



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

Third Session  
Forty-Eighth General Assembly

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**Proceedings of the Standing Committee on  
Resources**

April 26, 2018 - Issue 4

Department of Tourism, Culture, Industry and Innovation

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Published under the authority of the Speaker of the House of Assembly  
Honourable Perry Trimper, MHA

## **RESOURCE COMMITTEE**

Department of Tourism, Culture, Industry and Innovation

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Chair: Brian Warr, MHA

Members: Derrick Bragg, MHA  
Jerry Dean, MHA  
John Finn, MHA  
Jim Lester, MHA  
Lorraine Michael, MHA  
Pam Parsons, MHA  
Tracey Perry, MHA

Clerk of the Committee: Sandra Barnes

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Appearing:

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

Hon. Christopher Mitchelmore, MHA, Minister  
Mark Browne, MHA, Parliamentary Secretary  
Ted Lomond, Deputy Minister  
Andrea Dicks, Director,  
Brad George, Executive Assistant  
Robyn Hayes, Departmental Controller  
Judith Hearn, Assistant Deputy Minister, Business  
Carmela Murphy, Assistant Deputy Minister, Tourism and Culture  
Tansy Mundon, Director of Communications  
Gillian Skinner, Assistant Deputy Minister, Regional Development and Diversification  
Dean Brinton, CEO, The Rooms  
Donna Marie Humphries, Financial Officer, The Rooms

### **Also Present**

Carol Anne Haley, MHA  
Graham Letto, MHA  
Gerry Rogers, MHA  
Meghan Drover, Researcher, Official Opposition Office  
Ivan Morgan, Researcher, Third Party Office

Pursuant to Standing Order 68, Carol Anne Haley, MHA for Burin - Grand Bank, substitutes for Pam Parsons, MHA for Harbour Grace - Port de Grave.

Pursuant to Standing Order 68, Graham Letto, MHA for Labrador West, substitutes for Derrick Bragg, MHA for Fogo Island - Cape Freels.

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

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

**CHAIR (Warr):** Welcome to Estimates of Tourism, Culture, Industry and Innovation.

I want to welcome everybody. Again, thank you for changing your times and allowing us to get started a little earlier.

My name is Brian Warr and I'll be your Chair this evening.

First of all, before we get into the minister's remarks and an opportunity to meet his department, I'd like for the Committee to introduce themselves, please, starting with Tracey Perry.

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

**MS. DRODGE:** Megan Drodge, Researcher with the Official Opposition caucus.

**MS. ROGERS:** Gerry Rogers. I work with the good people of St. John's Centre.

Thank you for coming this evening.

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

**MS. HALEY:** Carol Anne Haley, MHA, Burin - Grand Bank.

**MR. DEAN:** Jerry Dean, MHA, Exploits.

**MR. LETTO:** Graham Leo, MHA, Labrador West.

**CHAIR:** I'll ask the Clerk to call the first subhead, please.

**CLERK (Barnes):** 1.1.01.

**CHAIR:** Shall 1.1.01 carry?

Minister Mitchelmore.

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the opportunity to present the Estimates of Tourism, Culture, Industry and Innovation. It's such a pleasure to be here as minister with my team of officials. Would they be introducing themselves as well after?

My parliamentary secretary will be a little delayed for the Estimates meeting. He's doing some duties on my behalf right now at the grand opening of the Best Western Plus in St. John's, a new business that's opened and is creating jobs and providing service to the people near the airport. We're quite excited by this business as well.

I want to thank my staff for all the hard work they've put into preparing and working on the budget. Being the lead minister for economic development, culture and tourism is a great honour. We have a number of initiatives through *The Way Forward* so that we can advance economic and social development for the benefit of the people of Newfoundland and Labrador.

I won't take up any more time in terms of bringing initial remarks because I'm sure there are a lot of questions. There will be opportunity to engage in dialogue through the Estimates and I want everybody to have as much opportunity to ask particular questions. I'll conclude my remarks and maybe we can have my staff introduce themselves.

**CHAIR:** Thank you.

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

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

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

**MS. HEARN:** Judith Hearn, Assistant Deputy Minister, Business.

**MS. SKINNER:** Gillian Skinner, Assistant Deputy Minister, Regional Development and Diversification.

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

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

**MR. GEORGE:** Bradley George, Executive Assistant.

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

Just a reminder – and, actually, it looks like you're all pros – if you're recognized to speak, either by the Chair or by your minister, just wait for your tally light to come on. Just say your name, your tally light will come on and proceed.

Ms. Perry.

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

To start, Minister, if we could get a copy of your Estimates binder tonight at the end as well, please?

**MR. MITCHELMORE:** We will certainly provide copies of our Estimates books. We don't actually have copies here tonight but we will provide them shortly thereafter the Estimates, yes.

**MS. PERRY:** Okay. Thank you.

I'll start with 1.1.01. On the first line item, in the Minister's Office under travel, can you explain why travel went over budget in 2017-2018 by \$2,400?

**MR. MITCHELMORE:** Yes.

Recognizing being Minister of Tourism, Culture, Industry and Innovation, I also have the responsibilities bestowed upon me of being Minister Responsible for Francophone affairs. This travel budget item would fall under my ministerial travel.

During that time, we had made travel to Saint Pierre and Miquelon. We had also gone to the Port au Port Peninsula as part of a Quebec and Newfoundland and Labrador agreement to engage with the Francophone community in Port au Port.

Also, recognizing – and you would certainly understand as the Member for Fortune Bay - Cape La Hune the long distance one has to travel. For me to travel back and forth to my district it's quite costly with airfare, hotels and expenditures, but I certainly do everything that I can to minimize cost.

This is a very diverse department that has a number of federal, provincial and territorial meetings for culture, for tourism and for parks. This was something else that was added to the portfolio. There are more things associated with travel. Those would be the reasons why travel was a little bit higher than budgeted, but not significant.

**MS. PERRY:** Okay. Thank you, Minister.

Can you explain why salaries went over budget by \$221,000, under 1.2.01, Executive Support?

**MR. MITCHELMORE:** Under Executive Support, okay.

The Executive Support, the salary increase in 2017-2018 Revised reflects salary continuance paid to three departing employees. There was \$32,000 in salary for a communications director during a transition with paternity leave. This was partially offset by \$47,000 in savings due to pay scale variances and delayed recruitment of new ADMs.

**MS. PERRY:** Okay.

Can you please explain the variance in the Transportation and Communications line? In particular, explain where the savings were found, from \$65,000 to \$42,000.

**MR. MITCHELMORE:** Yes, the decrease of \$23,000 basically reflects less travel for deputy ministers and assistant deputy ministers during that fiscal. We had a change in ADMs. There were fiscal restraint measures, specific departmental requirements that either didn't

require travel or there were means of which assistant deputy ministers or deputy ministers were able to take calls via telephone to reduce their costs.

Some of these matters are driven by federal, provincial and territorial meetings with their colleagues that are planned in their Work Plan. Through Budget 2018-2019, we feel that with the ADM complement that we have, the deputy minister complement and the work plan, that \$62,400 will be sufficient.

**MS. PERRY:** Okay. Thank you.

Can the minister indicate where the ATIPP office for the department is in the Estimates?

**MR. MITCHELMORE:** The ATIPP office would fall under the Corporate Services Division, which would be 1.2.02.

**MS. PERRY:** Okay. That's the next section that I'm ready to move into, so I'll ask my questions there.

We understand the former ATIPP coordinator was let go in recent months, late last year. Can the minister explain why the ATIPP coordinator was let go?

**MR. MITCHELMORE:** Well, I wouldn't want to get into any specific HR particular matters, they would be dealt with through that process, but an employee who served in the capacity of ATIPP and other particular duties was a contract employee and was not a permanent employee of government. That contract role was terminated and it followed all policies within government through that process.

We certainly do have a full-time ATIPP coordinator fulfilling our role. We have been receiving a number of ATIPPs for our particular department, but we work very hard to proactively disclose information to the public.

**MS. PERRY:** Okay.

Where there any severance and benefits paid out?

**MR. MITCHELMORE:** There would have been continuance and other benefits associated

with any departing employee that would have been entitled and they would have received those benefits.

**MS. PERRY:** Okay.

Under 1.2.02, Salaries. In 2017-18, they were over budget by \$115,000. Can you explain why they were over budget?

**MR. MITCHELMORE:** The increase of \$115,000 is basically a salary continuance and retirement cost of \$336,000 that would have been paid to departing employees.

The cost of research and development positions that would have come from the former RDC would have been merged into TCII. That would have been associated there, partially offset by savings of \$274,000 from delayed recruitment for policy analyst positions as well as information management positions in that particular division.

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

Under Purchased Services, the restated budget for 2017, \$358,400, that figure, it doesn't match what was in last year's Estimates book because in the document from last year this number was cited as \$381,800. Can you explain why it's different?

**MR. MITCHELMORE:** Yeah, there are some changes to the budget. This would be things that need to be restated based on office leases that we have, so there would've been \$23,400 for a particular office lease.

Office leases were transferred to the Department of Transportation and Works. Government has been very proactive in *The Way Forward* setting targets to release its footprint. There have been savings of \$2 million, annually, based on reducing the footprint of government where we've been able to either move people into the Confederation Building or other government-owned space, or rightsizing the amount – the footprint that would exist because some offices would've been far larger than the employees associated based on government policy.

So those would've been changes and there are some changes throughout our particular budget,

a total of \$678,500; \$536,100 would be for leases.

**MS. PERRY:** Okay.

Can you explain the variance in the Purchased Services line? There was savings last year and a budgeted decrease this year.

**MR. MITCHELMORE:** Under Purchased Services, the \$100,000 is a reduction in print advertising, campaign-related material for local, national and international events and partnerships throughout the fiscal year.

We feel that the current budget of \$169,200, which is a further reduction in print and advertising campaign because we've entered into new partnerships determining through our zero-based budgeting process, we've found ways of which we can ensure that we can do the necessary advertising at minimal cost and that we're being strategic with where we're spending advertising dollars to best benefit for our department.

These costs also include copying costs, shredders, storage fees, different things like that with the West Block. So we're really managing our supplies and how we operate.

**MS. PERRY:** So can you explain how you're changing your marketing?

**MR. MITCHELMORE:** Well, we have marketing specific to Tourism and then we have marketing and sponsorships and specific partnerships that we would enter, whether it would be for international trade or whether it would be part of particular trade missions that we would do. Some of those are in partnership with industry associations. We've had a number of successes by partnering with specific industry associations to reduce our cost.

One prime example is in the past we used to, individually as a province, spend, I believe, it was \$40,000 on hosting the wholesale craft show. We've partnered with the Craft Council. They've been able to utilize less money from the department in partnership and leverage other money. So we're actually being smarter with the dollars that we have so that more partnerships can happen and things can be industry led versus

departmental led. So there are things that we're doing.

First when I took office this department had five branches and five ADMs. Now there are three ADMs. There were 26 directors. We've added in additional divisions, parks and other initiatives, but we have fewer, far fewer directors and managers that are aligned.

As we've shaped the department in business, in regional development and diversification and tourism and culture, we feel that there's greater alignment, greater synergies. We're taking very much a whole-of-government approach when we look at finding better ways of delivering our programs and services, being more efficient and more responsive to the needs of the people of the province because there's no question that there is a significant fiscal challenge when it comes to the revenue that's coming into the province, but the expenditures as well.

We have the most revenue per capita anywhere in the country, but we also have a very high spending limit. So we have to do and find better ways of being strategic to deliver programs and services. I think we've found that by partnering more with industry associations.

**MS. PERRY:** Okay.

In terms of the revenue line there, provincial, where did that \$5,500 come from?

**MR. MITCHELMORE:** That reflects a reimbursement of prior-year travel advances and other prior-year (inaudible). It's just a catch up, I guess, of advances that would have been made for travel and it's the revenues coming back.

**MS. PERRY:** Okay.

1.2.03, Administrative Support. Property, Furnishings and Equipment had nothing budgeted for 2017-18, but \$8,000 was spent. Can you explain what that was spent on?

