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**Proceedings of the Standing Committee on  
Resources**

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Department of Tourism, Culture, Industry and Innovation

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Honourable Tom Osborne, MHA

## **RESOURCE COMMITTEE**

Department of Tourism, Culture, Industry and Innovation

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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: Kimberley Hammond

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Appearing:

### **Department of Tourism, Culture, Industry and Innovation**

Hon. Christopher Mitchelmore, MHA, Minister

Andrea Dicks, Director, Corporate Services (A)

Ben Gardner, Assistant Deputy Minister, Business

Bradley George, Executive Assistant

Robyn Hayes, Departmental Controller

Colin Holloway, Parliamentary Secretary

Donna Marie Humphries, Director, Finance (The Rooms)

Michelle Hunt-Grouchy, Director of Communications

Marc Kielley, Assistant Deputy Minister, Regional Development & Diversification

Ted Lomond, Deputy Minister

Levi May, Chief Financial Officer, Finance Research & Development Corp.

Carmela Murphy, Assistant Deputy Minister, Tourism and Culture

Mark Ploughman, Chief Executive Officer (A), Research & Development Corp.

### **Also Present**

Derek Bennett, MHA

Ivan Morgan, Researcher, Third Party Office

Sandy Collins, Researcher, Official Opposition Office

Pursuant to Standing Order 68, Steve Kent, MHA for Mount Pearl North, substitutes for Kevin Parsons, MHA for Cape St. Francis.

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

The Committee met at 6:02 p.m. in the Assembly Chamber.

**CHAIR (Warr):** Good evening one and all. Welcome to the Estimates on Tourism, Culture, Industry and Innovation.

Before we get underway, just a few housekeeping issues. This is the Resource Committee. Mr. Kent is substituting tonight for Mr. Parsons and Ms. Rogers is substituting for Ms. Michael.

Before we get underway, the Chair would entertain a motion to approve the minutes of the Resource Committee for the Department of Fisheries and Land Resources.

**CLERK (Hammond):** You have to circulate the minutes.

**CHAIR:** Oh, I'm sorry. Okay.

Now that you have copies of the minutes, the Chair will entertain a motion to move the Resource Committee minutes for April 11, 2017 for the Department of Fisheries and Land Resources.

**MR. FINN:** So moved.

**CHAIR:** Moved by John Finn.

Seconder?

**MR. BRAGG:** Second.

**CHAIR:** Derrick Bragg.

All those in favour?

Passed.

On motion, minutes adopted as circulated.

**CHAIR:** I just remind the staff and any of our people asking questions tonight to state your name and recognize that your tally light is on and proceed.

With the acceptance of everybody, we're going to start off with 4.2.04.

I'd ask the Clerk to call the first heading, please.

**CLERK:** 4.2.04.

**CHAIR:** Minister, if you'd like to have a few opening remarks and introduce your staff.

**MR. MITCHELMORE:** I'll just introduce myself as Christopher Mitchelmore, the Minister of Tourism, Culture, Industry and Innovation and Minister Responsible for the Research & Development Corporation.

I think to give maximum time to everybody in the Opposition – this department covers a lot, so if they have questions I want to give them the maximum three hours that we have allocated for Estimates.

I'll pass it over for my staff to introduce themselves.

**MR. LOMOND:** Ted Lomond, Deputy Minister.

**MS. MURPHY:** Carmela Murphy, Assistant Deputy Minister.

**MR. GARDNER:** Ben Gardner, Assistant Deputy Minister.

**MR. PLOUGHMAN:** Mark Ploughman, Acting CEO of the Research & Development Corporation.

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

**MR. KIELLEY:** Marc Kielley, Assistant Deputy Minister.

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

**MS. DICKS:** Andrea Dicks, Director of Corporate Services.

**MS. HUNT-GROUCHY:** Michelle Hunt-Grouchy, Director of Communications.

**MR. HOLLOWAY:** Colin Holloway, Parliamentary Secretary to the minister and the MHA for the District of Terra Nova.

**MR. GEORGE:** Bradley George, Executive Assistant to the minister.

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

**CHAIR:** Thank you.

We'll turn it over to Mr. Kent.

**MR. KENT:** Thank you.

Good evening. It's nice to see a few familiar faces and some new ones as well.

Mr. Chair, I understand we're going to ask our few questions about The Rooms Corporation to get started. I have some broader questions about the department overall that we'll get to later. I'm going to get right into the specifics related to The Rooms and my colleague probably has some questions as well.

We're looking at 4.2.04, which is the entire amount of funding that goes to support The Rooms Corporation. There's only a slight change to the budget. I think it's down by close to \$83,000. I was just wondering if the minister could comment on that and tell us why the slight reduction. What does that mean?

**MR. MITCHELMORE:** I certainly can.

I want to say that The Rooms has proven itself in terms of being able to raise additional revenue and not have as much dependency on government grants to do more. The Rooms visitation increased by 21,000 people in 2016 raising commercial revenue by \$185,000 and their social media reach was a big part of that, increasing by over 500 per cent.

They won significant awards, 16 different awards at national, even the local level, primarily from around the World War I exhibit relating to Beaumont-Hamel. We have Canada's largest permanent World War I exhibit and that

drew a lot of interest. It also generated \$12 million in private sector funding to develop the amphitheatre and to do the exhibit. Plus, The Rooms is taking an approach of a cultural immersion program where they're going to be adding more programming and experience which is going to draw upon not only local visitors but the international visitor as well.

To get into some specifics of the line-by-line decrease, what makes that up is generally from a zero-based budgeting point of view what The Rooms did is they looked at how they could reduce their operating expenses of whether it's purchasing less paper, doing less travel, be a reduction of \$200,000 in a line-by-line review of what was over a \$6.6 million budget, beyond all the other revenues that they gained from earned revenues such as admission, gift shop sales and a variety of other things that The Rooms does.

Also, there was an increase in funding for the final phase of the job evaluation survey cost of about \$67,400. There was a reduction in salaries for two positions as was tabled here in the House of Assembly for the two management positions as part of a Flatter, Leaner Management process of \$150,200.

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

Just a couple of follow-up questions related to that and I have maybe a couple of other questions related to The Rooms following that. Could you tell me what that revenue number was? You mentioned that there was a revenue increase. Maybe you did say it, but can you tell me what the revenue increase was because that obviously would explain some of the lessened dependence on the government grant.

**MR. MITCHELMORE:** Yeah.

There was \$185,000 in commercial revenue.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** When you look at a line-by-line review of reducing by \$200,000, these were expenses that were deemed as a means of finding savings. So you're not going to have those recur, whether you're purchasing less paper, less supplies, doing less travel, doing things in a more efficient way, maybe cutting

down on the number of telephone lines that you would have and things like that. They found a total of \$200,000, but they also have additional commercial revenue beyond the earned revenues. So the \$185,000 places The Rooms in a good position.

**MR. KENT:** Okay.

Revenue is up by \$185,000 in the commercial revenue.

**MR. MITCHELMORE:** Yeah.

**MR. KENT:** There are two positions that have been cut. As a result of the zero-based budgeting exercise, as it's being called, there were some minor cuts to various line items, savings for phone lines and paper and whatever the case may be.

If you factor all those things in, wouldn't that potentially lead to a greater reduction in the Grants and Subsidies than \$82,800? I mean two positions coming out, plus a revenue increase, plus the \$200,000 in cuts on the overall budget; it just seems to me that \$82,800 could potentially be bigger then, if my math is correct.

**MR. MITCHELMORE:** There were funds added back to the Job Evaluation System cost.

**MR. KENT:** Oh, that led to an increase.

**MR. MITCHELMORE:** That led to an increase.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** And government provided an increase to cover that cost as it would for any of its employees in either bargaining, non-bargaining. There are annual JES increases that were committed, as you would have been aware as a former minister.

**MR. KENT:** Right.

Okay. Thank you for that.

Two questions before I'll pass things over to my colleague. The Grants and Subsidies line as it's shown here, my understanding is that includes in totality the provincial government funding that

is provided to The Rooms. Is that correct? Is that what that number represents?

Is there anything else that's part of that Grants and Subsidies line, or anything that goes to The Rooms that's not covered here, I guess, would be the other part of the question?

**MR. MITCHELMORE:** There could be some additional funding throughout the department that will go to The Rooms or across other departments depending on what The Rooms is doing. One thing in particular, as we go through our line by lines, it would probably explain the reinstatement of the Art Bank Program that was cut a couple of years ago under the previous administration.

**MR. KENT:** Okay.

This year, as a result of the budget review, as a result of the budget that's now been approved for The Rooms Corporation, have there been any reductions to staff or hours of operation at The Rooms?

**MR. MITCHELMORE:** The impact to staffing were the two positions as noted.

**MR. KENT:** Right, but beyond that.

**MR. MITCHELMORE:** Beyond that, there has not been. The Rooms right now, as of today, they started their cultural experience program. As music Monday, they had the Shallaway choir there today to kick off their opening on Mondays. So they are open every day of the week during the summer.

Hopefully, the visitation and through this program that's being launched, more revenues will be raised that would allow them to stay open longer and be available to the public. That's every intent of The Rooms, The Rooms management and the board of directors. They want to have The Rooms as a place for people to go, for people to access and enjoy all that it has to offer. It's truly our cultural gem here in the province.

**MR. KENT:** Yeah, it's an amazing facility and it would be great to see even more people access it. I'm encouraged to hear there was an increase of 21,000 people, so that's good news.

Will you be singing or dancing at The Rooms at any point this summer?

**MR. MITCHELMORE:** There will be no singing for me, Sir.

**MR. KENT:** Okay.

That's a relief to the people of the province.

**MR. MITCHELMORE:** I do want to say as well, though, that The Rooms does plan on being open on Friday and possibly Saturday evenings during the summer tourism season as well to cater towards that clientele. That's something that's obviously being reviewed by the management and the board to determine that. They anticipate that it should be a busy year for them. They had a great year last year, and with a Cultural Ambassadors and immersion program that they're kicking off, it should lead to more interest.

They've done things in the past such as culture and cocktails. They've done different things around their theatre. They've done special one-offs that have happened throughout the year, truly testing the market.

They were at the Downhome Expo at the Glacier in Mount Pearl promoting their volunteer ambassadors program. So if you know of anybody who is interested in volunteering at The Rooms being a Cultural Ambassador, certainly, we encourage people to get the message out there.

**MR. KENT:** I said I only had two, but I have another.

You just mentioned some of the outreach that The Rooms is doing. I recall there was some kind of program that connected The Rooms to rural parts of the province, parts of the province outside of the Avalon region. Are there any programs continuing that allow The Rooms to bring its programming across the province? Has that been impacted in any way by structural changes or budget changes?

**MR. MITCHELMORE:** The Rooms has regional museums. They would have the Mary March museum in Grand Falls-Windsor and they have the Grand Bank museum. They also

have the Labrador Interpretation Centre, basically The Rooms branch in North West River. So there are three entities which give The Rooms a regional presence, and to the extent possible The Rooms provides support and outreach to these entities.

There certainly is a possibility this would be something that the management and through the board, as they're looking at these cultural programs, maybe be able to deliver programming as well on a regional level which would be good. The Rooms has, in the past, done a touring program.

**MR. KENT:** Yeah.

**MR. MITCHELMORE:** They're not just exclusive to the St. John's, capital city region. They have undergone a digitizing project with the International Grenfell Association to digitize documents. They partner, they work with other entities and they've travelled on and did a roadshow as well for World War I exhibits.

There are a lot of things that The Rooms does and can do, but obviously there are limitations. They do have a budget; they have to live within their budget. They are doing a lot of creative things and outreach to the community as well.

**MR. KENT:** Will the touring program be reduced this year compared to previous years?

**MR. MITCHELMORE:** Well, the touring program wasn't intended to actually collect artifacts and things relating to the permanent exhibit. It was part of developing the Honour 100, their World War I, Where Once They Stood, We Stand campaign. There is no intent to reduce their programming.

Their focus right now is around cultural immersion and programming and ways to enhance the experience. Actually, they secured funds through Scotiabank to deliver their cultural programming and supports. So that's one avenue and one entity.

They've worked through The Rooms Foundation, their charity. They also work with a lot of donors and a lot of partners. They've been soliciting feedback from their members as to how they operate and find better ways to do

business, to deliver programs and services that are relevant to their clientele.

**MR. KENT:** And my final question on The Rooms, I promise: Is there a direct connection between the programs and services offered through The Rooms Corporation and the K to 12 school system? Are there programs where The Rooms works with our schools across the province to promote our history, our culture, arts, et cetera?

**MR. MITCHELMORE:** The Rooms partners in a number of situations. The Arts and Letters competition awards gala gets held at The Rooms where people's art from all over schools across the province and people of all ages, basically, get on display at the gallery. It's quite a welcoming venue.

There's a tots program that comes into play. There are a lot of school groups that would be going to The Rooms and travelling. They have educational programs there.

If you go into The Rooms, there were hundreds of people that would have designed the forget-me-nots that are on the ceiling. So there are a lot of beautiful projects that happen that The Rooms is connected with.

It's a great venue. It's a public space. It's available to people. A significant amount of group tours take place at The Rooms.

**MR. KENT:** Thank you.

**MS. ROGERS:** Good job.

**MR. KENT:** Thanks.

Did I leave anything for you?

**MS. ROGERS:** A few things, but you did a good job.

**CHAIR:** Ms. Rogers.

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

I'm Gerry Rogers; I work for the good people of St. John's Centre. Thank you very much for coming this evening.

I know after a very long day of work this is not always the easiest thing to do when you want to go home. Thank you very much for doing this.

The Rooms; I want to send my congratulations to the staff for a stellar year, and sometimes under very difficult circumstances with some uncertainty about funding, uncertainty about reorganization and that. I think there's a lot for staff to be proud of. If you could relay that message, thank you so very much.

Steve really dug in there deep. I don't have a whole lot more to ask.

I'm wondering: What is the situation now where there was a lot of controversy about the three different departments? Where is that now? How is that going forward? What's the plan?

**MR. MITCHELMORE:** Well, The Rooms recently undertook some targeted stakeholder engagement sessions. Just recently actually, where they would have had the Visual Artists Newfoundland and Labrador, VANL; there would have been the Museum Association of Newfoundland and Labrador; the archive, ANLA; the archeology association here in the province; as well as the Craft Council and partners and members that would be interested to engage around the strategic plan. Also, there's an online survey at The Rooms available for people to have input around programming and different things, the customer experience at The Rooms.

In terms of the structure at The Rooms, there remains three directors at The Rooms: a director of the art gallery, a director of the archives and a director of the museum. There are also people that are involved in the role of finance, as Donna Marie is here this evening, and the CEO. It's a fairly lean management structure after going through the zero-based budgeting, but there are avenues and opportunities which, when you look at the expertise that exists in The Rooms, as we've said, to find ways to create the best synergy.

I think it really hits home when you look at the volunteer program, what the potential is for Cultural Ambassadors and to deliver programming. Whether it be looking at the archives and unique documents or looking at

artifacts that we would have in the vaults that never get on display. Or the ability to have that level of engagement and to have that team approach can only be positive; can only drive further revenues, visitation and further opportunities at The Rooms Corporation.

We saw that when people came together and all supported, developed and created something very beautiful in the World War I exhibit that's there. It wasn't just done by one entity; it took the whole team effort to really be able to produce that. I think the more of that we can do to reduce where people are doing very similar tasks and find ways to collaborate will only do The Rooms well into the future.

**MS. ROGERS:** Okay.

Is there any plan to increase membership or increase the cost of single entry or family entry?

**MR. MITCHELMORE:** There were no changes to any fee in *Budget 2016* or *2017*. There is a real push, though, in The Rooms wanting to promote its memberships and the value of being a member, and that members get extra additional benefits such as, whether it would be a discount at The Rooms Café, the Red Oak there. You go there and enjoy a nice lunch. The same thing with the gift shop, you get a discount for a purchase. There may be ways of which you get preferential invites.

**MS. ROGERS:** That always happens.

**MR. MITCHELMORE:** There are lots of things that can be done around memberships. It's so important that you do – and that's why they've been talking to and engaging their membership, to find out how they can get maximum value. It's no different than looking at Marble Mountain Development Corporation in terms of having season pass holders.

The Rooms members are the most valued people in that organization because they commit. They're regular attendees. They're going to the exhibits.

They're going to be hosting a Gerry Squires retrospective exhibition opening later this month and running throughout the summer season. That should draw a lot of local and also Canadian and

international interest. I mean Gerry Squires was such a talent.

We're quite pleased to see this type of activity take place. It's important. The memberships are critical. I think if you have ideas or suggestions as to how we can enhance and grow memberships I'd be certainly open to hearing that.

**MS. ROGERS:** So there's no plan to increase the membership fees or the single entry fees at this point?

**MR. MITCHELMORE:** Well, anything that is related to The Rooms, this would be a decision of the management to put before their board in terms of operations.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** In terms of our budget 2017-2018, there were no fee increases.

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

Parking; is there a plan to charge for parking?

**MR. MITCHELMORE:** There has been a plan, I think, by the board to look at a parking fee, in particular around people who park at night and use that facility and take up parking spaces. Parking downtown is at a premium, so when there's maybe a concert taking place at a close school or somewhere in the area, if the spaces are all filled, then we can't have customers coming Saturday night or Friday night at The Rooms.

It does pose to be a problem, but I do think there are solutions, of which those who are paying customers at The Rooms do not necessarily need to pay more, that it could be included. The cost of parking could be included if they buy admission to The Rooms to use the services at the facility. There are avenues of which there would not be an increased cost. The same thing with members; parking may be included with an annual membership to The Rooms.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** The intent of parking is to deter those who are parking long term in



the evenings in the hours and taking away much-needed earned revenue that The Rooms must have. There are also tenants at The Rooms, like the caterer that is there. We want people to be using that service so that they can create the private sector jobs that are there at The Rooms as well through the contracted service.

