, why was the Salaries area under budget last year?

**MR. MITCHELMORE:** The Salaries was a decrease of \$45,600 reflecting severance and leave payouts of \$139,200, offset by delayed recruitment of \$185,000.

**MR. KENT:** Okay.

I know some of this might feel a little nitpicky, but given it's such an important area and, in some cases, they're small amounts of money, any reduction could potentially have impact. So I just want to frame my questions in that regard.

Under Transportation and Communications, we were somewhat under budget last year and there's a slight budget reduction, probably to reflect reality. I'm just wondering if the minister could comment on the Transportation and Communications line as well.

**MR. MITCHELMORE:** Last year the budget was \$75,200. What was expended was \$60,900. That was primarily due to a freeze on discretionary travel that was in place. This year the budget reflects \$70,000 after a line-by-line review. Given that costs could be contained at

\$60,900, we anticipated that we'd continue to do the work at \$70,000.

**MR. KENT:** Okay. Thank you.

Under Professional Services and Purchased Services, I would appreciate if we could get a breakdown of those budgets and what's contained in them. I was also wondering if the minister could comment on if there's anything specific being cut.

**MR. MITCHELMORE:** The Professional Services under Culture and Heritage – we have a list that we will provide you but I can certainly read them out as well.

This would include the provincial archeology. Much of it is archeology. We had Black Spruce Heritage Services, \$5,277.20; Burnside Heritage Foundation, \$21,614.15; Gerald Penney Associates Limited, \$18,836.96; Memorial University of Newfoundland and Labrador, \$2,451.33.

There's also money for Provincial Historic Sites.

**MR. KENT:** So are these one-time grants?

**MR. MITCHELMORE:** These depend on the activity that's taking place, based on what kind of particular finds may happen in terms of archeology.

With Nalcor, for example, doing major work in Labrador and other areas, if they have a specific find we may have to engage our Provincial Archeology Office, given that we have an act protecting these measures. We may have to engage in that process.

It's difficult to gauge where Professional Services will be in this particular matter but we have budgeted \$87,000.

**MR. KENT:** Okay.

What would be included in the Purchased Services line? If you're going to provide the list, that's fine. We don't need to get into detail now.

**MR. MITCHELMORE:** The Purchased Services, these are related to visitors, the increase of visitors to exhibits offset by

increased revenue. This would be for Provincial Historic Sites.

**MS. MURPHY:** Yes. It would cover the cost of our participation in federal-provincial initiatives, exhibit development, programming, uniforms; all the Purchased Services for the entire branch.

**MR. KENT:** Okay.

So in either of those lines is there anything particular – some of it is based on what comes up during the run of a year, but is there anything particular being cut out of those budget areas? I sense there's not but I'll ask the question nonetheless.

**MR. MITCHELMORE:** These lines have remained, basically, in line where they were revised last year. So in terms of cost, there was \$180,600 in Purchased Services last year. This year we anticipate spending \$180,000.

We certainly think that we can retain our costs for those amounts, such as uniforms and things like that, in the \$180,000.

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

A couple of questions related to the Grants and Subsidies; I believe the \$37,000 cut is a transfer of the Provincial Historic Commemorations Program to the Heritage Foundation. I'm just wondering where they will find the money for that program.

**MR. MITCHELMORE:** There's a particular advisory board that deals with the Provincial Historic Commemorations Program and there was an allocation, a small grant, associated with each particular project. The provincial Heritage Foundation has accepted that this fits in line with their mandate and they will take over the program and this can be absorbed within their normal operations. It doesn't have to reflect the \$37,000 expenditure.

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

Would we be able to have a list of the recipients and the amounts, including the sector organizations for both heritage and culture for last year and this year?

**MR. MITCHELMORE:** The CEDP?

**MR. KENT:** Yes, whatever grants and subsidies would be covered here.

**MR. MITCHELMORE:** We have all of our lists of grants for the Cultural Economic Development Program for arts and heritage. They are available on our website.