**MR. MITCHELMORE:** Yes, it's the capitalized cost for the installation of two replacement generators purchased for park operations during fiscal '16-'17. But the delivery time and the weather prevented installation for fiscal 2016-2017.

We did see where some of our parks even had delayed openings last year. It was very unprecedented in Labrador and on the Northern Peninsula that in June they had to be further delayed, but things are looking very positive this year. We've opened up our camp reservation system. We've expanded seasonal sites so that more locals, at specific campgrounds that have a higher usage of local visitation, will have opportunity to have a season pass and enjoy camping at our parks.

It's important that we maintain our capital at our provincial parks. That's basically what the Property, Furnishings and Equipment are. The \$5,000 also reflects the capitalization costs for the installation of one replacement generator as well. That's being installed right now at the beginning of the season. It was purchased basically late in the fiscal year and it will be installed this year.

**MS. PERRY:** Thank you, Minister.

Moving on to 2.1.01, can you explain the variance in Salaries? The budget for 2018-19 is \$319,000 less than 2017-18. Is this attrition or reduction of positions? Can you explain why this number is significantly lower?

**MR. MITCHELMORE:** The decrease reflects right-sizing of salary costs as per our salary plan. If you look at the \$1,577,400 when it comes to the Revised, that decrease was an overstatement of the salary by over \$684,000 following a restructuring. It was offset by continuance and severance payouts.

There's an addition of four RDC positions and pay scale variance for an acting director at that particular time. Right now, the Salaries fit the area for the Business Department under the Accelerated Growth. There was a period of transition that was happening through our overall restructuring.

**MS. PERRY:** Okay.

Can I just ask one supplemental to that? You said there were some positions reduced. How many?

**MR. MITCHELMORE:** There were four positions actually added in 2017-18, with four

RDC positions coming in at that time. Some of these positions would have been moved to other areas based on the alignment of work that was being done.

Some of the innovation supports went to Accelerated Growth. Some positions went to the Sector Diversification section. As we keep going through the Estimates you will see a salary variance, but we can certainly provide you with an organizational chart of the structure of the department.

**MS. PERRY:** Thank you.

**CHAIR:** Thank you, Minister.

Thank you, Ms. Perry.

Ms. Rogers.

**MS. ROGERS:** Thank you.

The movement around of different positions; how many positions, though, have we lost altogether? Or have there been ones lost?

**MR. MITCHELMORE:** The department, in July of last year, had brought in the former Research & Development Corporation which had close to 40 employees. We retained 12 employees with the Research & Development Corporation because the integration allowed – there were a significant amount of management positions that could be done within the current department. These would have been contract employees; they would have had their own contracts in particular, and not part of the provincial government collective agreements, et cetera.

In the course of last year, I believe there was a total of nearly 50 positions that would have left the organization. Some of these positions would have been hired as well. There would have been 12 new hires associated with the Research & Development Corporation and then there would have been other positions that would have been filled.

**MS. ROGERS:** When you say 50 positions left the organization, the organization is RDC?

**MR. MITCHELMORE:** RDC would have had 40 positions. There would have been 12 that would have been retained.

**MS. ROGERS:** Fifty positions left the organization. What organization is that?

**MR. MITCHELMORE:** In terms of governance, overall my department has a total of 219 positions that we currently have filled. There are 429 employees within the department and there are 154 seasonal employees. They're primarily with our parks, our Visitor Information Centres and our Provincial Historic Sites.

We have some vacancies within the department that we're seeking to fill though, because of people that would have either left the division through a resignation or retirement. We're also very cognizant of attrition targets that would have been set by the department.

**MS. ROGERS:** How many vacancies do you have then? I haven't ...

**MR. MITCHELMORE:** We have 30 vacant positions.

**MS. ROGERS:** Thirty vacant positions.

**MR. MITCHELMORE:** Yes.

**MS. ROGERS:** Is the plan to fill those then? Some you're going to hold because of your attrition targets. Can you give us a sense of the plan?

**MR. MITCHELMORE:** Yeah, as people retire we have to look at and evaluate each position. Some positions are absolutely critical and must be filled; for example, at a Visitor Information Centre you need to have somebody there.

**MS. ROGERS:** You do.

**MR. MITCHELMORE:** If the person retires, you need to fill that position. The same way if there's a specific technician or a specific skill at the Arts and Culture Centres or the parks. There are wardens that need to be filled, there's a specific staff complement.

In situations where the workload either can be combined or there's some ability to look at the

type of work that's being done, if it can be done within the division or if the position can be no longer filled, then we will use attrition. Otherwise, we have to look ensuring that we're meeting our attrition targets and ensuring our salary plan through government.

**MS. ROGERS:** Thank you.

Professional Services; can you tell us a little bit about what types of Professional Services are purchased there? We see a big bump there from '17-'18 to '18-'19.

**MR. MITCHELMORE:** Which line are you ...?

**MS. ROGERS:** Under 2.1.01, under Salaries, under Professional Services. I'm just continuing where Tracey left off.

**MR. MITCHELMORE:** Okay.

Basically, in 2017-18 we have a revised amount under Professional Services of \$148,500. It's a reduction of \$40,000. It's savings due to reducing in-market consulting costs and some projects that would have been covered under federal-provincial agreements.

This year, when it comes to our Professional Services, we're really seeing an increase of \$100,000. It's rightsizing, though, that was identified through our budget process because we are required to support the Atlantic Trade and Investment Growth strategy – ATIGA. And these are projects that are led by Newfoundland and Labrador as part of the provincial agreement. Any in-market research and business, the business innovation agenda supports and expenditures that directly impact revenue.

**MS. ROGERS:** Thank you.

Purchased Services, there's an increase of about \$100,000 in this year's budget?

**MR. MITCHELMORE:** For Purchased Services?

**MS. ROGERS:** Yes.



**MR. MITCHELMORE:** The increase of \$116,300 is also rightsizing identified through our zero-based budgeting process because we have funds required to support the ATIGA projects that are led by Newfoundland and Labrador. So, costs of hosting trade shows, missions, including all the logistics, but there would be reimbursements that can be recouped for missions that are led by our province, if you look down at federal revenue of \$300,000 associated. So missions that we lead and participate in, there is ability to recoup costs through the agreement.

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

And then moving down to 2.1.02, Investment Attraction Fund, we see that about \$1.8 million wasn't spent. Also, can we get a list of the loans, advances and investments as well from your department?

**MR. MITCHELMORE:** Yes.

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

**MR. MITCHELMORE:** I believe we posted recently our loans and advances.

**MS. ROGERS:** Posted online, yes?

**MR. MITCHELMORE:** I believe so and we can provide that.

Investment attraction is really important to our province. It's one of the initiatives that have been highlighted in *The Way Forward* under Phase 3 that was launched just recently, in particular, which is about attracting investment in priority areas.

If you look at one of the key areas of mining, forestry, oil and gas, tourism, agriculture, aquaculture and technology, we've taken some very serious steps in terms of sector work plans, connecting with the industry associations, with business. Some of the initiatives that have happened, like the agricultural sector in Minister Byrne's department: 64,000 hectares of new Crown land would be made available for farming, and that's going to provide some strategic opportunities for investment, focusing on farmers that are currently here, operational, and new farmers, and then there's the the ability

to look at foreign and direct investment. There have been requests for proposals to lease the Bull Arm site that will lead to investment attraction.

Some of the great deals that were done in Newfoundland and Labrador last year through investment attraction, one of those that kick-started the Tech Sector Work Plan would have been the PAL Aerospace investment in the Force Multiplier. That led to a number of new technologies. It led to De Havilland Dash 8 basically to have multiple components of the ability to do radar, to do surveillance and have really an integrated system.

I had the ability to travel to the Dubai air show last year and also participate in the oil and gas show at the same time in Abu Dhabi. That ability had significant interaction with officials from the Government of the UAE and a number of key stakeholders. It is one of the largest air shows in the world and led to significant leads for provincial Aerospace which has about 600 employees in Abu Dhabi and can lead to support for other companies that are looking at doing business in the Middle East. They've highlighted that they can support and provide assistance, because it's all about relationship building in the Middle East.

It took several dozen trips before PAL got their initial contract and they've been doing significant work employing Newfoundlanders and Labradorians in the Middle East, as well as people in the UAE and others. That was a very positive investment.

There were investments in Verafin that would have been disbursed last year. Verafin was where we launched our Tech Sector Work Plan. They have over 300 employees. Certainly a success story for a very long time here in this province.

The MHA for Fortune Bay – Cape La Hune would certainly be aware of this and this particular investment as well because it's a fairly long-standing investment I think, an agreement that would have been in place a number of years ago.

I remember in 2006 working for the Department of TCII as a work-term student and we promoted

Verafin at that time because it was focusing on anti-fraud software for banking and there are some really big things, some really cool companies that are operating here. Verafin is a pillar of success, how we can certainly do things right and how we can lead in the international stage, so these are some very successful companies.

Our venture capital funds would have been invested from here: the made-in-Newfoundland-and-Labrador fund; the Atlantic Canada venture capital fund as well would have fit there. The decrease of \$1.8 million was less than anticipated requirement from the portfolio during that time, but \$1.4 million of that funding was approved by the Treasury Board to be transferred to the Newfoundland and Labrador Film Development Corporation for investment in the television series *Caught*.

As a former documentary-filmmaker in your past role before becoming MHA, we're very proud of the work of the film industry and its development and growth and the jobs that it has created. There was a significant amount of production work that happened last year –

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

**MR. MITCHELMORE:** – a significant strain on the equity program and the Film Development Corporation, so that's why in last year's budget we doubled that amount from \$2 million to \$4 million, and it's been retained at \$4 million this year –

**MS. ROGERS:** Good.

**MR. MITCHELMORE:** The \$1.4 million would have been transferred from Investment Attraction. A significant amount of this work would have happened in Newfoundland and Labrador in bringing in people to this province and attracting, I believe it was around \$23 million in total investment, this \$1.4 million – quite significant, and tells a story that could lead to further investment in the film industry, because we were able to make sure that that could happen and not be held up because there weren't funds available.

We have to, at times, utilize the resources that we have to make the most strategic investments

when the business deals and the business offerings present themselves. We chose, as a government, to invest \$1.4 million into film, recognizing the cultural and the significant impact; it's 650 full-time equivalent jobs in our province and leads to service supply and other supports, so quite significant.

We anticipate this year that there will be a million dollars that will go to complete the PAL Aerospace project; that there will be \$2 million made to the made-in-Newfoundland-and-Labrador venture capital fund; \$1.7 million into the Atlantic venture capital fund, because that can leverage a number of other funds and resources; and that we have several million dollars as well for remaining new applicants, and we have had a number of leads.

Our business division is very active on files. There's a significant amount of interest when it comes to technology when we look at our scale-up companies. We have a number of supports within our department, and collectively we can work with the appropriate entities. We've partnered a lot with the CBDC, we've partnered with BDC, with EDC as part of our regional trade network and a number of other initiatives that we do.

We want to make sure the right level of investment attraction is happening, and the onus is not always on the Department of TCII to make those investments. Sometimes it's with the Department of AESL, depending on if it's a skills or training or that type of component. Sometimes it will be Natural Resources making those types of investments through its operations and supports that it has, or the Department of Fisheries and Land Resources. Those primarily would be the key of flagship economic development department.

**CHAIR:** Thank you, Minister.

Thank you, Ms. Rogers.

Ms. Perry.

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

I'm going to go back to 2.1.01, item 10. Under Grants and Subsidies, there was \$27,000 not spent last year. Can you tell us why?

**MR. MITCHELMORE:** Okay.

**MS. PERRY:** \$229,000 was allocated and \$202,000 was spent.

**MR. MITCHELMORE:** In 2017-2018 there was a \$27,000 decrease in our Grants and Subsidies, and that's a reduction in international business development activities during that fiscal year.

**MS. PERRY:** Okay. Can you provide a list of who received grants last year and the amount for each?

**MR. MITCHELMORE:** Yes, we can provide a list.

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

As well under Grants and Subsidies there's an increase of \$50,000 planned. Can you explain what that \$50,000 is for and which program?

