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**Proceedings of the Standing Committee on  
Resources**

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Department of Tourism, Culture, Industry and Innovation

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Honourable Perry Trimper, MHA

## **RESOURCE COMMITTEE**

Department of Tourism, Culture, Industry and Innovation

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Chair: Scott Reid, MHA

Members: Derrick Bragg, MHA  
Alison Coffin, MHA  
Elvis Loveless, MHA  
Lloyd Parrott, MHA  
Kevin Parsons, MHA  
Pam Parsons, MHA  
Sarah Stoodley, MHA

Clerk of the Committee: Sandra Barnes

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Appearing:

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

Hon. Christopher Mitchelmore, MHA, Minister  
Charles Bown, Deputy Minister  
Bradley 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  
Renee Williams, Director, Corporate Services

### **Also Present**

Hon. Lisa Dempster, MHA, Minister of Children, Seniors and Social Development  
Hon. Andrew Parsons, MHA, Minister of Justice and Public Safety  
Derek Bennett, MHA  
Paul Dinn, MHA  
Paul Lane, MHA  
Malcolm Coady, Researcher, Official Opposition Office  
Angelica Hill, Researcher, Government Members Office  
Ivan Morgan, Researcher, Third Party Office

Pursuant to Standing Order 68, Lisa Dempster, MHA for Cartwright - L'Anse au Clair, substitutes for Pam Parsons, MHA for Harbour Grace - Port de Grave for subhead 1.1.01 to 1.2.03.

Pursuant to Standing Order 68, Derek Bennett, MHA for Lewisporte - Twillingate, substitutes for Pam Parsons, MHA for Harbour Grace - Port de Grave for subhead 2.1.01 to 4.3.02.

Pursuant to Standing Order 68, Paul Dinn, MHA for Topsail - Paradise, substitutes for Kevin Parsons, MHA for Cape St. Francis for subhead 1.1.01 to 1.2.03.

Pursuant to Standing Order 68, Andrew Parsons, MHA for Burgeo - La Poile, substitutes for Elvis Loveless, MHA for Fortune Bay - Cape La Hune.

The Committee met at 6:10 p.m. in the Assembly Chamber.

**CHAIR (Reid):** We're going to get started now.

The first thing we have to do is we have some minutes from the – introductions first? Okay.

Okay, we'll do a round of introductions first. We'll start with the minister.

**MR. MITCHELMORE:** Minister Christopher Mitchelmore, Tourism, Culture, Industry and Innovation, here with my team.

**MR. BOWN:** Charles Bown, Deputy Minister.

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

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

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

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

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

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

**MS. STOODLEY:** Sarah Stoodley, Parliamentary Secretary for Tourism, Culture, Industry and Innovation.

**MS. WILLIAMS:** Renee Williams, Director of Corporate Services, Tourism, Culture, Industry and Innovation.

**MR. P. DINN:** Paul Dinn, MHA for Topsail - Paradise. I'll say upfront that I got to beat it out of here in about 20 minutes, so it's nothing you said, but it gives you a chance to start the meeting anyway.

**MR. COADY:** Malcolm Coady, Researcher, Official Opposition.

**MR. PARROTT:** Lloyd Parrott, MHA for Terra Nova, critic for Tourism, Culture, Industry and Innovation.

**MR. LANE:** Paul Lane, MHA for Mount Pearl - Southlands, critic for all departments.

**MS. COFFIN:** Alison Coffin, St. John's East - Quidi Vidi.

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

**MS. HILL:** Angelica Hill, Researcher, Government Members' Office.

**MR. BRAGG:** Derrick Bragg, MHA, Fogo Island - Cape Feels.

**MR. A. PARSONS:** Andrew Parsons, MHA, Burgeo - La Poile.

**MS. DEMPSTER:** Lisa Dempster, MHA, Cartwright - L'Anse au Clair.

**CHAIR:** I'm Scott Reid, Member for St. George's - Humber. I'm going to chair the meeting tonight.

We have some minutes here from the June 13 meeting that we need to have approved.

Can I have a motion?

**MR. BRAGG:** Moved.

**CHAIR:** Moved by Derrick Bragg.

All in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, minutes adopted as circulated.

**CHAIR:** We're going to call the first heading and then we'll have a few opening comments from the minister.

I'm going to call the head 1.1.01.

**CLERK (Barnes):** Executive and Support Services, 1.1.01 through 1.2.03 inclusive.

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

It's good to be back here and be joined with my colleagues from the Department of Tourism, Culture, Industry and Innovation. I typically don't bring opening remarks in Estimates, but given that there are several new Members here, I just wanted to give a broad overview of the department and some of the initiatives that have taken place to provide some context for the Estimates here this evening.

The Department of TCII is the lead for innovation, economic development and diversification; tourism, culture and provincial parks. It's responsible for strengthening and diversifying the economy on a provincial and regional basis, supporting economic growth and employment in the tourism industry, cultivating contemporary arts and persevering the province's cultural heritage. The department focuses on the creation of a competitive environment to support private sector investment and business growth through promoting innovation in industry and business development, research and development, internationalization, sector diversification, informed by sector search, business development and community economic development.

Guided by *The Way Forward*, TCII offers programs and services that ensure entrepreneurship and innovation are able to flourish, supporting economic prosperity and growth in the province. The department is also the province's largest operator of tourism, culture and heritage facilities, including arts and culture centres, provincial historic sites, provincial parks and visitor information centres. TCII provides insight, intelligence, innovation support and investment services for business, non-profit enterprises and community groups. The department markets the province as a designation of choice, working with a wide range of partners and stakeholders to identify opportunities, provide support and leverage investments critical for sector, industry and firm growth.

TCII encompasses three branches: Tourism, Culture and Parks; Business and Regional Development; and Diversification, and is supported by two corporate divisions: Communications and Corporate Services. Leadership is provided by Deputy Minister Charles Bown and our three assistant deputy ministers: Carmela Murphy, Gillian Skinner and Judith Hearn.

TCII is regionally responsive with regional outreach throughout 18 field offices provided by front-line service delivery staff for all TCII economic development programs and services. Besides St. John's, we have two other corporate offices, one located in Marystown, which is responsible for portfolio management and the other in Corner Brook, which is responsible for the provincial parks.

Departmental staff are also located throughout our provincial information centres, visitor information centres, provincial historic sites, provincial parks and arts and culture centres throughout the province. I commend staff for their collaborative efforts and continued commitment to fostering a culture of innovation, productivity and creativity in Newfoundland and Labrador.

Newfoundland and Labrador is a destination of choice for people around the world. Travellers are drawn to our people, our culture and our way of life. TCII continues to grow and support the provincial tourism industry and it's over 20,000

jobs by enhancing market readiness, designation development and marketing support in partnership with Hospitality Newfoundland and Labrador, the Newfoundland and Labrador Tourism Board, regional Destination Management Organizations and tourism operators.

Newfoundland and Labrador's non-resident visitation has grown at an average rate of 3 per cent a year since 2009. In 2018 residents made 3.6 million trips in the province spending nearly \$570 million. The combined resident and non-resident tourism spending in Newfoundland and Labrador reached \$1.14 billion last year.

Travel media; nearly 700 articles were written about *Come From Away* in 2018 reaching an impressive audience of over 110 million. Tour operators are also expanding their tours and packaging offerings in the province and, just recently, we hosted two promotional events aligned with the opening of *Come From Away* in London.

We keep hearing from visitors who come here that they love what they experience and they tell us that our province is a unique and special place. We've also maintained our support for tourism marketing and our tourism campaign Find Yourself. It continues to be one of the most successful and recognized in the country receiving 329 awards. This marketing investment has tremendous value in attracting visitors to Newfoundland and Labrador.

The role of the provincial tourism marketing is to inspire, to generate awareness and to motivate travellers to action. The feedback we receive is incredible and it's pushing people to book their travel here in our province. The outlook is positive for this year's tourism season.

In 2018 we hosted a record 111 van tours, including media from all over North America representing 51 outlets and we welcomed 44 travel trade representing over 180 clients from North America, Europe and Asia. When we launched the Provincial Tourism Product Development Plan in 2017 we did so to increase the number of high-quality Newfoundland and Labrador tourism experiences to attract more visitors, to encourage them to stay longer and to experience more.

Through the destination development implementation process we hosted 24 opportunities, experienced development sessions with over 900 tourism operators, potential entrepreneurs, municipalities and other stakeholders in attendance. One of the key aspects of the provincial Development Plan is to improve the sense of arrival in our province and throughout key touch points along the visitor journey. We have already made investment through comprehensive signage and way finding for the City of St. John's and the Town of Placentia so their communities can offer clear and concise directional information. VICs we support throughout the province. The sites also provide advice and direction on local festivals and events, attractions and experience; the hidden gems that are throughout our province. Sites are located in Port aux Basques, Notre Dame, Clarendville, Whitbourne and Argentia, as well as airports at Deer Lake and St. John's.

Government provides support to the protection, development, promotion and celebration of Newfoundland and Labrador's vibrant culture. This includes legislative protection and management under the *Historic Resources Act*, the *Rooms Act*, the *Arts Council Act* and *Status of the Artist Act*; is a sector liaison in development for creation and trade; and maintaining and operating our Provincial Historic Sites. We operate six Arts and Culture Centres, provide regulatory protection and oversight of the province's archaeological and palaeontological resources through the Provincial Archaeological Office.

We provide support for our non-profit cultural facilities and organizations and associated activities through funding programs and advisory expertise; funding support for community cultural activities and events; funding support for Indigenous cultural heritage; operational funding support to The Rooms, the Art Procurement Program; support for professional artists and community arts through ArtsNL; support for the provincial film industry through the Newfoundland and Labrador Film Development Corporation; protection and oversight of the province's built heritage; and safeguarding and celebration of the province's intangible cultural heritage through the Heritage Foundation of Newfoundland and Labrador.

The new Cultural Action Plan, launched in April 2019, will guide our investment and support our culture in the coming years. The department provides \$3.656 million to arts and heritage events and organizations under the Cultural Economic Development Program. The department certainly recognizes the critical role our artists play in representing Newfoundland and Labrador on the world stage. That is why we continue to support what is a vital sector throughout various avenues.

TCII also provides over \$2.9 million to the ArtsNL grant program, thanks to an additional \$1 million investment in *Budget 2019*. From contemporary to traditional landscape to seascape, visual and performing arts are a true reflection of our province's culture, our heritage and our people.

A \$4 million equity investment in the Newfoundland and Labrador Film Development Corporation; the provincial film and television industry is a generator of well-paid skilled jobs, leveraging with it new investment from sources outside our province. Beyond direct hires, it creates economic spinoffs through spending on construction supplies, car rentals, gas, hotels, food and a wide variety of items necessary to make a film or television show. The provincial film and television industry is a generator of well-paid skilled jobs, leveraging with it new investment from sources outside the province and creating 640 full-time job equivalencies and \$50 million in production work last year, which was an historic record.

TCII also provides \$398,000 in support to the Heritage Foundation. They're involved in helping communities map their tangible and intangible cultural heritage assets in order to preserve them and realize their potential for community economic development. Our Provincial Historic Sites are found in St. John's, Cupids, Heart's Content, Bonavista, Trinity, Boyd's Cove and Point Amour. These sites offer a wide variety of regular and special programming for all ages and celebrate the culture and heritage of our province. We had a record-breaking year last year with over 100,000 visitors.

The Provincial Parks are the lead department for 32 Provincial Parks throughout Newfoundland

and Labrador: 13 camping parks, 10 park reserves, seven-day-use parks, the T'Railway Provincial Park and the Main River Waterway Provincial Park. The Provincial Park network across Newfoundland and Labrador really highlights the natural beauty of our province and is a great way to discover and explore what we have to offer.

We have remained committed to initiatives found in *The Way Forward*. Part of this is our lead role in launching the Technology Sector Work Plan. Through the Cabinet Committee on Jobs we developed collaboratively, with a steering committee comprised of industry, government and academia stakeholders, to outline a work plan with 27 recommendations to drive economic growth and development in the tech sector. Once the plan is launched, in order to ensure effective coordination of the work plan activities, TCII formed a working group of the main industry associations and government departments that meet quarterly, provide updates, share information and set future directions regarding work plan activities.

Through the provincial high-growth firms' initiatives, as part of the Technology Sector Work plan, we are pursuing initiatives and investments focused on dynamic, high-growth-potential companies with specific targets supporting for 40 established growth-oriented firms. The aim is to ensure that high-growth-potential companies with complex needs receive the right service at the right time, supporting crucial transition periods with financing solutions, advisory services and export and innovation opportunities. Since the inception, 23 Newfoundland and Labrador companies have signed on for tailor-made business growth supports, with just over \$10 million invested to date to accelerate their growth.

Empowered Homes is a particularly good example of how our support for high-growth firms are making a difference. This technology company incorporated in late 2014 to develop a programmable thermostat for lowering residential energy consumption, known as Mysa. In 2017, a \$499,000 working capital loan was approved to support the development of Mysa to complete final product testing, CSA certification and initial manufacturing through an Ontario-

based company, Microart. This working capital loan has been fully repaid.

In 2018, following a strong sales performance, a second term loan was approved in the amount of \$454,000. This term loan assisted with working capital for product inventory to see it manufactured by a newly selected China-based company, Seveco, a productivity enhancement that realized a 30 per cent improvement to the company's gross profit margin.

TCII investments in the company have leveraged significant capital investment; approximately \$2 million from private investors, including Pelorus, Killick Capital and others, along with investments from ACOA, BDC and the NRC. Just last week, the company closed a \$2.3 million equity funding round, largely funded from Vancouver and Quebec-based investors, which it plans to use to launch new products and expand sales. I am proud to say that Empowered Homes currently employs 40 highly qualified people.

Via the Business Innovation Agenda, TCII provides robust financial and non-financial supports to business in critical areas that enable firm-level innovation and remove barriers to growth. We've made investments, grants, term loans and equity financing in support of R&D, commercialization, productivity improvement, innovation enhancement, knowledge development and export market development.

An initiative in *The Way Forward*, identified TCII implement and collaborate five regional innovation systems pilot projects, and they're guided by industry-led steering committee and include various levels of academic institutions and government. We've been able to look at strategic partnerships.

In addition to regional innovation, we've connected to global opportunities where we've advanced provincially focused trade development, efforts in markets like Guyana, an English-speaking Commonwealth country, currently developing its oil and gas resources. This is aligned with the province's *Advance 2030*, *The Way Forward* on oil and gas. This has attracted the interest of in-market activity of over 20 Newfoundland and Labrador supply and service sector companies, including Cahill

Instrumentation and Technical Services, NSB Energy, C & W Industrial Fabrication, Atlantic Maintenance Services, Coastal Safety Management and Labrador Rewinding.

Last year, our provincial exports comprised approximately 50 per cent of our GDP. We know that the value and volume of our province's trade and investment activity. As it grows, so too does the number of well-paying jobs that are created in our province, which in turn helps to strengthen our economy and the quality of life.

We lead Newfoundland and Labrador's participation in the five-year Atlantic Trade and Investment Growth Agreement, or ATIGA, which began on April 1, 2017 and runs to 2022, a total budget of \$20 million. Our contribution is \$1 million over the five-year term, or \$200,000 per year. This federal-provincial agreement involves unprecedented collaboration between our four Atlantic provinces and the Government of Canada.

Since ATIGA's inception, 33 Newfoundland and Labrador companies have participated in 30 international business development projects, focused on opportunities in the Asian, Caribbean, European and American markets. As a result, our firms identified short-term sales estimates of \$28.1 million and longer-term sales of \$49.1 million.