**MS. ROGERS:** The plan for Friday and Saturday night, is there an expanded service that's going to happen? What's the plan there for Friday and Saturday night?

**MR. MITCHELMORE:** Yeah. The Rooms has been doing a pilot around culture and cocktails where they've been bringing in an artist, a singer. They've had drinks there.

**MS. ROGERS:** Yeah.

**MR. MITCHELMORE:** It's usually been between 7 o'clock to 9 o'clock, so it's a prequel to going somewhere else, going to another venue. It's a starter between maybe going to a restaurant in the downtown or maybe going to an entertainment venue in the downtown. It's not meant to be competitive, it's meant to support the arts community and also get more people coming into The Rooms for something new and something different, as well as supporting the downtown business community indirectly.

**MS. ROGERS:** Yeah.

**MR. MITCHELMORE:** That's the overall intent and that's part of the Cultural Ambassador program which is being planned to be rolled out. Certainly, the more support from volunteers and people interested, then the more successful The Rooms can be around some of these evening activities.

**MS. ROGERS:** One last question.

Thank you very much. That's a lot of information.

The revenue increase that is \$185,000 commercial; what is that? What would be commercial revenue for The Rooms?

**OFFICIAL:** Fees.

**MS. ROGERS:** Fees?

**OFFICIAL:** Fees that people pay, yeah.

**MR. MITCHELMORE:** General entry fees.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** But I don't know, Donna Marie. Is it any more than that or is just ...?

**MS. ROGERS:** Or rentals?

**MS. HUMPHRIES:** (Inaudible.)

**MR. MITCHELMORE:** Okay, so it's all the commercial revenue that The Rooms would have from gift shop sales, the admissions that would come in and also room rentals. They do have a boardroom and they rent out the theatre or other things to third parties that want to host events.

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

I'm good. Thank you very much.

**CHAIR:** Thank you.

Can I ask the Clerk to recall the subhead, please?

**CLERK:** 4.2.04.

**CHAIR:** 4.2.04.

Shall the subhead carry?

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Those against?

Carried.

On motion, subhead 4.2.04 carried.

**CHAIR:** I ask the Clerk to call the next subhead.

**CLERK:** 2.3.01.

**CHAIR:** 2.3.01.

Ms. Rogers, you can start this session.

**MS. ROGERS:** Sorry, where are we going now?

**CHAIR:** 2.3.01.

**MS. ROGERS:** 2.3.01, okay.

**MR. MITCHELMORE:** The Research & Development Corporation.

**MR. KENT:** I can go if you need time.

**MS. ROGERS:** Yeah, you go ahead.

**MR. KENT:** Are you sure?

**MS. ROGERS:** Yeah.

**CHAIR:** Go ahead, Mr. Kent.

**MR. KENT:** Thank you.

I'll start while Mr. Rogers gathers her notes.

I'm a big proponent of the Research & Development Corporation. I'll start by asking the minister: Are there any changes at all to the structure or mandate of the Research & Development Corporation, over the last 18 months I guess, but particularly since we last went through this process.

**MR. MITCHELMORE:** There still remains an acting CEO of the Research & Development Corporation. The structure; I don't believe there have been any changes to the organizational structure at the Research & Development Corporation over the last budgetary cycle. The Estimates remain the same.

**MR. KENT:** Okay.

Have there been any recent staffing changes at the Research & Development Corporation as a result of the budget? I noticed the budget is exactly the same, but have there been any changes to positions or structure or staffing at RDC?

**MR. MITCHELMORE:** There are still 39 staff members at the Research & Development Corporation. That would account for \$3.3 million in salaries and \$17,666 in benefits. The benefits would be the 18 per cent, CPP, EI, medical group, performance, pension, EAP, HAPSET and WorkplaceNL, I guess the compensation around that.

I guess at any given time there may be a vacancy or there may be somebody that you're going to hire –

**MR. KENT:** Sure.

**MR. MITCHELMORE:** – but as part of the budgetary cycle as an agency, board and commission, this is an entity that received some reductions in the past when it comes to staffing and last year's budget of a reduction. It wasn't part of the Flatter, Leaner Management Structure during the review at this point in time.

**MR. KENT:** Related to that, it wasn't part of the Flatter, Leaner, meaner management structure exercise that's gone on, but I also note that – so I'm curious as to why that was, maybe it's just because of the impact of last year's cuts. I'd appreciate you commenting on that. I'm also curious whether the government's zero-based budgeting exercise happened at RDC as well.

**MR. MITCHELMORE:** I take somewhat of an exception when you talk about people and staff that are in management that have expertise as flatter, meaner, you know, that whole process.

**MR. KENT:** Well, it's your process.

**MR. MITCHELMORE:** The impact of research and development – research and development is very important to Newfoundland and Labrador and the economy. RDC has performance evaluations. They have certain mechanisms that can be put into play to look at the leverage that exists when they do a particular project, such as from a pre-commercial point of view.

RDC only plays in the sphere of pre-commercial. Anything that goes to commercial is dealt with through other mechanisms, whether it would be through the Department of TCII or other financial lenders or whatever the case may

be. The Research & Development Corporation's mandate is to deal in that pre-commercial space.

**MR. KENT:** Was there a conscious decision made by you or Cabinet to exclude RDC from your Flatter, Leaner Management exercise?

**MR. MITCHELMORE:** Well, the RDC is part of one of the many agencies, boards and commissions that exist within government. The Marble Mountain Development Corporation would be another agency, board and commission. You will be going through eight or 10 others as we go through the Estimates, whether it's the Film Development Corporation or the Heritage Foundation or the ArtsNL, Arts Council of Newfoundland and Labrador. The Rooms, through its budgetary cycle, did because they're going through a strategic planning session, went through and undertook zero-based budgeting.

The Research & Development Corporation right now, based on their commitments of having a number of projects ongoing, they also have expenditures that are in excess of their revenues. Certainly further review needs to take place at the Research & Development Corporation.

**MR. KENT:** Okay, so there will be further review.

The regional health authorities, for instance, were directed to go through this government zero-based budgeting exercise and also the Flatter, Leaner Management exercise. Why was RDC not included in either?

**MR. MITCHELMORE:** *The Way Forward* highlighted that agencies, boards and commissions will go through a review.

**MR. KENT:** So it will go through a review on both fronts.

**MR. MITCHELMORE:** Not all agencies, boards and commissions have undertaken a review –

**MR. KENT:** Fair, yeah.

**MR. MITCHELMORE:** – and went through zero-based budgeting and looked at a process of their management structure. Some agencies,

boards and commissions, as we'll go through my Estimates, have gone through that process, such as the Heritage Foundation and others. We can certainly talk about them. Some agencies, boards and commissions have embraced zero-based budgeting and taken on that process to champion it, understanding the economic conditions that we face in the province.

Not all agencies, boards and commissions have embraced the zero-based budgeting process. We saw that with Memorial University, for example. But there are avenues of which a review will certainly take place.

**MR. KENT:** Can we anticipate that happening in this current fiscal year?

**MR. MITCHELMORE:** I would think that a review will take place with RDC within this fiscal year, yes.

**MR. KENT:** Okay.

Switching to perhaps a more positive tone, it's really difficult, as you can appreciate, from the one line of Grants and Subsidies going to RDC, to get an appreciation for the work that's ongoing. I was wondering if, following tonight, we could get a high-level overview of the current projects and initiatives related to RDC.

I believe there are a lot of good things happening within the corporation that people don't know about. It would be helpful to have a better sense of currently what's happening, and also what might be on the horizon in terms of future vision and plans so we could get a better idea of how that considerable amount of money is being spent.

**MR. MITCHELMORE:** Yeah. There's \$13.8 million in programming, primarily broken up between academic and commercial, so about \$6.9 for each of the entities. There are 112 R & D projects that were contracted.

**MR. KENT:** How many, sorry?

**MR. MITCHELMORE:** One hundred and twelve projects last fiscal year.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** The investment was \$16 million. Some of that is because RDC commits to multi-year projects.

**MR. KENT:** Right. Yeah.

**MR. MITCHELMORE:** Because you commit to a project and there are performance indicators, and you might not meet your milestone, well, then the funds don't get disbursed, you still have time. It is good business practice. It is good due diligence not to just cut a cheque and get it out the door.

That makes sense in that process that there will be \$16 million, basically, last year expended. That's because when RDC was set up, when they had larger budgets, they held a lot of cash in the initial stages because they weren't necessarily approving the projects. They weren't coming in as quickly; it took some time to build up. But now they've committed their projects to move forward in a multi-funded process. That \$16 million led to a \$29 million leverage.

All lists of all of the projects that RDC funds are available publicly on their website. Unless you want my office staff or the RDC to go through and print those – I mean, they are available on the website.

**MR. KENT:** No, if you're saying the entire breakdown on that \$13.8 million of programming is available on the website, then we can obviously access it there.

**MR. MITCHELMORE:** Yeah.

**MR. KENT:** I just figured there was more than that available that's not – it's not all available on the website, the full detail on that \$13.8 million, I wouldn't have thought.

**MR. MITCHELMORE:** If there's something there that you see would not be – like we did a launch of our SensorTECH program and the companies that received grants there. The funding to student research projects, we did a public announcement on that. There was an announcement last year that Minister Coady had completed as well on behalf of the Research & Development Corporation.

The way it is structured is that there's a lot of focus on oil and gas, mining and also the ocean tech sector. That would basically account for two-thirds of the R & D expenditures. The remaining one-third would then be for other investments in the economy. That's kind of the focus of RDC. Whereas the Department of TCII would be focusing on all aspects, whether it be life sciences – and I know you've been a big proponent of life sciences such as Sequence Bio and other entities.

**CHAIR:** Mr. Kent, if I may, your speaking time has expired. I'm going to go to Ms. Rogers and I'll come back to you again.

**MR. KENT:** Okay.

**CHAIR:** Ms. Rogers.

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

When we were speaking earlier this evening, I believe that perhaps this department, this program, this agency is more crucial right now than ever in our history. Thank you for your great work.

I'm just wondering, what are some of the really cool and groovy projects that you're proud of right now?

**MR. MITCHELMORE:** I think when you look at building a knowledge-based economy we have a great ecosystem here in Newfoundland and Labrador. I was at an event with members of the Research & Development Corporation, as well as TCII. We were at a Pitch & Pick event, the evolution program at Genesis Centre at the Fifth Ticket. There were tons of young, enthusiastic people looking at wanting to get in the start-up community here, wanting to win that prize for their innovation. A number of apps were being created on that aspect.

In terms of some of the really cool things that Research & Development Corporation does is around sensor technology. We had the opportunity to visit a place like Kraken Sonar and to see what Kraken does around operating out of CBS and downtown St. John's and having a number of young people employed. They're basically using cameras, optical and sensor

technology to play in that ocean defence space. They have international contracts.

This is the type of innovation that we want to see happen here in Newfoundland and Labrador. There are some other great companies, like radiant360 that offers solutions to the oil and gas sector dealing with major companies around the world. You talk about eSonar and fishing solutions for vessels around their nets. Making sure that you know where the fish is and what to stay away from is an important piece.

Also, there are ways of which there's been productivity enhancements done in the oil fields through research and development, where the life has been extended because there's enhanced technology in place of getting more oil out of the Hibernia wells. In doing so, that's maintaining those jobs for a longer period of time. It's becoming more competitive and more efficient.

As well, if we look at Anaconda on the Baie Verte Peninsula or Rambler Metals and Mining of using different technology that takes place. Using something that would have been used maybe in the diamond industry versus a copper mine or other metals is a way of which the life of the mine has been extended by years. So that's years of employment for local people. It's quite significant. Those types of initiatives are extremely important.

**MS. ROGERS:** Thank you.

**CHAIR:** Mr. Kent.

**MR. KENT:** Yeah, just one follow-up question. A comment first and then my follow-up question.

We did have a look at the website previously; I just had a very quick look now. I'm not easily finding the breakdown of how that \$13.8 million is spent.

**MR. MITCHELMORE:** Okay.

**MR. KENT:** So I would appreciate it if your office would provide it.

**MR. MITCHELMORE:** Sure. We can –

**MR. KENT:** Or send me the link, because it's just not obvious from the website. There's lots of information there but the breakdown I'm looking for is not, at least from what I can tell.

**MR. MITCHELMORE:** We can provide a list of the projects.

**MR. KENT:** That would be great. Thanks.

And –

**MS. ROGERS:** And we would like (inaudible).

**MR. KENT:** I assume that anything we ask for will be provided to both parties.

**MR. MITCHELMORE:** Yes.

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

Thank you, the standard Estimates questions.

My final question on RDC; I know in the past there was a desire to increase the amount of commercial activity. You mentioned that the split continues to be fairly even between academic and commercial. I'm just wondering in terms of your plans and priorities, is there still a desire to increase activity on the commercial side so that the scale tips? Has there been any progress in that regard?

**MR. MITCHELMORE:** There has been progress made, but I would like to certainly see more towards the commercial.

**MR. KENT:** Yeah.

**MR. MITCHELMORE:** The commercial level will lead to greater leverage. I think you would agree as well. There are avenues of which maybe there can be more diversified investments made through research and development.

If you look at the fact, as I said, around life sciences, the potential of genetics, the potential of where that sphere is, there's been limited investment through the Research & Development Corporation. Whereas the Department of TCII has supported entities like the EXCITE Corporation and Dr. Terry-Lynn Young with their audiology and looking at hearing and the 'impairness' around populations

here in Newfoundland and Labrador to find real life solutions so that we can improve hearing in our population and around the world. As well, looking at the genome and looking at from that point of view. We've had several discussions here in this House of Assembly on that type of aspect.

There may be ability to broaden some of the work that takes place at the RDC to find ways of which we can leverage more dollars, whether it would be through private sector investment to get more commercial activity. It may need to be beyond the initial targets that are focused so that we can really create that innovative sphere and have accelerated growth here in Newfoundland and Labrador and create a better pipeline; I think that's really key. So that as you move from pre-commercial to commercial, there's a seamless transition so we're not leaving people hanging in the lurch and that there are ways of which there's a greater connectivity to the financing sources or the internationalization and ways of which we can really grow Newfoundland and Labrador.

We don't have significant time to waste. We need entrepreneurs that have these good ideas to get where they need to go in an accelerated way. I think you would agree with that as well.

**MR. KENT:** I do agree with that. Sometimes I agree with you.

**MR. MITCHELMORE:** I know. That's surprising, but we do agree here and there.

**MR. KENT:** Yeah. On more than people realize, probably.

That's it for me, Mr. Chair.

**CHAIR:** Thank you.

Can I ask the Clerk to recall the subhead, please?

**CLERK:** 2.3.01.

**CHAIR:** 2.3.01.

Shall the subhead carry?

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Those opposed?

Carried.

On motion, subhead 2.3.01 carried.

**CHAIR:** Can I ask the Clerk to recall the next set of subheads, please?

**CLERK:** 1.1.01.

**CHAIR:** 1.1.01.

Mr. Kent.

**MR. KENT:** Thank you.

I have a question to ask that relates to, I guess, multiple subheads that we're about to go through. I'll ask it now and not repeatedly ask it. To try and approach this efficiently, maybe we can address it off the top and it will probably save some of my questions as we go through.

Obviously, there's been significant restructuring in the department. I guess, in order to understand what's happening with this year's budget versus last year's budget, I'm wondering if the minister can provide clarity as to how the deleted divisions or budget lines from last year have been absorbed by the current framework.

There are a number of headings that were used in 2016 and in previous budgets that are no longer used in 2017, which makes it really hard to see where the money has come or gone; for instance, headings that are no longer there that we'd like to understand where the money is now located, which would then help us understand what's actually been added or taken away. Policy and Strategic Planning, Administration Support, Capital, International Business Development, Marketing and Enterprise Outreach, Investment Portfolio Management, Innovation, Research and Technology, Sector Development and a number of others that I have more specific questions on, no longer exist.

I was wondering, Minister, if you could give us some insight, first of all, which will probably provide some clarity as we go through this, too.

For those topics that I just mentioned, where do we find those funds now in the 2017 budget?

**MR. MITCHELMORE:** I'm certainly prepared to answer any of your questions on a line-by-line basis. I certainly can address all of those as we go through the subheads.

**MR. KENT:** So you won't provide us with a breakdown of how that's been moved around?

**MR. MITCHELMORE:** You're providing me with a long list and asking me exactly where they are upfront. I'd prefer we go through on a line-by-line basis.

**MR. KENT:** Okay.

The challenge is they've disappeared. I will ask line by line, I have no problem doing that.

**MR. MITCHELMORE:** You can provide me with your list and I will ...

**MR. KENT:** Sure, gladly.

The Policy and Strategic Planning component of last year's budget is gone. Has it been wiped out completely or is it moved somewhere else in your department?

**MR. MITCHELMORE:** No. The policy aspect would be under our Corporate Services.

**MR. KENT:** Corporate Services. Thank you.

The Administrative Support, which I think was Capital, is also gone. Is it now Current versus Capital? Is that the change?

I'm sorry; I know I'm not referring to a specific line because they're gone. The reason why I can't refer to a specific subhead, Mr. Chair, is that they're gone. They were in last year's; they're not there this year.

**MR. MITCHELMORE:** You're talking about the Administrative Support, Capital, which would be 1.2.03, the \$84,000? It may be more helpful if we went through on a line-by-line basis and you asked your questions, or else we'll find that we're going to be repeating ourselves.