**MR. MITCHELMORE:** It's basically around the new agreement with ATIGA that we were talking about, the Atlantic Trade and Investment Growth Agreement. In 2017-2018 was the final end of a former agreement. So it was the cluing up of the former IBDA, the International Business Development Agreement. Now we have the new agreement which is a larger agreement with the Atlantic provinces of which we can post, lead trade missions, participate, and that's where we're involved in those types of missions.

There was a mission last year in particular to the UK and the Netherlands by the Atlantic Canadian provinces. Very important markets to Newfoundland and Labrador. We do almost \$2 billion in the EU, and those are our two largest markets, the UK and the Netherlands. There's, I believe, almost \$1 billion dollars of that would be in those particular two markets in 2016.

So quite significant, quite an opportunity, quite a relationship for Canada and the Netherlands. We have international shipping links direct through Rotterdam, through Eimskip operating out of St. Anthony, and I believe as well through their service at the port of Argentina.

So when it comes to economic development, these are great opportunities as we explore CETA and as we explore the benefits of either shipping fish product, forest product, other oil and gas, mineral developments into the EU. We're looking at the EU as an important market. We've also looked at other island countries, such as the Caribbean, and have found success for our companies there.

We look at new markets; Minister Coady has been working with the oil and gas sector, through the Oil and Gas Council and through *Advance 2030* as we really expand our oil and gas sector and really take the supply and service and that knowledge internationally – we're looking at other jurisdictions such as Guyana and others who are really looking to develop their oil and gas sector – and how we can apply that knowledge and create those jobs and work with them so they can get maximum benefits from their resources as well.

**MS. PERRY:** Okay. Thank you, Minister.

Moving on to 2.2.01, Business Analysis. Salaries are budgeted to increase by \$253,600 this year. Can you explain why?

**MR. MITCHELMORE:** Yes. It's basically the right-sizing of salary costs as per the salary plan. We had a change last year, but there's an addition of two positions from the RDC that would have come in to this particular division as well. That would be part of those costs.

**MS. PERRY:** Okay.

**MR. MITCHELMORE:** And in the previous year there were some savings as a part of delayed recruitment, and some of that was offset by severance, continuance, et cetera, payout during that particular time, but the salaries associated with \$1.735 million is the staff complement that is required to do the work in our Business Analysis division.

**MS. PERRY:** Okay. The restated budget for 2017 cites \$23,900 and it doesn't match – again, we have the same situation – it doesn't match last year's Estimates book which was \$102,900. Can you explain?

**MR. MITCHELMORE:** Yes. The \$79,000 change is basically an office lease through Purchased Services that would have been transferred to TW.

**MS. PERRY:** Oh, right.

**MR. MITCHELMORE:** Because TW is dealing with office leases now as part of a strategic process to negotiate and ensure that the footprint of government is operating as efficiently as possible. We still have the portfolio management office that will be operating in Marystown and the employees associated with it. It's just the lease cost would be transferred to TW.

**MS. PERRY:** Okay.

Thank you, Minister.

**MR. MITCHELMORE:** And if I could say, back to the salary point, is when the Research and Development Corporation had its management of accounts and that process, that work is being done by staff and there would be salaries associated with doing the additional work of payment and disbursement and managing those accounts with all the research and development projects that would be happening.

**MS. PERRY:** Okay. Thank you, Minister.

Can you explain the variance in the Purchased Services line? A savings last year and you had a budgeted decrease this year.

**MR. MITCHELMORE:** You're talking about going from \$15,000 to \$7,000?

**MS. PERRY:** \$23,000 to \$13,000.

**MR. MITCHELMORE:** \$23,000 to \$13,000, the Purchased Services. Okay.

**MS. PERRY:** Yes, \$23,900.

**MR. MITCHELMORE:** Yes. That's basically – \$12,900 reduction is less expenditures for meeting costs, advertising, printing, equipment rentals and other purchased services. There was less cost for printing of annual reports and less required equipment leases.

This year we see \$13,200, and that overall decrease of \$10,700 is just looking at the reduction of how we conduct meetings, room rentals, equipment rentals as per zero-based budgeting, right-sizing our lease costs to reflect any equipment that we will be leasing and include copying costs and shredding.

There would be some meetings that would take place for directors, and all those costs would be there. If we find efficient ways of hosting meetings then that's quite important if you can reduce overall travel costs or find more efficient ways of conducting meetings. Well, that's where we're finding some savings.

It's a small contribution of just over \$10,000 but we feel we were able to conduct the business last year with \$11,000. That \$13,200, if we can do it with less we certainly will, and there'll be a drop balance.

**MS. PERRY:** Okay.

Thank you, Minister.

Under Grants and Subsidies, can you please detail where the \$4,066,000 was spent?

**MR. MITCHELMORE:** The Grants and Subsidies line of \$4 million; that would've basically been any funding associated with the EDGE Program payments that would've been made at that time, and part of our Business Development Support Program. These would be investments that would be made to improve productivity, competitiveness, technology upgrades to various companies throughout Newfoundland and Labrador. Certainly, we can make a list available.

**MS. PERRY:** Okay. That would be great, Minister.

Thank you so much.

As well, you have decreased your budget here by \$550,000 this year. Can you explain where that \$500,000 decrease is coming from?

**MR. MITCHELMORE:** Well, when we look at the suite of programs that we have throughout the department, whether it would be through Research and Development, whether it be

through our business attraction program, other initiatives that we have and working with clients, and also looking at the number of clients that would be involved with forestry and fishery, aquaculture, and the fact there's a \$100-million Atlantic Fisheries Fund, there's an economic development and innovation program through Natural Resources that's happening as well.

We feel there are ample supports for businesses in Newfoundland and Labrador, and that we can fully subscribe and meet our obligations to our clients at \$3.5 million.

**CHAIR:** Thank you, Minister.

Thank you, Ms. Perry.

Ms. Rogers.

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

Moving on to 2.3.01, Commercialization, Research and Development, the Grants and Subsidies. We see there was \$1.5 million that was not allotted in '17-'18.

**MR. MITCHELMORE:** The decrease of \$1.5 million basically reflects a reduction in operating requirement during 2017-2018. As per our budget decision, they're basically savings that would have been attributed to the merger of RDC activities to TCII. In July of 2017, we had merged and began a transition process to bring the former Research and Development Corporation into the Department of TCII. So there would have been associated savings.

The program dollars that would have been associated and earmarked for companies, for research and development and for academic work, that wasn't touched. These are investments that were made, that were committed to. We continued the projects that have been committed by the former Research and Development Corporation and have been working through the transitional period.

This year, the line reflects just Grants and Subsidies. There is no operations, there is no staff complement. This is the pure program dollars for grants and investments in pre-commercial activity, research and development, to academia, but also to commercial clients.

Previously, this would have been an amount that would have been earmarked for programming. If we were to look at our savings, that's where the savings would have come from.

The decrease of \$5.15 million is basically there was \$3,369,500 that would have been savings throughout this process. There was money that would have, as well, been reprofiled throughout government, salary support to TCII.

That's why when you're asking questions, some of the staff that would have been with the former RDC would now fall under either: Sector Diversification, Accelerated Growth or Regional Development, depending on if they're working in commercial, non-commercial and their expertise.

To really create that whole of government approach, somebody who comes in with an idea from pre-commercial can take it to commercial, can get to market, and can get international, depending on the type of product. Before there was a gap and we want to see accelerated growth with our companies. We want things to see more commercial activity.

This was something through our launch of the Business Innovation Agenda and our consultation that the business community wanted, the industry association wanted, they had asked for. They had certainly endorsed this process of bringing in the Research and Development Corporation, and it's been a good transition.

We also saved money in office lease. There was over \$460,000 paid for the lease space I believe at that particular entity. There's an admin cost support, ATIGA support so that we can help with the internationalization of companies that are really scaling up. Office leases, vehicle costs, salary support.

There is \$1.78 million basically that's not showing up here in the \$13,750,000. That is reallocated throughout the divisions to provide the appropriate supports, but there were savings. The \$3.3 million basically would have come from operations, savings from staff, managerial staff primarily, and through the office operations, the lease cost building, and various other equipment and travel associated costs.

**MS. ROGERS:** We didn't lose any money at all in terms of grants and subsidies, the programming for the –

**MR. MITCHELMORE:** We fully retained our funding when it comes to pre-commercial and commercial activities for grants that can be provided to companies.

The Research and Development Corporation has had a number of contracts in place. There are milestones. There has been funds that had been committed over multiple years, and as milestones are met, these projects – but there are funds that have been earmarked and allocated and budgeted for to support all of these projects that were committed to in the past. We also have a number on the intake and projects that we're committing and supporting to the Research and Development Corporation.

As we use InnovateNL and our new board and our innovation council that's made up of a team of leaders and esteemed individuals throughout our community that's providing advice, very talented people. That's been helping in a big way. They really give their time very freely to provide direction and advice to government as to how we can really accelerate growth, utilize innovation and ensure that we achieve success. I'm very pleased to see the process as it has unfolded and I think the best is yet to come when it comes to InnovateNL and what can be achieved.

**MS. ROGERS:** Great.

Also, any of the requests that either of us make, we'll just assume that it's for both of us as well.

**MR. MITCHELMORE:** Of course.

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

We move on to 3.1.01, Sector Diversification. There were additional Salaries in '17-'18 of \$422,000.

**MR. MITCHELMORE:** The additional Salaries; last year the net increase of \$422,000 is salary in continuance and retirement costs.

**MS. ROGERS:** The same thing. Okay.

**MR. MITCHELMORE:** That would have been paid out to departing employees. It would have been the cost of the Research & Development positions.

Some of these were partially offset by savings from delayed recruitment; there are pay scale variances and restructuring budget overage. All of these things had an impact in last year's budget because of the change and the transformation that's actually happened in the department.

Right now, the new budget allocation for the salary plan is the right size that fits our current salary plan for 2018-2019.

**MS. ROGERS:** Okay.

Do you have any vacant positions?

**MR. MITCHELMORE:** The vacant positions – we have a total of, as I said, 30 vacant positions.

**MS. ROGERS:** For the whole department, right.

**MR. MITCHELMORE:** To be filled within the overall department. There is a process ongoing through the Public Service Commission to fill vacant positions.

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

**MR. MITCHELMORE:** They are posted as they work themselves through that PSC process.

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

We see an increase in travel in Transportation and Communications from '17-'18 to '18-'19. What kinds of extra travel or communications do you see there?

**MR. MITCHELMORE:** For this particular year we've allocated \$20,000 to the Newfoundland and Labrador Innovation Council.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** That would account for a significant amount of that particular

increase. That's where any of their particular board meetings may take place, or any associated travel as part of them doing the business they would have to do throughout Newfoundland and Labrador to engage their stakeholders, et cetera.

**MS. ROGERS:** Great.

**MR. MITCHELMORE:** There are a number of people on that particular board, and we're certainly cognizant of costs. But because the Research and Development line is in Commercialization, that is strictly program dollars. Any associated cost would have to fall under another department line. That's where this particular one is.

\$18,400 additional amount is for additional anticipated travel for this particular division. This division would have our craft industry specialist; they would have food and beverage. We're seeing a number of craft breweries start up throughout Newfoundland and Labrador. I know you had visited one recently and had been promoting it.

**MS. ROGERS:** I've tried most of them.

**MR. MITCHELMORE:** That's very positive to see.

We're working very closely with industry stakeholders as to how we can further develop those types of niche markets, those industries and those specific sectors to grow. In order to deal with specific sectors there is associated travel. We have specific targets to help grow the economy when it comes to our regional innovation systems and a number of other initiatives that we're pursuing throughout our department.

The travel is an appropriate amount that we feel is reasonable. Should we not need any particular travel, we just certainly won't use it and it will be a drop balance. We budgeted \$129,600 last year and only utilized \$100,000. We try to be as frugal as we can be, but we do have a number of plans that we're undertaking as we engage our stakeholders, like our tourism product development. Our product development officers had a number of opportunities and management sessions. They partnered with our Destination

Management Organizations. They may need to give presentations and travel as well.

We have a collective goal of reaching \$1.6 billion in tourism and a number of other initiatives that certainly require some travel.