We're partnering with industry and investing in opportunities that leverage private-sector growth, driven to strategic trade development plans to grow exports in knowledge-based and value-added resource industries, including aerospace and defence, agrifood, seafood, biosciences, clean tech, ICT, infrastructure, ocean tech and extractive industries. By pooling off these resources, we can increase a broader range and enter more diverse markets.

I see that my time is winding down, and there are certainly a number of other areas in the department that I've not had the opportunity to touch on including Internet, cellular service, our investment in start-ups, the various MOUs and industry investment that we've started, our Social Enterprise Action Plan, our co-op development, the craft industry, productivity improvements and opportunities management

sessions that we've had, but I feel that I've had the opportunity to highlight a small sample of activity happening within TCII. I look forward to answering your questions tonight in the Estimates.

Thank you.

**CHAIR:** Okay, before we proceed to questions, I just want to remind all Members and the officials, as well, to state their name before they ask or answer a question and speak clearly into the mic.

Okay, questions?

**MR. PARROTT:** Before we get to the line items, can we get a copy of the minister's briefing binder and a copy of the transcript you just read out?

**MR. MITCHELMORE:** Yes.

**MR. PARROTT:** Thank you.

From 1.1.01, can the minister explain how the \$1,600 in savings was found in Transportation and Communications and the revised numbers for '18-'19?

**MR. MITCHELMORE:** There was a decrease of \$1,600 in transportation in the 2018-19 budget. The 2018-2019 budget, revised, reflects lower travel costs required in the fiscal year. We decreased the amount in this year's budget by \$100 from 2018-19 – the budget that was proposed for 2020. Just less travelling required determined through the zero-based budgeting process.

In particular, from the Minister's Office, there are a number of federal-provincial-territorial meetings that are held in this particular department. There is one for tourism. There's the culture and heritage. There's economic development and innovation. There's a parks FPT. Also, Francophone Affairs would have an FPT.

With a parliamentary secretary and the immense amount of events, it's a very robust department for travel. Given the geographic location in which I live, on the Great Northern Peninsula, it's quite a distance, so we are very cognizant of

ministerial travel and communication and we try and find savings where possible.

**MR. PARROTT:** From line 1.2.01, Executive Support, what explains the Salaries going over budget by \$53,200 in '18-'19?

**MR. MITCHELMORE:** The 2018-19 revised reflects \$957,000, which is a net increase of \$53,200 from the budget. It reflects annual leave paid to one departing employee of \$40,100. As well as \$13,100 for step variances. The current budget of 2019-20, reflects adjustments required for the 2019-2020 salary plan variance and steps for several staff members that would be in Executive Support.

**MR. PARROTT:** So the leave would be accrued leave? Is that correct?

**MR. MITCHELMORE:** The leave in last year's budget, revised, it was annual leave paid to a departing employee –

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** – \$40,100, which would account for the bulk of the expenditure pertaining to Salaries.

**MR. PARROTT:** Can you just go back and explain the \$16,600 increase for '19-'20?

**MR. MITCHELMORE:** Well, the increase reflects adjustments required to the salary plan, variances and steps for several staff members.

**MR. PARROTT:** Okay.

1.2.02, in both the '17-'18 budget and '18-'19, Salaries were marked to decrease but went over budget last year by \$304,400. How did this occur?

**MR. MITCHELMORE:** So the net increase of \$304,400 from budget 2018-19 and the 2018-19 revised reflects a salary continuance and retirement cost of \$346,800 paid to departing employees, partially offset by savings realized during the recruitment period for various positions during the fiscal year.



**MR. PARROTT:** So are there any steps being taken this year to ensure that you're not going over budget again?

**MR. MITCHELMORE:** Well, this year there's actually a net decrease of \$81,000 between the 2019 budget and the 2018-19 budget, it's the requirements within the salary plan.

We also transferred \$40,000 from TCII to assist with salary shortfall for a trade position in Intergovernmental Affairs. The Department of TCII was also responsible for trade policy during a period of time. So this would be an action that would be taken to ensure that the IGA has the appropriate level of trade staff.

**MR. PARROTT:** Okay.

Can you explain how the Employee Benefits went over budget by \$16,000 in '18-'19?

**MR. MITCHELMORE:** In '18-'19 revised, the increase of \$16,000 from the initial amount of budget 2018-19 reflects workers' compensation buildings this fiscal.

**MR. PARROTT:** And next line item, Transportation and Communications, can you explain how it went over by \$7,300?

**MR. MITCHELMORE:** The increase of \$7,300 reflects higher than anticipated postage cost for the year.

**MR. PARROTT:** Is there anything being done about that? This year I see a decrease, actually, in your line item.

**MR. MITCHELMORE:** So we've actually taken proactive measures within the department to find ways to mitigate postage and reduce cost. And we've been implementing EFTs, electronic fund transfers, so we wouldn't have to do particular mail-outs in this particular situation, and this can help with some of those savings.

We do anticipate that we will be able to fall in line of maintaining a budget of \$39,700.

**MR. PARROTT:** There's \$5,500 in savings in Supplies seen in '18-'19. Is there any reason why it hasn't been carried over into '19-'20?

**MR. MITCHELMORE:** So the decrease of \$5,500 basically reflected a lower requirement for that particular year in terms of Supplies. We have decreased Supplies this year by \$500, through zero-based budgeting, to \$15,000. Primarily, as you can see, the Salaries line is lower in Corporate Services. So we are looking at finding means to reduce Supplies that we would not need to be purchasing. We feel that \$15,000 is an adequate amount and if we are able to incur less expenditure, then it will become a dropped balance and we can look at that in future years under zero-based budgeting.

**MR. PARROTT:** Okay.

Under Purchased Services, there's \$12,200 in savings located in '18-'19, and actual increase in 2019-20. Can you explain?

**MR. MITCHELMORE:** Under Purchased Services, there's a decrease of \$12,200 from the 2018-19 budget and the 2018-19 budget revised, and that's lower than anticipated spending on collateral materials and logistics, as well as fewer events, as determined through zero-based budgeting. This year, we see that number increase by \$4,600, and that's reflecting higher off-site storage costs in the 2018-19 year, determined through zero-based budgeting.

**MR. PARROTT:** Just under the Property, Furnishings and Equipment, the \$2,500?

**MR. MITCHELMORE:** That reflects the purchase of an iPad for the deputy minister.

**MR. PARROTT:** One iPad?

**MR. MITCHELMORE:** Yes. It would have been purchased through standing offer and would have a keyboard and other material associated with it. That wouldn't just be an iPad. That is purchased to provide technology for the deputy minister to carry out the work that he would do.

**MR. PARROTT:** And provincial revenue, \$8,800. Where does that money come from?

**MR. MITCHELMORE:** In terms of provincial revenue, that's repayment of prior-year employee impress, so floats and petty cash. We have a number of entities where they would

potentially have money – like the provincial historic sites that we operate and other entities would have small sums of money. So this is the repayment that's captured throughout the fiscal year.

**MR. PARROTT:** Okay.

Subhead 1.2.03, Administrative Support, what accounts for Property, Furnishings and Equipment going over budget by \$26,100?

**MR. MITCHELMORE:** This is an area that we used for Property, Furnishings and Equipment, which typically dealt with tangible purchases, like fleet management and of that nature, so if we needed a departmental vehicle, all of that spending has been transferred to the Department of Transportation and Works to administer their fleet management. We did have an allocation in the budget to purchase generators in the past for the park, but this particular matter is actually a payment for the cost of land expropriation in Ferryland for the Colony of Avalon.

**MR. PARROTT:** Is there any reason why nothing has been budgeted for '19-'20?

**MR. MITCHELMORE:** Well, there's no further determination that there –

**MR. PARROTT:** That's what's going to Transportation and Works?

**MR. MITCHELMORE:** – would be any other expropriation or requirement.

This really is a matter that \$33,087 was made payable to Moores and Collins in trust for the Costello estate land expropriation in Ferryland.

**MR. PARROTT:** I assume we move on to line item 2.1.01 or do we stay at 1. How does that work?

**CHAIR:** You don't have to use your full time.

**MR. LANE:** What did we call?

**MR. PARROTT:** The last I called was 1.2.03.

**MR. LANE:** Okay.

**CHAIR:** Further questions?

**MS. COFFIN:** Thank you everyone for coming and thank you for the hard work and dedication and the time you've put into putting together the Estimates and the briefing booklets and I look forward to seeing those. I appreciate you taking your evening. I know many of you have small children as well, so I really appreciate that. I know at least three of the children. Thank you.

I think we've done a very thorough discussion of some of the numbers in here. Let's talk about a more nebulous concept here. What about attrition plans? How's that going in the department? I notice that the numbers here, at least in this first section, don't suggest there's much in the way of attrition. Have you met your attrition targets?

**MR. MITCHELMORE:** Nine positions were eliminated through attrition since 2015-16, and eight positions have been abolished through the department.

We are certainly managing our Attrition Management Plan that we have in place. There was a set target. But there are some challenges within the department given, how I highlighted, we operate a number of entities throughout. So if you look at the Visitor Information Centres, if somebody retires at a Visitor Information Centre that is certainly a job we must fill. It's a front-line service that is absolutely critical.

The same way with the Arts and Culture Centres. If somebody is a technician or a technical service, then those positions would have to be filled. So not always would somebody who is retiring be a necessary position in which we must fill. The same way we have provincial parks where we must have park rangers and the managers and others to make sure that we have the appropriate allocation of staff.

So we do have attrition targets, a total attrition target of \$2.3 million, basically, to have met. We are working through our attrition management plan through the department and finding ways of which we ensure that we can continue the level of services that we have without having to – we may leave some positions that we have to, vacant or positions that are funded, so that we

can meet some attrition targets in the salary details.

**MS. COFFIN:** So you haven't met the attrition targets this year?

**MR. MITCHELMORE:** We are meeting our dollar value. In terms of actual positions that were put in place through the 2015 attrition management plan, we have not reduced the actual positions that would've been allocated, but we are meeting the salary targets that are required.

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

I think that's the only question I have for this section.

Thank you very much.

**CHAIR:** Further questions?

**MR. LANE:** Mr. Chair, with leave of my colleagues.

**AN HON. MEMBER:** Leave.

**MR. LANE:** Thank you.

I won't be asking any questions about any of the line items, per se. My colleagues are doing a great job at that. I have some general questions though.

Minister, I'm wondering about national parks; in particular, Gros Morne specifically right now but I guess it would be any national park. When decisions are made about changes, enhancements and so on to the national parks – they're in our province, we're promoting them – is the department advised or is there any consultation, or does the federal government basically go in and do whatever they feel like doing without consulting?

**MR. MITCHELMORE:** The two national parks – we have national parks within our province and the one you reference, Gros Morne National Park, is managed by the federal government through Parks Canada. They would have other sites that they would manage, as well, throughout the province.

The federal government does consultation, they do invite stakeholders and community to be part of their strategic planning process and engagement, but the Department of Tourism, Culture, Industry and our Parks Division would not be responsible for the activities, management or oversight of Gros Morne National Park or Terra Nova National Park. Those investments would be made by the federal government, as well as Torngat Mountains and Mealy Mountains National Park.

**MR. LANE:** Sure. I understand that it's under their jurisdiction; they manage it, they pay for it and all that stuff. I guess I was just wondering more of consultation. Specifically, the one I'm getting at is the issue, of course, in Gros Morne and what a lot of people would say is the absolute destruction of what was an absolutely beautiful gem of a trail that went in there. That was, of course, all in the media and now it's turned into a big, old gravel road.

I'm just wondering. I understand it may be part of a national park and they're responsible, but just in general, it just triggered in my mind, when they're making decisions about some of these things, while it may fall under their jurisdiction, it's actually physically in our province and we depend on those sites for tourism and everything else. Making decisions like that, I think we should've been consulted. I'm just wondering: Would we be consulted when they're making changes or anything significant?

**MR. MITCHELMORE:** The parks would open up a management plan to allow anybody – yourself included could participate and provide feedback in their process. They do open up consultation in community for anybody to contribute to their strategic planning. They do consultation with communities.

I think in terms of – there is legislation, there is ownership; when they make investments in the physical infrastructure, like the roads. They've announced tens of millions of dollars for road improvements in Gros Morne National Park. There was additional federal dollars announced recently for improvements to campsites.

We've seen in Terra Nova National Park there was significant road infrastructure

improvements made for passing lanes, pull-off areas as well, made by the federal government. I'd have to seek out some direction to get more information to see what towns were consulted in this process. Was Charlottetown, for example, consulted? Did adjacent towns, like Eastport and others in and around that area of Terra Nova Park, when that investment was made – what consultation would happen? If it's road infrastructure, the Department of Transportation and Works would heavily be involved in that particular process.

In this province, we do have a very strong partnership with the hospitality industry of Newfoundland and Labrador. We work with Destination Canada. We also have our Tourism Board, we have our Destination Management Organizations from each area of the province and government. We all sit together, we work collaboratively. This is a really positive way of which we can deal with issues and we can engage with the federal government. As concerns are raised to us, we certainly can raise them with federal counterparts, as well, and encourage more consultation in community. That's certainly something that I would say.

In my own district there's a UNESCO World Heritage site that's owned and managed by Parks Canada in L'Anse aux Meadows national park. The communities in the region like to be engaged, they want to participate. There are landowners there. There are all kinds of concerns and it's important. These are very important economic enablers to the region, as well as cultural assets and historic assets to the province. Gros Morne National Park is one of the pillars and the key reasons why people come to Newfoundland and Labrador. It gets easily more than 150,000 visitors.

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

I do agree with you. It is an absolute gem in our province, there's no doubt. That's why so many people were very upset with what was done there, myself included. I think they totally destroyed what was an absolute, beautiful tourist attraction.

I understand what you're saying. They do their strategic plans, I get that. They're putting in roads, they consult with communities. I get that

as well, but the point I'm trying to make is if they're going to go into a sensitive area that is very, very important to us as a site – that would be something I would imagine is probably on our website and in tourist magazines and whatever to actually go and view that beautiful site.

For them to go in and totally destroy it and not consult with the province to let them know what they were planning on doing, I just see a problem with that. I was just wondering if there was such a process and, if not, I think there should be.

**MR. MITCHELMORE:** The fjord itself and the viewpoint is certainly something that we promote. It's pristine, the adventure tourism. It fits with everything that we do as a province to market the unique landscapes, the area and the region. The particular trail that you're speaking about would have access to a private boat tour operator, I believe.

I would encourage you, if you haven't done so already, to either write the department or Parks Canada to raise your concerns with it. That's certainly something as well with the Member of Parliament that would represent the Long Range Mountains to engage and have that dialogue.

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

**MR. MITCHELMORE:** I know there was some commentary from the Member of Parliament on that particular matter and what Parks Canada had done and the engagement. I can endeavour to get information for you to see what level of engagement with the Parks Division. Their headquarters would be in Corner Brook. I would not have any information on hand about a general question around something that is a federal responsibility.

**MR. LANE:** Sure.

**MR. MITCHELMORE:** But I'm more than happy, if you want to meet with me further, to discuss, we could set up a particular meeting.

**MR. LANE:** Well, unfortunately, the damage is done now, so I guess there's not much point in talking about what's been done. I guess on a go-forward basis, though, we have many, many

beautiful sites and tourist attractions that we promote, I would hope that in the future, I don't care whose jurisdiction it is, I would think they would work together and consult before they make any changes that's going to destroy, like they did up there.

I'm running out of time, so I will ask one more quick question. I had a meeting with Bicycle Newfoundland and Labrador, I'm sure other Members may have as well, I don't know if you have. I'm just wondering, is there any thought around making any areas of the province more accessible and bicycle-friendly as part of the tourism experience.

I understand that we don't have endless pots of money to create biking trails across the entire province, but one of the things I had suggested, or thought about, is maybe something on a pilot project. I'm just thinking the Bonavista area is a real nice spot, or somewhere like that – it doesn't have to be there – where we could work with that organization to try to promote more biking and that type of tourism.