**MR. KENT:** Okay, great.

**MR. MITCHELMORE:** We can make them available, if you need them.

**MR. KENT:** No, that's fine. If they are on the website, we should be able to manage that. Thank you.

I'll move on to 8.1.02. Could the minister provide some explanation on the Salaries line? Why was it under budgeted last year? Is there a new position this year?

**MR. MITCHELMORE:** The \$106,300 last year in the revision reflects delayed recruitment. This year the increase of \$100,200 reflects the JES implementation; \$61,800 pay scale step increases of \$17,100; overtime and shift differential payments of \$21,300.

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

And there was a minor overrun last year in Transportation and Communications. Is there anything you wish to comment related to that?

**MR. MITCHELMORE:** Yes, the increase of \$6,300 reflects more third-party travel due to the increase in the number of large-scale productions in the fourth quarter. We've certainly seen where our Arts and Culture Centres, especially last year, saw an increase in revenue because of the level of activity that's taken place, which is good to see.

We've budgeted back to our \$126,000 for Transportation and Communications because we're certainly looking at trying to find ways to do things a little more efficiently when it comes to how we travel or the utilization of communications.

**MR. KENT:** A more significant variance last year was under Purchased Services. There was about a \$450,000 additional expenditure. Could the minister comment on that?

**MR. MITCHELMORE:** Yes, that primarily reflects I guess, as I just mentioned, the increase in revenue. We have an increase of \$442,000 in Purchased Services that reflects the increased third-party shows and the expenditures related to these shows. So it's payments to performers. As we have more shows, we'll have more costs but we're also generating more revenue. So that's a positive.

**MR. KENT:** Yes, that is definitely a positive.

I trust it's government's intention to retain all of our Arts and Culture Centres and continue to operate them.

**MR. MITCHELMORE:** In terms of budget 2016-2017, there have been no changes made to our operations at the Arts and Culture Centres.

**MR. KENT:** Okay.

8.1.03, the Grants and Subsidies for the Arts Council, let's start there. They've been cut substantially. I'm curious what the implications of that will be and if there are any details you can provide at this point.

**MR. MITCHELMORE:** The Arts Council maintains all of their core funding they had previously retained. The differential reflects \$197,100; \$197,000 is the closure of the Labrador Cultural Outreach Office and the Labrador Cultural Travel Fund that was associated with that, which was announced by the Arts Council and listed when the budget was released.

**MR. KENT:** Right.

**MR. MITCHELMORE:** In terms of this particular program, though, Labrador and Aboriginal Affairs recently announced as well a travel fund for artists. In terms of looking at what is available to artists, any artist served in Labrador would be available as well to utilize the core programming of the Newfoundland and Labrador Arts Council. So there is no cut to the

particular programming. This is a cost savings of having administration and a secondary office.

**MR. KENT:** Would you mind commenting a little further on the rationale for eliminating the Labrador Cultural Outreach Centre. I appreciate that, based on what you just said, those programs and services will be provided in a different way, but I'm just wondering how the conclusion was reached to eliminate that centre.

**MR. MITCHELMORE:** Well, government had reached out to all of its entities to engage in a line by line or a Government Renewal Initiative, and this was a matter that was put forward as an option for savings by the Newfoundland and Labrador Arts Council.

In terms of looking at the overall offering, the Department of Business, Tourism, Culture and Rural Development has a regional office in Happy Valley-Goose Bay. There is a Labrador and Aboriginal Affairs office in Happy Valley-Goose Bay that we're looking at utilizing those staff to deliver programs to support and deliver on the mandate, as well as the Arts Council will focus on its core mandate.

The Labrador Cultural Outreach Office was something that was created based on the Northern Strategic Plan of 2007.

**MR. KENT:** Thank you.

I have no further questions up to 8.1.03, Mr. Chair.

**CHAIR:** Okay.

Will the Clerk please call the next set of subheads?

**CLERK:** Subhead 8.1.05 to subhead 8.1.09 inclusive.

**CHAIR:** 8.1.05 to 8.1.09 inclusive.

Mr. Kent.

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

Could the minister explain what constitutes the reduction of almost \$60,000 to the operating funds here?