**CHAIR:** Thank you, Minister.

Thank you, Ms. Rogers.

Ms. Perry.

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

I'm going to pick up on 3.1.01 as well. I just wanted to ask a supplemental question regarding Salaries.

Can you provide a list of what positions were redundant or eliminated last year?

**MR. MITCHELMORE:** We can certainly provide the organizational chart that we currently have within the department.

**MS. PERRY:** Could you provide the previous one as well, so we can see where the changes were?

**MR. MITCHELMORE:** We can provide you with changes based on the RDC positions that would have come in and provide some clarification around the staffing that's allocated in budget 2018-2019.

**MS. PERRY:** Okay. Thank you.

What's your attrition target for the department this year?

**MR. MITCHELMORE:** We have an attrition target based on the 2015-16 Attrition Management Plan that would have been put forward previously. In 2015-16 there was nearly \$400,000 that would have been the allocation amount. In this year's budget, our anticipated reduction is a position target of reduction of six positions.

**MS. PERRY:** Okay. Thank you, Minister.

In 2017-2018, the Purchased Services went over budget by \$70,600. Can you explain the cause of this?

**MR. MITCHELMORE:** Could you repeat the question?

**MS. PERRY:** Purchased Services were over budget but \$70,600. Can you explain that increase?

**MR. MITCHELMORE:** Purchased Services; the \$70,600 reflects a cost of \$73,000 for the Atlantic Cable Facility. There is repair cost that is associated with – every time a cable basically breaks we're responsible for one-twelfth of the cost. That would have been the Atlantic Cable agreement, the fibre optic cable that would have been done previously.

We've debated and had discussion on this in the House of Assembly Estimates – and even while this was being done – to create some redundancy in our fibre optic cable; this would have been something that would have been done under the former administration to enter into this agreement. Newfoundland and Labrador is responsible for those costs. Every time there's a break, we have to pay one-twelfth of the costs. That is part of the agreement that would have been entered by the former administration.

**MS. PERRY:** Okay. Thank you, Minister.

Under Grants and Subsidies can you outline where the \$155,000 was spent last year? Who received the funding and how much was allocated to each?

**MR. MITCHELMORE:** The Grants and Subsidy line, that's the \$155,000 you're referring to?

**MS. PERRY:** Yes.

**MR. MITCHELMORE:** We certainly can provide that. Under that subsidy the East Coast Trail receives \$100,000; the tourism Market Readiness program would receive \$15,000, such as GMIST training; craft industry activities, \$40,000; there would be start-up innovation activities, \$75,000. This could be things like pitch events.

This year, as well, there's a Canadian safety and security project, that's \$337,800 that will go to C-CORE. As you can see, the federal government is to reimburse and that's reflected in the Revenue line. So even though the Grants and Subsidies line is up, the amount is fully reimbursable through a federal government agreement to C-CORE to recoup those costs. Those are the associated amounts when it comes to Grants and Subsidies.

**MS. PERRY:** Okay. Thank you, Minister.

I guess this next question is a little broader. What new sectors will be explored and what specific markets will you be targeting in the upcoming year?

**MR. MITCHELMORE:** Well, as I just talked about, there are a number of initiatives that fall under this particular Sector Diversification. There's the craft sector and there are things we have done to explore craft development, whether it be in partnership with the Craft Council, initiatives to explore Indigenous craft.

There was the Atlantic Craft wholesale show, which is held and hosted in Halifax every year but led by each provincial department. This year, Newfoundland and Labrador hosted that particular initiative. We had a number of buyers and a number of people selling their product in Halifax this year. There were two craft award recipients from that particular show: College of the North Atlantic; Anna Templeton Centre had received an award, the instructor there. As well as the Black Hen Studio as an emerging artist.

We have agricultural initiatives that we work very closely with Fisheries and Land Resources, such as making Crown land available. There was a new federal-provincial agreement to look at initiatives to help in primary and secondary processing, value-added when it comes to agriculture. So that's a very interesting sector for us.

We engage with the federation and the opportunities that we would have, whether it would be in apiculture or other initiatives in the agricultural sector and how they can partner, too, to develop more of an industry, such as the test crops, the R and D. Canola was a big success.



You see a company like the Newfoundland Distillery in Clarke's Beach, how they use 100 per cent Newfoundland and Labrador product. They have water that comes from Springdale, Mr. Chair, from your particular district, supporting a company there. The barley and other product would come from the West Coast. They even procure bakeapples from the Northern Peninsula, I say to the Member for Labrador West – even though Labrador is known for being an abundance of bakeapples – a partnership with the Dark Tickle Company on the Northern Peninsula, and a number of other partnerships that's really growing and helping a local market.

Our Tourism Product Development Plan is very key. There are a number of initiatives. This was done with the Tourism Board, the Destination Management Organizations. This was really pan-provincial. We launched that last year and now we're rolling out the initiatives like on the Northern Peninsula and Southern Labrador. The three UNESCOs are a big focus.

Culinary food experiences are big for the City of St. John's. There's also music and entertainment, big for the capital region. So there are a number of initiatives that's being worked on. Food and beverage, aerospace and defence, green tech. Ocean tech is huge with the supercluster initiative.

I could sit here all night and we could talk about the tech sector, we could talk about our work plans, what's listed in *The Way Forward* and I could use up three hours and far more than that. If you have something specific, I'm more than happy to engage in that conversation.

**MS. PERRY:** No that will suffice, Minister. Thank you.

Is this section here, where rural broadband is covered, and can you tell us which communities still do not have rural broadband?

**MR. MITCHELMORE:** The rural broadband dollars would come a little further up. This would fall under the Comprehensive Economic Development fund. That would be section 3.3.01.

**MS. PERRY:** Okay.

**MR. MITCHELMORE:** That would be where broadband would be.

In last year's budget there was \$1.7 million for broadband, because previously we had invested \$300,000 in a major investment with the Nunatsiavut Government and other federal partners for the North Coast, the six communities that would be covered under the Nunatsiavut Government there in 2016-2017. Through all of that we had a significant investment when it comes to broadband last year in partnership with the federal government.

There was a total of, our leverage invested – \$26.9 million from the federal government and \$11.5 million from private companies and other organizations for almost a \$40 million investment. It's highly critical that communities have connectivity. There's been great progress made, great strides made.

The previous administration had invested in broadband programs. The only disappointment for me was when the federal government had the Connecting Canadians program with \$225 million of federal leverage, all that money was left on the table. Not a dollar spent in Newfoundland and Labrador to expand broadband. During that time we had to utilize 75 per cent provincial dollars – that would have been done under the former administration.

We're being very strategic with the dollars that are being invested in broadband, getting great leverage from the federal government, improving the backbone, which is very important, and expanding speeds because just having 1.5 megabits per second is a very low speed. There are challenges and there are gaps when you're doing fixed-wire line for broadband and servicing large geographic areas and small populations. There are wireless solutions as well. There are satellite options for broadband.

The United Nations recognize broadband as a basic human right. Certainly, I've been in the House of Assembly highlighting that advanced telecommunications and advanced transportation networks are critical to advancing the economy, urban and rural economies of Newfoundland and Labrador.

Once all these projects get complete, the statistic is that 99 per cent coverage would happen. Most districts would have a high amount covered. I know there was a list that would have been supplied previously, either to the Opposition or through an ATIPP, that highlighted, I believe, districts and their coverage.

Most districts would have had 98, 99 per cent. I believe your particular district would be very up in that amount. I believe the Ferryland District is up around 98 per cent, and every other district in the St. John's and Metro area would be 100 per cent coverage, I believe, is for other particular districts. Some of the rural districts, we can certainly provide some information on coverage that exists, further information.

We're going to keep working on ways in which we can partner with the federal government through their \$300 million program that they had for Connecting Canadians. They announced – I believe it was in the federal budget, I may be corrected on that, but I believe it was \$125 million for broadband initiatives. The providers and the communities, they can continue to work on expanding and improving their broadband.

One priority that we've listed in our budget this year is a \$1 million investment for a cell service pilot project. We're quite excited to be able to, for the first time – I don't believe any other jurisdiction in the country or any other government has pursued this initiative, but it's very important to Newfoundland and Labrador as you travel through communities.

I've travelled all around this province. There are very few communities that I have not been in as the Minister of Tourism, Culture, Industry and Innovation and realized the gaps when it comes to cellular service. This is a first step to try and address some of those gaps.

**CHAIR:** Thank you, Minister. Thank you, Ms. Perry.

Ms. Rogers.

**MS. ROGERS:** Great leaps and bounds.

What exactly is the cell service pilot project?  
What does it involve?

**MR. MITCHELMORE:** Well, we have allocated \$1 million, if you look at the Rural Broadband Initiatives that have been partnered. Right now, we will work with community groups, we'll work with municipalities, private initiatives and basically work with the providers as well that would be into the cell business to find means of which the economic case can be made to expand cellular coverage in communities that are unserved or have limited service – so ways of which we can improve that.

This may be any number of forums that would take place because this may be a partnership with multiple communities. This may be partnership that exists through a co-op. It may bring on any number of partners to fully utilize a cell service pilot project. I'm very excited about this and we will be releasing details of how one can apply. It will be application-driven and we'll be releasing the details on the call for application and the application process in the very, very near future – in the coming days, really.

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

**MR. MITCHELMORE:** It will be publicly available. Applications will be publicly available. Contacts as to who in the department somebody could reach out to will be specifically identified there, as well as economic development officers in the field that they can reach out to and engage in this process.

We look forward to people participating, asking questions, engaging and finding ways of which we can expand cellular coverage to the benefit of Newfoundlanders and Labradorians all across Newfoundland and Labrador. We think it's a very important initiative, critical initiative. It's going to require partnerships. It's going to require support from community and the providers to really make this work. We feel this is an initial step. We hope that we can achieve success with it and that it can lead to more and further investment to benefit the people of the province.

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

If we continue down to 3.1.01 under 10, Grants and Subsidies, we see a nice, big, fat, juicy increase there from \$155,000 to \$567,800.

**MR. MITCHELMORE:** 3.3. –?

**MS. ROGERS:** 3.1.01.10, Grants and Subsidies, under Sector Diversification.

I don't think, Tracey, you got there yet, did you?

**MS. PERRY:** No.

**MS. ROGERS:** Yes, okay.

Thank you.

**MR. MITCHELMORE:** Under Grants and Subsidies?

**MS. ROGERS:** Mm-hmm, a nice big increase there.

**MR. MITCHELMORE:** Yes, this was a project I had talked about with Ms. Perry that there is investment for a Canadian Safety and Security project; \$337,800 is going to C-CORE. But if you look at the revenue side from the federal government, there's \$337,800. We are basically providing a grant and subsidy to C-CORE, but we're getting 100 per cent of the money recouped through the federal government.

**MS. ROGERS:** That's a great way to do it.

**MR. MITCHELMORE:** It's a very good deal, a great way of doing business and it's going to be a good project. C-CORE is part of Memorial University and an entity that is set up to do research and development, various contracts and initiatives. They go out and seek out specific work. This is something that we've been able to facilitate with them and recoup all the funds for the federal government.

**MS. ROGERS:** Great.

If we could move on to 3.2.01, Regional Economic and Business Development. The Salaries again, that bump of \$463,000 in '17-'18. I could probably guess what that is.

**MR. MITCHELMORE:** You're talking about 3.2.01, Regional Economic and Business Development and the Salaries?

**MS. ROGERS:** 01, yep.

**MR. MITCHELMORE:** The salary increase for 2017-2018, there's a net increase of \$335,600. That's salary continuance and retirement costs paid to departing employees. There was a restructuring shortage of \$185,000 and that was partially offset by \$349,400 in delayed recruitment. The decrease in this year's budget reflects rightsizing of salary costs as per the salary plan as the appropriate number of employees are allocated throughout Newfoundland and Labrador through various regional development offices.

We would have 18 offices under this division in Labrador City, Goose Bay, Charlottetown, Forteau, St. Anthony, Port Saunders, Deer Lake, Corner Brook, Stephenville, Port aux Basques, Grand Falls-Windsor, Gander, St. Alban's, Marystown, Clarenville, Placentia, Carbonear, and Ferryland as a means to have a provincial reach and service to clients and various regions throughout the province that are engaged in regional economic and business development. We also deploy our staff to travel throughout the province, and also sector specialists as they're needed.