I'm just wondering if there's anything you – did you discuss it with them at all, or what your thoughts are?

**MR. MITCHELMORE:** Well, we've taken steps, as a government, to improve bicycling safety by implementing a one-metre law in the *Highway Traffic Act* that was well received with Bicycle Newfoundland and Labrador.

We see opportunity; we've supported initiatives around the White Hills ski resort to look at a study for fat biking. We've worked with the Pippy Park Commission around their trails and development to make them more bike-friendly.

When I travel around the province, it's really exciting when you do see a number of people bicycling, and they are, certainly, a tourist or visitor that would come. It is an opportunity for our province, given our unique nature. I see a number of them come up the Great Northern Peninsula every year.

I know that in other jurisdictions bicycling is extremely popular, particularly in Europe, given that outside of Canada and the US, the UK and Germany are big markets for tourists. So, there

will be some opportunities, certainly, to engage and work with operators.

We see on the Bonavista Peninsula where there is actually a business that was started up where they do bicycle tours, and they have picnics as well. So there are natural avenues there.

Our highways are built, especially the Trans-Canada Highway, there are large shoulders on the roads so it's actually quite safer than some other areas of Europe where people are bicycling along very narrow roadways. I only have to look at Ireland and other places.

**MR. LANE:** Yeah.

**MR. MITCHELMORE:** We just have to be very cognisant of the rules of the road and the new *Highway Traffic Act* that the one-metre law does exist and we need to move over. I believe you were a big –

**MR. LANE:** Yes. Absolutely.

**MR. MITCHELMORE:** – supporter of the move over legislation for other emergency responders, but for bicyclists as well.

It is an economic opportunity and a potential for tourism. I'm certainly willing to have more conversations with Bicycle Newfoundland and Labrador.

**MR. LANE:** Thank you.

**CHAIR:** Before I call the head, are there any other questions there?

**MR. PARROTT:** Can I ask another question?

**CHAIR:** Yeah.

**MR. PARROTT:** I'd just like to go back to Gros Morne, just based on what he said there, just something I picked up.

We obviously advertise, we obviously gain tourist money from it, as does the federal government. You indicated that a federal MP has spoken out against it.

Has your department spoken out against that trail or is that something that's left to Members like MHA Lane?

**MR. MITCHELMORE:** No, I said that the MP had made commentary about it. I didn't say she spoke against the development.

**MR. PARROTT:** But have we addressed it as a government? We advertised that and the advertisement is still a much different picture than what it is right now.

**MR. MITCHELMORE:** Well, when the investment was made and the trail development had taken place, the response has been, after the fact, that this investment was done.

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** This was done by Parks Canada. They had let the contracts. They have the responsibility for all of that landmass whether it's the roads, the infrastructure and the land around that area. They did consultation. They had public matters of which people could provide input, but as the MHA for Mount Pearl - Southlands had highlighted, Parks have highlighted that there was a significant amount of public feedback around this particular issue, and it's certainly something that they would have to take into account as they do more work in and around that area when it comes to trails.

We have outdoor product development specialists in our department. We focus on building trail networks throughout Newfoundland and Labrador. Walking and hiking is – by our exit survey feedback – one of the number one things that our visitors want to do and experience.

We look at the East Coast Trail and the 320 kilometres that it has. It's pristine. It's natural. It's a walking trail. It has immense beauty on the Avalon Peninsula, and it's certainly something that we promote as well. It not only leads to tourism investment, but it's an economic enabler. We've seen – and I've heard stories where people have come and they've seen that. They love this place. They fall in love with the natural beauty. They see it as a good place to conduct business and to invest.

I was in Eastport, in your district, just a week or so ago, for the ArtsNL awards, and talking to one of the development committees, because we invested in the trails and the Roads to the Beaches, and as you're adjacent to a natural park, as our department, we're looking at working with the communities and the groups to foster economic development. We work with the community to make sure that trails are either natural and they're in a way that they're accessible as well, that's certainly something that is important. The same way as we look at building destination trails throughout our province and the federal Parks Canada site and what has been done for access as to what they have said that changed the landscape.

I have walked into the site myself on numerous occasions, into the fjord and I've taken the boat tour there. It is absolutely incredible, and it's truly an experience for anyone. I would still say that it is a place that everyone who comes to Newfoundland and Labrador and visits Gros Morne National Park should go and see – should see that fjord, and have that experience.

Not everybody is going to get that picture of the fjord unless they're willing to do the hike or do that overnight experience, but everything that we promote in Newfoundland and Labrador, we deliver and we offer and we hear that feedback from our visitors, that this is just like your ads, this is just like the natural landscape, you're not trying to sell something that you are not. So I think that's really important.

We're very focused on what's in our responsibility within our department and what we have control over in terms of being able to pull those levers and create economic opportunity there.

**CHAIR:** Okay, seeing no further questions, I'm going to call the head.

Shall the headings 1.1.01 to 1.2.03 inclusive carry?

**AN HON. MEMBER:** Aye.

**CHAIR:** Carried.

On motion, subheads 1.1.01 through 1.2.03 carried.

**CLERK:** 2.1.01 through 2.3.01 inclusive.

**CHAIR:** Okay, shall they carry?

**MR. PARROTT:** How many cannabis operators in the province received a licence from Health Canada over the last year?

**MR. MITCHELMORE:** The number of companies that have licences from Health Canada, I don't have that information directly with me right now, but I can certainly provide that. We have two supply and production agreements right now in this province. We have an additional company that has a licence and I believe there is another company that would have a licence as well. I can defer to Judith, if she has some additional information.

**MS. HEARN:** Yes, there are two local firms who have production licences through Health Canada. We've been also dealing with other firms that are partnering with producers who have licences from Health Canada, but their main companies are other places. They're partnering locally.

**MR. PARROTT:** Okay.

Government has provided a reduction in tax remittances to cannabis companies. Have Newfoundlanders and Labradorians been the primary beneficiaries for these remittances, and what documentation can the minister provide to show this?

**MR. MITCHELMORE:** In Newfoundland and Labrador, we were the only jurisdiction in Canada that had not had a licensed producer. Given that Canada's recreational cannabis was becoming legal, we had to take action to secure supply. But we made a decision that not only did we want to secure supply, because we could've looked at the least-beneficial option for Newfoundland and Labrador and that would be importation – some other Members suggest it may have been a better option. I certainly do not believe so. I think it's important that we develop an industry here that investments be made in our province, that we see jobs that are created and long-term benefits.

So if you look at the agreements that we've put in place, one on the West Coast of this province

that's going to lead to significant job creation in St. George's - Humber, Mr. Chair – in St. George's, in particular, it's quite significant where the average salary in rural communities would be \$54,000 and there's going to be retail and there's a lot of spin-off that's going to take place by having construction jobs, there's going to be investment for purchases for materials and the building, the specialists and the contracting, and then the production workers and the training. So we're still somewhat in the early days of the benefits that are accruing because the facilities are being built. They're being scaled up on the West Coast and in St. John's.

Talking to the City of St. John's, they had highlighted that there will be significant benefits for the city, upwards of \$1 million in taxation every single year. We entered into a 20-year agreement. The company is putting tens of millions of dollars into this capital asset and to get into production. In doing so, there will be 145 jobs that will be created, the retail jobs as well, so there are over 460 jobs associated with those two supply and production agreements once they reach their ability to produce here in this province.

Right now, we're seeing where we have a network of retail outlets that are being supplied through the Newfoundland and Labrador Liquor Corporation, and that was competitively bid through an RFQ where there are a number of suppliers that would be providing the product and that would be distributed throughout Newfoundland and Labrador to these retail outlets. Given the fact that we did not have any producer in this province to supply initially when this became legal, and given that the consumption reports have shown that sales on a per capita basis, where Newfoundland and Labrador is, we fared quite well in the implementation of cannabis retail and supply as this matter progressed across Canada. Other jurisdictions like New Brunswick and Quebec have either had to see their stores close for a period of time or reduce their operations.

We've been able to understand that where this is a new industry, we knew that there would be supply issues early on and that there would be some challenges, but we continue to work through those and we're pretty excited about the interest and the investment that other companies

are looking at wanting to partner, as Judith had just highlighted, that two more local companies have secured production licences here. We look forward to engaging and having dialogue to provide performance-based contracts. We've not turned down anybody who's come to us looking to enter into a supplier-production agreement here, and the important piece of this is that there has not been any upfront money or grant from taxpayers.

In order for a company to receive a benefit, they actually have to sell product in Newfoundland and Labrador. So the more they sell, the more they can accrue back on the benefit. But the more they sell, the more Newfoundland and Labrador also benefits as well. So the answer is yes. We are the primary beneficiary. The Newfoundland and Labrador Liquor Corporation would receive maximum benefits through this stream.

Long term, there will be other benefits in terms of the additional jobs, city taxation, the taxation from jobs and the spin-offs that will happen through the payroll that happens. Those people who are paying taxes, they're going to spend money into the economy and there will be a ripple effect there.

But we also provided where there needs to be investment in R & D in these particular contracts so that we can also stimulate growth in being a leader in research and development, so that we can look at other opportunities. Because that's something that our province has been focused on: how we diversify and how we'd be more innovative in the field of research. And given Memorial University or the College of the North Atlantic, or private companies, there's a potential for significant research and development to happen.

It's a relatively new industry, and we've seen where other jurisdictions have been focused on research as well, and the educational institutions. So whether it's focusing on things like soils, and the unique soil that Newfoundland and Labrador would have, or doing further work, those are the types of things that we'll see unfold. And the edible market would be coming on stream later this year. The federal regulations were announced earlier this week, I believe, or late last week. And that will present other

opportunities for which R & D would happen when it comes to the cannabis industry.

**MR. PARROTT:** How many total Newfoundlanders and Labradorians are currently employed – just the number, please – in the cannabis industry?

**MR. MITCHELMORE:** Well, when it comes to the day-to-day statistics of who are Newfoundlanders and who would be employed in private business, there are more than 20 retailers that are out there. We would anticipate that all the people that are in the retail industry would be Newfoundlanders or Labradorians, or would be those who would want to be permanent residents or would be working through, depending on how they would be hired – if they're on an immigration stream, depending on the employer. I mean, small business exists in every single community and we don't have specific stats on every single retail store as to, is somebody a Newfoundlander or a Labradorian or is somebody looking to become a Newfoundlander and Labradorian, are they on a particular work visa, et cetera.

**MR. PARROTT:** How many current people are employed?

**MR. MITCHELMORE:** Well, I don't have the specific statistics as to how many people are currently employed in retail or in the on-site construction. Once the facility is complete, there would be 145 jobs at that particular facility and there's over 100 in the St. George's facility, but they are building those in phases. We have performance targets and we will work with the company throughout their agreements to make sure that they are meeting their targets.

**MR. PARROTT:** Has there been any assistance given to BeeHighVE Incorporated?

**MR. MITCHELMORE:** No, but I will say that, as I said earlier, any company and any particular supply and production agreement that we have in Newfoundland and Labrador, we have provided that information publicly, we've made that available. We have not said no to any particular company that's looking for a supply or production agreement.



We welcome investment, we welcome growth here, we welcome local growers and we see it as a positive step that there are now locally owned companies, like BeeHighVE and others, that would have a production licence. That would give us the ability, should these companies wish to enter into a supply and production agreement with the Province of Newfoundland and Labrador through CannabisNL and the department. We would be actively involved in those negotiations and if we are able to conclude a deal with any particular company, we will make that known publicly as we have previously.

**MR. PARROTT:** Are the local growers getting the same tax breaks as Canopy?

**CHAIR:** I'm sorry, the Member's time has expired.

**MR. MITCHELMORE:** I have no problem to answer the question though.

**CHAIR:** Maybe we can continue on and then come back at the end –

**MR. MITCHELMORE:** Okay.

**CHAIR:** – for another round.

The Member for St. John's East - Quidi Vidi.

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

Let's carry on with that train of thought now. When you were considering the supplier – and when the allowances were given to Canopy Growth and Biome and whomever else has received those – was there any consideration to setting up a co-operative system whereby the people of Newfoundland and Labrador would be the owners of that corporation, so any money that we spend in that corporation would then be returned as profits, much like a credit union.

As I understand it, Canopy Growth and Biome both have their headquarters elsewhere in Canada, which means that after people are paid and after they get their wages, that money will circulate. You are right, that multiplier effect does happen throughout the economy, but if that's associated with lower paying jobs or if they're part-time jobs or seasonal positions, that

really constrains that multiplier effect. Then, of course, if the profits are being moved outside of the province, we're not going to see that money circulating as well. I think the co-operative approach might be a better approach to that, especially given that the selling of marijuana is pretty much a profitable industry.

**MR. MITCHELMORE:** When it comes to setting up a particular business and the new industry that we have here, as I said previously, government would not dictate a location or these types of matters; these would be business decisions that would be made. Certainly we support the co-operative movement, we support credit unions here in our province and we support social enterprise. It would be a novel approach, as you mentioned, if there was a group that wanted to create a co-operative to start a production facility in Newfoundland and Labrador –

**MS. COFFIN:** I was thinking more along the lines of we knew this was coming, we knew we had a supply issue, we knew we wanted local production. Wouldn't it have been a reasonable initiative of government to consider that co-operative approach and keeping that money here in the province?

**MR. MITCHELMORE:** There are certain measures that can be done in terms of how you would either establish a co-op or if a company would incorporate here. We have companies that have either holding companies or they're registered in Newfoundland and Labrador, so they file taxes here and they would make payments based on their performance here in Newfoundland and Labrador.

One of the conversations that was had in the House of Assembly in the fall was around giving these particular companies EDGE status, which would give them exceptional tax breaks at the federal level, the provincial level and the municipal level, potentially; you would see all sorts of payments. The risk then and that burden of risk goes towards the provincial government, depending on how well a company performs. For example, if you attracted Google to come here and set up their headquarters, and if you gave them EDGE status, you could pay an unlimited amount of money and there would be

no benefit to the economy; it would have a significant downfall.

I understand your point of looking at a co-operative model, but we're talking about a publicly traded company here in one instance and in another instance, as well, in terms of Biome. These are two companies that saw an opportunity to come to Newfoundland and Labrador, to make investment here, to put up tens of millions of dollars to build facilities here. If you look at the type of product that we're talking about – and we're seeing very large-scale operations in various jurisdictions where a number of companies or the competitors would just want to look at importation – there is very little benefit, then, if you're just importing the product.

**MS. COFFIN:** That's why I asked about the co-operative program.

Do we know all of the shareholders of the companies to which we offer loans, loan forgiveness and also tax breaks? Do we know all of the companies involved – or all of the shareholders involved – in any government spending or a tax expenditure, which is essentially offering a tax break? Do we know all of the names of all of the shareholders of those companies?

**MR. MITCHELMORE:** In terms of any deal that government is involved with, if we are providing financial support directly, then we would be able to provide information of ownership or directors in a particular company. When it comes to a publicly traded company, though, there are rules that they would follow as part of the stock exchange and the regulators that would be involved in that particular matter, because any person could buy a share and be an owner of a publicly traded company. That changes on a day-to-day basis if you're looking at particular shareholders –

**MS. COFFIN:** Yeah, I am very familiar with how the stock market works. I'm wondering, though, if we are offering tax breaks or loan forgiveness or grants to businesses to whom we do not know the shareholders – or, let's say, for example, the main shareholders, not necessarily the board of directors, which is a very different

beast. I want to know where the profits are going.

**MR. MITCHELMORE:** We would be able to have access to that information or get it.

**MS. COFFIN:** So you do know where all of the money is going.

**MR. MITCHELMORE:** If we are dealing with a particular company. In the case of what has been discussed in the House of Assembly around a numbered company that is not doing business with government, we do not have that information.