**MR. KENT:** Okay.

What about International Business Development? Where would that now be located? Because to ask you the questions related to those topics not knowing where they now are is really difficult, as I'm sure you can appreciate.

**MR. MITCHELMORE:** The internationalization component of the department now would fall under Growth and Investment.

**MR. KENT:** Growth.

Thank you for your patience. That's exactly what we're trying to understand, is where these things now reside so we can ask questions appropriately. What about Marketing and Enterprise Outreach?

**MR. MITCHELMORE:** The Marketing and Enterprise Outreach program, the majority of that had actually moved to the Communications Division that was listed in *The Way Forward* when the update was provided.

**MR. KENT:** Okay.

So it's moved –

**MR. MITCHELMORE:** There are still some funds, actually, that would have been associated with our trade shows and different sponsorships that is a budgetary line. I can relay that when we get to that particular budgetary line –

**MR. KENT:** Fair enough.

**MR. MITCHELMORE:** – because there are several subheads here.

**MR. KENT:** Yeah, I appreciate that. Once we understand where things have moved, it will allow us to ask the questions in a more orderly fashion.

Investment Portfolio Management has also vanished. Where would that now be located?

**MR. MITCHELMORE:** That's under Business Analysis.

**MR. KENT:** Would the same be true for Innovation, Research and Technology?

**MR. MITCHELMORE:** Innovation, Research and Technology?

**MR. KENT:** Yeah, there was a heading used last year called Innovation, Research and Technology which has gone away.

**MR. MITCHELMORE:** Well, there are a number of things that some of these things would have fallen under. Some things are under Sector Diversification and then some things fall under other portfolios based on the structure of the department, given that there are three assistant deputy ministers and that the importance of the process through our management change was to reduce silos and to best appropriate our programming dollars that we have.

**MR. KENT:** Okay.

Sector Development is another one that has gone away. Is that now located in another subhead?

**MR. MITCHELMORE:** Sector Diversification is there as 3.1.01. But as with all of these, there could be components that would be in other sections as well. It's not as clear to me to say that we just took what was in –

**MR. KENT:** Yeah. Right, some have spread.

**MR. MITCHELMORE:** – a complete section and just moved it over in another section. Some things would be HR that would have been moved, in terms of staffing, to make best fit with that particular branch now.

**MR. KENT:** Right.

**MR. MITCHELMORE:** Or some of it would actually be program dollars that would be moved to a certain area. It's not as simple as saying this is in here and that's in here. Any question you would have into the particular running of the department or the line-by-line items, I'm more than happy to respond to.

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

There are six others that have disappeared, but I'll hold them and try and address them in what appears to be the logical subhead.

There's a chance, Mr. Chair, at the end that we may not have covered them because they were in last year's, they're not in this year's. I'm hoping we can have a couple of minutes at the end just in case we don't cover it as we go through, but I'll save them for the appropriate subhead as best I can, if that's okay.

**CHAIR:** Sure.

**MR. KENT:** All right.

So I'll get to specific questions on 1.1.01; the obvious questions first, I guess.

Can you explain the variance related to Salaries? I realize it's minor.

**MR. MITCHELMORE:** There was a decrease of \$19,300 under the budget which was originally scheduled to be \$207,100. That reflects the ministerial salary reduction that was voluntarily voted on in last year's budget, pay level variance of the EA salary and less vehicle travel cost.

Then this year's salaries are basically a rightsizing of the salary cost as per the salary plan of 2017-2018.

**MR. KENT:** Okay.

Given the restructuring that's occurred within the department, would you be able to provide us with current updated organizational charts, including the branches and divisions, and give us an overview of the responsibilities now associated with each?

**MR. MITCHELMORE:** Yes, we should be able to provide you with an updated organizational chart with the position that would be associated. We can provide that to you when it's available, yes.

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

How many people are employed in 2017 in the department versus 2016?

**MR. MITCHELMORE:** Well, it's difficult to state that because we have 420 positions right now in the department. Because Park Operations were added, that added 114 new positions. There



were some elements such as trade policy and the Marketing Division that was removed. I can certainly speak to the positions that exist within the department as we go through and provide you with those details, but there are 420 total positions for the salary allocations right now for budget 2017-2018.

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

Would that 420 include all contractual positions as well?

**MR. MITCHELMORE:** Yes.

**MR. KENT:** Are temporary positions, the ones that are often referred to as 13-week positions, are they included as well?

**MR. MITCHELMORE:** All temporary positions are also counted in that.

**MR. KENT:** Are there –

**MR. MITCHELMORE:** They're not necessarily all 13 positions.

**MR. KENT:** Right.

Would you happen to know how many temporary positions there are at present of the 420?

**MR. MITCHELMORE:** There are 65 temporary positions that are allocated as our position complement.

**MR. KENT:** Okay.

Would we be able to get a list of the positions that were eliminated as a result of the recent restructuring in the department?

**MR. MITCHELMORE:** The positions? We should be able to provide that, yes.

**MR. KENT:** Obviously, we're not looking for people's names; we're just interested in the positions. We're also curious if the PCNs were actually eliminated or if they've just been parked. With the positions that were eliminated in the restructuring, have the PCNs gone away or are they simply remaining on the books for the time being?

**MR. MITCHELMORE:** All the positions that were part of the departmental restructuring would have been eliminated through that process.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** There were some new positions that would have been created based on the organizational structure. But positions that are no longer there, we had some positions, directors that were directors that had no staff. So these positions were eliminated.

**MR. KENT:** The PCN went away and a new PCN was created for the new positions. Okay.

I'm out of time so I'll come back to you again.

**CHAIR:** Ms. Rogers.

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

Going forward, then, to 1.2.01 – Steve, did you finish with 1.1.01?

**MR. KENT:** No, I still have questions on it. I only have maybe one more on 1.1.01.

**MS. ROGERS:** Do you want to do that?

**CHAIR:** We're on 1.1.01.

**MS. ROGERS:** Yeah.

**CHAIR:** Yeah.

**MR. KENT:** You're ready to move on to the next one?

**MS. ROGERS:** Sure, yeah, if you want to do that.

**MR. KENT:** Mr. Chair, if that's okay, I'll ask my final question on 1.1.01 and then we can move along.

**CHAIR:** Thank you.

**MR. KENT:** I'll let Ms. Rogers go first on 1.2.01.

On the first subhead, has the 2015 attrition plan been followed within your department this year?

If so, how many positions? Have they been included in your layoff number?

**MR. LOMOND:** Sorry, could you just repeat the question again? I'm sorry.

**MR. KENT:** There was an attrition plan that was put in place in 2015. I'm wondering if it's still in place and if it was followed by the department. If so, were there positions that were eliminated as a result of the attrition plan that was in place previously?

**MR. LOMOND:** Yes, we're still following the attrition plan. I think next year it should be, I believe, the last year of the attrition plan moving forward. So we have met our attrition requirements for this year.

**MR. KENT:** Okay. They've been included – in any numbers that have been quoted about reductions of positions, those would be –

**MR. LOMOND:** They were not reported as part of the reduction or restructuring of management. No, that was incremental to that.

**MR. KENT:** Okay.

Do you have any idea how many there were this year?

**MR. LOMOND:** I'd have to go back and check because the way the savings were achieved in some cases is through freezing positions. There were six on the books that we've eliminated that were vacant.

**MR. KENT:** Three.

**MR. LOMOND:** Six.

**MR. KENT:** Oh, six. Sorry, it's been a long day.

Six, thank you.

I thought that was the final question, just one more general Estimates question as well: Can we obtain a copy of whatever briefing materials that have been prepared for you for tonight's Estimates?

**OFFICIAL:** Okay.

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

For the purpose of *Hansard*, I see the deputy nodding yes. Thank you for that.

Thank you, Mr. Chair.

**MS. ROGERS:** Thank you.

1.2.01, Executive Support; we see a drop in Salaries, a variance in 2016-'17, the revised and budgeted, a \$152,000 reduction. Can someone explain that for us?

**MR. MITCHELMORE:** The Salaries line?

**MS. ROGERS:** Uh-huh.

**MR. MITCHELMORE:** The budget was \$1.22 million basically. The reduction reflects, basically, a reduction in assistant deputy ministers partially offset by pay scale variances, retirement cost and an ADM secretary in this particular line.

The current line 01 of \$857,100, which is a significant reduction; the decrease reflects the rightsizing of the salary cost as per the salary plan for fiscal 2017-2018.

**MS. ROGERS:** The reduction of \$363,000 is rightsizing? There are no positions lost there?

**MR. MITCHELMORE:** There were reductions in assistant deputy ministers.

**MS. ROGERS:** Yeah.

**MR. MITCHELMORE:** There used to be five assistant deputy ministers in the department. Now there are three.

**MS. ROGERS:** Yes, so we lost ADMs, though, in '16-'17?

**MR. MITCHELMORE:** Yes, and the impact –

**MS. ROGERS:** Okay, and so now in '17-'18?

**MR. MITCHELMORE:** Those positions weren't rehired so the salary savings carried forward.

**MS. ROGERS:** Right, so it was only partial.

**MR. MITCHELMORE:** Some of the increase of the over a million dollars last year was the retirement cost for an ADM secretary as well. It would be included in that.

**MS. ROGERS:** Okay.

In Transportation and Communications, we see a reduction there under spending in '16-'17. Do you know how that came about?

**MR. MITCHELMORE:** Some of that came about because of the reduction in assistant deputy ministers. So if you have less executive support, there would be fewer people who would be travelling.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** We're very happy and very pleased to see that we've reduced our transportation and our communications – whether it be cellphones and the bills that would be associated – from \$90,200 all the way down to \$66,900 last year. We further anticipate that we can bring that number down to \$65,000 for our executive team. We're going to be as lean as we can be when it comes to our travel and communications, and do things more online and connect with people in the most efficient way possible.

**MS. ROGERS:** Okay.

I have no further questions for that section.

**MR. KENT:** I have nothing further on that subhead 1.2.01.

**CHAIR:** 1.2.02.

**MS. ROGERS:** Okay, I'll go to 1.2.02, Corporate Services. Again, we see a variance there of \$37,000 in '16-'17. Can you just explain that variance, the \$37,700?

**MR. MITCHELMORE:** Yeah, that's due to delayed recruitment which was partially offset by the cost of students and retirement costs of one employee.

**MS. ROGERS:** Okay. And then a more significant reduction of \$161,000, almost \$162,000 in '17-'18.

**MR. MITCHELMORE:** That's the impact basically through management change where one full director position would have been covered under this salary as well.

**MS. ROGERS:** So that's the elimination of that position?

**MR. MITCHELMORE:** Yes, the concept of bringing together the Policy and the Information Management Division under one Corporate Services allowed to have a director and a manager serve in these roles, and capacity to be able to deliver our Information Management programs and policies and procedures. It was also a manager in that role as well through the management structure changes.

**MS. ROGERS:** So you went from how many directors and how many managers to how many you have now?

**MR. MITCHELMORE:** There were two directors and two managers.

**MS. ROGERS:** And now?

**MR. MITCHELMORE:** Now we have one director and one manager.

**MS. ROGERS:** Okay.

Thank you.

**MR. MITCHELMORE:** If we look at the amount of legislation and things that the department is responsible for, there are very few pieces of legislation that the department does in terms of bringing forward to the House of Assembly and some of the changes that take place from the Marketing branch. This certainly makes sense to be able to deliver in a more succinct way our Corporate Services.

**MS. ROGERS:** Okay.

If we did go down to Purchased Services; a reduction in spending in the revised amount for '16-'17 was \$213,000.

**MR. MITCHELMORE:** The decrease of \$213,000 in Purchased Services is basically a reduction in our print and advertising campaigns, reduction in signage work and

departmental rebranding delayed during the fiscal year. That resulted in over \$200,000 in savings by being very responsive to the type of advertising and the type of work that we're doing out there, when we do particular advertising that it reaches that direct audience that it's needed to do so.

**MS. ROGERS:** And it's advertising for ...?

**MR. MITCHELMORE:** This could be a focus group; this could be anything around the brands, like the different signs that we would have, pop-up banners throughout our various branches or entities. It could be any number of materials, from a research perspective, that would be a one-sheeter that would be used for clients. It could be any type of advertising really.

**MS. ROGERS:** Okay.

Then we see a reduction in the overall budgeted amount for '17-'18.

**MR. MITCHELMORE:** Yes.

The '17-'18, \$381,800 is an overall decrease of \$134,900. It's a net savings consisting of re-profiling \$100,500 to Executive Council for the restructuring of Marketing and Communications, a \$39,900 reduction in the print advertising campaign as determined through zero-based budgeting process and a \$5,500 increase for forecast adjustments. That would be the breakdown of that process.

Each division was tasked with finding savings and building its budget from the ground up. They were able, when they were doing this fiscal year, to find \$39,900 in print advertising savings that did not need to happen.

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

Then on to 1.2.03: \$84,000 for Property, Furnishings and Equipment.

**MR. MITCHELMORE:** Yeah, last year there was a cost of capital to replace a vehicle for one of our Regional and Business Development Branches in the Central office at \$30,000. There were also replacements for generators for the parks operations of \$54,000.

Because we incurred that cost last year we won't be needing to incur this cost this year. If we look at our inventory fleet, we don't anticipate having to replace a vehicle. But given that anything can happen to a vehicle, if there's an accident or whatever the case may be, given where we are, we would have to go through the Treasury Board process and look at the contingency fund for capital projects of this nature because we're not budgeting anything in this fiscal year for capital support.

**MS. ROGERS:** Okay. I'm good now for 1.2.

**CHAIR:** Thank you.

Mr. Kent, 1.2.02 and 1.2.03, please.

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

I think just a couple of questions. Minister, under 1.2.02, Corporate Services, Transportation and Communications; would it be correct to assume that the reduction relates to the reduction in staff?

**MR. MITCHELMORE:** No, the decrease actually reflects land lines and telephone costs which were actually rightsized to the related divisions. So you'll see as you go through that some areas may have increased communication costs.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** That's primarily because they were all being billed out through Corporate Services previously.

**MR. KENT:** Right, now it's being divided.

**MR. MITCHELMORE:** The user is paying for the service at this point. That's why you're seeing the significant savings of communications and transportations in Corporate Services down to \$50,300.

**MR. KENT:** Okay. That makes sense.

Finally, on Professional Services there's been a significant reduction. I'm just wondering what happened last year that won't happen this year?

**MR. MITCHELMORE:** Professional Services; last year there was \$20,000 expended and we had budgeted \$85,500. The \$65,500 reflects the cancellation of the retention schedule project and some consulting work for planning sessions that also wasn't required.

This year there's a decrease of \$80,500. It basically reflects net reductions from re-profiling of \$20,000 to Executive Council for the restructuring of Marketing and Communications, a \$40,600 reduction in projects planned for this fiscal and a \$19,900 reduction through zero-based budgeting.

**MR. KENT:** What was the retention schedule project?

**MR. MITCHELMORE:** The retention schedule was about retaining documentation.

**MR. KENT:** Oh, so like a document management –

**MR. MITCHELMORE:** Yeah.

**MR. KENT:** – project of some kind. Okay.

All right, I'll leave it there, Mr. Chair.

**CHAIR:** Okay.

Mr. Kent, I'm going to ask you to start off the questioning on 2.1.01 and 2.1.02.

**MR. KENT:** Thank you.

Sorry, Mr. Chair, do we need to vote on –

**CHAIR:** No, we're going to do it –

**MR. KENT:** We're going to do that at the end.

**CHAIR:** We're going to do it inclusively.

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

Thank you.

2.1.01, Accelerated Growth; Minister, could you start by explaining the variance related to Salaries.

**MR. MITCHELMORE:** Well, there's a decrease in \$27,800 reflects savings from delayed recruitment. That would have been the changes last year. This year, the decrease reflects rightsizing of salary costs as per the salary plan in 2017-18, and I want to state that this is where the former International Business and innovation and oceans branch, a portion of it would be found.

**MR. KENT:** What do you mean by rightsizing the salary plan? What do you mean when you say that?

**MR. MITCHELMORE:** That the salary plan fits the number of positions that are currently allocated to that division. That there isn't an unfunded position there or there isn't something that doesn't fit with the overall plan for that division; that all the salary dollars are accounted for, whereas that hasn't always been the case.

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

Professional Services in the revised 2016-2017 budget, a significant amount of money was removed and now it's been put back in. Can you just explain what's going on under Professional Services?

**MR. MITCHELMORE:** Yes. The decrease in \$186,700 reflects the cancellation of supplier development mining capacity building study and reduction in legal costs for client files under the commercialization and the innovation strategy.

This year, there's actually an increase of \$900. That reflects the funding identified through the budgetary process to look at all the initiatives that we need to do this year; when we look at the supplier development, that's really key.

We just advanced a new procurement act here in the province through GPA, the minister did. We all debated that. As well, the Premier announced the Canadian Free Trade Agreement, where I was in Toronto and signed the document with my colleagues. From a Canadian context, there are a lot of opportunities for local businesses to bid from a Canadian perspective.

Then we have CETA as well, to look at supplier development, to capitalize on the European marketplace. So it makes sense to focus our

efforts where we can get greatest returns. We will be focusing on procurement, whether it be at the local, national or international level when we talk about the new dollars that are associated with the budget.

We've actually seen through the Research & Development Corporation, through the Department of Natural Resources, and the activities and investments that have happened around mining and new initiatives, that this actually makes sense. This would be best use of dollars right now going forward when it comes to looking at our Professional Services.

**MR. KENT:** So have any contracts been awarded, or have any consultants been engaged to spend that \$188,000?

**MR. MITCHELMORE:** When it comes to certain initiatives, we partner with Canadian Manufacturers & Exporters. We are talking to a number of entities that we would look for when it comes to accelerated growth. We can provide a list of consultants that would have been engaged in last year's budgetary process. Now, there was only \$900 in fees associated.