There are a number of initiatives that are being undertaken.

**MS. ROGERS:** Okay.

I'd really be interested in some of those initiatives, but I think it might be interesting to maybe make a meeting with you, Minister, and have a briefing and talk about some of the directions that some of that are going in. I'm just aware of time here.

**MR. MITCHELMORE:** Sure.

**MS. ROGERS:** But I do have just one quick question in that area. Social Enterprise, is there a specific pot of money that has been allocated specifically for Social Enterprise?

**MR. MITCHELMORE:** We support Social Enterprise and we have done so significantly in the past. If you look at the fund that Ms. Perry would've been talking about, the Comprehensive Economic Development Fund, it allows non-commercial entities to apply for funding. We would've supported, for example, the Centre for Social Enterprise at Memorial

University through these particular funds. We do a number of community capacity-building initiatives with Social Enterprise, we do co-operative development as well, we work with the Community Sector Council, we've done a number of initiatives like buy the books, allowing non-profit, Social Enterprise, and other entities to improve their financial accounting and accountability and those processes because these are things that have been asked for.

We allocated specifically \$75,000 for capacity-building initiatives for Social Enterprise. That is a new allocation of funds that have been targeted and earmarked.

We fund significant projects and we work with social enterprise. We saw just yesterday the Minister of Children, Seniors and Social Development announced – with the Premier – multi-year funding for community organizations. And a couple of organizations that are very notable, that would be social enterprise, would be Choices For Youth and Stella's Circle that we have all talked about in this House. They have received multi-year funding, a significant amount, that will help them focus on continuing to do the good work that they do.

They still can look at specific project-based funding. We will look at them and the initiatives they provide. We continue to work with the Centre for Social Enterprise and, also, through student employment positions that exist. We're looking at various ways of which we can help social enterprise through our Social Enterprise Action Plan and, also, a number of initiatives that we do and continue to engage with throughout that particular process.

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

Then if we move on to 3.3.01, Economic Development – I think we looked at that a little bit already with Tracey, I think, when you were moving around a bit. Social Sector Research, 3.4.01, I won't ask about that – well, I will because it's almost doubled, the Revised for Salaries for '17-'18.

**MR. MITCHELMORE:** Yeah, the salary is the fact that we've added two industry development officers and one senior policy analyst here. Initially, we had a director of Tourism Research

specifically and small staff allocated. But looking very strategically, a lot of the research that would be done through the tourism market research on that specific sector interlinks with food and beverage and interlinks with other sectors of the economy, culture –

**MS. ROGERS:** Of course.

**MR. MITCHELMORE:** – and other specific research that we would like to do when it comes to aerospace and defence, and working with Canadian manufacturers and exporters.

So what we've done is we've allocated what we feel would have been staff within the department who have expertise around research that would like to be more focused when it comes to the whole of government, of more sectors rather than a specific sector. So that there can be a breaking down of silos, basically, within the department, greater synergies and a number of things that would be looked at through our overall Work Plan.

Things that would be dealt with here would be the resident survey that would happen; there would be various projects such as Atlantic Growth sector research that would happen. Then there would be things with Destination Canada, Global Tourism and Stats Canada; there would be various membership fees in here.

It's very much the departmental Sector Research Division that focuses on all of our sectors now, rather than just the tourism sector.

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

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

Ms. Perry.

**MS. PERRY:** Okay.

Last year, under Professional Services, \$173,500 was budgeted but less than half of that was spent. Now, this year, nothing is budgeted. Is the department making any operational changes there or is there a project there?

**MR. MITCHELMORE:** Yeah.

The Professional Services, the decrease of \$173,000 is the right-sizing of division departmental access and partnerships, purchase for services, focus groups, subscriptions to database and research and analysis to really more accurately reflect where the nature of the expenditure is. There's a decrease – if you look at 11, the Purchased Services is the increase of \$176,800. So that is basically the purchased services for focus group projects, subscriptions, databases and research and analysis.

It's really a correction of the type of purchase. Rather than Professional Services, this would fall under Purchased Services. In 2017-18 there would have been \$80,000 plus \$95,000 which would have been around \$175,000 purchased. This year it all falls under Purchased Services because that's really the type of service that it is.

So it's just an Estimates line correction to reflect the nature of the purchase, but the activities will still be ongoing to ensure that we have the right intelligence when it comes to database, subscriptions, any research and analysis requirements and those processes. I listed a little bit earlier around partnerships with Destination Canada, Global Tourism Watch, et cetera, so that we know the particular trends, we know things that we can do to target and make best and informed decisions.

**MS. PERRY:** Okay. Thank you, Minister.

Why was the \$20,000 under Grants and Subsidies not spent? Is this money being rolled over into next year?

**MR. MITCHELMORE:** That \$20,000 is for industry research. It's to be determined right now in the 2018-2019 Work Plan. Discussions are happening with industry associations to determine what is a specific initiative to make best use.

Last year, no initiative would have been undertaken so no funds were spent. \$20,000 has been budgeted this year. If, based on our Work Plan and dialogue with our industry associations, we do not find the appropriate use of those funds, they will become a drop balance and there will be no disbursement of funds. But we are actively engaged with the industry associations

to determine a partnered research-specific project.

**MS. PERRY:** Okay. Thank you, Minister.

I'm going to move ahead now to 4.1.01. Under Salaries in this section, can you explain why Salaries have increased to \$2,173,700?

**MR. MITCHELMORE:** The net increase of \$135,200 results from the reclassification of a manager of a Visitor Information Centre for \$23,000 and there's been some restructuring due to a budget shortfall. So the current allocation of Salaries for \$2,173,700 is an accurate reflection of where salary expenditures would be for 2018-2019 under Tourism.

**MS. PERRY:** Okay.

Under Purchased Services, can you please outline what purchased services made up the \$12 million?

**MR. MITCHELMORE:** The \$12 million under Purchased Services would be our marketing budget that we would have; this would be the main departmental marketing campaign that would be included here. There would also be advertising, marketing costs and promotional material. Things of that nature would fall under that line of \$12 million.

**MS. PERRY:** Thank you, Minister.

Are there any new tourism commercials in the works and any new marketing strategies that you will be rolling out this year? If you can outline what changes have occurred over the province's marketing strategy this year, and as well – I know I got a lot of questions here together, so I can slow them down. What specific markets will be targeted to capitalize on exchange rates this year?

**MR. MITCHELMORE:** We're very excited about some of the initiatives we've undertaken in tourism marketing since I've become minister of the department, and we're quite proud of the tourism marketing dollars that we have associated with the budget. We relayed that to the hospitality industry when the Premier was the keynote speaker and launched a series of

new ads that would exist that's, for the first time, focused on sound.

The Newfoundland Symphony Orchestra has been involved. There's some very brilliant video associated with that, because we focused a lot on colour and our storytelling, but this is the first time we've actually looked at the sounds of Newfoundland and Labrador, from the wind to the capelin rolling on the beach, to a number of specific sounds with that ad.

We're leading the country again based on the fact that we entered into an agreement with Air Canada to have our own TV channel, and, in so, we have a number of videos there that if you fly Air Canada and click TV, there's a new 'Find Yourself' campaign series. These are things that would have been undertaken as part of our budget and our partnership with Target Marketing.

We have also rebuilt our website and launched a new website. That was one of the components we did when we weren't making new advertisements. So there's a balance when you're dealing with your strategy.

We have a significant amount of content when it comes to Newfoundland and Labrador. Some great assets of photography, digital assets. We're always being strategic in if we use a YouTube channel, how we use our social media content. It's been really off the charts in the interactions we've been having. We've seen increases at [newfoundlandlabrador.com](http://newfoundlandlabrador.com).

These types of things – when we look at our Exit Survey, that would've been complete in 2016, we saw non-resident spending was \$563 million, and it totalled \$1.13 billion. Last year, non-resident spending in the province was \$575 million; the most in the province's history. It really shows that advertising is one of the key elements that's driving people here. There are very critical elements: you need access, you need good advertising, you also need good product, and good product stems from the partnerships with industry, the quality of accommodations and the services that are provided by the tourism industry. It's really a collective effort to grow tourism.

We're quite excited to see that the last time the Exit Survey was done there were 18,000 jobs in tourism and now there are almost 20,000 jobs associated with tourism. So there is significant growth. There's significant growth in tourism expenditure and there's growth in visitation. Those are all important things.

Key markets for us; Newfoundland and Labrador has a very strong local market. We will always have a strong maritime market because of vicinity. The Ontario market is very important to Newfoundland and Labrador, and we invest in that market. We also invest in the western market, Alberta and British Columbia.

As I was travelling about the province, I was seeing a number of people from Ontario, in particular, whether they be from Waterloo, Ottawa, Toronto, and they always remark about seeing our ads and actually stopping to watch them. It is a great campaign. It's working. It's achieving success. We received a number of awards and accolades and recognition by the industry and endorsement, almost 300 awards now.

One thing that I did see which was really exciting – and it was actually in your particular district when I was visiting – was I met a couple who are from Australia. They came and they had already spent six weeks. They said they were going to travel, I believe it was – I'm not sure if it was 10,000 or 20,000 kilometres they would have on their map. They were everywhere in Labrador, they were travelling the Northern Peninsula, they were travelling the Avalon Peninsula, the South Coast. They weren't missing a beat. These are the types of travellers we want, the long-stay. The people were staying at high-quality accommodations, expending a significant amount of money into our economy.

We have great opportunity when it comes to the UK market, the German market. These are key targets for us. This year is also the Canada-China tourism year. The assistant deputy minister has been engaged in that process and travelled to Ottawa as part of a Chinese inward delegation that has been there. There's opportunity to look at Asia and look at that consumer marketplace. We have to develop product. We have to be ready for that particular market. It is a small market right now, the Asian

market, but it is a future opportunity for Newfoundland and Labrador. We have to build those relationships. We have to work in those markets.

The best opportunity for growth are those closest to us, the American marketplace because of the success of *Come From Away*. The millions of dollars in free advertising and endorsement that that has given Newfoundland and Labrador is really important.

Florida, when it comes to the connectivity, because we already have that air access with the market of US. Those are important to us and we'll continue to reach out into those markets. We do a lot of partnerships when we go into specific US cities because depending on the type of campaign, it can be very expensive. It can be very expensive to buy a page in *The New York Times* or *The Wall Street Journal* or an ad on TV. So you can easily exasperate a budget. That's why we have to be very creative with how we use our budget, how we invest, what markets and how we go in.

We do a lot to engage the motorcoach bus tour traffic. We've seen significant growth there. We're into key shows. We have a very talented team when we go into those markets.

I travelled to New York on personal, but I also did a little bit of departmental business with our travel and trade team as they reached out to key travel partners in motorcoach but also in air access as well as we promoted New York and all of that area to sell Newfoundland and Labrador. Because we really want the travel agencies and the partners, whether they're in Newfoundland and Labrador in doing that attraction to bring people here or people that are outside to come to Newfoundland and Labrador. So we're doing a lot of outreach.

There are various mechanisms, and as the Leader of the Third Party and the MHA for St. John's Centre talked about, maybe there's more dialogue that we can have on our marketing campaign initiatives that we're talking about. Even outside, I don't mind setting up a meeting and having more discussion with you because I don't want you to not get to your specific questions in the line by line of the Estimates.

**CHAIR:** Thank you.

**MS. PERRY:** Right, and that's perhaps something we could do together.

**MS. ROGERS:** Yes, sure.

**CHAIR:** Thank you, Minister.

Thank you, Ms. Perry.

Ms. Rogers.

**MS. ROGERS:** I'm wondering, Mr. Chair, if we could take a few minutes break. A very quick, short break.

**CHAIR:** We can certainly do that. It is 6:38, we'll take 10 minutes.

**MS. ROGERS:** Five even.

**CHAIR:** There you go.

If we could be back by 6:45 or so?

**MS. ROGERS:** Sure.

### Recess

**CHAIR:** Thank you.

If we can continue, Ms. Rogers, I think you're up.