**MR. MITCHELMORE:** The \$59,900 was a part of the GRI process for funding and this would be savings that the Newfoundland and Labrador Film Development Corporation will save in operations, whether it be reductions in travel, or money spent in marketing or other office administrative work. They anticipate that they can make those savings without having impact on their overall offering.

**MR. KENT:** Okay.

I see this as a line item that could have significant impact in the community in terms of leveraged funds, for instance, and I think there could be a multiplier effect in terms of jobs, benefits generated and so forth. Would you be able to provide updated stats on this?

**MR. MITCHELMORE:** On the Grants and Subsidies to operate the Newfoundland and Labrador Film Development Corporation or are you talking about the equity program which would be the next line item? There would be no leverage from the Grants and Subsidies to operate the Film Development Corporation under 8.1.05. This is strictly for their operations.

They have a number of staff that are doing good work to promote film and artistic means in the community. We anticipate they can have some cost savings based on reduction in the marketing budget they have or within the travel they do. In terms of the financial statements, a significant portion of their budget goes in those two fields.

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

We'll move on to 8.1.06, if that's okay. The unbudgeted amount under Professional Services under Historic Sites Development, what was that used for last year?

**MR. MITCHELMORE:** It was services for the landscape development plan.

**MR. KENT:** Okay.

Under the Purchased Services area, would that be for repairs to various sites?

**MR. MITCHELMORE:** Purchased Services are for repairs for the Provincial Historic Sites. Current costs include roof replacement in 2015-

2016, and the total available for 2016-2017 is \$405,000.

**MR. KENT:** Would you be able to tell us a little bit more about what repairs were done to what sites last year? Just give us sort of a quick overview, if you wouldn't mind.

**MS. MURPHY:** This money constitutes a development plan, a four-year plan. Last year in 2015-16, we spent \$420,000 on sites in Trinity, Bonavista Lighthouse, Heart's Content and Point Amour. That could include repair work; it could include exhibit upgrades or development for new programming and exhibits.

This year, the plan is – Heart's Content is a big focus of our investment, last year and this year, for the 150th anniversary. We're also going to be doing work at Point Amour, finishing that, and the Mockbeggar Plantation in Bonavista.

**MR. KENT:** Thank you.

We'll move on to 8.1.07, if we're okay.

Are there any special celebrations and events scheduled for this fiscal that should be noted in this section?

**MR. MITCHELMORE:** This whole section is focused on the Honour 100 initiatives that are taking place. We have a number of activities that will take place on July 1 and other special dates throughout the year. We have exhibits that are ongoing and activities through various grants that have been dispersed, whether it would be plays that would be taking place or digitization of World War I records. That's solely what this allocation is geared towards. It's a four-year program for the reflection of 100 years since World War I.

**MR. KENT:** Okay.

Is there a salary being eliminated here? There is a reduction of almost \$70,000 for 2016-2017.

**MR. MITCHELMORE:** There is no salary being reduced here. There are two people working on the project. There is a project lead and another individual working, but their salary is accounted for in the cultural division.

**MR. KENT:** Okay.

Is there a reason there was \$30,000 under Transportation and Communications that was not spent last year? Was there some kind of – is it related to a freeze on travel, and was travel stopped to the memorial sites or –?

**MR. MITCHELMORE:** Well, the decrease in \$30,000 reflects less-than-anticipated travel to reduction in planned travel last year. As well as the First World War commemorations to the Gallipoli Memorial, as well as the freeze in discretionary travel, certainly impacted the ability this year. Given that it is 100 years since the Battle of Beaumont-Hamel, the Battle of the Somme, we've allocated \$25,000 for transportation.

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

There was \$100,000 in Professional Services unspent last year – actually, more than that; no, \$100,000, yes. So was there something anticipated or planned that was not done, or that a decision was made to discontinue?

**MR. MITCHELMORE:** The \$100,000 reflects less Professional Services required for the planning of the First World War commemorations, primarily the Gallipoli Memorial.

**MR. KENT:** Okay.

Could you comment on the Grants and Subsidies? There is a significant increase. I trust it relates to Honour 100, but could you give me some idea of what's included in that \$450,000?