I don't believe we've entered into any particular contract in this budgetary cycle within the last 30 days, but if there is my staff can certainly correct me.

**MR. KENT:** No, okay.

Related to Purchased Services, there's been a major reduction over last year's. It was revised and now it's down over \$300,000 from last year's budget. Would you be able to comment on that?

**MR. MITCHELMORE:** Yes. Last year we saw a reduction of \$177,600 and that comes from less expenditures pertaining to meeting costs, equipment rentals, other purchased services. We did less trade missions attended than we anticipated which resulted in less logistical cost.

In terms of this year, the decrease reflects a reduction in the number of trade shows and missions hosted next fiscal, a reduction in logistical cost, meeting requirements, and

promotional materials as determined through zero-based budgeting and other adjustments.

We also anticipate that we have greater opportunity through our international agreements, whether it be through the IBDA or others, to do greater leverage where if we do missions through an Atlantic Canadian perspective we can reduce our costs significantly. Whereas in the past, I guess previously to me coming into this portfolio, there have been a number of cases where the department has used 100 per cent dollars from the province to fund trade missions. We believe in greater federal leverage and we will use it to the full advantage to save the taxpayers of Newfoundland and Labrador more.

**MR. KENT:** I think that's all I need to know on Purchased Services.

Related to Grants and Subsidies, would we be able to get a breakdown of what's included in Grants and Subsidies?

**MR. MITCHELMORE:** Well, the Grants and Subsidies, the reduction of \$121,600 is really the number of trade missions selected and attendance was reduced. This year we're going to see a decrease, which is just of \$2,300, based on what was budgeted last year. That's the reduction in IBDA and in marketing mission logistics to support our fiscal year, but we can certainly provide a breakdown of what those Grants and Subsidies are, yes.

**MR. KENT:** That would be greatly appreciated. Thank you.

Where is broadband now budgeted in the new department structure?

**MR. MITCHELMORE:** Broadband is under our comprehensive Economic Development Programs through the Regional Development Fund, I believe.

The question you asked me in the House of Assembly, I was correct in stating that the \$1.227 million was the sun-setting of the former committed projects under the rural broadband that was carried over and have now basically been completed through last fiscal.

**MR. KENT:** I'll save my next question on broadband until we get to that section then.

I don't know if this is the appropriate place to ask the question or not but it feels like it might fit here in light of the conversation we just had around Purchased and Professional Services and what goes on in this new accelerated growth area.

In terms of CETA, can you comment on what the province received in return for giving up minimum processing requirements?

**MR. MITCHELMORE:** The CETA fund in particular – you look at the benefits of the Canadian Economic and Trade Agreement with Europe, there are tremendous tariff removals; there are benefits to Canadian business. Right now, minimum processing requirements are not removed when CETA comes into force until a period of three years and they are only for the European Union. Minimum processing requirements still exist in the Canadian context and internationally anywhere else you ship products.

You may be best to ask Minister Crocker around minimum processing requirements, as they are a fisheries policy, and the trade policy falls under Executive Council and not in the Department of Tourism, Culture, Industry and Innovation. We are focused on the implementation of CETA, which benefits local businesses, and that's what I had talked about around supplier development.

So your question around the actual minimum processing requirements would be best directed toward Minister Crocker, who's responsible in that portfolio, and from a trade policy point of view would be in Executive Council.

**MR. KENT:** Thank you. So just a quick comment on that and I'll ask one more question and then move on to the next section, and my colleague can ask her questions.

Regarding MPRs, you list some of the CETA benefits, but those benefits apply to all provinces. We're the only province that had to give up MPRs; hence my question. Nonetheless, we can deal with it in the House and with the Fisheries Minister as well. Where is the Ocean Technology and Arctic Opportunities division

funding? What was that division? Where is that now located in the department's budget?

**MR. MITCHELMORE:** Some of those aspects would be covered under the Accelerated Growth. We see ocean technology as a very important sector when it comes to opportunities in Newfoundland and Labrador. We have several hundred companies that deal in that particular space. A lot of them scale up; have hired a number of young talent.

If you look at from a point of view of accelerated growth, you look at internationalization and export and what they're looking for, a number of ocean technology aspects would fit really well under the Accelerated Growth. That's where our staff and our team of people are there to support those particular initiatives, whether it be the MOU with Nunavut – and I've been meeting regularly with my colleagues and having discussions on Nunavut and all the opportunities that exist within that particular jurisdiction.

We're very open to continuing to have those dialogues. We've been having significant dialogues with other jurisdictions as well around the oceans. Like Ireland – I just met with the ambassador of Ireland, given their continental shelf and the connection to the fisheries and marine institutes on both sides of the ocean. Through research and development, there's a lot of connectivity with the oceans, as I talked about earlier. So we're supporting the oceans quite significantly and the tech sector too.

**MR. KENT:** Okay.

Mr. Chair, just a follow-up question related to the ocean technology question, and then I am happy to move along. So in light of that explanation, can you tell us what position is now in charge of Ocean Technology and Arctic Opportunities in your new structure? And also, 2015 there was over \$659,000 budgeted in that area, last year it was down to \$472,800, how much this year because it's no longer obvious? So who's now in charge and how much is budgeted for this year?

**MR. MITCHELMORE:** Last year was primarily a change in the reduction in assistant deputy ministers that would have come out of

the Ocean Technology Sector, the difference, the variance I would think – I'm not looking at the numbers you're looking at –

**MR. KENT:** Yeah.

**MR. MITCHELMORE:** But in terms of the responsibility, there is a team of people that deal with the sectors, that deal with ocean technology and the supports. Depending on which particular client and what they're looking for, one of the primary touch points would be in Accelerated Growth, which would fall under our Business division.

So primarily it would be the assistant deputy minister of business.

**MR. KENT:** Can you comment on the budget for this year related to Ocean Technology and Arctic Opportunities?

**MR. MITCHELMORE:** Well, the budget for the department is quite extensive. There's over \$100 million to support economic development and diversification –

**MR. KENT:** Overall, sure.

**MR. MITCHELMORE:** – in Newfoundland and Labrador. If you look at all of the supports that are available to ocean technology companies, I would state that the support that was available previously, there is equivalent or more support available now to companies that deal in that ocean technology space. Whether we look at the Research & Development Corporation, we look at our international programs, we look at our business development support, we look at the sector programs that exist, the research capacity and the team approach to better utilize some of our programs through our Business Investment Corporation and other entities.

So to think that we're doing anything less for oceans, I would say that's completely not the case, if that's what you're insinuating.

**MR. KENT:** I'm not insinuating anything. There's a \$472,000 budget that's disappeared. So if you can give us a breakdown of where those funds are and give us a commitment on how much money is being spent in that sector

this year that would be greatly appreciated. But your answer suggests that those funds are specifically allocated for Ocean Technology and Arctic Opportunities.

**MR. MITCHELMORE:** There are significant resources within our Department of TCII to support the Ocean Tech Sector and there are staff that support that sector, and will continue to do so.

**CHAIR:** I'm going to have to stop it there.

Ms. Rogers, 2.1.01 and 2.1.02.

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

If we go back to Professional Services, \$187,600 – I don't know if you already mentioned this, but why is it that work wasn't done?

**MR. MITCHELMORE:** We decided we would cancel the supplier development mining capacity building study and we reduced our legal costs for client files under the commercialization and innovation strategy.

Given all of the negotiations that were taking place with the Canadian Free Trade Agreement, the Canada-European Comprehensive Economic and Trade Agreement and the new procurement act, that it would be best to focus our supplier developer efforts where we would get the greatest leverage. That is why we've increased the budget by \$900 to focus where we're going to get best value from an economic point of view through accelerated growth.

We've already seen significant investments in mining and different work through the Research & Development Corporation and also investments through Natural Resources and what they do to support mining activity. Given the growth in mining that's taken place already on the Baie Verte Peninsula, different changes that has happened around Lab West, Voisey's Bay and in other areas of the province, we feel that earmarking these funds is the right approach to help expedite and accelerate growth in Newfoundland and Labrador.

**MS. ROGERS:** So the \$188,000 is different work that would have been covered by the \$187,000.



**MR. LOMOND:** I think the numbers are a little bit misleading.

As the minister said with CETA and CFTA, the department refocused. The trade policy division has been moved over to Intergovernmental Affairs. So when you look at the Intergovernmental Affairs budget, you'll see \$120,000 allocated under Professional Services for legal costs. They also took \$240,000 in expenses that were paid by our department. So I think that might be part of the confusion; \$900 to \$187,000 looks like a fairly big jump, but the department would have paid \$240,000 in legal expenses around the CETA agreements, but those expenses are showing up under IGA where our department went through a fairly significant restructuring.

**MS. ROGERS:** I was asking about the Professional Services line.

**MR. LOMOND:** Right. Professional Services, so those legal fees that you would see a variance of \$900 showing up in 2016-2017, there was actually \$240,000 additional to that, and that \$240,000 is reflected in the Intergovernmental Affairs budget because they now host trade policy. Trade policy used the rest with our department up until the restructuring.

The numbers may look a little bit misleading. It looks like a fairly significant drop, but there was actually that much money and more spent.

**MS. ROGERS:** Okay.

When we go down into Purchased Services from \$412,000, then to \$234,000 and now to \$111,000 – I know we've covered that with Steve Kent, but can you just – for an area that's accelerated growth, we see a lot of reductions and one would think that we might go in the opposite direction. If you could just give me a bit of an overview as to why it seems to be diminishing.

**MR. LOMOND:** Some of that money would have been for things like trade booths at exhibits and floor space, those sorts of things.

**MS. ROGERS:** Yes, right.

**MR. LOMOND:** Under the Atlantic Growth Strategy we've entered into an arrangement with other provinces, and we have increased the size of the funding pot that's available through that arrangement. So activities, as the minister mentioned, that we would have been paying 100-cent dollars for –

**MS. ROGERS:** Yes.

**MR. LOMOND:** – we're now paying five-cent dollars for, because it's our share of the agreement –

**MS. ROGERS:** Because you're co-operating together.

**MR. LOMOND:** Right, it costs about 5 per cent.

So we would be sharing activities. Sometimes our department might lead; sometimes it might be a local industry association. Sometimes it might be a group in Nova Scotia or ESANS. Some environmental group could be leading in another province and we would participate, but our share is much smaller.

**MS. ROGERS:** Okay.

Thank you.

**CHAIR:** 2.2.01 and 2.–

**MR. KENT:** Sorry, Mr. Chair, I have questions on 2.1.02.

**MS. ROGERS:** Yes, and so did I.

**CHAIR:** Okay. I thought I had those inclusive, but –

**MR. KENT:** You did, but I haven't spoken to that one.

**CHAIR:** Okay.

Go ahead, Mr. Kent.

**MS. ROGERS:** Can we have a list of all the loans, advances and investments made in 2.1.02?

**MR. MITCHELMORE:** Anything we can provide that's not commercially sensitive we can certainly provide under 2.1.02.

Some of the funding would have been – I talked about previously, is around our Venture Capital funding, would be provided here, our Made in Newfoundland and Labrador Fund, and the Atlantic Canada Venture Capital Fund as to what would be provided. Then there would be some funds associated with particular clients that would be involved through investment attraction. There were some public announcements made on a couple of those in particular.

**MS. ROGERS:** Okay.

Also, is there a specific direction that this program is going in? Are there specific areas that you are focusing on?

**MR. MITCHELMORE:** There are always components that you're looking at, whether it's export or if there's a way of bringing in inward investment here. There are a number of areas of criteria where there are sectors that are growing in our economy. So there are some areas where you'd want to target an investment in particular to have a positive impact to the economy, and that's the focus of this \$8 million.

**MS. ROGERS:** Yeah. So my question was – because I know that.

**MR. MITCHELMORE:** Yes.

**MS. ROGERS:** My question was: What are those for the department?

**MR. MITCHELMORE:** So they could be, in particular, technology companies. They could be those that would deal in life science; those that would deal in innovation. It could be aerospace; it could be any sector really in the economy that could show a potential for growth, really. That's the strategic direction.

There really isn't a hard limitation as to what would not quantify as an investment, if it makes sense.

**MS. ROGERS:** Right. So I guess my question is: In terms of where we are in the province right

now and what we know to be true for the province right now and what we know to be true happening globally, are there particular areas of interest for the province right now in terms of – we all know innovation, et cetera, but are there areas that are targeted or that the province, in terms of your plans, what areas are you going and what areas do you feel are real possible growth areas for the province?

**MR. MITCHELMORE:** Yes, I think if you wanted to take some time to review some of the 50 initiatives in *The Way Forward* document, it clearly outlines some of the sectors of the economy that we will be focusing on and some of them would be looking at innovation, looking at the Technology sector, but also looking at some of the traditional sectors as well.

If you look at some of the initiatives that the department is doing such as the Regional Innovation Systems pilots where we're focusing on ocean tech for the Avalon Peninsula, we're focusing on industrial activity when it comes to the Clarenville-Burin Peninsula, we're focusing on defence and aerospace when it comes to the Central part of Newfoundland and Labrador and then, as well, we have agriculture and forestry in the Corner Brook and area and then tourism and fisheries systems pilots when it comes to Southern Labrador and the Northern Peninsula. So you're looking at strength in regions and you're looking at opportunities.

When the team looks at investment attraction, whether they're on a trade mission or whether they're working with embassies or working with the export development corporation or just advancing a business lead, they follow a process and do due diligence to try and find the greatest opportunities that can benefit Newfoundland and Labrador; whether that's in the form of high-value jobs or significant investment in capital in the economy for the longer term to develop and grow industries.

We've seen some really positive investments from this particular fund in the past. I can highlight an example like Verafin which would be a company that has really grown to about 300 employees that would have been a beneficiary of investment attraction.

**MS. ROGERS:** Thank you.

**CHAIR:** Mr. Kent.

**MR. KENT:** Thank you.

Minister, is there any money allocated through the Investment Attraction Fund for NewGreen Technology in the proposed \$185 million bio-fuel plant to be built in Botwood?

**MR. MITCHELMORE:** The Cleantech sector is an interesting area. We're seeing from the Canadian contacts through infrastructure or other initiatives that there's a direction to look at being more environmentally friendly, to be looking at clean technology, to be looking at different types of initiatives. But in terms of any particular investment I'm not aware of any earmarking of this \$8 million for the particular project that you have mentioned.

**MR. KENT:** So just to be clear, you're not aware of any funds being allocated for NewGreen Technology at this point?

**MR. MITCHELMORE:** You had stated a number of \$180 million for a particular company. Any company that would like to see investment from the department, in particular to receive public funds, would have to submit a business plan, would have to submit documentations, go through a due diligence process, our business analysis division would be involved in that role and provide documentation on any particular case a client would be putting forward.

In last year's budget, we had talked about a particular investment which was a strategic investment. At that time, we had removed the dollars from strategic investments. I made the statement that if there was an investment that exceeded funds allocated then there would be a process to go through Treasury Board, basically, through the contingency fund mechanism to look at economic opportunities.

**MR. KENT:** So has NewGreen Technology applied for funding and what stage of the process is the project at?

**MR. MITCHELMORE:** Do you want to answer that?

**MR. LOMOND:** There's no active application as such. The company has written to basically feel out the programs that we might have, but there's no active application at this point and time.

**MR. KENT:** Okay. At this point, there's no commitment from the province to invest in the project?

**MR. LOMOND:** We would require a full business plan. We would have to subject it to due diligence, full financial review. No, we're not there.

**MR. KENT:** Okay.

I'll leave it there for 2.1.02.

**CHAIR:** Okay, Mr. Kent, we'll ask you to start again now on 2.2.01 and 2.2.02.

**MR. KENT:** Okay.

On 2.2.01, Minister, the variances related to Salaries and Purchased Services are relatively minor, but I was just wondering if you could make a quick comment on both.

**MR. MITCHELMORE:** It's basically a change in one director and one new manager was added. It's a small change but it's a reduction in a director position but the addition of a manager position.

**MR. KENT:** Okay.

Under the same heading, in estimates 2016, Salaries were \$741,000 I believe. You did mention earlier that investment portfolio management has moved into this area. Is there anything else that explains that difference? Is it just the consolidation of those two areas, so to speak, or are there other areas of the department that have now been rolled in to Business Analysis?

**MR. LOMOND:** No, I think those are the two pieces. There is also a new element as outlined in *The Way Forward* – the major projects unit is reflected in that, but that's basically been done through re-profiling of existing positions to put some focus on that.

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

The Grants and Subsidies number is over \$4 million. Would we be able to receive a breakdown of those grants and subsidies and who receives them?

**MR. MITCHELMORE:** The Grants and Subsidies are basically our Business Development Support Program. If they can be made available, we'll certainly make them available, if there's nothing commercially sensitive about them. I'm sure we can provide a list and the dollar values.

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

So, Mr. Chair, I'll ask my couple of questions on 2.2.02 as well. You called them both, correct?

**CHAIR:** Yes.

**MR. KENT:** Okay.

Can you explain the \$17 million in the revised Estimates for 2016 under Loans, Advances and Investments, and tell us who received those funds?

**MR. MITCHELMORE:** Well, as we discussed last year under this Strategic Enterprise Development program of capital, \$17 million reflects a loan to Canada Fluorspar Inc. The loan was approved by Treasury Board to support the St. Lawrence fluorspar mine and milling operation project.

Given we didn't have a budget for that, that would have been approved through the contingency. Given that there's \$637,400 in revenue, this would have been payment from a previous loan that would have been provided. That would have been for \$17 million. That would have been for a wharf.