**MS. ROGERS:** If we go back to 4.1.01, Tourism, just a quick question. What is now considered the tourism season? What are the shoulders? It's just a question out of curiosity.

**MR. MITCHELMORE:** We have been working with industry. The season and the shoulder season will vary depending on which region of Newfoundland and Labrador one lives.

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

**MR. MITCHELMORE:** The primary target, and the busiest months – which we've seen at airports recently break records and have very strong years – would be July and August. That's always going to be the busiest months for tourism.

September is also becoming a more popular month. We've seen things, like in Bonavista, how operators are staying open longer. We generally have very good falls; we need to get that message out. The Bonavista Biennale helped in a big way support a number of small businesses and operators through 23 or 24 locations.

**MS. ROGERS:** That was in July, wasn't it?

**MR. MITCHELMORE:** I had the opportunity – maybe the Member had also gone –

**MS. ROGERS:** I went to everything.

**MR. MITCHELMORE:** – and toured all of the art. I certainly enjoyed myself. I was there at the opening and travelled all around.

There are a number of things that we have done through season extension programs and through various festivals to help engage people to come earlier. The St. Anthony area and Viking Trail Tourism Association has held the Iceberg Festival and that's helped operators. The Viking Trail Tourism Association has said they've seen an increase of 15 per cent for their members.

June is basically the new July, so that's very exciting when you're looking at markets. Last year, the L'Anse aux Meadows site saw over a 30 per cent increase, the Port au Choix site had over a 60 per cent increase and there was also a big increase at Red Bay. So when you look at the three UNESCOs in the Product Development Plan, and the potential for growth, we're certainly looking at all of those initiatives as ways to build capacity.

Roots, Rants and Roars has been a good festival in the fall; you've got the Burlington festival, The Gathering, that takes place. Trails, Tales and Tunes really kicks off the Gros Morne area in Norris Point and has had significant success. So these are really good initiatives. Bay Roberts has done their Songs, Stages, and Seafood Festival that I've had the ability to attend as well. There are things that you do at certain times of year.

The Member for Lab West is sitting here as well in Committee right now. Cain's Quest was a really big economic generator. It's a really

positive initiative that's done biennially that has attracted international tourism, as well, and participants. It's really put us on the map. It's the world's largest endurance race for winter activity in the world.

**MS. ROGERS:** Great.

**MR. MITCHELMORE:** These types of things that can set us apart can really help. But in short, a lot of the tourism season right now, the primary season for most operators would be around mid-May to mid-September. We need to continue to expand on the shoulders. That will give us our greatest opportunity for growth. And there are some strategic things we can do throughout the year as well.

We're always working with our airports, our partners, to find ways of which we can add airport seat capacity. If we can expand and explore in specific markets, we do so based on the business activity that exists. With mining prospects on the horizon and more oil and gas, those types of things help drive prospectivity to look at flight access.

One of the reasons why the New York flight was lost was because of the downturn in business travel that would have been happening through oil and gas at that time. We're seeing a bit of an uptick right now and more confidence in the markets when it comes to oil and gas, business investment and development here in our province. So those are all positive indicators.

Leisure traffic can help certainly support, but it won't necessarily be the key reason why a flight is added, depending on the particular market. Some flights go specifically for leisure market. If you're going to the Caribbean, it's primarily leisure market, leisure demand if it's an all-inclusive Sunwing destination. Maybe this would be a conversation of which we can further discuss when we set up a meeting.

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

4.1.02, Marble Mountain Development Corporation; the Revised for '17-'18 was an increase of \$400,000 for Grants and Subsidies to Marble Mountain. What's happening there?



**MR. MITCHELMORE:** Yes, there was increase of \$400,000 to Marble Mountain. That is additional operating funding required for fiscal 2017-2018. The primary contributing factor was the West Coast flood event; a very difficult start to the season with weather events that were happening.

The other ski resort on the Island had experienced very similar challenges when it came to trying to keep snow operating in Clarendville and keep snow on the ground. They incurred higher costs. It was publically reported that White Hills, a smaller operation, had to receive a \$75,000 loan from the Town of Clarendville, which would be its basic operating arm. The staff at Marble Mountain worked very diligently to have the operational days. The COO, in over a 30-year career, has said that this was the most challenging operating season based on weather and based on the flooding events.

They have identified and have undertaken a lot of change at Marble Mountain. There's been a new pricing structure that was put in place, a number of new events and new food services that were offered, vegan, vegetarian: things that consumers are requesting and expecting. The type of service for food and beverage had undergone some change. There was direct table service. There were events that were highly successful, such as the ski – the snowmobile races that happened at the end of the season had provided over \$60,000 to the corporation just from that particular event.

There are events they had done like the Slush Cup and the Downhill Dummy Race. They've partnered with the community groups to raise awareness for cancer by doing a balloon release and other events of lighting up the hill. The Marble Mountain Development Corporation has a number of planned events as well for fall and throughout the season; Foam Fest will be one of those. We're certainly working with the corporation around sustainability, around the revenue options that it can pursue, as well as find new revenue stream, new investment and always exploring options when it comes to Marble Mountain Development Corporation.

The staff certainly stepped up. We received very positive feedback from customers and from skiers that things are certainly moving in the

right direction with the Marble Mountain Development Corporation based on consumer feedback.

I just also will give a shout-out – since the Member for Lab West is here – that the ski hill in Smokey in Lab West had a very strong season. It was good to see the weather conditions were much more favourable in Lab West. We're certainly cognizant of climate change and the impact that it is having. We're seeing more and more weather events. We saw weather events on the T' Railway, of which we had to do \$1 million worth of repair work.

These types of weather events can happen and they have happened in the past where there was over \$4 million required to be invested based on lightening striking the hill at Marble Mountain. Some things are out of the control of management, but they have done the best possible job that they can do in terms of operating their ski hill. They have undertaken change and they're going to continue to undertake change to make sure that customers get an incredible skiing and snowboarding experience at Marble Mountain, plus all the other activities and revenue generation options are being explored.

**MS. ROGERS:** Thank you.

**CHAIR:** Thank you.

Mr. Finn, did you want to just jump in for a second.

**MR. FINN:** Yes (inaudible).

**CHAIR:** Mr. John Finn.

**MR. FINN:** I just wanted to make a quick comment and then just a small question. I just wanted to say a huge thank you, Minister, to you and your staff. I live all of 55 minutes away from Marble Mountain. I got there 10 times this season. Last season, I got there almost 18 trips in. What I can tell you is despite the weather, the energy at Marble Mountain this winter was off the charts, from the staff turnaround to the changes in the pricing, to the folks coming out, the new public relations, Richard Wells – just phenomenal.

I've been going there now for about seven years, but I certainly want to say a huge shout-out to you and your staff. I know I had met with you personally on the matter, as well as your deputy, Mr. Lomond.

In terms of moving forward, I'm just wondering is there any more new events – the last snowmobile event there, just two or three weekends ago, actually was, I think, the most well-attended event that they've ever held, and in terms of revenue generation with folks coming in town from all over the province to compete in that event. So I'm just wondering if there are any events moving forward to help continue the promotion of Marble Mountain.

**MR. MITCHELMORE:** So one of the things that the staff, the management and the board at Marble Mountain had identified is putting up a plan early, informing people of policy, of changes, when it comes to pricing, when it comes to what's actually taking place at Marble Mountain. They have done that, and it's great to see your feedback, your response, in terms of being a skier, or a snowboarder yourself and participating on the hill. Marble Mountain has activities that will take place in the fall, that are strategically planned, like Foam Fest, and that is set up around the orientation week with the universities, and allowing people to attend.

They also looked at partnerships with airlines; they also engaged and are looking to work with the White Hills Ski Resort, and also they can reach out and work with the Smokey ski hill as well to see if there are ways in which we can partner on passes, on different costs – looking at options. I think one of the things that the board at Marble Mountain and the management is, is that they're open to engagement, they're open to partnerships and they're open to change.

They decided to put the snowmobile races at the end of the season rather than have them and then go back to skiing because there would have been a cost associated with grooming and all the other activities. That was something that was done to accommodate for being open for Easter, and doing that upfront so that people could make their plans appropriately. There is a cost associated with running the ski hill, to the taxpayers of the province, and that's something

that is cognizant by the management and the board.

We would love to be able to continue operating the ski hill for an extended period and the management and the board would look at, based on where are their funds, where their operations are, and what would allow them, if they could operate maybe on Friday and Saturday nights on an extended season and not on the weekdays. Those are things that they would have to negotiate with through collective agreements and all those processes would have to be explored.

Those are options, and it comes to a point when people do look at moving on to other activities, given what's happening in the province. I would say that we're almost living in two different worlds, even on the Island of Newfoundland and Labrador. Here we have bolstering, very warm temperatures right now outside – sunny days. In my home district on the Great Northern Peninsula, we had a polar bear just a couple of days ago through the Town of St. Anthony, and I probably still have about six feet of snow in my yard.

I run the ad – I have in the past – the district is where winter begins and ends on the Island of this province. But yes, we will continue to be open to ideas, customer feedback and want that engagement at Marble Mountain.

**CHAIR:** Thank you.

Ms. Perry.

**MS. PERRY:** I'm going to move now to section 4.2.04, The Rooms Corporation. Why has the grant to the Rooms decreased by \$260,000?

**MR. MITCHELMORE:** So the decrease of \$260,000 reflects a reduction in the operating grant. Core operations will be \$133,000 reduction; attrition would be \$60,000; and there would be a department reduction of \$67,000.

This overall process of the Rooms to their operating grant will have no impact on programs or services to the public. Visitation during the 2017 tourism season was extremely strong, and it was on par with 2016, which included the Beaumont-Hamel anniversary events and the

launch of the exhibit, which is the largest, permanent World War I exhibit in the country, and really tells the story that impacts all Newfoundlanders and Labradorians in some way, shape or form.

They saw nearly 125,000 visits, and seeing that momentum continuing to 2017 is extremely positive. They engaged in a cultural Ambassador's program, doing a lot more programming and activity that engages the artist community, engages others in the community as well to come out and participate and share their knowledge, whether it would be the book clubs, whether it would be the dinners with local comedians, whether it would be music or the cocktails and culture events that would take place – very proud of the immersive experience of Newfoundland and Labrador culture that was very popular. I want to recognize that we have the CEO of The Rooms Corporation that has joined us, Mr. Dean Brinton, and also Donna Marie Humphries who is the director of Finance with The Rooms. If there are questions that I am unable to answer, they certainly will step in and answer any specific questions.

We did recognize recently The Rooms winning a national award from Canadian Museum Association for their publication of artwork of the Labrador Inuit, the SakKijâjuk, based on the exhibition by the same name at the Winnipeg Art Gallery; it's going to open in late May. They also won two international Gold Quill Awards for Excellence in Marketing, Advertising and Brand Communication for the Remember Them at The Rooms campaign First World War commemoration. The Rooms has received 23 awards since their opening, more than any other cultural institution in Canada.

We love to really boast and we're very proud of that crown jewel; it's our cultural gem. I know we all are very proud of the work that's done by the CEO, staff and the board at The Rooms. We just recently have a new chair, Margaret Allan, who's chairing The Rooms board and a number of new appointments.

Ms. Allan is very well equipped and has a background in – a master's, I believe, in history and art. I'd have to go back and look, but she's very well qualified and has a business background as well. It's a great complement, a

great geographic representation, Indigenous representation and a high number of females that are serving on The Rooms board. They're clearly outnumbering the male contingent that are serving in that corporation.

In terms of your question around the impact of reduction of \$260,000, The Rooms commercial revenue increased by almost 12 per cent. The paid visitation increased by 5 per cent. Website visits were up by 65 per cent. The revenue from parking and other commercial activities that The Rooms engages in will allow it to continue all of its program and services that it provides and it will have no impact on the quality experiences at The Rooms because as an agency, board and commission of government we challenge all of our agencies, boards and commissions to look at raising revenue where they have that ability to do so and they've been raising their own earned revenue more so, and they've also earned additional revenue outside of that \$260,000. So they have ample opportunity to continue to do their programs and services for the people of the province.