**MS. COFFIN:** Okay.

Since we've opened up that box, can you maybe tell me a little bit more about that numbered company that is not dealing with government? Why is that an issue then perhaps?

I'm new, remember.

**MR. MITCHELMORE:** Right.

We have entered into an agreement with Canopy Growth to build a facility here in this province, and they're going to spend tens of millions of dollars. The City of St. John's will see an annual benefit in terms of taxation from that. And the workers that are there, the construction jobs and the investment that's happening is quite significant.

We have a contract that's based on performance. So in terms of sales, if the company sells X here in this province and can provide receipts for eligible cost, they will get a reduced remittance from the province. But the province will still get its share of any sales that would've happened in this situation. In terms of any costs that would be ineligible, if a company is not the landowner and they're leasing land, then that is not an eligible cost.

We've stated that and clarified that multiple times in this House of Assembly. We can only provide a remittance based on our contract and what the obligations to the contract provide. So when it comes to the company, our role is that this company is not a related company, so the Canopy Growth Corporation is not receiving a

benefit from this company. And beyond that, they're arm's length of government, so they are not involved.

**MS. COFFIN:** I'm sorry, you're saying that the Canopy Growth is not getting a benefit from the company, the numbered company from which they are leasing this land. Is that what you're saying? I'm sorry, the answer was a little wide-ranging.

**MR. MITCHELMORE:** I'm saying that they are not a related company. So it is not a Canopy Growth construction that would be involved. It is not another company that's associated with them. They are arm's-length in terms of a company of which they would be doing business.

**MS. COFFIN:** Okay.

Let's go back to the jobs now. You say you anticipate that many of the jobs that are being generated by the construction of this are being filled by Newfoundlanders and Labradorians. That's certainly not the case. Have you done any cost-benefit analysis; or in the loan guarantee or the grants that you've given to these companies, do you have any requirement that they use local labour?

We are in a situation where most of our union halls are very full right now, and I know that there are a lot of people clamouring for work. I'm hearing rumours that there are drywallers coming in from PEI and Montreal. So if we are using subcontractors or main contractors that are coming in from the Mainland and they are bringing in their own workers, then that means those benefits – while they are getting accommodations and food for a very short period of time while they're here in the province, the bulk of their salaries will be moved back out of the province again.

Is that one of the stipulations of your loan agreements?

**MR. MITCHELMORE:** I would say that it's very serious to say that the majority of people employed at this particular site, which is a private company that would be contracting, is not hiring Newfoundlanders and Labradorians, unless you can provide evidence to the contrary.

**MS. COFFIN:** I'm just saying I hear rumours of that. It's just rumours and speculation at this point. I am asking if there was a caveat in the agreement, something like a community benefits agreement that ensures local workers are being used.

**MR. MITCHELMORE:** Companies will hire local workers, where absolutely possible, and that is the case in this situation. As I said in the House of Assembly – I believe the MHA for Topsail - Paradise had asked some questions. It is my understanding there was an article that was posted around a drywall company from Quebec that had done some work there, but it's my understanding that, based on Canopy Growth's response, they would have reached out to local companies. If it could be done here in the province, they would've certainly utilized that work. So they had to go outside the province to secure work in this particular field.

**MS. COFFIN:** My time is up.

**CHAIR:** Any questions from other Members?

**MR. PARROTT:** Yeah, I've got a couple of questions.

Under Salaries, Salaries in budget '18-'19 was \$319,000 less than '17-'18. After finding a savings of \$236,900 for that year, the revised numbers show that, again, a savings of \$476,700 were found last year. However, budget '19-'20 only shows a salary reduction of \$67,300.

How are these salary levels determined, when they were previously able to identify such large savings?

**MR. MITCHELMORE:** The department had gone through a reorganization. In the Accelerated Growth Division there was a significant decrease in salary of \$476,700 as you mentioned, and that reflects some savings during the recruitment period for six positions during the fiscal year.

We anticipate and we have worked to fill those positions, so the decrease right now reflects the adjustments required for our current salary plan. As you hire new employees that would be in this area, there's a smaller amount in the salary line, but that may reflect the pay scale as to which

they enter because these would be new employees.

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** In 2018-2019 we actually had a number of new hires within the department and that's certainly important, because a key part of what we are doing in the department, as I mentioned in the initial remarks, is around working with companies to scale them up, to have a firm level of growth. We have an ambitious plan to target 40 companies to ensure that we are providing them with the right level of supports to create further jobs.

**MR. PARROTT:** Grants and Subsidies, can you provide us with a list of all the grants and subsidies from last year?

**MR. MITCHELMORE:** The Grants and Subsidies, that's \$279,000 that would primarily be funding for ATIGA, I believe.

**MR. PARROTT:** Sorry, we couldn't hear you.

**MR. MITCHELMORE:** That would be money for ATIGA, the Atlantic Trade and Investment Growth Agreement.

**MR. PARROTT:** What explains the line item for Loans, Advances and Investments being under budget by \$1,648,500 in the revised '18-'19 numbers? Can you explain how many applicants there were and how was the \$8 million located for '19-'20?

**MR. MITCHELMORE:** Where are you? Can you explain which budget line –?

**MR. PARROTT:** Sorry, that's under the Investment Attraction Fund, 2.1.02.

**MR. MITCHELMORE:** The Investment Attraction Fund, Loans, Advances and Investments – in 2018-19 we used an investment of \$6,351,500 and that would have been funds disbursed to the existing investment attraction funds through various clients, such as Eastern Composite, Provincial Aerospace and Quorum. They would have totalled \$1.85 million. Then in the venture capital funds we would have disbursed over \$4 million; \$2 million to each

particular fund. We would have an allocation for new projects as well, total \$6,351,471.

**MR. PARROTT:** Can we get a list of the companies and how much each company received?

**MR. MITCHELMORE:** Yes, we can provide that.

**MR. PARROTT:** Under line item 2.2.01, Purchased Services in the budget is to receive an increase of \$500,300 in '19-'20. This represents a significant increase of a budget that in the past years was only five figures. What explains this significant increase?

**MR. MITCHELMORE:** Under Business Analysis?

**MR. PARROTT:** Yeah, Purchased Services.

**MR. MITCHELMORE:** This is something that was highlighted through the McKinsey report, as well as the new budget, to highlight a new investment attraction initiative, which would be \$500,000. There's an additional \$300 for photocopier-printer cost that was determined through zero-based budgeting. That would bring our total to \$515,500.

Clearly, to achieve new opportunities, given what we've been doing in various sectors of technology, of agriculture, of aquaculture, the oil and gas and mining, there are opportunities. If we target and have that expertise for investment attraction, then we can leverage more opportunities into the economy of Newfoundland and Labrador and get best value.

We have exceptional staff at the Department of Tourism, Culture, Industry and Innovation, but this investment opportunity would provide an opportunity to maybe hire some specific experts in the field to do some very targeted level of investment.

We have seen in areas such as telecommunication, it may require a specific skill set to attract that individual to unlock some potential.

**MR. PARROTT:** How does this align with the attrition plan?

**MR. MITCHELMORE:** Well, this targeted investment would be hire through contract.

**MR. PARROTT:** Okay.

Under 2.3.01, this line wasn't included in the past budget and it appears to be an amalgamation of past categories. Can you explain and provide a breakdown of how they determined the \$16,836,000?

**MR. MITCHELMORE:** 2.3.01, Innovation and Business Investment, we had spent a fair bit of time in this House of Assembly creating the Innovation and Business Investment Corporation, creating a new act, finding a means for the full continuum of support when it comes to business, in terms of idea, pre-commercial, that R&D and innovative stage, to get somebody to commercial, to get somebody to international markets.

So the Grants and Subsidy lines reflect, basically, revenue that was brought in from RDC being merged into the department. It's an overall investment of grants and subsidies to various companies there.

**MR. PARROTT:** How many applicants did you have last year?

**MR. MITCHELMORE:** In terms of applicants, we had 264 projects last year.

**MR. PARROTT:** How many applicants?

**MR. MITCHELMORE:** I don't have that specific number in terms of applications.

**MR. PARROTT:** So 264, I assume, is approved, right?

**MR. MITCHELMORE:** We had 264 projects.

**MR. PARROTT:** Yeah.

**MR. MITCHELMORE:** That we had approved, yes.

**MR. PARROTT:** Okay.

The revenue of \$1.5 million, can you explain where that comes from?

**MR. MITCHELMORE:** That came from when we had merged the Research & Development Corporation. It's basically revenue that would've been allocated as the savings through the '17-'18 budget that would have to be reported in 2018-2019.

**MR. PARROTT:** Just one question back to the Canopy Growth. You indicated about monies – anyhow, how the whole situation works. Are there any monies given to Canopy Growth for the building of that facility? Are we loaning them money? They're doing all that on their own? Okay.

**MR. MITCHELMORE:** We have provided them with no funding. The agreement is that they have to produce sales in this province, and then they would get a reduced remittance. No different than any other cannabis producer that's supplying through the NLC. They're getting a remittance.

**MR. PARROTT:** Yeah.

**MR. MITCHELMORE:** But Canopy Growth and Biome would be getting a reduced remittance, based on their performance targets of making investment in Newfoundland and Labrador.

**MR. PARROTT:** Just one other question.

**MR. MITCHELMORE:** It's a performance-based contract that would allow us to build an industry, because up to that date, we had not had anybody making an investment here in this province.

**MR. PARROTT:** Yes.

**MR. MITCHELMORE:** Without having some form of incentive to attract large-industry players and build capacity here, likely we would not see these players make such significant investments and create (inaudible).

**MR. PARROTT:** Okay, just one question on R&D.

Currently, all of our offshore producers pay royalties in under the Atlantic Accord to the PRNL. Has the department looked at anything like that for cannabis growers? It would be a

great way to force them to invest into our province, invest into research and give us a path forward with that, with a guaranteed income.

**MR. MITCHELMORE:** Yes, we did build into the contract that there would be \$500,000 from Canopy Growth that would be invested in research and development projects.

**MR. PARROTT:** Over how long? Is that over a long period of time or is it ...?

**MR. MITCHELMORE:** There would be a period of time, that's part of the contract.

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

**MR. MITCHELMORE:** Five years?

**CHAIR:** Okay, the Members time has expired.

Any further questions?

The Member for St. John's East - Quidi Vidi.

**MS. COFFIN:** Excellent.

As part of the research and development at Canopy Growth at \$500,000, is there any specifics around if they're doing it in-house or are they going to partner with local companies or are they going to partner with local educational institutions?

**MR. MITCHELMORE:** Yeah, this would not be in-house research and development, but we are having meetings with the company where we would highlight projects; they would highlight their initiatives as to what they would see would be of a benefit to the industry.

Canopy Growth, in particular, they have a craft-grower program that they would support smaller producers as well. So I certainly see this as being a partnership, either with academic institutions or those who would be involved in research so that we can have more development.

When we decided that we would be developing a cannabis industry here in Newfoundland and Labrador, it was for full supply chain benefits from R&D, from start-up to export. Canopy Growth and Biome, they're building very large facilities here. They're going to be producing far

more than what Newfoundlanders and Labradorians can consume. The benefit that they would get from a reduced remittance would only be on product that is sold in Newfoundland and Labrador. So their business model would have to be based on export as well.

Our geographic location is one that is very strategic. We are certainly close to Europe and being on the water, we have ability to do shipping. Newfoundland and Labrador certainly has a good investment climate given that we've been able to attract these large national companies that are publicly traded.

**MS. COFFIN:** Okay.

Two things that come from that, one of which is: Do we own the intellectual property rights of any R&D that is done by that?

**MR. MITCHELMORE:** If it's done with the university, there's obviously an IP office and those who are doing research and those who are involved would enter into a particular agreement around IP.

It is certainly a conversation that we've been having through our Innovation Council of Newfoundland and Labrador around IP. It was part of the Technology Sector Work Plan around who owns intellectual property. That's certainly something that will be part of the ongoing conversation with the company and with whoever they enter into an arrangement. Right now, the question is somewhat premature.

**MS. COFFIN:** The thing with Memorial University is they have a creator-owned IP process. We want to be very careful about that because, of course, that means that anyone engaged in that research then owns that research. You need to be acutely aware of that for sure.

Let's talk about the export market now. We've seen numerous companies be unable to manage in Newfoundland and Labrador because we have exorbitant transportation costs. While we are on the water, so is Halifax and so are a great many other places. When we are strategically positioned, I have some questions about how that might manifest as a booming export market. Can you explain to me what their export development plan is?

**MR. MITCHELMORE:** I wouldn't be able to speak specifically to any company and what they're doing as an export. They are a privately traded company and they will have their own plans as to what they would do, whether they're going to charter flights, whether they're going to be involved in hiring barges, or however they would ship product.

What I would say is that Newfoundland and Labrador has international airports, we have facilities of which we can do shipping. We have the Argentia port which does international shipping. It's the largest in Newfoundland and Labrador; St. Anthony has the second-largest international containerized port. We do a significant amount of seafood right now direct into Europe. What we see in St. John's is freight-forwarding services that would go to Halifax and then get into Europe. We actually do have direct links into Europe, very lucrative markets right now.

**MS. COFFIN:** I've worked on them. I've worked on export development initiatives since the early '90s, so I'm very aware of what our potential is there. What I'm afraid of is that we are going to be left with a three-sizes-too-big marijuana growing facility that has some difficulty with their export and then comes to government starting to look for subsidizing their routes for export in order for them to continue to operate in the province. I would hate to have them hold our jobs hostage for additional supports in trying to access the export markets. That's why I say I'm quite concerned about the export development there.

Let's see what else we have here. I think we're good on –

**MR. MITCHELMORE:** I could make a small commentary on that. The companies, obviously, do their due diligence. They look at their investment, they look at opportunity and they look at what they can sell in the local market, the Canadian market, the North American and the international marketplace. They obviously see Newfoundland and Labrador as a good place to do business or else they would not put up tens of millions of dollars.

The only way they can recoup their costs is to make the sales locally in Newfoundland and

Labrador, so they're putting a lot of risk. The risk is not with the province, it is not with government, it is not with the taxpayers. It is not like many other agreements and arrangements which one enters into. If the company is unable to recover their cost, they have taken on the risk and they own that facility and they own that cost.

Really, in this circumstance, in this situation, government is well positioned and well protected. The companies obviously have significant cash, they have significant equity. They have made their decisions based on where they see their long-term vision. They've entered into a 20-year agreement. When it comes to a 20-year agreement, just looking at taxation for one company where the city of St. John's would benefit \$1 million in taxation, it will lead to \$20 million over that life of that particular agreement.

That is very beneficial when you're trying to look at, from a city point of view, balancing a budget or making investments into their infrastructure and their particular projects. It would help significantly. Any municipality that was able to have \$1 million added to its bottom line can then go out and leverage significant other projects.

**MS. COFFIN:** I do appreciate that. What I am looking at is potential pitfalls down the road because we have been held hostage by such things before and I want to ensure that we are no longer. I'd like to see that long-term planning piece.

You said earlier that you haven't turned down any supplier applications. So anyone who makes an application has, so far, been awarded a contract? Is that correct?

**MR. MITCHELMORE:** They would have to have a licence from Health Canada.

**MS. COFFIN:** Okay.

So if they get the licence from Health Canada, then that's all is necessary at this point. That's reassuring. I know a number of people I can pass that along to as well.

Innovation and business investment seems to be its own entity onto itself, which I understand. Can you tell me the relationship between that entity and some of the other things that we're seeing here like the Accelerated Growth fund, the Investment Attraction Fund, the Business Analysis fund and then we move over into the our regional economic development, Sector Diversification.