**MR. KENT:** Okay.

My final question on 2.2.02: Could you comment on government's investment in Venture Capital and how it compares to last year?

**MR. MITCHELMORE:** Well, the investment under Venture Capital would have fallen under 2.1.02 under our Investment Attraction Fund.

**MR. KENT:** Okay, yes.

**MR. MITCHELMORE:** The Made in Newfoundland and Labrador Fund, the total for 2017-2018 that's being anticipated is a total of \$5.1 million.

**MR. KENT:** How does that compare to last year, Minister?

**MR. MITCHELMORE:** The remaining disbursements that would have been in both funds – well, the amount that would have been provided last year for remaining disbursement would have been \$4.9 million total in 2016-2017 that would have been expected in the funds. The funds are adding, I guess, as there are investors, providing private equity. People like the BDC Capital and others would be adding to create basically two \$10 million funds for a total of \$20 million.

**MR. KENT:** Okay.

Sorry, you mentioned that the Major Projects unit now falls in one of these areas. Has there been any progress with that at this point that you could share with us?

**MR. MITCHELMORE:** The Major Projects unit falls under Business Analysis, and that's a good fit for this division because of the research, development, coordination, administration, everything that gets assessed from a diligence point of view. We'll provide that one window, that entry point, to provide a better connectivity to our experts within our horizontal department, reduce barriers and improve the timeline when it comes to dealing with clients.

We've published our service standards already on our website as part of *The Way Forward* initiative. There have been some meetings with potential clients to look at potential investment in the project, and they'll continue to do their work. We encourage people if they have a major project or anybody who is interested in making significant investment into the province to reach out to the manager of Major Projects.

**MR. KENT:** Okay. I'll leave it there for that subhead, Mr. Chair.

**CHAIR:** Ms. Rogers, 2.2.01 and 2.2.02.

**MS. ROGERS:** I'm quite content, thank you, Mr. Chair. My colleague has done an exemplary job.

**CHAIR:** Okay.

Ms. Rogers, I'll get to start off then on 3.1.01.

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

3.1.01, Sector Diversification, so if we go to Salaries we see a variance there from the revised amount, a reduction of \$205,800 –

**MR. MITCHELMORE:** The Salaries?

**MS. ROGERS:** Yes, Sir.

**MR. MITCHELMORE:** The decrease of \$205,000 reflects savings due to delayed recruitment, and the decrease this year reflects the changes as per the salary plan of bringing in, I guess, some of the divisions and changes that happened in the department.

**MS. ROGERS:** So how many positions would that be; and if it's a reorganization of the department, are those positions gone or have they moved somewhere else?

**MR. MITCHELMORE:** In Sector Diversification, we have total of 33 positions.

**MS. ROGERS:** 33 positions lost?

**MR. MITCHELMORE:** No, that's the total positions that are currently in Sector Diversification that account for the \$1,615,200 in Salaries. There are 21 permanent employees and 12 temporary.

**MS. ROGERS:** So the reduction of \$545,000 reflects the loss of how many positions?

**MR. LOMOND:** Just so you're clear, when you look back at Accelerated Growth, the heading we looked at some time ago –

**MS. ROGERS:** Yes.

**MR. LOMOND:** – that one covers the firm facing elements of the various divisions, so actually working with companies. This particular activity looks at the ecosystem. So things like clusters, your incubators, your accelerators. The positions are all reflected here, the savings are reflected here but a little bit of those duties could actually be attributed back to Accelerated Growth but where we went through such a substantive – basically, we eliminated across those two activities four director positions, a manager and two senior policy positions, and then created a new director and a new manager.

**MS. ROGERS:** Okay. Four directors and how many managers?

**MR. LOMOND:** One manager –

**MS. ROGERS:** Yes.

**MR. LOMOND:** – and two senior policy analysts. So those are basically non-bargaining unit positions but who wouldn't have had direct reports.

**MS. ROGERS:** And did those positions disappear entirely or have they been moved elsewhere?

**MR. LOMOND:** Those positions have been merged –

**MS. ROGERS:** Eliminated?

**MR. LOMOND:** Eliminated and are reflected either in this activity or in the Accelerated Growth.

**MS. ROGERS:** Okay.

I'll ask it a different way. I just want to get a handle on – so we've lost four directors. Of those four directors, did any of them go into another area?

**MR. MITCHELMORE:** No.

**MS. ROGERS:** No. So those have been eliminated. One manager –

**MR. LOMOND:** I'm sorry.

**MS. ROGERS:** And so the two policy analysts

–

**MR. LOMOND:** Yes.

**MS. ROGERS:** So those positions have been eliminated altogether. It's not somebody has moved to Accelerated Growth.

**MR. LOMOND:** Right. Now that doesn't necessarily mean the person is out of work because in some cases people might have had a bargaining unit position and might have been acting in a senior policy analyst. So they might have bumped back into the –

**MS. ROGERS:** Yes, but the positions of the policy analyst, those jobs, those two are gone.

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

**MS. ROGERS:** They weren't moved, like, to Accelerated Growth.

Okay; all right. Thank you. That clarification, that's helpful. Thank you very much.

A small amount here, Employee Benefits, that would reflect in the movements.

Transportation and Communications; we see a reduction of \$45,000 in the revised amount for '16-'17 and then a reduction once again in '17-'18.

**MR. MITCHELMORE:** Yes.

The decrease of \$45,000 reflected the participation in and travel to non-discretionary trade shows. So there was a reduction there. There was some travel reduced for trade shows again this year through the zero-based budgeting process. There was a reduction in telephone lines and travel for staff to bring that number down to \$12,600 this year, given that this is a merge of a couple of former divisions as well.

**MS. ROGERS:** In Professional Services, in the revised, it's a reduction of \$17,000. What kinds of professional services would you have engaged and then not engaged?

**MR. MITCHELMORE:** Professional services typically would have been the hiring of a

consultant or any research costs that would have been attributed to a particular year. The decrease this year reflects the funding required for research studies for this upcoming fiscal year.

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

Grants and Subsidies; we see a huge change in that. Can you explain that, please?

**MR. MITCHELMORE:** Yeah, the decrease is the conclusion of the Rural Broadband project, as I talked about earlier when Mr. Kent had asked about broadband. There was \$1,277,500 partially offset by some re-profiled funds for the industry associations related to craft and trade shows. That's where the overall decrease is, \$1,187,500

We still have funds in the broadband project. This would have been funds that were previously committed that didn't get complete that were basically rolled over. That program is now concluded and the funds have 'sunsetting' because the projects have.

**MS. ROGERS:** Are there still areas of the province that do not have broadband?

**MR. MITCHELMORE:** We have 99 per cent coverage, basically, right now.

**MS. ROGERS:** That's pretty good.

**MR. MITCHELMORE:** There is a program with the federal government, through Connecting Canadians, for a \$500 million program, which we will use the \$2 million that we had allocated over two years to help leverage and work with the private sector providers to improve broadband services.

There are some areas of the province that have broadband that have congestion issues. We continue to work to find the most cost-effective means with providers to ensure that they're upgrading their services and that broadband capacity is as diverse as can be. Last year, we supported funds for 16 new communities across the province to either see broadband for the first time or have enhanced services.

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

Go ahead, Mr. Kent.

**MR. KENT:** Thank you.

Ms. Rogers did an exemplary job of asking some of the questions that I had planned to ask, but I still have a few more.

Just to pick up on the rural broadband. Minister, are there any funds this year specifically allocated for rural broadband?

**MR. MITCHELMORE:** Yes. In last year's budget there was a total of \$2 million over two years. So we have funds that can be earmarked through our Regional Development Program, I believe, if I look forward. Is it the regional diversification fund?

**OFFICIAL:** Comprehensive Economic Development.

**MR. MITCHELMORE:** Comprehensive Economic Development, if we go to 3.3.01, the \$10,360,600; there are funds allocated in this program here for broadband.

**MR. KENT:** Okay.

That was \$2 million over two years?

**MR. MITCHELMORE:** Yes.

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

Would it be possible to get a list of those communities that still do not have broadband? I recognize we've got really good coverage, but there are still a number of communities that are in that 1 per cent.

**MR. MITCHELMORE:** Yeah, it's somewhat difficult, I guess, to identify what you would deem as a community for broadband in terms of the pure definition of an actual community. Some of the information would be company driven or company specific.

Our department has no issue with releasing any information that we have available. We actually released information and one of the providers took issue with releasing some of the information, deeming it as confidential in nature.

That went through the Information Commissioner to make a ruling.

Any information that can be provided to look at communities that don't have broadband access, it all depends on what's deemed as coverage. There are communities that have a fibre connection or DSL; there are communities that have it through wireless. There are communities that have satellite internet that would have the definition of broadband. There are a number of entities as to say which communities.

Ninety-nine per cent of the population is covered through a broadband service in terms of geographical community of which they live, but there are congestion issues that exist within communities where people are not getting the true speed of a minimum of 1.5 megabits per second. This is where, through the \$500 million federal program, through Connecting Canadians, we anticipate that we can improve by working with the providers, the backbones that exist, that enhancements can be made and there can be significant investments made into communities to grow broadband Internet.

This was a program the former federal government had offered as well, over \$225 million for broadband, and the former provincial government got zero dollars and put forward zero proposals to enhance broadband and used 100 per cent of the taxpayers' dollars to put forward broadband initiatives instead of leverage.

**MR. KENT:** Well, Minister, the former administration increased the coverage dramatically and got it up to 98 per cent.

**MR. MITCHELMORE:** All at the cost of the Newfoundland taxpayers.

**MR. KENT:** I haven't cut you off, so maybe you shouldn't cut me off.

The former administration increased broadband coverage rather significantly, up to 98 per cent. Under whatever definition the department is currently using – and I imagine it's the same definition we were using – we know where the 99 per cent of the population is that has coverage. So we know the areas, however you wish to define them, where there isn't coverage

today, by your own definition of the 99 versus the 1 per cent.

If you can tell us by geographic area or by municipalities and local service districts – the problem with that approach is it doesn't include the unincorporated areas, but some kind of breakdown would be appreciated because you do know, the department does know what areas of the province are not covered and what communities, whether they're unincorporated areas, local service districts or municipalities, the department does know what those communities are, and all we're asking for is a list.

**MR. MITCHELMORE:** There are some, I guess, as to what you would determine as a community because there are cabin areas, there are places that would not meet the definition of a community. So to be able to provide a comprehensive list of the communities throughout Newfoundland and Labrador – you look at municipalities; you look at the local service districts. It's certainly a much easier process to provide a list if the community has a definition of high-speed Internet or not and what form.

When you start getting in to unincorporated communities and determining which ones are actually deemed communities, in terms of, is it a cabin area? Does somebody determine that because they pay fees for garbage collection or whatnot, whether it be Ocean Pond, for example, to determine that broadband Internet must be supplied within all areas of the province, then you could look at the fact that satellite coverage would ensure that there is significant access to very isolated and rural and remote areas through a satellite service, that they would meet the definition of having broadband Internet.

**MR. KENT:** I'm sorry, Minister, but I have trouble accepting that explanation. I don't know why you wouldn't be forthcoming with the information that the department has, in whatever form. Give us a map. Give us a list of geographic areas. Give us postal codes. Give us a list of roads. Give us a list of towns and local service districts. Leave out some of the unincorporated areas, if you must. But I know for a fact that the department knows. I have trouble with your explanation here this evening.

So why won't you provide it? Why the hesitation in providing that information?

**MR. MITCHELMORE:** When it comes to broadband Internet services, we will continue to work towards having ubiquitous coverage across the province and finding a way to close the gap for the 1 per cent.

**MR. KENT:** So for someone who's expressed passion around this issue in the past, your response tonight is both troubling and surprising, because the department has the information. And you're basically now on record in Estimates in this Chamber saying you won't provide the information.

Given the progress that's been made, given your government's continued commitment to making more progress, I just don't understand why you wouldn't be transparent. I'm clearing missing something.

**MR. MITCHELMORE:** We have no issue with identifying where broadband Internet exists. The providers provide that information as well on their website. They provide a list of the communities that they service, whether it would be any of the large telecommunication providers or whether it would be the small-scale companies.

There are people who are providing microcell and wireless solutions that are covering communities. It is not government, the Province of Newfoundland and Labrador, that is responsible for the installation or providing the service of broadband Internet. It's a highly regulated area within a federal jurisdiction under the confines of the CRTC.

In terms of government having any inventory of every single community and map and whatnot of which broadband exists, for you to state that we have all of this, this inventory, I don't believe that's the case.

**MR. KENT:** Well, just provide us with what you have then. I understand the complexities. I do understand and accept the complexities, but you have data. You do have some understanding of areas of the province that aren't covered and we're simply asking for you to share that



information, which I presume has been shared in the past.

There's been progress made. There are still gaps. I understand there's an effort being made to address them. So in whatever form, to whatever extent you have it, to whatever extend you can, all we're asking is that you provide the information.

**MR. MITCHELMORE:** And if there are no commercial sensitivities with providing those details based on the contracts that have been entered into with providers, we will provide documentation around a list of communities that have broadband Internet here in the province. It may require us to do a bit of work to be able to provide that information.

I personally don't have a document that I've seen that lists every single community in the province that has access to broadband and a list of ones that do not.

**MR. KENT:** So I'm out of time, but I do have more questions.

**CHAIR:** Okay.

Well, I'm just going to ask that we recess for probably five to seven minutes, just to give our personnel at the media centre downstairs an opportunity for a break as well. So we'll reconvene probably at 10 or 12 minutes after, please.

### Recess

**CHAIR:** Okay, welcome back. We're ready to reconvene our session with 3.2.01.

Ms. Rogers.

**MS. ROGERS:** Yes, Sir.

Regional Economic Development, Salaries – thank you very much, 3.2.01, Regional Economic and Business Development. We see a significant reduction in the revised amount, in the budget amount of \$230,000, and then an even more significant reduction by almost \$500,000 for 2017. Maybe someone could explain that?

Thank you.

**MR. MITCHELMORE:** The \$230,900 is delayed recruitment, partially offset by sick leave replacement costs and temporary GRI seconded position cost absorbed by the department. In this year's budget there's basically one director versus six directors. Then there were four managers added, which is the adjustment primarily for those salary changes.

**MS. ROGERS:** Okay, so the elimination of five directors for this specific department, this specific program. The delayed recruitment; we've had a lot of delayed recruitments. Why were there so many delayed recruitments?

**MR. MITCHELMORE:** There was basically a process of which only essential positions that were needed would be hired based on last year's fiscal situation. We did recruit a position in this particular area, in particular, in Lab West, given that the only economic development officer had left the position. Given what was going on around Wabush Mines, around the downturn in iron ore prices and the impact, it was highly pertinent that we would actually recruit for that particular position.

Not in all cases did we delay hiring, but we have changed the director positions. We used to have, basically, five regional directors for each area. Those positions and the territories have been changed to be served through regional managers instead.

**MS. ROGERS:** Thank you.

Transportation and Communications; I imagine Regional Economic and Business Development, which is something we so desperately need in order to create sustainable employment and activities across the province, of the four managers that were added, are there other managers as well? Were there any reductions in managers?

We know there was a reduction of five directors, they're gone and four managers added. We went from six staff positions to five staff positions. Are some of the managers, were they former directors?

**MR. MITCHELMORE:** Yes.

**MS. ROGERS:** Yes.

**MR. MITCHELMORE:** Yes.

**MS. ROGERS:** Okay.

Transportation and Communications; we see in the revised a reduction of \$136,000. That's kind of significant there, if someone could speak to that.

**MR. MITCHELMORE:** Less travel based on whether vacancies – some of the industry events were held locally. There was a real push to use teleconferencing capabilities with clients. We held sessions where we reached out to our Regional Economic Development offices via using our Lync technology to do consultation. That has been successful to help feed into the business innovation agenda and other avenues of which we've partnered with staff and the Social Enterprise Action Plan where we've been able to use technology versus travel. So there was a real cognizant effort to find savings.

This year we anticipate \$215,500 is a sufficient amount based on the activities we have planned. There were less telephone costs as well. We've reduced, I believe, the number of telephones by – what is it 64 in the overall department – and we reduced cellphones I believe by 20 to have an overall savings of about \$31,000 in telecommunications that were not being used. Sometimes there were double lines, faxes, things like that. So having a real good audit and assessment of what was being used and what wasn't certainly has an impact, and every dollar certainly adds up.

**MS. ROGERS:** Of the four managers, are they all situated in St. John's, or are they in different parts of the – and so where would they be?

**MR. MITCHELMORE:** There would be a regional manager that would be based in the Western region and there's one in the Eastern region. One of the management positions would have been, I believe, the Marystown office. Another position, pending a Regional Innovations Systems Pilot Project, is to be confirmed. We haven't filled that position yet but it certainly could be in one of our regional locations. It's certainly open to that given the

Regional Innovation Systems Pilots are taking place all over Newfoundland and Labrador.

**MS. ROGERS:** Will that position be filled soon?

**MR. MITCHELMORE:** We have an expression of interest going out to see if there's anyone internally within government that would like to look at filling that position that meets the qualifications. We had gone through a process with the Public Service Commission for any of the changes where there was an interview process, and had gone through that for staffing for positions based on getting the best qualified candidate.

**MS. ROGERS:** In Purchased Services, there's a significant reduction for 2017-'18. What kinds of things will you no longer be purchasing and what kinds of things will you be purchasing?

**MR. MITCHELMORE:** I'm happy to help Minister Hawkins, I guess, through meeting his reduction in square footage. This primarily represents our leased office spaces.