The Canada Council funding had increased by 74 per cent under the leadership of Anne Chafe, the director of arts at the gallery there, \$330,000 over two years, and their whole team, we're very proud of what's being achieved there. They have new Friday evening opening hours. They're open Friday evenings until 10, so they've been able to adjust as they've looked at their budgets and where their opportunities are. They're exploring that, and that's being done by the leadership team and the board at The Rooms.

We provide them with a direct grant of over \$6 million and they earn additional revenue outside of that, which would be provided in their financial statements (inaudible).

**MS. PERRY:** Okay, thank you, Minister.

I just want to ask a quick supplemental to that one. If they're unable to raise \$260,000 through their revenue-generating efforts, would you be prepared to reinstate any shortfall?

**MR. MITCHELMORE:** The Rooms itself, based on all of its operations and its commercial and non-commercial activities would have ample money based on the appropriations that

we're providing because there is some of that money that would be done through attrition as there are retirements, so there would be people that would attrition out.

There would be no impact on the \$60,000 of attrition from a revenue requirement because the retirement would occur and the \$60,000 would no longer be required. So you're really looking at \$200,000 from a line-by-line review, and The Rooms can, through looking at its operations, find some efficiencies, reductions in travel and other initiatives based on other entities that have undergone line-by-line reductions.

The Rooms itself has ample opportunity to raise revenue through gift shop sales, they've seen increased revenue year over year, they have from the implementation of their parking, they have also other commercial contracts through their catering business and other initiatives that they can pursue.

I have every confidence that there would be no further requirement from The Rooms, and that they could pursue all of their activities and even new initiatives, based on the allotment of funding that we have provided them. The CEO gives me every assurance and they can continue their operations with the current budget.

**MS. PERRY:** Okay, thank you Minister.

Moving on now to 4.2.05, Newfoundland and Labrador Film Development Corporation; why has their grant been cut by \$70,000?

**MR. MITCHELMORE:** The \$70,000 to the Film Development Corporation, this is their grant for operation; this is not their equity for the Film Development Corporation, the one of which was \$2 million that we doubled last year and actually invested another \$1.4 million for *Caught*, which I talked about earlier. So last year in the equity program, it was \$5.4 million. This year, we've maintained the doubling of the \$2 million equity to \$4 million.

This specific line that was \$681,000 that is now \$611,000 reflects a reduction because there was attrition, basically, at the Film Development Corporation. There was a retirement that took place and now is the responsibility of the film commissioner, and the management position has

been the responsibility of one individual. So there are savings there that the Newfoundland and Labrador Film Development Corporation could achieve through attrition.

**MS. PERRY:** Okay, thank you, Minister.

Under 4.2.06, Historic Sites Development, the Purchased Services are expected to decline by \$189,600. What impact do you think this will have on our historic sites?

**MR. MITCHELMORE:** It won't have any impact on historic sites. We had a multi-year plan for site repair and maintenance to do work at the Point Amour Lighthouse. A significant amount of work was done in Heart's Content and Mockbeggar. We had work done a Commissariat House and other provincial historic sites that was earmarked and, each year, there was money allocated.

This is the sunsetting of a multi-year renovation project, we've recapitalized these assets and we have a small amount of money this year to do site repairs and maintenance at provincial historic sites, as required. One of the exciting things with our provincial historic sites is the Heart's Content world UNESCO, joint UNESCO bid and being shortlisted as part of a Canadian list is very interesting. Then if Valentia can add that site to a short list, then we could have a joint submission where the old world and the new world connect.

Being a Provincial Historic Site since 1974, we have a very well-maintained property. We've just recently reinvested. The 150th anniversary was in 2016 so we've really helped them capitalize that asset. I recently toured it. There's going to be a focus at that particular site on coding and discovery because that's where the old world and the new world got all of its information. Eight words per minute could basically be decoded at this site.

We have great assets and we're working in partnership with the Government of Ireland to advance this initiative.

**MS. PERRY:** What site?

**MR. MITCHELMORE:** Heart's Content.

**MS. PERRY:** Heart's Content. Okay.

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

Ms. Rogers.

**MS. ROGERS:** Yes, thank you very much, Mr. Chair.

The Colonial Building: Does that come under Historic Sites Development?

**MR. MITCHELMORE:** The Colonial Building is within the Department of Tourism, Culture, Industry and Innovation.

We have a steering committee that is in place. There is project management that's being undertaken with TW and The Rooms Corporation to ensure that the Colonial Building is being restored. We had taken the media to provide an update on what was happening inside the Colonial Building as the tenders were being moved forward and advanced. We have a significant amount of the non-historical finishes – that tender had been awarded and advanced.

We had done a mock room when it came to looking at the cost of bringing it back to a certain level in the 1800s. There was a \$22.73-million budget that was at The Rooms. And as funds are expended, based on tenders, that's where they would be disbursed and paid out.

We're fully committed to the Colonial Building restoration. I believe the fourth tender package has gone out and we're working on the fifth and final tender to complete the historical finishing for the building. It's taken a significant amount longer than originally anticipated. It was something that was started by the previous administration, but when you're dealing with any old historical building you never know what you're going to find as you're starting to go into the building.

What was found at that time is that the roofs were really collapsing on themselves. They had to be stabilized. That took some time and, then, as you're revealing and finding different aspects. The exterior is fully restored. We're working through that process and look forward to having the Colonial Building open for public use, as it should be, in Newfoundland and Labrador.

If I could, I need to make a correction for the Member – either Member – when they asked about attrition targets and a value. I had misstated a number around \$380,000; the number is actually \$483,600.

**MS. ROGERS:** So back to the Colonial Building. What is the anticipated budget for completion and an anticipated ballpark for completion in terms of time?

**MR. MITCHELMORE:** \$22.73 million to complete the Colonial Building. That's the budget that was allocated, that's the budget that we're working within. We have to work through that tendering process so that we ensure the building gets completed.

The interpretation and the plan for its interior use, we had stated at our public consultation at The Rooms that we would have further consultation around other dialogue. There was a site plan that was developed around uses for the Colonial Building and around the political history of the province, telling that story. There are some really fascinating things, I believe, that could be on display and how it could be used and how things could be purposed.

There's been some discussion around a public library given that it's in the downtown. But given a recent visit to the Halifax downtown public library, and seeing how purpose built that was and that initiative, this particular historic building would not be most appropriately used as a public library.

There may be some element of which you could have some historical books or you could have some space that could be used by the public, but the building itself would not have the connectivity necessary, the electrical aspects there. There are some limitations. If you go to the building and tour it you would really understand.

We are making the building accessible though. We are meeting those guidelines. We've had to cut through particular walls to make sure that it is accessible for wheelchair and mobility matters. We're certainly taking that into account.

**MS. ROGERS:** So the \$22.73 million, is that for the whole project? What is budgeted this

year? Again, what's your targeted completion date?

**MR. MITCHELMORE:** That is the global budget that has been in existence for the Colonial Building: \$22.73 million.

**MS. ROGERS:** Yeah.

**MR. MITCHELMORE:** There's been an amount that has been expended. I believe there is still a certain amount that exists. There's a challenge with releasing the specific amounts that would exist, remaining that has been unpaid, while there are still ongoing tenders to be called. If the amount is revealed that there is this much left in the budget and there's only one tender, the likelihood that a company will go very close to that particular amount could end up costing the taxpayers more in that process.

We want it to be a very competitive process so that any funds that are available, we can fully utilize that \$22.73 million into the Colonial Building and ensure that there is appropriate interpretation and experience at the Colonial Building when it is complete.

**MS. ROGERS:** So the money to complete it is budgeted in this year somewhere?

**MR. MITCHELMORE:** That amount is in The Rooms Corporation. They have that in their bank account and they are project managing it. They are cash flowing any funds associated with the Colonial Building, so it is not showing up in the Estimates here.

As I talked to earlier, there are commitments that have been made – for example, with the former RDC for research and development projects – that would be multi-year. There would be associated for spending this year that would not be in the particular line-by-line items of the budget, but they are fully accounted for in the Public Accounts.

**MS. ROGERS:** So the money that's set aside for the Colonial Building is not in the current budget for The Rooms.

**MR. MITCHELMORE:** No.

**MS. ROGERS:** I know I'm sounding like I'm pushing you, but are we looking at two years? Are we looking at five years? Are we looking at one year? What are we looking at?

**MR. MITCHELMORE:** We're certainly working very much with TW, we're working with The Rooms and we're working with our partners in heritage as well, in the steering committee, to ensure that the Colonial Building is advanced. We've seen significant progress on the interior.

We need to get the next tender out. Once that tender goes out – that call – and gets awarded, we would have a much better indication then as to a completion date, to be able to update and advise the public as to when the Colonial Building will be open.

We want this building open as soon as possible. If the building could be open in 2019, that would be very positive, given the fact that it would be a celebratory year in terms of our place in history, of when we joined Canada. This is a very significant building; it's a place of when we were self-government, when we were our own country. There are a lot of stories about the Colonial Building and things that we want to tell, but it's a bit too early at this stage to predetermine and to give a date.

There have been a number of years that have lapsed; this has been ongoing for a very long time. It's a great asset to the people of the province. It has an important story to tell and it needs public use. I'm working very closely with my team to find ways to make sure that happens as expeditiously as possible. But we are talking about an historical building and it has to be done right.

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

In Special Celebrations and Events we see a reduction of \$202,500. We're not celebrating as much this year, I guess. Is that it?

Sorry, I'm a little bit tired.

**MR. MITCHELMORE:** No, the Special Celebrations and Events are primarily focused on a four-year program of World War I and the 100th anniversary. Our biggest year would have

been the 100th anniversary commemorating Beaumont-Hamel. In the particular year, there's a \$202,000 reduction because of scheduled events and the clueing up of the program that was set through a previous budget decision that this is a four-year program. This is where we would be sending the Regiment and others to do the Trail of the Caribou, where youth can participate.

There were a number of special events that happened. The Peace by Piece exhibit is one by the Cabot Quilters' Guild. They did a fantastic job. There were, I believe, a number of other commemorations that would have happened with theatre groups.

**MS. ROGERS:** So what are we celebrating this year with our \$185,000, anything specific? I just don't want to miss it.

**MR. MITCHELMORE:** We're doing the Beaumont-Hamel and the Trail of the Caribou. We have our youth, our cultural ambassadors that will go. There's a delegation. There are events for Gallipoli. It ends in November of 2018, so this is not something that's going to be a full budgetary year as well. That's why the amount is seeing a reduction.

We have fully accounted for our commitments and what we plan to spend money for on the special celebrations and commemorations. We've done a number of events. The airport has a new exhibit that they've put focus in partners. Lots of things have taken place over the last four years that we're very proud of and the legacy of the Honour 100 initiative.

**MS. ROGERS:** Thank you.

I believe my time is up.

**CHAIR:** Your time is up.

**MS. ROGERS:** Thank you.

**CHAIR:** Ms. Perry.

**MS. PERRY:** Thank you, Mr. Chair, and thank you, Ms. Rogers.

Which line item contains the Cultural Events Fund?

**MR. MITCHELMORE:** The Cultural Events Fund would fall under the Arts section, Grants and Subsidies, 4.2.01.

**MS. PERRY:** 4.2.01. Okay.

Thank you, Minister.

What is the department's role with respect to Mistaken Point?

**MR. MITCHELMORE:** The department provides CEDP, Cultural Economic Development support funding, to Mistaken Point Cape Race Heritage Inc. as we support heritage organizations throughout Newfoundland and Labrador. There are more than 100 of them that we support and we have \$880,000 in our budget for that.

We provide Mistaken Point with \$15,360 under that operational programming. We've also supported Mistaken Point in the past with a concert series. We've done opportunities management sessions with them. Our department played a very critical role in helping with the dossier and providing support. I believe we've provided support in the past when it came to the Interpretation Centre and regional development investment to partner with the federal government to ensure that the centre takes place.

Our Provincial Tourism Product Development officers are available to provide advice to any heritage organization or group. But when it comes to Mistaken Point – and I need to make this very clear – Mistaken Point is a provincially owned reserve. It is an ecological reserve that has UNESCO status that is owned and operated by the Province of Newfoundland and Labrador.