All of these things seem to be doing very similar things. I can appreciate why they need to be compartmentalized in some respects, but I'm very curious to know if the Innovation And Business Investment Corporation, which is getting \$16 million, is duplicating any of the efforts over here. We see grants and subsidies in several of these places are very small sums, but then they're associated with higher levels of salary.

It would be really nice to see if all of these little pots of money, while they can be allocated out for different purposes, maybe if they were all perhaps administered in the one spot, like a one-stop shop for small business – and I've certainly had my share of small businesses come to me saying: How can I get government to help? I think that might be a reasonable approach to this. Perhaps you can share with me how there is or is not duplication in this process.

**MR. MITCHELMORE:** I want to go back because I didn't have a full opportunity when you had asked about cannabis production facilities. I would say that a licence from Health Canada is what is required from a company before we would entertain a negotiation. We would certainly do our due diligence –

**MS. COFFIN:** Good.

**MR. MITCHELMORE:** – on any particular application to make sure that there are benefits to Newfoundland and Labrador and that it's in the best interests of the province to enter into such an arrangement. What I have said is that we have turned down no one, at this point, that has come to us looking to enter into a supply agreement. That would be local companies or international or national companies that have come to Newfoundland and Labrador.

What I will say is that we have – for example, if you take what we've done in this department, we've gone through a significant restructuring. There were 26 directors in this department in 2016 and now there are 11. We also had the Research & Development Corporation, which was a separate entity, that we had realized savings. We had brought the Research & Development Corporation into the department and realized \$3 million in operational savings, but that did come with some job losses for that entity.

We have streamlined what we do in the department to make sure that if somebody comes with an idea, is in the early stage, the research, the development, the pre-commercial, the commercial, all of that full continuum of wanting to go international, needing help with the marketing, needing firm-level support, they can now get in the Department of TCII. We've reduced a barrier by merging the Research & Development Corporation into the department because before there were some grey areas. People would come to the Research & Development Corporation and they would only deal with pre-commercial. Some firms could be in a pre-commercial state but also in a commercial state and also need other support. They would be talking to multiple people; it could miss or delay opportunities.

And we've expanded what we do in InnovateNL and that focused in all sectors of the economy. Whereas, primarily, the Research and Development Corporation invested heavily in mining and the oil and gas sectors, and not looking at other areas like health innovation or looking at various technology sectors, more focused on the ocean because we have 53 per cent of the ocean economy in Canada, we are a big player here.

So what I would say is we've taken a significant approach to streamline what we do to be able to help people who are coming to look for dollars and look for supports and look for various avenues to help their company to leverage other opportunities in our whole suite of programming. And we can do it through InnovateNL, but we also have areas where it's more regionally focused where we have Regional Economic Development officers that



would be dealing with, primarily, a lot of non-profits, non-commercial and small business.

As we look at all of our business financing and business programming that we have within the department, we are making sure that our economic development officers and others that are in the field are equipped with being able to deliver these particular programs or be able relay those programs to the appropriate people, the specialists that will be in the department. But they would have one point of contact; it's a one-window approach to be able to get services within the Department of Tourism, Culture, Industry and Innovation.

That's the pathway that we see moving forward so we can make sure that were reducing red tape and barriers for business and for non-commercial entities. Whether they are municipalities or the university, or the college or others, we have many stakeholders and many partners that we work with and we want to make sure that we continue to work with them through all of the various programs that we have in the department.

**MS. COFFIN:** Okay, my time is up.

**CHAIR:** Are we ready to call these headings?

**MR. LANE:** Minister, I just got a question about Canopy as well. Before I do, though, I think that it's important just to note, because you did say in one of your responses, somewhere along the way, about Members who would prefer to see cannabis imported into the province. As one Member who has raised concerns about this – and I think I speak for the other Members as well because we've chatted about it – the issue is not about local jobs and production versus importing; the issue has always been about local jobs by local companies and keeping not just jobs here, not just the taxes that you talked about, but the actual profits so that it would be Newfoundlanders and Labradorians that own the cannabis growing facilities as opposed to some Mainland outfit and the profits going to shareholders up on the Mainland somewhere. So that's the only issue on which we've ever disagreed as far as I am concerned on that. I just wanted to state that for the record.

On the question of the local benefits agreements that came up, I've heard the same rumors, as my colleague to the right, about workers from Quebec and PEI and so on that are working on that facility. I heard you say in your response, I think you said something to the effect of: I'm sure Canopy would go for local workers and ask for local workers and so on. But that wasn't really the question.

So the question was, or at least my question is: Was there something inked on that contract that said, in light of the fact that we're going to give you a \$40-million tax break – albeit it's performance based, I understand that. But in light of that, when you're building this facility, you are going to use local workers. Not I hope you would and I encourage you to but, as part of the deal, you're going to use local workers.

Was that inked on the contract with Canopy? Is it inked on the contract for the new one in Bay St. George or wherever it's to on the West Coast and so on? Is that something that is being thought about and placed in these types of arrangements to ensure that we have local workers?

We've heard from Trades NL now. Whether they're unionized or non-unionized, there are all kinds of tradespersons. We hear the Member for Humber - Bay of Islands every day standing up presenting petitions about local workers not getting jobs on projects on the West Coast. So I'm wondering is it in the contract, yes or no.

**MR. MITCHELMORE:** So I want to go to your initial point that you made because Newfoundland and Labrador certainly wants to see local companies grow and prosper. Any local company has that opportunity to enter into a supply-and-production agreement in Newfoundland and Labrador. No company, nobody local had a licence or had the ability and there's no production to be able to supply. So from the point of legalization, if we had waited for a local company, we would not have had a supply agreement, we would not have had cannabis production and these benefits accruing.

**MR. LANE:** You could've had the supply, just not the production.

**MR. MITCHELMORE:** So in moving forward, to be able to have this investment – because we want investment to come here. It's no different than the offshore in Newfoundland and Labrador, being able to attract international companies like Exxon, Suncor or Husky coming to make investment here in our province. No different than hotel chains that may be international in nature. They may have local investment. Sometimes they have their private equity firms. They're not all owned by local people, but they do employ local people that work at these hotels and there are benefits that would happen throughout the economy by making investments in various hotels that would happen in the City of St. John's or Mount Pearl or others.

So I think one has to reflect on the level of investment. Because we want to have both local investment and maximum local investment from people who are starting business, but we also want to attract investment – whether it's Canadian investment or foreign direct investment – to grow our economy here in this province. I think that's certainly something that's important.

The other point that you make around procurement and public procurement. There are vast differences in government procuring to build public buildings, public facilities within the *Public Procurement Act*, such as a hospital that government will own or a long-term care facility. This is something that is being paid for by the private sector; it is being built by the private sector. They are making the investment, not the taxpayers and not the Government of Newfoundland and Labrador, when it comes to cannabis production facilities.

I will make the point of saying that I was with the Member for Humber - St. George's, and Mr. Callahan, who is local and owns Back Home Medical Cannabis Corporation, who is the local president, partnered with Biome – and Biome will be making investment and scaling up. Mr. Callahan is very passionate about making investment and bringing people back home.

That is why he called his company Back Home. He wants to bring Newfoundlanders and Labradorians away, create \$54,000 annual salaries in St. George's – a very rural

community – that's going to pay well over \$15 an hour. It's going to pay significantly. And he's going to focus every aspect to hire local people, because these are the types of people that are involved.

Companies, when they start up in Newfoundland and Labrador – private-sector companies – we see it in every community where they look to hire local contractors, they're good corporate citizens and they give back to the community. Canopy Growth Corporation, for example, made a donation to the Community Food Sharing Association. We need to look at the corporate community here in Newfoundland and Labrador and their responsibilities. And those who are invested here see opportunities to work with other companies to see the trickle-down spinoff and economy, because it's more expensive if you have to look at bringing in crews and bringing in people from outside of Newfoundland and Labrador.

We do have labour mobility agreements within Canada, and we do have a number of people that work across Canada, and a number of companies that bid successfully on private contracts that bring their crews, their Newfoundlanders and Labradorians to Nova Scotia, to Alberta, elsewhere. There are people that commute and that has a significant impact on the economy too.

Those that have worked in the oil and gas industry, for example, in Fort McMurray or in other places, they commute and they bring a lot of dollars back to Newfoundland and Labrador, whether it's on the Northern Peninsula, the Burin Peninsula, in Clarenville or in Grand Falls-Winsor.

There's certainly an important conversation to be had. I think every community in every jurisdiction, we want to see where there are maximum benefits and where we can help companies grow, and our department is part of that. We will be an enabler and we will work to find ways in which companies can capitalize on every opportunity.

This is why we hold supplier development sessions. This is why we reach out to make sure that local companies can capitalize and be engaged and properly bid and work with government procurement or make sure that they

have the support that they can attach to get contracts with companies such as Biome or Back Home or Canopy.

**MR. LANE:** I thank the minister for the detailed answer.

Minister, I understand the point you're making, and, listen, I know Mr. Callahan, very well actually, I have no doubt that he will do what he can to employ local people and so on; no doubt whatsoever. I realize that there are Newfoundlanders and companies that work all over the world and so on, I get that, but there is definitely a move around the country and so on to have local benefits agreements.

In this particular case, while you may say it is a private company, which I agree it is a private company, and are they investing tens of millions? Yes, I believe for Canopy they're investing \$45 million, I believe is the number. But they're going to get \$40 million of that back in tax remittance, which would be money into the public coffers, which now will not be money into the public coffers because they're giving it a tax break.

I understand why you did it, I understand the performance base, but, at the end of the day, they're still benefitting with \$40 million in taxpayers' money.

I guess the question was, based on that arrangement, that they will be able to pay off their capital through those remittances, is there a local benefits agreement on the construction of the facility? I take it from your answer that, no, there is not.

Is that correct?

**MR. MITCHELMORE:** There are local contractors that are working and engaged. There are local people that are hired.

**MR. LANE:** That wasn't the question, Minister. I simply asked is it written on – there's nothing in the agreement saying they have to use local workers. It's a simple question. Either there is or there isn't or I can ATIPP the contract.

**MR. MITCHELMORE:** The contract is publicly available.

**MR. LANE:** I would hope we don't need to get to that stage.

**MR. MITCHELMORE:** We've proactively disclosed the contract for Canopy Growth. When it comes to what you're saying of \$40 million, the only way \$40 million would be beneficial and in receipt is if the company has full eligible cost –

**MR. LANE:** Yeah.

**MR. MITCHELMORE:** – that they can show that they have made those expenditures as per the agreement. They would have to do that. They would also have to make those sales within the province.

**MR. LANE:** Yeah.

**MR. MITCHELMORE:** So if they're making those sales in the province, the province is actually getting more revenue based on its portion of taxation from cannabis. They would also be producing, so there's a supply chain. There's R & D that's happening. There's the taxation that's being achieved by 145 workers at the site, beyond all the workers that would be at their retail outlets. So there's a multiplier effect. The City of St. John's is benefiting \$1 million a year for 20 years that it wouldn't.

So if you look at that they would get \$40 million over the life if they're eligible for the full cost, well, the city is going to get \$20 million that it would not have had otherwise, that's a benefit to the taxpayers of the City of St. John's.

**MR. LANE:** If a local Newfoundlander built the same facility, they would still get the same taxes.

**MR. MITCHELMORE:** It is quite possible that a local Newfoundlander or Labradorian will look to make that investment and do the exact same thing. That opportunity exists.

We have said no to no one that has come forward to us, so that opportunity is there and we would encourage it. We would encourage local Newfoundland companies, local hires, absolutely. Unless there's evidence to the contrary that there's not, I would refrain from saying that people are not hiring local when

there are significant local hires in this particular projects within the private sector.

**MR. LANE:** Well, I wouldn't refrain from saying it.

Thank you.

**CHAIR:** We've had several rounds on these headings now and we're approaching the time when we would normally take a five-minute break. Are people ready for the vote on these headings?

**MR. PARROTT:** I'd just like to make one more comment, if possible?

**CHAIR:** Okay.

**MR. PARROTT:** So to your point about local contractors. There's no doubt there are local contractors working there, but, as a point of fact, there is a company from Quebec with 50 to 60 employees down here. They have had conversations with the local building trades. It is a unionized company that does not fall under the local building trades agreement and they are now paying (inaudible), or whatever the proper terminology is, but they are paying in.

It is a fact that they are using a company out of Quebec, 50 to 60 people with a higher wage, paying for hotels and paying for travel when that work could be carried out by locals. I would encourage you to contact the building trades if you think that's not a fact, or visit the site.

**MR. MITCHELMORE:** Well, I have reached out to Trades NL for a particular meeting so I welcome having a conversation with Trades NL. They have not approached me with this particular issue.

There is, as has been reported, a subcontractor that has been doing speciality work that could not be procured in the Province of Newfoundland and Labrador pertaining to drywall.

**MR. PARROTT:** Drywall is not a speciality.

Anyhow, I'm good.

**CHAIR:** Okay, are we ready to vote on these headings?

Seeing no objections, I'm going to call these.

Shall heading 2.1.01 to 2.3.01 inclusive carry?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, subheads 2.1.01 through 2.3.01 carried.

**CHAIR:** Okay, so we'll take a five-minute break now. We'll all be back here 8:06 p.m.

### Recess

**CHAIR:** We will get started again.

We are going to call the next heading.

**CLERK:** Subheads 3.1.01 through 3.4.01 inclusive.

**CHAIR:** Shall these headings carry?

Questions?

**MR. PARROTT:** 3.1.01, Salaries – in the revised numbers for budget '18-'19 a savings of \$247,600 was identified last year, but budget '19-'20 marks this line item for decrease of only \$137,500. How are these savings located?

**MR. MITCHELMORE:** The decrease, primarily, in 2018-2019 reflects saving realized during the recruitment period for various positions during the fiscal year. This year was adjustments required in the salary plan for \$1,635,300. I believe there was one salaried position that would have been attrition that would not be filled and that's the petroleum engineer position.

**MR. PARROTT:** Transportation and Communications, in the revised numbers for budget '18-'19 there are a savings of \$58,000 identified last year. How were these savings located?

**MR. MITCHELMORE:** Which line?

**MR. PARROTT:** Transportation and Communications.

**MR. MITCHELMORE:** There was a \$58,000 reduction in travel to trade show and missions, industry sessions and client sites; reduction in the number of staff attending any particular trade show and number of events were actually attended by local staff because of our regional offices and presence. Because of how we've been enabling our economic development officers to be that touch point and connected to all of our programming so we can have better efficiencies within the office, we've been able to realize those savings.

But we do anticipate that through this Sector Diversification Division – and this is so important with all of our plans that we have put in place through Regional Innovation Systems pilot. So if you look at the agriculture and aquaculture industries, tourism and fisheries, if you look at aerospace and defence, and ocean technology as well as industrial benefits in places like Clareville and on the Burin Peninsula, we want to make sure that we're capitalizing and there may be a greater requirement this year through those implementations for travel and various trade shows and doing industry sessions with craft, manufacturing, ocean and other sectors. And we've determined that there would be an additional \$100 through zero-based budgeting.

**MR. PARROTT:** Okay.

Increase of \$200,000 in Professional Services, can you please explain why that's going up so significantly?

**MR. MITCHELMORE:** Yes. This is a one-time expenditure that we've announced in budget 2019-20. We had highlighted from the McKinsey report to look at doing an MRO study, so that's maintenance, repair and overhaul for the aviation industry. That's something that we will undertake. That's \$200,000 of that amount.

**MR. PARROTT:** Maintenance, repair and overhaul of assets we own?

**MR. MITCHELMORE:** No, the maintenance, repair and overhaul would be an industry

speciality for the aviation industry, so for commercial aircraft. So players that are in the industry like Provincial Aerospace or EVAS Air or others are currently involved in maintenance, overall repairs and some do training as well, what they would be doing is bringing in aircraft, whether it would be from a commercial supplier like Air Canada or WestJet or international airlines in doing that work here, adding value and high-paying jobs.