The cost reduction reflects that we relocated our office in Pippy Place that was \$123,000 annually, to Confederation Building. Our Corner Brook office that was in the Millbrook Mall has now moved into the Sir Richard Squires Building. We have change at our Carbonear, the Springdale office where there was no employee. The Marystown office, there were two leases. So we've consolidated them into one office and determined through zero-based budgeting as well, we could find further savings.

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

**CHAIR:** Mr. Kent.

**MR. KENT:** Thank you.

With regard to regional development planning overall, how will things be different this year as a result of the restructuring or will they in fact be different?

**MR. MITCHELMORE:** I think given *The Way Forward* initiatives that have been put in place, there's going to be a lot of focus on the Regional Innovation Systems Pilot Project. There will be

work that will feed into the Social Enterprise Action Plan, as well as some of the elements around business innovation through the community supports that would be provided through Regional Economic Development.

They will continue to work through the Business Investment Corporation around lending and loan opportunities and providing that connectivity from a rural and regional perspective to connect with the right stakeholder, whether it's through talking to ACOA, talking to commercial lenders, talking to the community Business Development Corporations, NLOWE, the Newfoundland and Labrador Organization for Women Entrepreneurs or others.

I could list on and on, but the roles and responsibilities of our economic development officers will be focused on being very strategic around looking at the envelope of programs we have and connect with *The Way Forward* such as looking at agricultural opportunities with the increase in agricultural land that's been provided, connecting with Fisheries and Land Resources around the Growing Forward Program, initiatives around marketing that would exist for our fisheries innovation and marketing and whatnot.

There is a lot of work that's done on the ground by our regional economic development officers and we're very proud of the work they do.

**MR. KENT:** Are there any changes to the Regional Development Fund this year?

**MR. MITCHELMORE:** The Regional Development Fund, which is the comprehensive economic development, it's a combined aspect which includes the broadband initiative, as well as basically \$8 million – well, there's \$7,960,600, there's \$100,000 less. That decrease reflects a reduction in operating funds. That was a budget decision of 2015-2016, prior to our government taking the administration. There is one more reduction of \$100,000 planned for the next fiscal '18-'19.

**MR. KENT:** Are there any offices going to be closing as a result of the restructuring that's occurred within the department?

**MR. MITCHELMORE:** Well, we've decreased some of our leased space, as I mentioned earlier, around Pippy Place and Corner Brook and Carbonear and Springdale and Marystown.

These lease costs does not change the service we're able to provide because we either have alternative office space that would be rent free, that's our preference, whether we find space in the College of the North Atlantic or other government space as leases expire, but if there are areas where an office closes, there are certainly avenues of which our economic development officers will be on the ground providing services, whether they partner with town halls or community organizations to have those meetings. There's capacity building money to support opportunities management and sessions all throughout Newfoundland and Labrador. So we're more than happy to have a broad economic development and business development conversation.

**MR. KENT:** So the initiative to reduce leased space is a good one. Are there any communities that will now not have a staff presence on the ground as a result of these changes? Are all those folks being affected by coming out of leased space remaining in those same communities?

**MR. MITCHELMORE:** Any office space that would have had an employee attached to that office space would continue to have an employee representation in the community.

**MR. KENT:** Okay. That's it for me on 3.2.01, Mr. Chair.

**CHAIR:** Okay.

3.3.01. Mr. Kent, if you'd like to start off on this one.

**MR. KENT:** The minister's already spoken to it, so all I'd ask him for is a breakdown of the Grants and Subsidies. Would we be able to get a list of what's included in the Grants and Subsidies?

**MR. MITCHELMORE:** That shouldn't be a problem.

**MR. KENT:** That's it for me on 3.3.01.

**CHAIR:** Ms. Rogers.

**MS. ROGERS:** I'm fine there, thank you very – hang on now.

**CHAIR:** Ms. Rogers, on 3.4.01?

**MS. ROGERS:** I hear you, thanks.

I would like to go back to 3.3.01, Comprehensive Economic Development. I know that my colleague here has asked for a list of the grants. Can you tell if there are any specific areas that you are looking at, any specific areas that you are looking to help develop or push forward that look promising for the province?

**MR. MITCHELMORE:** This is a fund that focused primarily on non-commercial activity that works, in many cases, with municipalities and non-profits, business associations, community economic development groups, arts organizations, that have specific focus around infrastructure, trail development. There's been marina development here. There has been a number of initiatives that should lead to private sector investment as part of a spinoff and also leverage the greatest amount of federal and outside sources.

So we're constantly looking at ways to increase that leverage to the maximum capacity. We did an announcement recently in Bishop's Falls where over Easter the department put in \$250,000, and I believe ACOA put in around \$600,000, and the town put in almost \$400,000.

From that point of view, that \$250,000 was a significant leverage to benefit recreational angling and lead to stimulation of private sector investment such as restaurant, accommodations and other initiatives that seem to be part of the town's strategic plan and initiatives.

This is where the economic development officers are very critical on the ground and meeting with community groups and organizations to find regions of the province. Sometimes these initiatives are either outdoor product development, tourism development. They could be cultural initiatives. They could be a number of other things. This is a significant

amount of money that we have in regional development of about \$8 million. That leverages significantly more.

**MS. ROGERS:** Is there anything specific that you're kind of excited about in terms of some wonderful projects coming up?

**MR. MITCHELMORE:** I would say last year one exciting project here for the city that you probably would have been excited about as well was the \$500 million that went into the St. John's Farmers' Market, a co-operative that will change the metro bus station where ACOA put in, I believe, \$2 million for that. The co-op raised \$100,000 and the city also contributed.

It was a significant piece that's going to lead to a lot of vendors; it's going to lead to a commercial kitchen. It's going to be a good space for visiting artists that want to perform and all sorts of great things that are planned with that avenue. This fund leads to other economic activity that's stimulated by making strategic investments in infrastructure.

Today, we launched our Provincial Tourism Product Development Plan, so there are avenues of which we'll look at visitor entry points around ferry services, around airports and other entities of which this fund can help leverage activity as well. I'd be more than happy – I know we have Estimates lines, but if you want to have a conversation about this particular fund, we could have a conversation offside if you prefer.

**MS. ROGERS:** We're going to get a list of the Grants and Subsidies, I understand, yes? I imagine there is an intention to spend every penny.

**MR. MITCHELMORE:** This is one of the funds that get heavily subscribed to. You have to evaluate your programs where you're getting best leverage based on *Way Forward* initiatives, directions, where we want to go. Sometimes programming will lead into the concept of multi-year funding. There is some avenue to make sure that this program gives the greatest comprehensive economic benefit to the province.

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

**MR. MITCHELMORE:** I don't believe this is one that ever had program dollars remaining.

**MS. ROGERS:** 3.4.01, I see a small adjustment there in Salaries and Professional Services. We see a significant increase, as a matter of fact, in the revision for 2016-17. Can you talk a little bit about that?

**MR. MITCHELMORE:** Yes. In 2016-2017, we did our provincial Exit Survey. This is done every five years, I believe. With that, we allocate those funds and we're concluding our research on all the people, the entry points at the ferry terminals and at the major airports to gauge visitor spending; why people came, what activities they participated in, and then we'll be able to generate that number.

Hopefully, that spending was over the \$1 billion mark. We can provide that updated figure as to how great tourism was in the province last year because we certainly felt it in almost every nook and cranny that I visited. That's the answer, Ms. Rogers.

**MS. ROGERS:** So that was done during the summer I imagine, wasn't it, the Exit Survey?

**MR. MITCHELMORE:** The Exit Survey is done all year round at the major entry points. Then at some of the smaller airports it's done on a seasonal basis, such as Happy Valley-Goose Bay, and Stephenville and the Gander airport are done all year round.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** Just Gander and Happy Valley-Goose Bay, yeah.

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

Thank you.

**MR. MITCHELMORE:** Deer Lake and St. John's would be year round.

**CHAIR:** Mr. Kent, 3.4.01.

**MR. KENT:** I have nothing further on 3.4.01.

**CHAIR:** On 4.1.01.

Mr. Kent.

**MR. KENT:** Thank you.

I realize the variance related to Salaries is slight, but could the minister comment on that?

**MR. MITCHELMORE:** The small change was a delay in recruitment. The new amount is based on the current salary plan for the department and reflects any of the increases that would be associated with the staff there. In the tourism department, there are a total of 46 positions.

**MR. KENT:** Thank you.

Are there any changes to the Visitor Information Centres funding this year? Also, any changes to hours of operation, any staffing changes?

**MR. MITCHELMORE:** No, there are no planned changes.

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

Grants and Subsidies again, I was just wondering if we could get a list of what's included in that \$221,000.

**MR. MITCHELMORE:** The \$221,000 ...

**MS. MURPHY:** That's two grants: one is Destination Labrador, \$150,000 annually for the DMO, and \$71,000 for the Visitor Information Centres regional grants.

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

Thank you.

Minister, can you tell us what the status is of – if there is a status yet – the five regional destination development plans that are alluded to in the *Way Forward* document?

**MR. MITCHELMORE:** Each destination management organization undertook a series of consultations which basically led to 2,000 stakeholders being engaged throughout the province overall. Their completion of the destination development plans in each of the regions fed into the *Provincial Tourism Product Development Plan* that was launched today highlighting the priorities of each of the

destination management organizations and initiatives that those in the industry saw as a priority. So those plans are complete and are available publicly.

**MR. KENT:** They're complete and available publicly already?

**MR. MITCHELMORE:** Through the destination management organizations, those five individual plans. We have our provincial plan that we worked with Hospitality Newfoundland and Labrador, our tourism board, which is reflective of the destination management organizations that exist throughout the province.

We represent – industry, government and our partners are there. We're working very collaboratively to deliver on these initiatives to meet Vision 2020 and grow tourism to \$1.6 billion from where it is today.

**MR. KENT:** Any changes to the province's tourism marketing strategy this year?

**MR. MITCHELMORE:** This past year we have undertaken redevelopment of our website newfoundlandlabrador.com and focused significantly on our social media channels. We've run some new campaigns as well, such as our winter tourism ads that ran, that the Premier launched this past winter.

Recognizing the importance of Destination Canada and working with our Atlantic Canadian Tourism Partnership, we partnered with the Connecting America program. We also had a program for millennials where we had Jacob Hoggard in the video which was about seven minutes, through Woody Point, Gros Morne area. It had a significant amount of views. It was over 1 million or 2 million views. I'd have to go back and get the statistics, but it's a case study now for Destination Canada on how to reach the millennial market.

Our marketing team is doing exceptional work in the social media channels, in our packaging, in our online digital. We've continued to win awards. The colours award that was launched last year was quite significant. We're going to continue to focus on marketing and continue on with the success.

**MR. KENT:** I know I'm pleased to hear that given the history in this area. It's something we should be proud of and I hope it continues to grow.

I have no further questions on 4.1.01, Mr. Chair, but I do have questions on 4.1.02.

**CHAIR:** Ms. Rogers.

**MS. ROGERS:** Thank you.

I would like to also commend and congratulate folks in Tourism for the great job.

I have some questions. My mind strayed there for a moment, so I don't know if my colleague asked a question about Salaries. We see in the revised in '16-'17 a loss – or under expenditure of \$147,000. Did you ask that already, Steve?

**MR. KENT:** What's that?

**MR. MITCHELMORE:** Yes, it was delayed recruitment. I highlighted in this year's budget that there's a complement of 46 positions that reflect the salaries of \$2,042,400.

**MS. ROGERS:** Forty-six positions?

**MR. MITCHELMORE:** Yes.

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

That delayed recruitment, wow, hey? That's a lot of that.

Transportation and Communications; a \$94,000 reduction in the revised amount and another \$45,000 reduction in '17-'18.

**MR. MITCHELMORE:** The reduction of the \$94,000 is less familiarization tours during the 2016-2017 fiscal.

**MS. ROGERS:** Why would that be?

**MR. MITCHELMORE:** This would be a determination as to how many FAM tours somebody would undertake as the department to either fund to do particular outreach. We focused on the ones of which we could get best value and there was a savings of \$94,900. This

may not be a significant amount of FAM tours and I don't know if there's anything further ...

**MS. MURPHY:** It wouldn't be that we necessarily did less, it's that we were able to – you know, there wasn't as many large group trade FAM tours. They usually kind of happen every second year, so there was some realized savings from not having larger groups attend at the same time.

**MS. ROGERS:** Okay.

Thank you.

**MR. MITCHELMORE:** This year you would see maybe where we've been more cognizant on the number of staff we would take to our trade shows, through our zero-based budgeting process we would find some savings that would take place and there are avenues of which from a familiarization or ways of which government would best reach clientele, some of that work would be done through destination management organizations where they are doing that direct outreach in connecting with the consumer, because they're the ones that are connected to the regions and the industry.

**MS. ROGERS:** And Purchased Services?

**MR. MITCHELMORE:** Purchased Services, this is a reflection of where our budgeting exists for our marketing campaigns. The reduction in the revised budget is basically a reflective of the money we talked about earlier around the Provincial Exit Survey, the increase. That money would come from this particular line and it was put into the research budgets. So it's a reflection of the \$195,000, because of where the research survey for the Provincial Exit Survey was actually conducted.

**MS. ROGERS:** Okay, I'm a little bit confused. So that \$195,000 which wasn't spent here, was because it was –

**MR. MITCHELMORE:** Was spent elsewhere because it was increased. There was \$382,000 –

**MS. ROGERS:** Okay, got it.

**MR. MITCHELMORE:** So that's why the budget line now has been – you see the budget is now over \$12 million.

**MS. ROGERS:** Then another reduction. Advertising is in Purchased Services?

**MR. MITCHELMORE:** Yes. The \$101,000 overall in reduction is in promotional material costs, advertising marketing costs through zero-based budgeting of where you could find some savings there without having a negative impact. Whether it's the type of material that's provided or getting a better media buy or however you would combine that particular aspect. We feel that having over a \$12 million budget directly for marketing is a healthy budget. We're happy to have that.

**MS. ROGERS:** Okay, but in previous years there was a marketing section and a strategic product development section and these two sections had a million more than the new section. Is that a reduction then in those activities?

**MR. MITCHELMORE:** The strategic product development, some of the aspect would fall under Sector Research and some of it would be under the budget line of Sector diversification. So what would have been particularly just tourism product development and tourism research has now been enlarged to focus on the Sector Diversification and the Sector Research. If you take time to review the *Provincial Tourism Product Development Plan* –

**MS. ROGERS:** Right here.

**MR. MITCHELMORE:** – it highlights all aspects of the economy that's going to be impacted through sectors, whether it be transportation, whether it be the accommodation, the food and beverage sector, the arts, the cultural sector. So it makes more sense rather than to be narrow and say tourism product development, but to be focusing on and having a broader team of sector specialists to be able to work with and implement this *Product Development Plan* so we can get to our \$1.6 billion in tourism spending, and also bring the best aspects that we would have in terms of being able to direct and ensure that these things are getting done in an efficient way.

The funds that would have been previously there for tourism product development still exist in Sector Diversification and Sector Research.

**MS. ROGERS:** Okay.

And no Professional Services, yet it was there in 2016. It's not here now.

**MR. MITCHELMORE:** That's been moved to Research.

**MS. ROGERS:** Still for tourism?

**MR. MITCHELMORE:** Well, it would be for any aspect of research that would take place.

**MS. ROGERS:** Yeah, so –

**MR. MITCHELMORE:** Given the impact of the *Tourism Product Development Plan*, we would be looking at activities around the implementation of this provincial plan. It spans three years.

**MS. ROGERS:** Okay.

Also, many people ask me how come there is no ad in the playbill for *Come From Away*. I imagine you get that question all the time as well.

**MR. MITCHELMORE:** We had the exact figures of what it cost. It cost a significant amount for an ad which was around – I believe it was around \$100,000 per month, and that may have been American. It was a significant amount of money.

The playbill market is not our market, the New York tourist. The New York market is certainly a market that Newfoundland and Labrador is interested in, but 63 per cent of those that take in the *Come From Away* play would be the tourist market, and a significant amount of the market is the Newfoundland and Labrador resident market.

We've done things strategically around *Come From Away* where we've, through our travel and trade, have hosted more than 30 people to look at touring companies that would be coming to Newfoundland and Labrador, inbound traffic,

including airlines, to look at avenues to improve and enhance air access. That was a key thing.

I actually went down personally and travelled to attend the show and the event. It certainly was not a cost to the department for me to do that travel because I feel this is an important aspect for Newfoundland and Labrador tourism and the potential that it could lead to.

We also have our writer's program that exist that we sent our media expert to be promoting that. We've already gotten about \$2 million in promotional or awareness from all the advertising of *Come From Away*. It's probably much larger than that, but that's just a figure that was provided to us as to what the value, several weeks ago, of what the ad value was.

We've also been working through our tourism product specialist in Central. I was talking to the Town of Gander over the weekend, met with the airport authority myself and the Assistant Deputy Minister of Tourism and Culture. We've connected with a number of people on how the people on the ground, the entities, can either create the *Come From Away* passport or maximize value, and the town is stepping up there.

One other thing we've been involved in is the tour group between Maxxim Vacations and the Fogo Island Inn. We have packages on Newfoundland and Labrador.com that's focused on *Come From Away*. So there's a lot being done around the *Come From Away* marketplace.

We could essentially spend the bulk of our tourism budget on this initiative and not really see a return on investment from the point of view of where you advertise. We've consulted with the US and our own PR and advertising firms and this was the best decision for the province, and I certainly have confidence in our tourism advertising group. They've been doing it for a very long time.

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

It's good to have an answer to the questions I'm sure many of us get.

Thank you.



Okay, I'm good.

**CHAIR:** Mr. Kent, we're going to go 4.1.02 and 4.1.03.

**MR. KENT:** Thank you.

I do have a few questions related to Marble Mountain Development Corporation. I understand the minister's previous explanations, I believe in the House of Assembly, related to the \$450,000 reduction but then there's \$400,000 earmarked for capital repairs. That I understand.