The Department of Fisheries and Land Resources has \$400,000 in its budget. It hires nine staff and four students. It also appropriates \$26,100 rent to the non-profit group because they operate at the Interpretation Centre. These provincial staff provide all the tours and all the operational costs associated with the tours. They also provide interpretation around Mistaken Point at the centre.

This non-profit group does very valuable work. I attended their annual general meeting as

Tourism Minister. I was asked to be their guest speaker. I spoke there and commended the volunteers. They operate the gift shop there. Because 10,000 people come to this particular site – and the numbers have been increasing – they have even more opportunity now to raise more revenue through their gift shop sales. As well, they don't charge a fee at their Interpretation Centre, they opt for a donation. And that's what they're charging: a donation. It's by donation only.

There are ample opportunities for this organization, like other heritage organizations, to apply for students, wage subsidies, JCPs and other entities that operate in that non-profit. We have, as I said, over 100 heritage organizations that are in a very similar position.

This group also operates the Myrick Wireless station which is at Cape Race. That would have been the station that received the signal from the *Titanic*, which also had commemorations and received significant investment in the past for upgrades when it comes to my department through our Regional Development Fund in partnership with ACOA. This operation I had visited as well.

I'm very pleased to see the federal government investing in road infrastructure to the site and have done paving there to support the attractiveness. There is a real ability to partner with groups. I want to say that the Myrick Wireless station does charge a fee at admission. So there are opportunities of which our Product Development officers can meet with groups to talk about pricing, to talk about opportunities of how they can raise commercial revenue and how they can look at pursuing other grants should they need to do so. We're more than happy to meet with particular groups on this matter. Our staff have been engaged with the Mistaken Point Cape Race Heritage society, as we have with many heritage organizations throughout the province.

I was at Sunny Cottage in your particular district this summer. We've made an investment to do upgrades at Sunny Cottage, which was very positive to do improvements to the widow's walk and to other necessary attractions, because this is important.

These are the types of things we either do through a project basis, or we provide them with operational support through CEDP. We do that to a hundred different organizations throughout the province. They are all worthy of receiving funding, and our envelope is set at \$880,000. Nobody has received a decrease in funding.

This organization, the Cape Race organization that operates the interpretation centre and the Myrick Wireless Station, have been operating with that level of funding since 2013. In 2004, they only received \$750 from the department. So there has been an increase in their operational funding to support them. They've never raised an issue, to my knowledge, in 2013, 2014 or 2015 about funding that is required in terms of their operations.

We always review any funding requests and if funds are available we look at those options, but our CEDP program is allocated. We don't have additional funds to allocate to this particular organization, nor would we have funds to allocate to providing increases to other organizations currently under that plan.

**MS. PERRY:** Okay. Thank you, Minister.

Can you tell me if there's any specific marketing undertaken by your department for this World Heritage Site?

**MR. MITCHELMORE:** On our tourism website, actually, we have information specifically around key assets, and we promote Mistaken Point. We promote through our itinerary planner.

We have imagery that highlights Mistaken Point. There are some really nice stories that have been done on our social media channels around Mistaken Point. We also reach out through content. We want to have professional writers come here that are going to tell stories about Mistaken Point and encourage more people to come and visit that particular attraction.

Some of the other things our department has done to support this particular area is that since I've been minister there's been \$652,000 that has gone into regional development and investment projects in the Ferryland to Trepassey area in the last two years that would



support business and tourism development activity in that region.

We've been very active in wanting to see growth in the Irish Loop. I've met with and visited the craft guild that is there. I've been engaged with a number of businesses and operators on the Irish Loop. Seeing the Edge of the Avalon Inn, touring that, being there dining and seeing the experience they have – phenomenal. Great opportunity. There may be further opportunities to look at how tours are done, how we can package, how we can partner with the private sector.

There is lots of opportunity for Mistaken Point as a UNESCO Heritage Site. As I would say to any organization, the Red Bay World UNESCO Heritage Site has seen growth in numbers. It will take time to see the business development and all the opportunities. Gros Morne National Park is I believe 40 years, or close to 40 years as a UNESCO Heritage Site and it has taken time for them to see and realize all the opportunities that come. It's going to take time to get to where we want to fully be able to realize all the potential of Mistaken Point, as we have seen with other World UNESCO Heritage Sites.

I've seen the benefit of a UNESCO Heritage Site, of L'Anse aux Meadows in my very own district, and it's quite exciting. There are certainly ongoing conversations regularly with the operator for investment, for reinvestment, and that certainly is encouraged. We'll meet and work with any group or any organization, but when it comes to the UNESCO Heritage Site itself, it is the responsibility of the provincial government. We own the site and we will live up to our obligations (inaudible).

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

Ms. Rogers.

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

Newfoundland and Labrador Film Development Corporation, 4.2.09. We have the story on that. I saw it. That was caught, right?

**CHAIR:** Yes.

**MS. ROGERS:** The Arts and Culture Centres, I can see the revenue from the feds plus a bump up in Property, Furnishings and Equipment. Some of our Arts and Culture Centres – well, I know for sure the one in St. John's is still kind of in rough shape.

Is there anything budgeted there to help with that?

**MR. MITCHELMORE:** The Arts and Culture Centres?

**MS. ROGERS:** Mm-hmm.

**MR. MITCHELMORE:** We were very excited that in – just last year, basically, Minister O'Regan and I had announced joint federal-provincial funding to do upgrades to the St. John's Arts and Culture Centre; replace flooring, replace seating.

The tender is actually up on the government website for replacement of the seats at the Arts and Culture Centre. There's been a lot of action taken to move forward on all these matters, to purchase the equipment at the various centres – all centres in Lab city; the Stephenville centre, I see the Member for Port au Port here; the Arts and Culture Centre in Corner Brook, Grand Falls-Windsor, and Gander. As well, we'll see upgrades to equipment that will help.

I received very positive feedback on this particular –

**MS. ROGERS:** So the work is still in the process, then. Is that –?

**MR. MITCHELMORE:** The work is in process.

**MS. ROGERS:** Okay.

**MR. MITCHELMORE:** We plan and it's our intent to have the old chairs, in particular, replaced over summer. Because the activity of the Arts and Culture Centre is – as a member of the film and artistic community, you would certainly know that the best time, when it comes to doing these types of renovations and repairs and cause least disruption, would be during the summer months when most opera houses or cultural centres have no activity.

In doing so, we'll still be able to provide the services to the artistic community, not have disruption to all the users of our Arts and Culture Centre from those professionals to those that would be dance studios, the convocations and other users of our ACCs. We're being very strategic as to when things get done, but as we can do repairs, as we can purchase the supplies and equipment, we are doing so.

All six ACCs are seeing \$1.6 million for audio and lighting. That happened last year, and the installations are taking place.

I talked to one producer recently who said this is going to save them money, because currently they have to go out and buy the lighting or rent the lighting. So by having that there, they said they can either increase their honorariums or their payment to their producers, or even lead to a better break-even or profit.

So these are all initiatives and means to help improve venues for the people of the province. The artistic community is very important, the cultural community. It's 5,000 jobs. It's a significant contributor to GDP, and the balance that's remaining there will go towards the Barrett access – the Barbara Barrett Theatre and getting better access there. And that's an important issue as well that has been raised.

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

Park Operations, we see a \$1.155 million reduction in the Parks' budget. How will that affect the operations of our parks?

**MR. MITCHELMORE:** The reduction, primarily, if you look at the Purchased Services line there's a significant reduction in that amount, and there's a decrease of \$907,000 and that's for the one-time cost to repairs to the T'Railway due to the Thanksgiving rain event repairs.

**MS. ROGERS:** Okay.

And that was budgeted in '17-'18, was it?

**MR. MITCHELMORE:** That was budgeted in '17-'18. The work was tendered. There was a significant amount of work done. As work was being completed, we were issuing public

advisories. I really commend the team at Parks and our Deputy Minister of Tourism and Culture for really being on top of this issue, ensuring that tenders were getting out and that the work was being done.

Recognizing that there are many users of the T'Railway in and around regions, that there are activities planned; that there are people who walk the T'Railway; there are people who use it for motorized activity, ATVs, snowmobiling through the Federation. There's also commercial activity that happens on our T'Railway and other residential that would use it for access to cottages or various other means for transportation. It's a major piece of infrastructure that we have to maintain, and when weather events happen it can certainly have a big impact. Just like the weather event at Marble Mountain.

**MS. ROGERS:** Okay, well I tell you I'm an avid user of the T'Railways and it's so great to see the staff in our parks who are so very, very proud of our parks and they're real provincial treasures.

I believe I'm done there, Mr. Chair. I think I've asked everything I could possibly ask.

**MR. MITCHELMORE:** I will say that I visited a number of parks throughout the province and certainly some of the parks had recognized that you are a user and an advocate supporter of the parks.

**MS. ROGERS:** I sure am.

**MR. MITCHELMORE:** And that's good to see that you're investing your dollars and experiences at our provincial infrastructure, like our parks. And our staff certainly do great work and they're truly dedicated and I appreciate that.

**MS. ROGERS:** And I have a tiny, 1978, 13-foot Boler trailer.

**OFFICIAL:** Do you?

**MS. ROGERS:** I do. We're selling it. Are you interested?

**OFFICIAL:** (Inaudible.)

**MS. ROGERS:** It's big enough to have a cocktail party in.

**MR. CHAIR:** Ms. Perry, anything further from you?

**MS. PERRY:** I would just like to say thank you to the minister and all his staff for taking time here with us tonight and I, too, am all done.

**MS. ROGERS:** I also, Mr. Chair, would like to clue up – I've finished with my questions, but I would like to say thank you to the staff for all the expertise you bring to your job and the wonderful passion and innovation and creativity, thank you. It's been great to hear some of the good-news stories and on we go. Thank you so much.

Thank you, Minister, for giving us so much information, for being willing to engage so comprehensively in this and we're in good shape.

**MR. MITCHELMORE:** Thank you both for asking all the questions, getting more information. Feel free to reach out to the department or my staff. They're very knowledgeable. They understand the issues, their branches and work very closely together. We're a very strong team that has gone through a lot of transformation.

I would not have the knowledge I have to be able to answer the questions without their constant briefing, information, work and dialogue that we have on an ongoing basis. They're doing very commendable things for the people of province. We have a lot of initiatives that we're undertaking that can benefit all areas of Newfoundland and Labrador and we want to be able to continue that good work and those initiatives. We value your input and suggestions as well. Feel free to connect with us for those further discussions that you had asked for.

We'll provide the content that you requested as expeditiously as possible and get that to you so that you have that information. I should be able to have those binders delivered, I would think, tomorrow to your offices. Given that we have just gone through a lot of scheduling this week as to how we would have these Estimates, I appreciate that through outreach that both

offices wanted to continue to have the Estimates this evening to discuss the important matters of the Department of TCII.

I thank the Chair for your ample work, and look forward to ongoing discussions and the questions that you'll raise based on the Estimates.

Thank you.

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

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

**CLERK:** 1.1.01.

**CHAIR:** Shall 1.1.01 carry?

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against?

Carried.

On motion, subhead 1.1.01 carried.

**CLERK:** 1.2.01 through 4.3.02 inclusive.

**CHAIR:** 1.2.01 through 4.3.02 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 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?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against?

Carried.

On motion, Estimates of the Department of Tourism, Culture, Industry and Innovation carried without amendment.

**CHAIR:** We just need to approve the minutes. I need a mover of the minutes for April 24?

**MR. FINN:** So moved.

**CHAIR:** So moved by Mr. Finn.

All those in favour?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against?

Carried.

On motion, minutes adopted as circulated.

**CHAIR:** This is the last department that Resource will be meeting with. I certainly want to thank the Committee. Minister, to you and your department this evening, some great answers, interesting to hear; I appreciate your staff being here.

Thank you again to the Committee and thank you to Sandra for doing a great job with us tonight.

I would ask for a mover to adjourn.

**MS. PERRY:** So moved.

**CHAIR:** So moved by Ms. Tracey Perry.

Thank you very much.

On motion, the Committee adjourned *sine die*.