This was identified in the McKinsey report where there could be an opportunity for more heavy checks on aircraft and, given the capacity that we have within the province for aviation and the companies, this is an opportunity that they see that could create more jobs and grow the economy. So we've allocated \$200,000 to try and capitalize on that.

**MR. PARROTT:** So is there any thought given to any of these companies being an AMO? It's been my background. So in order for them to do any work on these aircraft, any kind of overhaul based on periodicity, they have to be an AMO specific to that aircraft and if they currently don't work on that aircraft, they have no ability to do that.

**MR. MITCHELMORE:** There are two things that were in the budget and one comes from the Department of Advanced Education, Skills and Labour is around the certification and training that would be happening at the College of the North Atlantic for various technicians to provide certification. There are also elements of investment that we've made to the Gander College of the North Atlantic in partnership with the federal government to enhance equipment.

But we see opportunity where there could be military aircraft as well that could be involved in maintenance, repair and overhaul. So this will all be a part of the study that will go out in this \$200,000 to highlight what the opportunity would be, so the investment is a study that would take place.

**MR. PARROTT:** Okay.

Purchased Services, in the revised numbers for budget '18-'19, the money allocated for Purchased Services last year went over budget

by \$521,000. What caused that line item to jump significantly?

**MR. MITCHELMORE:** The \$521,000 revised reflects four Atlantic Cable Facility repair cost, approximately \$100,000 each, as well as the cost to issue an RFP to divest of the Atlantic Cable at approximately \$130,000.

Just for context, and I just want to clarify, the Atlantic Cable Facility, Persona Communications constructed it in 2007 in partnership with Rogers Communications, MTS Allstream and the Government of Newfoundland and Labrador. The project constructed fibre facilities between St. John's and Halifax in a ring configuration involved in terrestrial and submarine routes, and government's contribution at that time was \$15 million. It was proposed to add redundancy in communication facilities on the Island, and to foster increased competition in the communications sector. Eastlink currently maintains the fibre portion and all the signees to the original agreements.

We have, as a government, to deal with the maintenance cost to the fibre and we also have to pay for breaks for various reasons. This can be a significant cost, so we are exploring and taking proactive action from an initiative in 2007 that has led to these costs to look at opportunities to ensure efficient and effective management of this provincial asset and identify where revenue generation or cost savings can be had.

**MR. PARROTT:** Okay.

Under Grants and Subsidies, there's a reduction of \$187,500. How was the reduction determined, and what impact do you expect that's going to have on the economic diversification agenda and on the tourism sector?

**MR. MITCHELMORE:** Under the Grants and Subsidies, what we have here is a reflection of less federal funding for the Canadian Safety and Security Program. That would be the windup or the conclusion of a multi-year agreement with C-CORE. They were engaged with the federal government to design enhanced space-based ice products for transportation product, so that was something that was done there.

The other grants that are provided in this field is that \$100,000 to the East Coast Trail, which I was at the Trail Raiser a couple Saturdays ago, where, through the private sector and through over 500 individuals, donors to the East Coast Trail, they raised over \$90,000 as well to help with the ongoing maintenance, which is really great.

Market readiness at \$15,000; \$40,000 for the craft development industry; innovation growth space at \$75,000; and there's \$150,300 for Canadian Safety and Security. That also reflects the line item for Revenue of \$150,300 because if we get federal revenue, we have to record it as well.

**MR. PARROTT:** Just as another point, can we get a list of the grants and subsidies from last year?

**MR. MITCHELMORE:** Sure. It would basically be what I had just noted and the additional amount would be for the Canadian Safety and Security Program, and we will provide that.

**MR. PARROTT:** Line item 3.2.01, what support does the department give to communities who want to build a co-operative model for economic and business development, particularly in the tourism sector? I refer, specifically, to something similar to the model being used in Bonavista right now.

So, anywhere, Trinity or Bonavista, if you go down there – if I go to Blue Whale for dinner, they recommend that I go to Amherst Cove and eat at the Bonavista Social Club. Everybody down there is working collaboratively to –

**MR. MITCHELMORE:** Okay. Right.

**MR. PARROTT:** So is there any incentive?

**MR. MITCHELMORE:** I had just drawn the conclusion of formalized co-operative. We have over 90 in the province and we have MOU, a co-operative agreement. We have been, as I mentioned in my opening remarks – and Bonavista has really been a champion. It has taken them some time as well to realize the benefit of referral and collaboration, and they have seen tremendous success.

I only want to cite that during *Budget 2016*, I went to Bonavista to the Chamber of Commerce and I delivered a speech, and they had 80 members at that time. Now, if we fast-forward three years later, they have just under 160 members.

They have grown the amount of small businesses, the clustering. And we have made investments because they've been working collaboratively in things like the Bonavista Biennale where they've been able to add capacity, having 24 locations, where contemporary art will be placed in multiple communities. Typically biennales are placed in urban areas.

When I was travelling in Ibiza, just in January on a personal holiday, I had seen that they had their 20th anniversary of their biennale. This is the first time – and it's coming back this year. I encourage you and everyone else to go. They added over 1,000 new visitors just to see the contemporary art, and then all of those regions benefited because people went to Keels, Duntara and went to various communities, not just in Bonavista and Elliston and in Port Rexton, Trinity, major clusters. We have Provincial Historic Sites, really key assets. There's the Rising Tide Theatre that's been there for over four years.

If you look at some of the pioneers like John and Peggy Fisher with Fishers' Loft and the investment that they've made, but then there's new investment. One of the exciting areas of sector development where we've seen real growth is in the craft beer industry, so Port Rexton Brewing, and there are real accolades. We've made investments where they're now going to open up a manufacturing facility and do canning on site, creating more jobs.

Bonavista has seen the natural benefit of doing referrals, and all areas and all regions are seeing benefit from it. Tourism is really a collaborative area of work, it is not about being competitive with each other in the marketplace. So over the last time we've done our Exit Survey, there's been 2,000 additional jobs added and there have been new businesses created in the tourism and hospitality industry.

We provide support through our Tourism Product Development Plan, and not all the support is financial in nature. Sometimes it is what we can provide to companies, advice or direction, but we encourage that. Places like Clarenville, from a hub and spoke model, are benefiting as well because bus tours are coming to the Clarenville Inn, or you also see investments like the St. Jude Hotel that has just undergone a major renovation and remodel and rebrand because of economic activity that's happening around tourism but other economic development within the region. When businesses work together and collaborate, we have a lot greater success.

I'd be more than happy to maybe take the conversation off side, rather than use more time to explain all this here. We could have a good conversation about what's going on in Bonavista, how our department has made investments, what's been working and what hasn't, and in the entire region. So I'd be more than happy to take the conversation off side and have these chats.

**MR. PARROTT:** Perfect.

**CHAIR:** Further questions?

The hon. the Member for St. John's East - Quidi Vidi.

**MS. COFFIN:** Thank you.

Let start with, what has been the effect of provincial, interprovincial and international trade agreements on local businesses?

**MR. MITCHELMORE:** We've had significant benefits achieved given that 50 per cent of our GDP, as I had mentioned, is based on export. It's quite significant. We've seen just this year an industrial shrimp benefit agreement based on the CETA negotiation that will see thousands of metric tons of industrial shrimp landed at Newfoundland and Labrador for local fish plants to produce and create additional weeks' work for plant workers and other benefits that would exist from that.

That would've been shrimp that would've been produced in other jurisdictions, like in Iceland or Denmark or other European jurisdictions that

may have had a higher cost of labour. But because of a tariff that existed or a trade barrier, it would not have been landed here.

So we are seeing some benefits from CETA. We also have the Canadian Free Trade Agreement that we've entered into, which we're going through a process of reducing regulatory barriers and reconciliation, and finding ways of which we can advance matters. There's a chapter on energy and electricity as well that can create significant opportunities for this province.

When it comes to trade, it's very important to Newfoundland and Labrador, given the types of commodities that we deal in terms of mining, in terms of oil and gas, in terms of the fishery and aquaculture, and given our population base. Why we have a number of high-value jobs in these sectors in the economy and the supply and service area is because of such trade agreements, and our ability to export and be competitive.

**MS. COFFIN:** I had a conversation with the procurement agency earlier. During that conversation, we were talking about social and green procurement, as well as a number of other initiatives – which are fantastic, but unfortunately one of the constraints of that was when we were talking about encouraging the use of local suppliers, they were negatively impacted by some of these trade agreements, because, of course, they said that intra-provincial trade was paramount. And one of the stipulations of that was tenders or requests for proposals or procurement – and I'm not sure what the dollar amount was – had to be opened up to intra-provincial bidders.

So I'm just wondering if we've seen any negative effects. Because quite often that's what happens in trade agreements, is we see benefits in some sectors, but some other sectors will be negatively impacted. Because that's how trade works. When you have a comparative advantage in a particular area, you benefit in that area, but when you do not have a comparative advantage, you lose out.

So I'm just wondering if there are any negative effects that we've seen.

**MR. MITCHELMORE:** Do you have any specific example of which you would want to

give? In speaking of social financing or social enterprises, we have a Social Enterprise Action Plan. We see the value of which social enterprises locally are able to bid competitively, and they have been winning contracts. One only has to look at the Newfoundland and Labrador Housing Corporation and the success of companies like Choices for Youth with their social enterprises, or Stella's Circle and what they do in terms of their social enterprises. Because you had opened up with green and social in your commentary, there are avenues of which social enterprises can have incredible opportunities for local people and local benefits, and even work with other companies, too, in part of the procurement process.

We do a lot in the Department of TCII around supplier development or working with the federal government and the entities to make sure that, through our Regional Trade Network, companies are prepared and they can look at where the opportunities are for them; they can target, whether it's the Canadian marketplace, whether it's international. Through ATIGA, that I talked about earlier, you see a lot of pan-Atlantic missions, and we've gone to places like the UK, the Netherlands, and in very specific target.

Newfoundland and Labrador has a significant advantage to the Atlantic provinces when it comes to trade because we have done almost \$2 billion worth of export in the UK and the Netherlands alone. We are far ahead of any of the Atlantic provinces in their export into these markets, but working together we can capitalize on opportunities, especially when it comes to the Ocean Supercluster and where the private sector is unlocking \$150 million of their money to do research, to do various development or innovation, to partner with the federal government to unlock an equal value.

Given that we have 53 per cent of the ocean economy in Canada, we see where local companies are going to be able to even partner with more international players and get a bigger piece of the pie, and that's really important for us.

**MS. COFFIN:** Well, I'm glad to see that some local producers are benefitting from some of these trade agreements.



Going back to, perhaps, some of the things that I heard on the doorstep along the way that would go closer to this procurement agreement issue, I certainly have spoke to small businesses who would normally fill government contracts, who now have found that they are not getting that, so I suspect that might be a product of it, but we'll leave that be for now.

Perhaps another area we may want to look at there would be secondary processing in the fishing industry, because that's where a lot of the jobs are and that's where a lot of the value added is. So I'd be really curious to see, perhaps, how we're faring in terms of the value-added piece and if we are actually at a comparative disadvantage, and that might be where we are losing out.

For now, let's move on to diversification. I noticed that we have diversification in at least three of the different sections here. Some of it's about planning, some of it's about helping industries diversify, looking for diversification initiatives. I'm just kind of trying to get my head around why we spent \$1 million on a report to find out where we need to diversify.

**MR. MITCHELMORE:** The Department of Tourism, Culture, Industry and Innovation is involved in working with a number of key stakeholders who are members of the Cabinet Committee on Jobs. We've created sector work plans, and we've been leading some of those with the Technology Sector Work Plan, for example. Others we have worked with, other departments and key stakeholders, and with it, through the McKinsey report, and as you can see even within the department, there are a couple of key initiatives that we've taken from that report to capitalize on the work that we're doing, that we may not have focused on, such as the MRO opportunity and direct-targeted investment to look at sector diversification.

I think that's really key in being able to build a certain expertise, to grow various sectors, whether it would be in aerospace and defence – because I went to the Dubai Air Show and looking at what Provincial Aerospace is doing; they've done business in Abu Dhabi and been there for quite some time. They have relationships and contracts internationally. They can be a lever to help other companies that are

working internationally and want to be in that space.

As well, they have company contracts with other international players, whether it would be Thales or CarteNav or others, and some of that relationship trickles down and brings benefit to Newfoundland and Labrador in terms of how conferences are held or people setting up offices here in this province and creating employment, such as what some of these companies have been doing.

We need to look at and continue to be very nimble, as a small province, but realize our capabilities. I don't think we've talked enough about some of the companies that are operating here and what excitement and what they are actually doing. I highlighted Mysa and Empowered Homes and what they're doing for energy conservation. You only have to look at what Kraken is doing in terms of their robotics with AUVs, and how they're getting military contracts and international dollars and investment being put into them, that's creating dozens of jobs here in our province that would be high paying. We have a number of companies that are operating in that space.

Genoa Design, I believe the MHA for Mount Pearl North mentioned them today in a speech. They have over 100 employees and they're dealing with steel structure, and very competitive in this space, getting major contracts and growing; focused on R & D and scaling up. I know the Member for Mount Pearl - Southlands has talked about this company as well and the owners have – Leonard Pecore is a pioneer and was awarded by the Marine Institute an alumni award for major contributions.

We have this here in our province. I think that we have major companies operating, not only in urban areas but in rural areas of the province too. The Member for Exploits, I'm sure, would highlight what Superior Glove Works has been doing; over 3,000 types of gloves being produced in a very rural community where anybody who wants a job there can work at this glove factory. They've actually opened a satellite location where they're operating in Springdale, and they initially started in saying they were going to hire 12 people. Well, they've exceeded their targets and they have far more.

These are where opportunities lie, it's where there are companies like Dynamic Air Shelters in Grand Bank and there are various companies that are doing things unique and different, where government can work with them to help scale up and grow and not always in a financial way. That's not always government's role to provide finance or provide a loan or provide a grant or a subsidy. It could be advice or it could be directing them to somebody who can help them like Export Development Canada, the BDC, the CBDC has various partners. There are commercial banks. There are equity firms. There are a variety of tools. There's the university of which they could tap into R & D, or research capacities.

There are all kinds of capabilities, and this is how we look at our department. We're very much a horizontal department that works with other departments across the government but also out there in the community and that's what's really important.

The only way we're going to have further success is if we continue to have that ongoing engagement and dialogue and continue to highlight the successes and where we can continue to grow and create these high-value jobs all across this province.

**MS. COFFIN:** I think you've managed to answer that we did not need the McKinsey report, that \$1 million on the McKinsey report because it seems to be that we had a wide breadth of forms of industry already in Newfoundland and Labrador, but my time is up and perhaps we'll go on to talk about another thing after.

**MR. MITCHELMORE:** Well, that's not what I said in terms of the investment. I had highlighted that the report provided us with some key directions and some initiatives are reflected in the department and in the budget right now that we are debating. So, for clarity, I had not said what you had just stated.

**CHAIR:** Are there any further questions?

**MR. PARROT:** Still on 3.2.01, Salaries, there was a reduction of \$141,700. How was this determined?

**MR. MITCHELMORE:** The Salaries decrease just reflects adjustments required for the 2019-2020 salary plan. There was an increase of \$5,200 in last year's budget and that was for a continuance in retirement costs that was paid to employees.

**MR. PARROTT:** Transportation and Communications, again, seeing a significant reduction of \$80,000 from what was spent, but the budget is back up to the previous year. Can you explain?

**MR. MITCHELMORE:** The reduction has to do with some of the vacancies of staff who would normally be required to travel during the fiscal year, and we have been working to fill those vacant positions, reflective with the salary plan. We anticipate that there will be more travel that would take place by the economic development officers to have more direct contact within the regions and areas with business and initiatives that are taking place going forward.