**MR. MITCHELMORE:** Yes, sure.

The increase of \$200,000 from what was budgeted – last year \$350,000 was appropriated. So there's an increase of about \$100,000 from last year, and that's rightsizing the account to accommodate for celebrations and commemorations that are unfolding this year, including the Royal Visit, the First World War commemorations, the Royal Canadian Legion initiatives, including the annual Trail of the Caribou pilgrimage to Beaumont-Hamel. Last year the \$100,000 increase was to support the

Royal Canadian Legion and the historic Sites ambassador program that would take place.

**MR. KENT:** During my years in government, I never got to Beaumont-Hamel. Do you think you might be able to take me with you if you go this year, given it's a significant year? It would be a show of solidarity or something maybe.

**MR. MITCHELMORE:** We certainly are looking to contain all of our costs when it comes to travel.

**MR. KENT:** Thank you for that anticipated answer.

Just one more specific question in 8.1.07; can you comment on the reduction to Purchased Services and any potential impact that might have?

**MR. MITCHELMORE:** Purchased Services?

**MR. KENT:** Yes.

**MR. MITCHELMORE:** The Purchased Services are savings of \$65,000. They were done, basically, by rightsizing of the accounts, and given what's being planned, what has already taken place and what is planned for the upcoming fiscal.

We have seen that with July 1 being a major event, there has been a lot appropriated to get to that point for all the planning and activity and organization. We anticipate that will be reduced and we can contain that at \$65,000.

**MR. KENT:** Thank you.

Mr. Chair, I'd like to move on to 8.1.08. I'd like to ask the minister to explain what the cut to the Heritage Foundation of Newfoundland and Labrador, Grants and Subsidies, will mean. What impact will that have?

**MR. MITCHELMORE:** I'll defer that to –

**MS. MURPHY:** The reduction for this year represents a reduction of \$23,000 in the operational budget of the Heritage Foundation, and \$29,000 in their grant program for the preservation of buildings.

The Heritage Foundation submitted their proposal under GRI. They felt they could make these operational savings for use of video conferencing for board meetings and less travel.

Based on historic numbers they have for the past five or six years, they felt that grant reduction could be contained and it wouldn't mean that anyone who applied could not receive assistance.

**MR. KENT:** Okay. Thank you for that.

The budget also cited a \$15,000 grant to the Heritage Foundation being reduced to, I believe, \$2,400. I don't believe that's here. So I'm just wondering: Is that an element of those numbers you just described or is that something different somewhere else? The numbers, I believe, were – it was a \$15,000 grant. Maybe it's a different grant. I'm not sure what it relates to. It was being reduced to \$2,400. Do you happen to know what that would relate to?

**MS. MURPHY:** No, that's a direct operational grant that we provide for the operations of the Heritage Foundation. It has been reduced from \$515,500 to \$463,300. So I'm not aware –

**MR. KENT:** There isn't other funding elsewhere?

**MS. MURPHY:** Except for what we already discussed around the Commemorations Board. They're going to assist with helping us implement the designations, but the actual grant funding for that was reduced, which we'd already discussed.

**MR. KENT:** Okay. Thank you.

Mr. Chair, I'd like to move on to 8.1.09.

Perhaps the minister could start by explaining why there is a reduction of \$2.455 million in the capital grant to the Newfoundland and Labrador Film Development Corporation.

**MR. MITCHELMORE:** Thank you for that question. I'd be more than happy to answer that particular question because I believe there have been articles put out there in the media talking about cuts to the Film Development Corporation.



I want to be clear that the Film Development Corporation will be receiving their normal equity program that they have to do investments into film in this fiscal year 2016-2017.

The reduction of basically \$2.5 million is for the removal of *The Republic of Doyle* season five and season six that would have been allocated under previous budgetary means of 1.25 per cent. So that's \$2.5 million, but there is a reinstatement of \$15,000 for the development program and the Equity Investment Program related to producers to allow us to be at the figure of \$2.5 million.