There was a potential savings or projected savings of \$50,000. Will that \$50,000 now still be saved after the Easter weekend event?

**MR. MITCHELMORE:** Yes. Marble Mountain has received \$306,400 in operational funding. That's the amount they received last year to operate. They have upwards of almost 150 seasonal employees at their operation. They gear towards earning their own revenue. Under 4.1.03 they have their capital, and that is geared towards capital improvements. That, last year, would have been \$450,000. There is a \$50,000 savings they will not get.

The overall investment for Marble Mountain when it comes to capital and operations is a total of \$706,400, which is \$50,000 less than last year. The Easter weekend saw 3,500 ski visits and generated over \$30,000 in revenue. There was a cost of operations.

But if you look at the overall breakdown between the season pass holders and new skiers that would have purchased lift tickets, it introduced a lot of people to the hill and would basically require 14 people to purchase season passes or retain their season passes that would have potentially not purchased in future years due to the ski hill having ideal ski conditions and not being open when having ideal ski conditions.

I think there's a real focus that needs to happen with Marble Mountain to ensure that it is not reliant on taxpayer subsidies. That's a priority for me and a direction for the interim board as they undergo an operational review.

**MR. KENT:** The \$30,000 of gross revenue, would that include the food and beverage plus equipment rentals? Is there anything else that'd be included in that 30 grand?

**MR. MITCHELMORE:** The only equipment rentals that would have taken place would have been for the real high-end rentals. All of the basic rentals were offered at a free rate. So anything that would have been the standard equipment would have gone out for free. That's how that was advertised. And the lift tickets were also free.

So there were revenues that would have been earned through food and beverage and any other revenue streams that Marble Mountain would have under its operations.

**MR. KENT:** Okay. What other revenue streams would there be other than food or beverage, if everything else was given away?

**MR. MITCHELMORE:** Well, Marble Mountain also does rentals. Marble Mountain has the Marble Villa. It has –

**MR. KENT:** Okay, so accommodations revenue?

**MR. MITCHELMORE:** It has partnership with the zip line company that generates revenues as well. This was a very accumulated figure, but right now Marble Mountain is finishing its statements for the month of April, and this activity will be in the new fiscal year. As we get the actual figures from the Marble Mountain management, we will certainly provide the accounting.

**MR. KENT:** So what is the projected total operating cost to open the mountain for the Easter weekend?

**MR. MITCHELMORE:** I don't actually have the accounted figure but there was estimation that it was \$41,000 to operate the hill over the weekend and the revenues were approximately \$31,000. There may be additional revenues once all the data gets reconciled, whether it would be revenues that would be booked based on the partnership that exists or anything that may have been missed or inaccurately accounted for.

Overall you're looking at, right now, a net of \$3,700 per day in overall costs for offering free skiing and snowboarding based on those early estimates. And that's the equivalent of 14 people out of the 3,500 people buying ski passes for the season next year.

It was a great promotion; received a lot of media attention and coverage that I think will set a direction to make significant improvements to Marble Mountain such as innovation, scanning technologies that may help. There are other avenues – there have been a lot of ideas. It's stimulated a lot of discussion and strategic direction for Marble Mountain and I'm quite excited by that.

**MR. KENT:** Are there any discussions ongoing within your office or are you giving any thought to selling Marble Mountain? Is that something that is even a possibility?

**MR. MITCHELMORE:** The goal of Marble Mountain right now is to have it not reliant on taxpayer subsidy. And there could be ample opportunity to look at base developed, as I responded to one of the former board members. Base development could lead to private sector investment at the base of Marble Mountain or finding ways to reduce their overall operating costs such as the small-scale hydro project.

They've seen a very successful partnership with Marble Zip Tours, which has generated significant revenues for Marble Mountain itself, and a full operational review is underway at Marble Mountain that the interim board is undertaking. So I wouldn't want to prejudge what the interim board and what the review and looking at all the analytics and doing that analysis would be, but I do think there are opportunities. I think Marble Mountain can be operational without having to have a taxpayer subsidy, as I feel that way about other government entities that we'll probably talk about a bit later.

**MR. KENT:** Were there private security personnel engaged for Easter weekend? Was there a local security company in the Corner Brook area engaged to do security work on Easter weekend at Marble Mountain?

**MR. MITCHELMORE:** I don't have the details of who would have been hired at Marble Mountain. The operations of Marble Mountain rest with the management and the oversight is with the board of directors.

**MR. KENT:** Will there be any work done on the hydro development that you mentioned this year? Are there any funds budgeted for that?

**MR. MITCHELMORE:** Well, this is something that the board of directors and the management team will be in their operational review looking at the opportunities, what exists. There was a report done a couple of years ago and to see – if there is financing, if there are opportunities, if this is the right thing to pursue based on those initiatives, then that would be something that the decision of the management and the board at Marble Mountain would come to a conclusion as to what's responsible.

**MR. KENT:** What funding did White Hills in Clarendville receive from your department over the past year?

**MR. MITCHELMORE:** I'm not familiar with any particular funding besides our support to Eat The Hill that we provide in terms of season extension where chefs would be coming out for that activity. But in the past, the ski hill has received upwards of, or maybe in excess of, \$1 million from government.

**MR. KENT:** We understand there was a meeting with perhaps officials from your department, but certainly your parliamentary secretary with the board of White Hills during the recent Marble Mountain controversy. I'm just wondering if any commitments were made to the board at that meeting.

**MR. MITCHELMORE:** You know, there is nothing in the Estimates here to discuss about White Hills, but I'm more than happy to have a conversation with White Hills; I've expressed that publicly on the airwaves. If there are partnership opportunities and they have ideas, they should certainly talk to the interim board at Marble Mountain to explore their ideas that they want to talk about, if there are some, particularly around Marble Mountain.

We have three ski hills here in the province, Smokey Mountain being another one. Maybe there's an avenue of which there could be a combination of lift tickets for those who buy the season passes where it's included. For example, I buy a season pass at Marble Mountain and maybe that includes two lift tickets to White Hills and two lift tickets to Smokey and allows you then to travel. If you use them, that gets paid out; if you don't use it, it doesn't get paid to the entity. Maybe there's an arrangement.

These are things that are left up to the organizations and the entities to partner and package and find the best ways. It is not a government driven initiative.

**MR. KENT:** Did you or your parliamentary secretary request a meeting with the board of White Hills, or did the board of White Hills request a meeting?

**MR. MITCHELMORE:** I'm going to have to ask the Chair to either – in your line of questioning around White Hills, where this is in the Estimates and the line of questioning. If you have a particular question about White Hills – I meet with stakeholders on a regular basis. I engage with stakeholders on a regular basis. I have a number of meetings. I'm sure as yourself as an MHA and in Opposition you have a number of meetings.

I don't necessarily feel I have to disclose every single meeting that I would have with an entity or an organization. I, on a regular basis, meet with organizations and entities to discuss business, to discuss economic development, to discuss tourism, to discuss culture. It's my role, and as my parliamentary secretary, it would be his role as well to act on behalf of the department or act on behalf of any role as MHA.

**MR. KENT:** So was he acting on behalf of your department or was he acting as the MHA for the area?

**MR. MITCHELMORE:** I'm not privy to any particular meeting or the details of a meeting that took place. I wasn't in a meeting with the White Hills Corporation.

**MR. KENT:** Would you be prepared to have your parliamentary secretary respond? I can see him, he's still there.

**MR. MITCHELMORE:** Well, you have a couple of minutes left in Estimates and if this is how you wish to finish the Estimates then –

**MR. KENT:** You told us earlier we could stay until we were finished.

**MR. MITCHELMORE:** Only the fact that we're debating Estimates activities. White Hills has no Estimates activity. I already listed all the appropriations. I would say that, Mr. Kent, you are being outside the scope of Estimates here and I think it's to my staff and all the people who are here that are working late. I'm not interested in your political games.

**MR. KENT:** Wow. I'm just interested in factual information. The White Hills issue is very much linked to the Marble Mountain issue. The meeting took place around the time of the controversy.

I'm asking simple questions and getting long-winded, evasive answers and then you're making inflammatory comments. It's disrespectful and inappropriate, but if you're not prepared to answer the questions about White Hills and you're not prepared to let your parliamentary secretary speak, then we can move on. That's fine.

**CHAIR:** Obviously, we've set aside three hours this evening for our Estimates meeting. Does the Committee wish to continue, or does the Committee wish to set aside another time?

**MR. KENT:** I'd like to request more time to continue, as the minister committed earlier this evening. It doesn't have to be now. It can be at another time, but the minister did commit to taking whatever time was required to answer our questions.

**CHAIR:** Minister Mitchelmore?

**MR. MITCHELMORE:** I don't mind continuing this evening, but I will be focused on Estimates lines.

**CHAIR:** Any issues with the rest of the Committee continuing on?

I notice that Mr. Kent's time has expired on 4.1.02.

Ms. Rogers, 4.1.02 and 4.1.03.

Mr. Kent, if there's something you need we'll come back to you.

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

I know it's been a very, very long day. I can see it in all of our faces, but thank you so very much.

Now that we've done the ski hills, we can get on to arts and culture.

The Salaries in –

**CHAIR:** Excuse me –

**MS. ROGERS:** Am I –

**CHAIR:** Did you have anything for 4.1.02 and 03?

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

Thank you.

**CHAIR:** Okay.

Mr. Kent, did you have anything further on ....

**MR. KENT:** No.

**CHAIR:** Okay. Thank you.

Ms. Rogers, 4.2.01.

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

At this point I don't know if it helps to take my glasses off or leave them on.

4.2.01, Salaries, we see just a small variation there. I assume we're not losing or gaining any positions there.

Professional Services, we see a reduction in the revised amount in 2016-17 by \$19,000. Is there

anything specific that wasn't done that was going to be done?

**MR. MITCHELMORE:** Professional Services this past year, the \$19,500 reflects less heritage related projects required during the fiscal. That includes archeology projects, evaluation projects and adjudicator cost.

I believe last year we transferred one of the commemoration programs to the Heritage Foundation, and they took up some of the project costs around the commemoration's program. This year, there's a \$9,000 reduction overall. That just reflects a small amount of research and consultation determined for our zero-based budgeting process.

**MS. ROGERS:** Okay.

Rhonda Payne, a wonderful playwright and actor who passed away way too young, wrote a play about women's labour in Newfoundland and Labrador, and it was called *Stars in the Sky Morning*. It was that women in Newfoundland and Labrador worked from the stars in the sky morning to stars in the sky night. Well, we are at stars in the sky night; I hope we don't end up at stars in the sky morning, but we'll get through this. It's a beautiful play. If you ever have the chance to see it, it really is quite spectacular.

Purchased Services; what kinds of purchased services did we see?

**MR. MITCHELMORE:** Well, the increase was the cost for the historic sites evaluations, Occupational Health and Safety and various upgrades to those historic sites. The \$29,000 reflects less exhibition costs required as determined through our zero-based budgeting process.

**MS. ROGERS:** So for the historic sites evaluations, I don't recall whether or not those evaluations have been made public. Were they looking at the condition of our historic sites?

**MR. MITCHELMORE:** They're Occupational Health and Safety reports.

**MS. ROGERS:** Okay. So it's not about the historic sites themselves. Okay, great.

Thank you.

How were those evaluations?

**MR. MITCHELMORE:** I don't have the details of the evaluations, but ....

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

Grants and Subsidies; can we have a list of the grants and subsidies for last year? Have any been allocated for this year yet?

**MR. MITCHELMORE:** As I mentioned earlier, there is funding earmarked for the reinstatement of the art bank to The Rooms which was cut for a two-year period.

**MS. ROGERS:** Good.

That's different than the MUN art bank. Then there's The Rooms art bank and then province, provincial.

**MR. MITCHELMORE:** This is The Rooms art bank.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** Yes, it's reinstated through the department.

**MS. ROGERS:** Great, good news.

Okay, thank you.

**MR. MITCHELMORE:** The impact to Grants and Subsidies, this is the CEDP funding for arts.

**MS. ROGERS:** Okay, great. We're seeing an increase there – yes, of \$102,000?

**MR. MITCHELMORE:** Yeah, and that's primarily through the art bank funding, the reinstatement.

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

**MR. MITCHELMORE:** There was no other impact to the overall funding. There was a small reduction through zero-based budgeting but the increase in the overall art bank has seen that funding allocated at \$3,450,000.

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

Then 4.2.02, Arts and Culture Centres, basically we're pretty much the same in the Salaries. In Purchased Services, we see an increase of \$271,000 in the revision for '16-'17. What kinds of things would have been purchased services in the Arts and Culture Centres?

**MR. MITCHELMORE:** This is a reflection of when third parties have shows, there is a cost and then the revenue line reflects a portion of that.

**MS. ROGERS:** Yes.

**MR. MITCHELMORE:** We've seen increased activity at our Arts and Culture Centres. So there's a payout of expense to third-party shows, payments to performers that we would have to pay of \$250,000 there, and the cost of a ticketing system upgrade of \$23,100. That would have been a cost that would have been determined through zero-based budgeting and costs are offset based on revenue ticket sales.

**MS. ROGERS:** Okay.

Ticket sales are handled in-house in all the different Arts and Culture Centres. Is there any discussion about taking that and privatizing that, moving it out from in-house at all?

**MR. MITCHELMORE:** There hasn't been any plan changes to our Arts and Culture Centres.

**MS. ROGERS:** Good.

**MR. MITCHELMORE:** You may like the next budgetary lines that –

**MS. ROGERS:** We see that there's been an increase in provincial revenue. So I imagine that's an increase in attendance in shows at the Arts and Culture Centres?

**MR. MITCHELMORE:** Yeah, we've seen, with Canada 150, there have been some touring groups. We recently had the National Arts Centre Orchestra that I had to attend. It was basically near full house. The Symphony Orchestra, Opera on the Avalon taking increased shows.

**MS. ROGERS:** Great.

**MR. MITCHELMORE:** There are other groups and performers and concerts. It's a very busy space – dance groups, a lot of people are utilizing the Arts and Culture Centre, but there's still some space and time when people can use the venue. So if you know people that are performers and whatnot, encourage use of our provincially owned Arts and Culture Centre.

**MS. ROGERS:** That's great. I've seen that there's been an increase in using rehearsal space for different groups in St. John's.

**MR. MITCHELMORE:** Yeah. Barbara Barrett Theatre has seen use.

**MS. ROGERS:** That's great. That's wonderful. It's a great asset.

There are some problems with our Arts and Culture Centre in terms of the infrastructure of it. Are there any concerns or money being allocated to look at that, the building itself? It's having some difficulties.

**MR. MITCHELMORE:** Yes, if you look at 4.2.10, Arts and Culture Centres –

**MS. ROGERS:** Yeah.

**MR. MITCHELMORE:** – there's \$1.6 million for appropriations for infrastructure needs at the province's Arts and Culture Centres. So that's investment to conduct various upgrades at our provincial Arts and Culture Centres.

We recognize that the St. John's Arts and Culture Centre is celebrating its 50th year. It's quite appropriate to make investments into the facility.

**MS. ROGERS:** It sure needs it.

Okay, good. I'm good with the Arts and Culture Centres.

**CHAIR:** Mr. Kent, 4.2.01 and 4.2.02.

**MR. KENT:** Nothing further, Mr. Chair.

**CHAIR:** Okay, Mr. Kent, 4.2.03?

**MR. KENT:** Nothing on 4.2.03.

**CHAIR:** Ms. Rogers, anything on 4.2.03?

**MS. ROGERS:** Only that I'm very happy to see that there haven't been any cuts there at all. I know that every penny is used very wisely by artists.

No, I have no questions but, again, I would like to commend the department for continuing its commitment. I think there's still room for increases in that area, and I'll continue to push for that, but I'm very happy to see that there hasn't been any reduction at all and that everything has been spent.

**MR. MITCHELMORE:** I would say that the Arts Council has taken some new initiatives to reduce some of their own operational costs, whether it's board meetings, using more technology, moving to an online grant process, finding ways to best serve its clientele. So it's evolving as well and certainly very well-run organization that serves our arts community significantly well.

**MS. ROGERS:** Yeah, and that's really good. One of my concerns, and I think concerns that have been echoed by the arts community, is in fact that the arts community is growing; the money hasn't been growing to reflect that growth. So it makes it very, very difficult for emerging artists to have funding.

That's a problem and it's a problem of success. I think that as a province we need to look at how we can better address that so that in fact our arts community can be a growth sector because I think we all know how valuable it is, as an economic driver, but also for the hearts and souls of our people.

Thank you.

**CHAIR:** Thank you.

Mr. Kent, anything on 4.2.05?

**MR. KENT:** No, thank you, Mr. Chair.

**CHAIR:** Ms. Rogers?

**MS. ROGERS:** No, that's fine.

I would ask if there's any movement to change the operations at all of the Film Development Corporation. Will it continue to operate as it has been operating?

**MR. MITCHELMORE:** Well, the Film Development Corporation has been appropriated \$681,000 for their operations and there's an equity investment program further up which there's been an additional \$2 million provided in this year's budget to basically support new film projects, recognizing the growth in the sector.

We were at the screening of *Maudie* last night which is just a phenomenal film produced by Mary Sexton, and the amount of jobs that are created in film: 600 full-time equivalencies; \$46 million in production last year and the tremendous economic and social benefits that's derived from film is phenomenal.

I see the good work that the Film Development Corporation does and we want them to continue doing the good things that they're doing.

**MS. ROGERS:** Yeah, and the interesting thing is that many of them, many of our television series, many of our films, actually get their start in the arts council with small grants. That's how important they are, that those are the incubators.