We've spent a lot of time over the last year or so working with the industry, working with major associations and having engagement, but now the implementation of these initiatives will take these economic development officers on the road more to realize the benefits and conduct implementation.

**MR. PARROTT:** Okay.

The current status of the government's efforts to – that's 3.3.01, sorry – expand the rural broadband access.

**MR. MITCHELMORE:** 3.3.01, this would be our Comprehensive Economic Development fund where we would work primarily with the federal government. We work very closely with ACOA under this particular fund to leverage investment, to do community development initiatives, but we also have allocated within the budget \$1 million to expand on a pilot project for cellular service.

Last year, we had successfully piloted this initiative in the previous budget and we've done a number of projects that have been announced. There was a project in Southeastern Labrador that would give cellular service to Red Bay and a number of communities like Cartwright, St.

Lewis, Port Hope Simpson, Mary's Harbour and Charlottetown.

There was also a project for the Great Northern Peninsula that included a UNESCO World Heritage site and a number of businesses. About 4,000 people in the catchment area would get service for 16 communities in the SABRI region.

The Port au Port area received a project in the francophone communities of Mainland and Three Rock Cove, I believe, and there was also investment in Lord's Cove and an announcement that I had with the Member for Cape St. Francis in Pouch Cove, which would see further investment around Marine Park and further investment to stimulate activity.

There were other investments that were made in the St. Mary's area, Riverhead, a project that leveraged over \$3 million. We saw success in partnering on that and we're offering this program again in the budget to see further cellular service added.

When it comes to rural broadband, under the last round we used \$1.5 million to leverage close to \$40 million in total. That would include the federal government and the private sector for various projects, and they're working through their implementation phase throughout Newfoundland and Labrador.

The federal government is primarily responsible, that's their jurisdiction; it's federally regulated. They've made the decision that they are going through to improve broadband Internet to 15 megabits per second by 2030. There are investment dollars announced in the federal budget to expand rural broadband, and that's certainly important to our communities because advancing telecommunications is one of the most critical enablers to growing an economy, whether it's an urban or rural economy. We need to work with the federal government to capitalize and make the greatest number of investments to see broadband enhanced in our province.

**MR. PARROTT:** So, just one quick follow-up.

Last year, you suggested that you'd be at 98 to 99 per cent of coverage. Have you achieved that goal?

**MR. MITCHELMORE:** Once these projects –

**MR. PARROTT:** Are completed.

**MR. MITCHELMORE:** – are fully complete –

**MR. PARROTT:** Cool.

**MR. MITCHELMORE:** – they will have a 99 per cent coverage for broadband in Newfoundland and Labrador, yes.

**MR. PARROTT:** Can you provide us with a list – and I don't want you to read it out now – of the Grants and Subsidies that were provided last year?

**MR. MITCHELMORE:** We can certainly provide a list of the Grants and Subsidies.

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** I believe there were some good projects, even in the District of Terra Nova.

**MR. PARROTT:** No, that's good, you can stop.

**MR. MITCHELMORE:** Elizabeth Swan Park would certainly be one of those and the trails that I had mentioned earlier for the Eastport area.

**MR. PARROTT:** Yeah.

**MR. MITCHELMORE:** There would've been funding for the White Hills ski resort as well that would follow in that particular one.

**MR. PARROTT:** We'll talk about that later.

**MR. MITCHELMORE:** We've had some very good partners in the Town of Clarendville around that particular one.

**MR. PARROTT:** 3.4.01, Purchased Services. In the revised numbers for '18-'19 there was a savings of \$85,400, in Purchases Services last year, but in budget '19-'20, this line item only

sees a decrease of \$400. How are the original savings located and how is this decrease determined?

**MR. MITCHELMORE:** Sector Research allows us to do research in various areas of the economy. In terms of the decrease of \$85,400, it's reflected savings due to unforeseen delays in a research project. The \$400 reflects a lower subscription funding required for the 2019-2020 fiscal year. So we'll be able to complete our research, but one of the subscriptions is at of reduced cost.

**MR. PARROTT:** What research project is that?

**MR. MITCHELMORE:** Well, in terms of what we would purchase, this would be where we would get information pertaining to tourism statistics. It may be information from various subscriptions around airports, passenger movements and things like that.

Carmella, I don't know if you had anything further you wanted to add?

**MS. MURPHY:** Sector Research takes in all sectors now, not just tourism. So we have about eight or nine active tourism research ongoing projects and others that are being done that there was just a delay in, so we're carrying over to do in this fiscal.

**MR. PARROTT:** Okay. Thank you.

Under Grants and Subsidies, there was \$20,000 budgeted in '18-'19. None of those funds were used and it's re-budgeted again in '19-'20. So how come they weren't used and how come you need them this year?

**MR. MITCHELMORE:** So this was funding that was allocated for work to be done, research with industry associations, and that was not required during the 2018-2019 year. We anticipate that that research will take place in 2019-20.

**MR. PARROTT:** Okay. No more questions.

**CHAIR:** Okay, any further questions?

**MS. COFFIN:** Thank you.

Can you explain the Comprehensive Economic Development and its relationship to Innovation and Business Investment? There seems to be a little bit of duplication, and I recognize that Comprehensive Economic Development refers more to regional and sectoral, but if we're talking about businesses, most businesses can fit in a region or a sector. So perhaps there's some duplication there that is happening, or maybe there's not, but it's not immediately obvious to me in reading the overlays here.

**MR. MITCHELMORE:** Comprehensive Economic Development would be funding that would be granted to non-commercial entities or non-profits, municipalities. Groups of which we would work to leverage various projects, such as the Atlantic Canada Opportunities Agency, to do things, as I had mentioned, the Elizabeth Swan Park. There would be some development that may happen around the Placentia Wayfinding Signage policy to improve visitor services.

So that investment would happen from there. We have the Argenta ferry that would be coming in, so we want to make sure that people are navigating the best possible way to business, to key attractions, tourism areas, and finding their way and having a good visitor experience.

We would put in some dollars there and then the federal government would also put in a bigger piece because of the way we would negotiate a particular project, and then the proponent as well, whether it would be the town or the port or some group or organization that would be applying for the funds. That would be how we would be disbursing the Comprehensive Economic Development.

As well as the cellular service pilot project falls under this particular fund and some funding to organizations in terms of annual operating grants.

**MS. COFFIN:** Okay, a couple of other things now, in no particular order. Regional Economic and Business Development, is this what happened to the REDBs, the Regional Economic Development Boards? Which were actually quite a good, cost-shared initiative that co-located a whole pile of federal, provincial, municipal services in one, and I know that went through a radical reorganization where some

industries were able to – or areas were able to or were hoping to maintain those.

Is this what happened, that they've moved in here? Is that the nature of this beast? And if so, where are they located? Where are these offices located?

**MR. MITCHELMORE:** Well, the Regional Economic Development Boards would be completely different. They were a non-government entity. They would've had core funding from the federal government and the provincial government. Primarily, I believe it was a 75-25 split with the federal government. This would've been the decision of not the current administration, federally or provincially, to remove the RED Boards.

I sat as a director on a RED Board and could certainly see the work that they were doing in community and in regions because I worked in community economic development and I worked with CBDC previously to being elected. They did a lot of stakeholder engagement and work throughout the province, and some of their work still can be seen and felt through various regions.

When it comes to Comprehensive Economic Development, we would have our offices with our economic development officers that are trained to work with community, to work with municipalities, work with various groups of which they could apply for some funding here under this model to carry out a specific project. But they may also look for capacity-building initiatives of which they look for opportunities management, stakeholder engagement and governance structures. We do all this type of training as well within the department.

So the RED Boards, it's my understanding that there are no remaining RED Boards that exist today. There are a number of development associations that still exist that have predated the RED Boards as well. I actually went to the St. Barbe Development Association's 50th anniversary, and they continue to do economic development in a very similar capacity that did not have core funding. They still do not have core funding but they carry out a number of development initiatives and our department would work with them on various initiatives as well, as we would with other communities and

entities and stakeholders throughout Newfoundland and Labrador, as would ACOA with the federal government, to provide community economic development.

**MS. COFFIN:** So you do have economic development officers all across the province?

**MR. MITCHELMORE:** Yes.

**MS. COFFIN:** Okay, that is reassuring as well.

We talked earlier about CETA and the movement of energy resources. Perhaps you can clarify something. I know I heard somewhere along the way that energy exports to the United States need to be from competitive industries. We have a monopoly on energy right now, so how is that working with the trade agreements and, in particular, with our ability to sell into the US?

**MR. MITCHELMORE:** Well, we would be following the rules that exist. There are the FERC rules that exist that would allow people to sell north to south. So if we have an ability to enter into the grid and do so competitively, we could sell energy into the United States. There has been energy sales made into the US through surplus power that would exist, but that would not fall under the Department of Tourism, Culture, Industry and Innovation. These would be questions that would best be directed to the Minister of Natural Resources that would deal with energy and electricity and those matters.

**MS. COFFIN:** I realize that. You mentioned it in your earlier response, that's why I thought –

**MR. MITCHELMORE:** My only point that I had made in my earlier response was the Canadian Free Trade Agreement, which is an agreement between the provinces and territories. There has been extensive debate in the House of Assembly and dialogue around the Canadian Free Trade Agreement, of reducing trade barriers, and one of the chapters is on electricity.

**MS. COFFIN:** Great. I will certainly bring that up when we get to Natural Resources, which I think is Thursday morning.

Is our aerospace industry profitable?

**MR. MITCHELMORE:** Our aerospace and defense industry, if you look at just any of the companies – EVAS Air, for example, has over 200 employees; they have a flight training school; they have contracts with Air Canada offering major flights. This would be a company that is a private company, to my knowledge, so those particular matters would be – the profitability of any particular company is within the shareholders. So you're asking a question that's very difficult, I believe, for government to answer in a full entirety.

But, if you look at Provincial Aerospace, they have over 1,000 employees and they operate internationally. They've been doing ice surveillance; they've been involved for quite some time. We have to look at what C-CORE is doing in terms of their partnerships to attract international investment and what they're doing with the space agency. There is a lot happening in defense and aerospace here in this province.

We have a Regional Innovation Systems pilot project in Gander to focus on the capacity and scale of defence and aerospace, our aviation industry in this area, looking at our educational institutions, looking at the chamber of commerce and their partners, as well as players that are in the industry, as to how we can scale up to grow. Because there are benefits that can be availed of through major contracts that would happen, with procurement through the Canadian government. I mentioned earlier how Kraken is achieving contracts with governments; they have US contracts that they're highlighting.

We have companies that are competitive, and there's opportunity in the aviation industry and aerospace industry where companies are working really hard to secure the adequate workforce, and that's why we need to look at how we can either scale our programs appropriately so that we're training a workforce in that talent pool right here in Newfoundland and Labrador so that we can create even further opportunities.

**MS. COFFIN:** Absolutely.

**MR. MITCHELMORE:** And D-J Composites is another company, as well, that would be in the defense and aviation industry; CHC Helicopter; we have Universal. There is a lot happening in

the charter and aviation industry here in our province, and we made investments in Alcock and Brown with the federal government and partners like Shell Aviation and PAL to highlight that significant milestone, not only for historical purposes and celebration and commemoration, but to highlight the future economic opportunities that we can have.

Looking at other great successes that we've had: Amelia Earhart, Lindberg, we look at Botwood and we look at the flying boats, we look at Gander as being the largest airport in North America when it was built. There are a lot of stories to be told and a lot of success around aviation here in Newfoundland and Labrador. We're just scratching the surface of what our possibilities are.

**MS. COFFIN:** Unfortunately my time is up. I do have a follow-up question if I have the opportunity?

**CHAIR:** (Inaudible.)

**MS. COFFIN:** Okay.

Given the fiscal circumstances of the province and what seems to be the burgeoning aerospace industry, I have some concerns about subsidizing a profitable industry. I just wanted to point out my concerns in that area.

Unless we're perhaps being taken on as equity partners where we can actually share in some of those profits, we are going to be left with a trickle-down or a secondary benefit as a result of that. I just wanted to ensure that we are investing appropriately and in places that we need it more than, say, providing corporate welfare in any circumstance.

**MR. MITCHELMORE:** I would say that our officials, the team at TCII, are very well equipped to work in the private sector, to work with the overview of public money and the resources that we are provided to make sure we meet our mandate of being able to look at and lead economic growth here in this province and diversification. We made an investment in Provincial Aerospace Limited where they made a significant investment in their force multiplier.

This was something that is very risky for a company to do when you're talking about research and development. Anybody who is in that early stage of research and development or innovation, you're taking on a higher level of risk than you normally would and it may not pay off. There are times when government needs to look at taking that risk with a company that could lead to a tremendous amount more.

When we do a contract with a company we look at saying: What is this going to mean in person years or person hours? How much benefit? How much more are you going to put in because you are doing this particular investment and what it could lead to? This particular contract with the force multiplier has been highlighted around the world. It's been showcasing Newfoundland and Labrador in Dubai and in France and continues to be marketed in looking at South America.

If that company is able to sell or lease these planes, which have multiple technologies and capabilities, they'll produce more and manufacture right here in our province. That's going to lead to long-term job growth, sustainability and benefits. Sometimes it is absolutely necessary to make those investments when there are risky situations for companies, or else you will not see those opportunities or that innovation happen in the economy.

**MS. COFFIN:** Wouldn't it be great if we had equity shares in that?

**MR. MITCHELMORE:** There are times of which we do take equity in companies. There's always a mix of what you are doing in terms of investment. There are times of which companies will go out to the market and get equity investors or venture capitalists that will take a part of their company.

Those are decisions that we make to determine what makes realistic sense in any particular deal that we do. That lens is applied by the civil servants, the public service that we have and the staff. They have the competencies to be able to get good business deals and accelerate growth. I have complete faith in the staff of TCII on continuing to deliver, as they've proven in the past.

**MS. COFFIN:** I wasn't questioning the capabilities of the TCII staff; I was questioning government's policy direction. That is okay. I think that may be the end of my questions there in this section.

Thank you very much.

**CHAIR:** We have one question there, I think.

The Member for Mount Pearl - Southlands.

**MR. LANE:** Thank you.

Minister, I had some general questions so I'm trying to fit them in where I can.

I'm wondering about our provincial sites, our provincial tourism – I'll call them facilities and so on – what efforts have been made to ensure that they are accessible? I know for a fact – and I know that we'll get to that section later on Arts and Culture Centres – even the main Arts and Culture Centre here in St. John's was only, up until about I'm going to say, two or three years ago when myself and a couple of other people lodged complaints, that it actually became accessible in terms of blue zone parking and everything else, which is pretty amazing that it would be in that condition.

There are lots of provincial facilities that I guess are directly related to your department, whether it be Arts and Culture Centres or whether it be other points of interest, visitor centres and all those types of facilities. Have you been making an effort? Is there a plan to ensure that all of those facilities are totally accessible, both from a parking point of view and also from an access point of view, including washroom facilities?

**MR. MITCHELMORE:** That's a very important question. Government has been working to ensure accessibility and inclusion. We've updated legislation here in the House of Assembly around building codes pertaining to accessibility. Some of the properties that you mentioned, we are the operators of things like the ACC, but the physical building and the assets would be Transportation and Works run. We work very collaboratively with them.

If you look at the Arts and Culture Centre in St. John's, we worked with the federal government

to leverage funding to see accessibility improvements to the Barbara Barrett Theatre. There was an elevator service that would've been added to ensure that it was accessible, whereas previously it would've been much more difficult and nearly impossible for somebody who had mobility issues as well.