**MR. KENT:** So, effectively, all of that \$2.5 million is already allocated and accounted for. Is that correct?

**MR. MITCHELMORE:** This would have been money that would have not been needed, is my understanding because –

**MR. KENT:** No, I mean the remaining amount would all be already –

**MR. MITCHELMORE:** The \$2.5 million is available as an equity program. That would be up to the Film Development Corporation to decide how they want to invest that into various producers or film documentary, start-up, amateur film.

**MR. KENT:** Right.

**MR. MITCHELMORE:** That is their prerogative as the board and the film corp.

**MR. KENT:** I guess what I'm wondering, Minister, is has the Film Development Corporation made those decisions for this upcoming year? Is the \$2.5 million committed, I guess, is what I'm asking?

**MR. MITCHELMORE:** I'd like to say, too, that in this allocation of \$2.5 million, there is a half million for the completion of season 1 in *Frontier*.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** So that has been appropriated.

I don't have the details of how much particularly is available from the Film Development Corporation in terms of their budget. On a day to day they manage their program that they have available in equity and they may carry that over a number of years in terms of how some of the other programs were administered.

**MR. KENT:** Okay. Thank you for that.

Just a related follow-up question; you mentioned *Frontier* which is good to hear. Are there other film projects that are worth highlighting at this point that are on the horizon or that are actively being worked upon that are worth noting?

**MR. MITCHELMORE:** The Film Development Corporation has a number of proposals that they're evaluating and reviewing in terms of their equity program. We will work with the Film Development Corporation on matters that they put forward. They have the ability to invest, through their equity program, into film in the province.

If there are investments that we can make that can have return on equity and return to the Treasury, then those are the types of things that we'll certainly consider.

**MR. KENT:** Thank you very much for your willingness to answer all my questions, all of our questions. It's been a productive discussion this morning.

I thank the officials for their great work on behalf of the province, once again.

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

I really appreciate your direct questions and your interest in the department and clarification of some of the Estimates and expenditures we have within the department. As well for Ms. Rogers, during her time that she was here, to ask the questions. I understand you've asked a number of questions as well on her behalf but if there are other questions that you have, feel free to reach out to my department at any particular time.

I thank my officials for the afternoon and other Committee members that are here and the Chair.

I will hand it back to you, Mr. Chair.

**CHAIR:** Thank you, Minister.

**MR. KENT:** Mr. Chair, just one more thing. I believe we covered this earlier, but the minister did confirm that we will receive a copy of the briefing book for Estimates. Is that correct?

**MR. MITCHELMORE:** Yes, we'll deliver them now if you'd like.

**MR. KENT:** Excellent, thank you.

That's all for me, Mr. Chair.

Thank you.

**CHAIR:** Okay, thank you.

Would the Clerk please recall the subheads?

**CLERK:** Subhead 1.1.01 to 9.1.01 inclusive.

**CHAIR:** 1.1.01 to 9.1.01.

Shall the total carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, subheads 1.1.01 through 9.1.01 carried.

On motion, Department of Business, Tourism, Culture and Rural Development, total heads, carried.

**CHAIR:** Shall I report the Estimates of the Department of Business, Tourism, Culture and Rural Development carried without amendment?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, the Estimates of the Department of Business, Tourism, Culture and Rural Development carried without amendment.

**CHAIR:** Just some housekeeping duties; I need a motion to approve the minutes of the Resource Committee which was held on April 19 at 6:04 p.m.

Moved by Pam.

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, minutes adopted as circulated.

**CHAIR:** I'd like to remind Members of the Resource Committee that our next sitting will be on Wednesday, April 27 at 9 a.m.

Before we accept a motion to adjourn, I, too, would like to thank the minister and his departments this morning for their co-operation and certainly to our Members opposite, the Official Opposition and Third Party, thank you very much. To the Committee members and to our Clerk, thank you very much again for your assistance.

I'd accept a mover for the adjournment

**MR. KENT:** So moved, Mr. Chair.

**CHAIR:** Moved by Mr. Kent.

**MR. KENT:** (Inaudible.)

**CHAIR:** Thank you.

Again, thank you very much.

On motion, the Committee adjourned.