**CHAIR:** Ms. Rogers, anything on 4.2.06?

**MS. ROGERS:** Yes.

The budget for repairs and maintenance in 2017, that seems to be reduced by quite a bit. That would be Purchased Services, would it?

**MR. MITCHELMORE:** The Purchased Services, this is part of the – there was four-year plan to do repairs and maintenance to the provincial historic sites. It is as scheduled, and this is basically what was appropriated in 2016-2017 for these areas, also recognizing that Heart's Content had its 150 last year, that had a portion of the budget.

This year, there's basically \$200,000 worth of work that's planned at three locations and there's a small amount of \$14,800 for additional purchased services.

**MS. ROGERS:** What are the three locations?

**MR. MITCHELMORE:** There will be further work done at Heart's Content, the Beothuk location in Boyd's Cove and Point Amour in Labrador.

**MS. ROGERS:** Thank you.

**MR. MITCHELMORE:** This was a scheduled plan based on the heritage carpenter and consultation as to what was needed to be done. Last year and the year prior, Commissariat House had received investment, new windows, a variety of things that would have taken place.

This is scheduled, it's a planned investment. Once you see improvements that are made – and as things come up, we certainly would have to deal with anything that's somewhat unforeseen.

**MS. ROGERS:** Okay.

Moving on to 4.2.07, Special Celebrations and Events, there was a significant – well, not so significant, but underspending in Transportation and Communications and in Purchased Services. If you could just speak to that, please.

**MR. MITCHELMORE:** The Transportation and Communications was less travel. The First World War Commemorations and how it was billed out was the matter for transportation in last year's budget. This year the increase of \$5,000 reflects basically the rightsizing cost of planned travel to Beaumont-Hamel, Monchy-le-Preux, Masnières, the 100 anniversaries; \$25,000 as determined through zero-based budgeting process offset by a \$20,000 forecast reduction adjustment overall. This is the amount, the cost of basically being able to send to deal with the travel associated with that commemoration.

**MS. ROGERS:** Thank you.

Shall I go on to 4.2.08?

**CHAIR:** You can use your time as you like. Sure.

**MS. ROGERS:** Okay. Thank you very much, Mr. Chair.

Grants and Subsidies under Heritage Foundation of Newfoundland and Labrador; the budget in

2015 was \$515,500 and then in '16-'17 it was \$463,300. They used every penny. Now we're seeing a reduction once again of \$20,000 when we've already had \$37,000, \$47,000, \$52,000 – so over a period of two years we're losing \$72,000. That's a significant reduction in that area.

**MR. MITCHELMORE:** Well, the Heritage Foundation, when government went through the Government Renewal Initiative it reached out to its agencies, boards and commissions to put forward proposals and initiatives they deemed appropriate, and the Heritage Foundation put forward this proposal over two budget cycles where they deemed they could reduce their budget by \$52,400.

There was a \$200 increase from a previous budget decision for pension adjustment, and then this year there is a reduction of \$20,400. This is something that would have gone through the management of the Heritage Foundation, through their board and put forward to government as a Government Renewal Initiative.

**MS. ROGERS:** Okay. It's tough because their budget has been shrinking while everyone's cost increased.

Newfoundland and Labrador Film Development Corporation –

**MR. MITCHELMORE:** I think if I could further add, some of it has to do with the uptake in the amount of grants they would be providing. There are a set number of heritage structures in the province. Once they're 'plaqued' and provided their loan and their maintenance funding, their program is established so it can provide that maximum allowable amount. At some point there isn't, on an annualized basis, a certain amount of grants that are being applied for. They did have a period where they did have reserves available as well in terms of continuing to fund heritage projects.

**MS. ROGERS:** Okay.

The Newfoundland and Labrador Film Development Corporation; the equity and other business financing, it's good to see that increase. I believe that's a wise investment.

The Arts and Culture Centres infrastructure, we've already spoken about that.

I'm good for arts before we get to parks.

**CHAIR:** Okay.

Mr. Kent, from 4.2.06 to 4.2.10 inclusive.

**MR. KENT:** Okay.

You'll be pleased to know I don't have questions on all of them, but 4.2.06, there were three positions recently filled at Mistaken Point. They were filled in the last number of days. I'm just wondering if they were in last year's budget and why they're only filled at this point.

**MR. MITCHELMORE:** You're asking the wrong minister. The protected areas fall under Fisheries and Land Resources.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** Our Provincial Historic Sites are in various locations of the province, such as Bonavista. We have them at L'Anse aux Meadows, Heart's Content, St. John's.

**MR. KENT:** Sorry, Minister.

So is it correct that your department then, has no involvement in Mistaken Point?

**MR. MITCHELMORE:** The only aspect we would have involved with Mistaken Point would be if there was a regional economic development aspect to work with the ambassadors we had supported through the dossier and through the UNESCO bid. We've provided a lot of support at that point in time.

**MR. KENT:** Okay.

**MR. MITCHELMORE:** We see it as a positive thing to the economy and we have some promotional material on our tourism website around Mistaken Point and the significance of the fossils, but when it comes to the HR matters at Mistaken Point, it would fall under the Wildlife Division of Protected Areas because it is a protected site.



**MR. KENT:** Thank you.

4.2.07, the \$56,000 for Salaries, is that one position?

**MR. MITCHELMORE:** Yes.

**MR. KENT:** Was it recently filled?

**MR. MITCHELMORE:** That position, no.

**MR. KENT:** No. We understand that a former Liberal staffer, Kim Ploughman, was recently employed in a special celebrations and events related role. Where would that be located if it's not here then?

**MR. MITCHELMORE:** That's not the appropriations for the position.

**MR. KENT:** So where would we find the appropriations for that position, and did it go through a competition?

**MR. MITCHELMORE:** The particular position would be under the Arts and Heritage Division.

**MR. KENT:** Arts and Heritage Division, which we're coming to – no, sorry, Minister. Which subhead would that be?

**MR. MITCHELMORE:** Under 4.2.01.

**MR. KENT:** Thank you.

Minister, is that a new position that was recently created, or was it an existing vacant position?

**MR. MITCHELMORE:** It was a vacant position.

**MR. KENT:** Was there a competition for that position?

**MR. MITCHELMORE:** It's a 13-week position.

**MR. KENT:** It's a 13-week position. Okay, thank you for that.

That's it on 4.2.07. Sorry, Mr. Chair, you said to go as far as 4.2.10?

**CHAIR:** Yes.

**MR. KENT:** So that's it for me up to that point.

Thank you.

**CHAIR:** Okay, Mr. Kent, 4.3.01.

**MR. KENT:** 4.3.01 – I have nothing on 4.3.01.

**CHAIR:** 4.3.02.

**MR. KENT:** I do have a couple of questions related to 4.3.02 and then I'm out of pages, which is good news for everybody I guess.

There's a significant variance in Professional Services under Park Operations. There's a decrease there and then under Purchased Services there's a considerable increase. I was just wondering if the minister could comment on both of those.

**MR. MITCHELMORE:** The Purchased Services?

**MR. KENT:** Yeah. I'm sorry, the Professional Services, there's a decrease, and Purchased Services there's a considerable increase. I'm just wondering if you could comment on those under Park Operations.

**MR. MITCHELMORE:** Okay, so the Professional Services, this past year there was a decrease of \$119,300. It's due to the delay in the T' Railway assessment project offset by increased costs for Hurricane Matthew. The decrease of \$186,500 reflects net savings from removal of the T' Railway assessment and the Terra Nova trestle and the inclusion of funding for required repairs for Hurricane Matthew.

It's basically moving – down to Purchased Services you're seeing a decrease of \$68,000. That's less-than-anticipated repairs and maintenance at our provincial parks. The increase of \$649,000 reflects a net increase resulting from the removal of funding for the Terra Nova trestle and the addition of the funding for Hurricane Matthew as well as zero-based budgeting process. So basically, park maintenance and the T' Railway there is \$900,000.

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

I had a question related to Chance Cove Provincial Park. It's somewhat related to Mistaken Point which I, of course, now fully understand has no connection to your department, but Chance Cove does. The park is somewhat in a state of disrepair.

The reason I'm asking is that given its proximity to Mistaken Point, there are local players who feel there's an economic development opportunity. Is there any consideration being given to either investing in the park or potentially privatizing the park? At any rate, given its current state, probably something needs to be done.

**MR. MITCHELMORE:** One has to look at the mix of park operations that we have and referring to it as a park, people automatically think campground. We have serviced campground sites and I believe Chance Cove is a day-use park.

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

**MR. MITCHELMORE:** So it's one that would not have a high degree of actual services, given the use of the nature of day parks. Our staff are on the ground in terms of doing things to take out garbage and whatnot, and to ensure maintenance at our particular parks and day parks. We have waterway parks as well and the T' Railway and reserves.

There's a whole entity of what the Park Operations includes. The day park in question is one that borders, I believe, a reserve or a protected area. We also have to be cognizant too as the Natural Areas Systems Plan is developed and the protection of land and where these areas are and what can actually be and how it can be utilized or looked at in terms of development.

If there is somebody interested in looking at economic development, I would say their best point of contact, given that this would be in the District of Ferryland, would be to connect to somebody who would either be at the Ferryland office or talk to somebody in the Confederation Building who works from an economic development point of view to have those discussions, to begin conversation.

**MR. KENT:** Okay.

So is there any active consideration being given to decommissioning the park?

**MR. MITCHELMORE:** We haven't given any consideration to these parks or day-use parks. Staff have been given their notice to be called back to the provincial parks. We're looking forward to our provincial parks – we've opened up our reservation system for the campgrounds throughout Newfoundland and Labrador. We anticipate full operation of our provincial parks.

We have a lot of work to do with the T' Railway, given the impact of Matthew and what it has done to the T' Railway in the Clarenville, Glovertown area, as well other aspects of Central Newfoundland and Labrador. We're going to give it utmost attention because we understand the importance of users from in around that region and how they depend on the T' Railway for ATV use and for recreation and the economic value that the T' Railway brings. We will certainly ask for people's patience while we work through that process, but we are certainly doing everything we can around our park operations to give people the best possible experience.

If anybody knows of something that's in a state of disrepair or in poor condition, I would suggest that the onus would be on the individual to report it to the appropriate parks staff or to the department directly. And if the Member opposite knows of conditions – whether it's signage, parks or whatnot that is in disarray to certainly reach out and make us aware so we can fix those matters.

**MR. KENT:** Thank you.

My final question, during Estimates in another department, Justice and Public Safety, it was discovered during the course of Estimates that there had been several errors picked up after the *Estimates* were published, to some of the numbers.

In the case of Tourism, Culture, Industry and Innovation and all of the subheads we've discussed tonight, have there been any errors noted and numbers that have changed since the *Estimates* document was published?

**MR. LOMOND:** There are still possibilities. We are going through a restructuring that, once we get into this, we might decide that we actually need to move an economic development officer from one unit to another unit.

**MR. KENT:** Right.

**MR. LOMOND:** We're not there yet, but we expect a little bit of growing pains as we start moving through.

**MR. KENT:** But no calculation errors at this point?

**MR. LOMOND:** Nothing like that, no.

**MR. KENT:** Okay, great. That concludes my questions. I want to thank all of the staff for sticking around and for your participation this evening. Keep up the good work.

Thank you.

**CHAIR:** Thank you.

Ms. Rogers, 4.3.01 and 4.3.02.

**MS. ROGERS:** Thank you.

We're going to get out of here before stars in the sky morning; I can feel it. I love our parks and our T' Railways. I use them all.

C.A. Pippy Park Commission, we see a reduction in the Grants and Subsidies of \$81,000? Why the reduction?

**MR. MITCHELMORE:** Well, the C.A. Pippy Park Commission is basically the body of the urban park that exists. Even where this Legislature is, the campground would be there, the Fluvarium –

**MS. ROGERS:** Yes.

**MR. MITCHELMORE:** – aspects of the university, the College of the North Atlantic. It's way bigger than Stanley Park. It has Admiral's Green, the golf course. So if you look at the revenue-generating aspects, we have as a government diligently moved forward based on their financial statements, their cash flows and their ability to raise revenue that, operationally,

the taxpayer of this province, when we started, was funding the C.A. Pippy Park Commission \$606,000 – this was the previous administration – for 45 positions, basically subsidizing public golf and the like.

We've been reducing that significantly as part of a Government Renewal Initiative to reduce the taxpayer subsidy to this commission. They have a whole suite of avenues to raise funds, raise revenues, operate efficiently and not be relying on taxpayer dollars, and still do a good job preserving and protecting the urban park, which is the intent of the act, and provide exceptional experiences.

Pippy Park is something I think we should all be proud of and what it offers our province, but I do think that reducing the reliance on taxpayer subsidy is pertinent.

**MS. ROGERS:** Well, I wondered when that was going to pop up because you did telegraph that to us earlier this evening that there was other areas where you wanted to reduce taxpayer subsidies.

Is there any intention to do that with any of our Park Operations?

**MR. MITCHELMORE:** Anything that's been reflected in the budget has been reflected this past year. You can see that the reduction in the Grants and Subsidies were \$81,500 at the C.A. Pippy Park Commission.

**MS. ROGERS:** Yeah.

**MR. MITCHELMORE:** I think there's opportunity for them to look at different ways of which they operate. They have significant assets and surplus cash as well.

**MS. ROGERS:** Yes.

**MR. MITCHELMORE:** So reducing their subsidy even further would not impair their operation, but it would be important to find a mechanism to help transition the taxpayer subsidies so that there would not be anything drastic or dramatic.

We have plans. Our parks are open. The staff have been called back. They will be operating

this season. We look forward to everybody going camping and booking up sites.

**MS. ROGERS:** Great.

**MR. MITCHELMORE:** Given that it's Canada 150 and that the Parks Canada operations are offering free entry points to national sites and to their park sites, we anticipate that there may be a little bump in terms of the revenues that will be obtained through –

**MS. ROGERS:** Great.

**MR. MITCHELMORE:** – our provincial parks. We look forward to that.

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

For Park Operations – this is my last question – the Salaries, we see a reduction there of \$71,000. Are we losing a specific position?

**MR. MITCHELMORE:** I think maybe some of that may have been with the movement of Parks coming in.

**MS. MURPHY:** I believe last year when it was split out between Natural Areas and Parks were together –

**MS. ROGERS:** Yes.

**MS. MURPHY:** – there we changes that had happened that I think are reflected there now around those positions, but it was actually around interpretation supervisors that –

**MR. MITCHELMORE:** Probably would have been a manager or something that would have been in Natural Areas (inaudible).

**MS. MURPHY:** Yeah, so one taken out and one goes back, but we feel confident we're fully staffed at the office and all our seasonal recalls to run the parks this year.

**MS. ROGERS:** Okay, that's it for me.

I want to thank you so very, very much. It was great to hear from some of you, and thank you for your incredible work. Many of you are working in areas that we can be so very proud

of. In this time when it's kind of tough for our province that you've been entrusted with treasures that help us to feel a little bit hopeful.

Thank you so very much for your work.

**CHAIR:** Thank you.

**MR. MITCHELMORE:** If I could just make a comment, Mr. Chair.

I think Ms. Rogers is right and I think it's incumbent that we all have a role in this House. Throughout the night and throughout debate, there can be challenging times and we can challenge each other, but I think at the end of the day we all want to see our province succeed in the best possible way.

This department is one that offers significant opportunity to grow and develop the economy and create jobs. I encourage anyone on the opposite side, if they have ideas or suggestions on how things can be improved or enhanced, we certainly would like to hear those. And if there are other partnership opportunities, then please bring them forward because it's pertinent now more than ever that we move forward.

I think that the programming in the department has been maintained and there are ample opportunities for growth and diversification throughout Newfoundland and Labrador through our department and we look forward to some good initiatives all over the province, including the Members opposite. So we look forward to the days ahead.

**CHAIR:** Thank you, Minister.

At this time, I would like to ask the Clerk to start recalling the subheads, please.

**CLERK:** 1.1.01.

**CHAIR:** 1.1.01.

Shall it carry?

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Against?

Carried.

On motion, subhead 1.1.01 carried.

**CLERK:** 1.2.01 to 2.2.02 inclusive.

**CHAIR:** 1.2.01 to 2.2.02 inclusive.

Shall the subheads carry?

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against?

Carried.

On motion, subheads 1.2.01 through 2.2.02 carried.

**CLERK:** 3.1.01 to 4.2.03 inclusive.

**CHAIR:** 3.1.01 to 4.2.03 inclusive.

Shall the subheads carry?

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against?

Carried.

On motion, subheads 3.1.01 through 4.2.03 carried.

**CLERK:** 4.2.05 to 4.3.02 inclusive.

**CHAIR:** 4.2.05 to 4.3.02 inclusive.

Shall the subheads carry?

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against?

Carried.

On motion, subheads 4.2.05 through 4.3.02 carried.

**CLERK:** The total.

**CHAIR:** Shall the total carry?

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against?

Carried.

On motion, Department of Tourism, Culture, Industry and Innovation, total heads, carried.

**CHAIR:** Shall I report the Estimates of the Department of Tourism, Culture, Industry and Innovation carried without amendment?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, Estimates of the Department of Tourism, Culture, Industry and Innovation carried without amendment.

**CHAIR:** Thank you.

Just to clue up, I just want to announce that the next meeting of the Resource Committee will be held on Monday, May 8, at 9 a.m. here in the Chamber with Natural Resources.

The Chair would certainly entertain a motion to adjourn.

**MR. DEAN:** So moved.

**CHAIR:** Moved by MHA Jerry Dean.

Seconder?

Mr. Bragg.

Thank you very much.

Meeting adjourned.

On motion, the Committee adjourned.