Some of these facilities were built quite a long time ago. We've made great strides in new builds and new designs to ensure accessibility. When we look at our parks, we made sure that there were appropriate emergency and accessibility plans put in place, ensuring that adequate accessibility was put in place. Some of the investments that we had made as well – that's what I was thinking about – are around playground equipment to ensure that it is accessible at our parks. We put in a piece of equipment in Squires Park that would've been accessible.

There are some initiatives that we've undertaken to make sure that there's greater accessibility. Even in things that we do when it comes to trail design and development, we take that lens and certainly do everything that we can to make sure that there are greater levels of accessibility for everyone to enjoy in Newfoundland and Labrador, and that goes for what you had mentioned.

If you have some specific examples of which we can go and improve accessibility, it's certainly something that we would look to undertake. I know that I received complaints as an MHA around the *Apollo* ferry service having a very narrow elevator. There are some people with accessibility needs that would have larger wheelchairs that are motorized and fairly large, compared to what the elevator had for that vessel that was almost 50 years old. So when it was replaced, they were certainly fully accessible in terms of the new vessel, the new ferry that's there, and it's been positively received by those in the community that would have mobility and accessibility needs.

So, there are some measures taking place, but likely there are still gaps that we need to address. As they come forward, we will do what we can to make accessibility accommodations.

**MR. LANE:** Okay, thank you. I appreciate that.

Minister, another question that some constituents of mine asked me to ask of you whenever there was an opportunity – and this is a good one – is around the flights to Ireland. When those flights were lost it certainly impacted a lot of people from here who availed of them. Some of them availed of them quite often, actually.

I guess the thought was, or what people were wondering is, why that happened and what efforts – I know what happened, they went to Halifax, surprise, surprise, but what efforts were made or what efforts will be made to try to get that flight back in terms of looking at things like perhaps packages; vacation packages, where someone can come to St. John's or whatever and have the flight and work with hotels and work with other companies and service providers to provide packages and incentives for people to fly directly into Newfoundland to try to get that flight to Ireland back.

Besides the cultural connection, certainly from a business and tourism point of view, it made all the sense in the world. I thought it was wonderful when we had that direct flight, but to have people now to have to go out of the way to flight over Newfoundland to go to Halifax and come back, I think a lot of people would say it certainly doesn't work for our province for sure.

I'm wondering what has been done or what will be done to try to get that back?

**MR. MITCHELMORE:** I thank you for the question because it's highly relevant and you hit a lot of key points when it comes to the importance of access, and it is absolutely critical.

We were fortunate enough to have that West Jet direct flight for a number of years. It served us extremely well. It was very disappointing that West Jet had pulled that service.

We had been working with our partners, the Airport Authority and others, to put a significant amount of marketing dollars there. The company had made a business decision based on the fact that they had secured Dreamliners, which are larger aircraft that's going to fly longer distances to get into key markets. Previously, what would happen is smaller flights would do drops in



various areas and now that larger flight will be able to take the bigger population centres and go into various areas.

Halifax has a number of cities for their model, of which they have a direct link, and we have less of that. So it created a situation of which we needed to increase our marketing, in order to keep the flight, and we were very willing to do that.

It's a competitive field when it comes to attracting new flights and there are things that airports can do, there are things that government can do. We have a significant amount of flight service and capacity, and we do see where flights are added here in our province, like the flight to Calgary, or the Fort Lauderdale flight, direct. There are areas where there are demand and where airlines see the business case, they'll come and invest.

Sometimes it doesn't matter how much government or an authority will put on the table, if a company – an airline – does not see a business case, they will not invest in it because they need to, ultimately, fill up an airline with business and tourism traffic, as you had mentioned. It's no point in having empty seats. Airlines make money on baggage fees, on people cancelling tickets or rebooking, all of these things. There's a business case there.

It was very exciting to see how EVAS Air, through a charter service, is going to be doing what you had described from Halifax to Fogo Island, to partner with a company to do that tour, that package, and provide that service for that specific market. That'll create an opportunity and provide a link there.

We have been working with the St. John's Airport Authority and Hospitality Newfoundland and Labrador and other partners to restore that flight service and we have committed to making investment and working with them to provide financial support. Should we be able to secure a new flight, a direct flight to Europe, we see it as an important economic enabler, and we'll continue to make investments and seek out opportunities with various airlines and with the airports to add that capacity.

I understand where people are; I use that flight service myself quite a lot, personally. I do a lot of personal travel; I have for a long time, and that flight was a great link into Europe. Whether people were going to Ireland to stay there or not, it was a launching pad to get into other areas, and Europe has a lot of low-cost airlines, which unfortunately we do not in Newfoundland and Labrador, but we must continue to work on that. We work with Destination Canada as well to highlight the marketing and the access with the federal government.

**MR. LANE:** Thank you.

**CHAIR:** Okay.

Given the time, I think it would be timely if we called that heading, unless someone has a burning question that they would like ...

Okay, we'll call this heading.

Shall headings 3.1.01 to 3.4.01 inclusive carry?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

On motion, subheads 3.1.01 through 3.4.01 carried.

**CLERK:** 4.1.01 through 4.3.02 inclusive.

**CHAIR:** Shall 4.1.01 through 4.3.02 carry?

Do these headings carry? Questions?

Yes, go ahead.

**MR. PARROTT:** 4.1.01, Salaries, there's an increase of \$42,700 for '19-'20. Why did Salaries go over \$15,300 in the revised numbers for '18-'19?

**MR. MITCHELMORE:** The increase of \$15,300 is due to a retirement cost payout for one staff member, and the current amount of \$2,216,400 reflects adjustments required to the salary plan.

**MR. PARROTT:** Okay.

Under Benefits, revised numbers for '18-'19 went \$25,000 over budget, and now there's an increase of \$10,000 in the overall budget for '19-'20. How did the line item go over, and how was this year's increase determined?

**MR. MITCHELMORE:** \$25,000 is additional memberships in professional travel and tourism associations and organizations in 2018-19, as well as a mandatory occupational health and safety training in first aid, so that accounted for the \$25,000 increase.

This year, we anticipate that there will be \$38,000, which is \$10,000 above what would have been budgeted in last year's budget. That's higher industry session fees and participation that was determined through zero-based budget. Some shows attended are held biannually, but the significant cost last year would've reflected the occupational health and safety training in first aid.

**MR. PARROTT:** Okay.

Line item 4.1.02, does MMDC act as a not-for-profit or is it a government corporation?

**MR. MITCHELMORE:** 4.1.02?

**MR. PARROTT:** Yeah.

**MR. MITCHELMORE:** Marble Mountain is a corporation.

**MR. PARROTT:** How many staff did they employ over the last fiscal year?

**MR. MITCHELMORE:** Marble Mountain has a number of full-time staff that would be in management; there would not be a significant amount. There would be a number of seasonal staff that we would have. The number that has been typically referred to is there are about 145 seasonal employees at Marble Mountain. I can get a number, once we look at the financial statements and everything that is done, to look at the T4s that would have been issued to all of the employees during the fiscal year.

**MR. PARROTT:** We'd like that information, please. How much revenue was generated in the past season?

**MR. MITCHELMORE:** Marble Mountain – we do not have the final audited financial statements, so there's still revenue that may come in, accounts receivable and expenditures that may need to be had. Typically, what we had at the date was just over \$2 million in revenue.

**MR. PARROTT:** What's the current deficit?

**MR. MITCHELMORE:** The deficit, I would have to –

**MR. PARROTT:** Overall deficit?

**MR. MITCHELMORE:** I would have to get a copy of the financial statements to report what the deficit would be. The Marble Mountain Development Corporation, given that it's wholly owned by the province, and with the asset of land transfer, the lodge and all the facilities that are there, the net asset to the province is in the millions of dollars. It was around \$12 million, as an asset surplus.

**MR. PARROTT:** Okay.

Does Marble Mountain avail of government's general liability insurance, or does it pay for its own liability insurance? If so, how much?

**MR. MITCHELMORE:** Carmela?

**MS. MURPHY:** (Inaudible.)

**MR. PARROTT:** Totally? For skiing and all ...?

**MS. MURPHY:** Liability and all insurances, yes.

**MR. PARROTT:** Okay.

What's the current status of the RFP that was put forward to Marble Mountain last June?

**MR. MITCHELMORE:** The government had made a decision that we want to maximize our benefit at Marble Mountain, recognizing that it has been faced with some financial challenges, and the number of ski days due to weather and of reduced revenues that are taking place. Given that Marble Mountain is a significant asset in the province to, in particular, the West Coast and businesses that support that area, we had taken

initiatives to transfer inland and look at making a request for proposals.

I had reported publicly on multiple occasions that we received interest from three particular parties. Those matters are being reviewed and when we have something to report publicly on this particular request for proposals, we will certainly do so.

**MR. PARROTT:** Can we get copies of the applications?

**MR. MITCHELMORE:** No.

**MR. PARROTT:** The government previously offered a free skiing promotion in '17 at Marble Mountain. At that time, the MMDC operational manager called it a huge success. What follow-up was done to ensure that it worked and why didn't you do it this year?

**MR. MITCHELMORE:** Could you repeat that?

**MR. PARROTT:** The free skiing that was offered in '17 after the hill was closed down.

**MR. MITCHELMORE:** Yeah.

What had happened this year, there was appreciation and introduction to encourage people early in the season with some reduced rates to get people interested in skiing up front and we actually had an increase in day ski passes. I think given the history, if you look at the number of ski days that have happened in the past, we've seen where they have been reduced and that may have factored in why the number of people who have purchased season passes have declined. Certainly, that is a challenge because when you're operating a ski hill you depend on revenue up front for operations and having fewer season passes purchased does put pressure on the overall operation.

**MR. PARROTT:** White Hills seems to do pretty good without that.

**MR. MITCHELMORE:** White Hills is certainly a different operation and is very important to Clarendville and area in supporting the business community, in a very similar way that Marble would on the West Coast of this

province. We've supported and worked with White Hills to provide them with efforts and training on how to make snow when they have faced some challenges. We supported their fat biking study and support Eat The Hill every year in annual operation to help extend their season and create some activity at the hill.

White Hills has had its challenges as well. I know it was publicly reported the investment that the Town of Clarendville had to put in to subsidize operations as well, and provide loans to the entity. It is challenging given the climate conditions that we have, especially on the Avalon and Eastern area; snow-making can be very expensive. But we see that those who go to White Hills would be a great feeder system, given that area of the province has the greatest population for White Hills.

That's not the only ski hill operations that we have, we also have Smokey Mountain –

**MR. PARROTT:** Smokey, yeah.

**MR. MITCHELMORE:** – in Labrador West, which is a great ski operation as well. We've supported them through helping assist them with the purchase of a groomer operation as well, so we work with all entities.

Maybe there is a way to try and promote the three ski hills. There are things that we can do together. I believe the corporation had said – the management – they are willing to work with White Hills or work with Smokey, if there are collaborative things that can be done from a promotional point of view. We've already shown where we're willing to share expertise and provide that level of support around snow-making.

Winter tourism is a great opportunity for Newfoundland and Labrador but, ultimately, for the taxpayers of Newfoundland and Labrador with Marble Mountain, we own that facility. It is a cost, we provide an operational grant, but it is creating a number of jobs. We do see where more can happen with private sector investment at the base. I would say the same would be the case for White Hills or others in terms of wanting to find ways to better attract more people to the facility and the operations.

**MR. PARROTT:** White Hills and Smokey would both say that they don't get the investment from government that you have just indicated.

I think government's stand is that there's been a million dollars since 2002 and about \$600,000 of that has gone to the cross-country ski trails, which have nothing to do with the Alpine Development Alliance Corporation in Clarendville. They compete with \$706,000 per year as a not-for-profit, when a \$50,000 or \$100,000 grant would hugely promote their success.

On top of that, nobody from St. John's learns to ski in Corner Brook; they learn to do it in White Hills. If White Hills closes down, so does Marble, I would argue, in short order. People in this province, certainly from the St. John's area, learn to ski out there, and then they further their skiing by going to Marble.

I just would like to see more investment and I don't understand why there isn't, or why Marble hasn't adopted a similar type of model as White Hills, which, I will add, has only lost money in two of that 19 years. That is on public record.

**MR. MITCHELMORE:** Marble Mountain is owned wholly by the province and it is a larger scale operation. We have made some adjustments to reflect the operations of being closed one day a week where White Hills is operated primarily on the weekends. They don't have the scale of staff as well. There are a number of volunteers that operate White Hills.

We have a union at the Marble Mountain site. We've been working with the management and the team there to find ways of which we can be more innovative, how we can reduce costs and inefficiencies and encourage more people to look at skiing and look at other revenue-generating activities. We partnered with Marble Zip Tours there. There are other revenue-generating activities through special events that can happen.

It's not just about skiing at Marble Mountain, it's other investment activities that can take place throughout the year, whether you would see a new restaurant or whether you would see

other base-development activities take place at that land and that ability.

But we are taking a concerted effort at Marble Mountain to reduce the subsidy. It is our goal to reduce the taxpayer subsidy at the ski hill, but see Marble Mountain continue to operate but lever private sector investment at that base to see more opportunity so that it does not rely on taxpayer subsidy as is the case with White Hills. It may require some sort of operational or working capital loan through the Town of Clarendville, the Alpine Development Alliance Corporation.

Our department – the numbers, it was 2006, there's been over a million dollars provided. We've worked with White Hills; we see them as a valuable entity within the Province of Newfoundland and Labrador for winter tourism. When they came in with requests, the department staff have reviewed them, they've done an analysis and they've worked quite well. We recognize the challenges that they face, too, because it is certainly not easy to operate ski hills in the province, given the climate that we have.

The Labrador West Smokey Mountain certainly would have the greatest amount of snow and the longest season and the greatest potential for having predictability of snow and not having to contend, necessarily, with all the high winds and everything that we have to deal with at Marble Mountain.

I think if we all worked together, we can find a better solution for all of these entities. There's always a challenge. We want to promote people to go skiing at all of these locations that we have and it's in our best interests as taxpayers of this province to see Marble Mountain do well.

This issue of the sustainability of Marble Mountain didn't happen overnight. It certainly precedes my role as minister responsible for Marble Mountain in 2015 and many other governments. It has been an ongoing concern. But we see it as a greater opportunity and I think, collaboratively, if we look at Marble Mountain as an opportunity and not as a competitor for White Hills and Smokey, and from a taxpayer perspective, I think we could see something amazing happen.

What's good for Marble Mountain is good for the province and is good for the people all over Newfoundland and Labrador, so I've been doing my best. I don't want to see Marble Mountain fail; I want to see where there is significant investments; I want to see where jobs are secure. We've, as a government, been firmly committed that it is our responsibility for Marble Mountain and we'll continue to operate Marble Mountain.

**CHAIR:** Okay, further questions?

The Member for St. John's East - Quidi Vidi.

**MS. COFFIN:** Lovely, thank you very much.

Just to start, given the lateness of the hour and the fact that we are nigh on close but we do have a lot of employees here, in addition to those of us elected Members, perhaps we can minimize the editorializing and keep the answers a little more succinct now.

You did say, in January, that you will not be hiring a new CEO for Marble Mountain after Melissa Dwyer was laid off last fall. This has been a cost-saving measure. Can you tell us what the new Marble Mountain management model is like without a CEO, and did the White Hills Ski Resort in Clarendville receive any funding from the department, or in the upcoming year?

**MR. MITCHELMORE:** The individual you had mentioned was the general manager and not the CEO of Marble Mountain.

**MS. COFFIN:** Okay. So what does the management model look like without the person?

**MR. MITCHELMORE:** We would have a manager for outdoor operations; we would have a manager of marketing and sales. There would be a manager responsible for finance, and they would report to the chair and CEO of Marble Mountain.

**MS. COFFIN:** Okay, excellent.

Let's talk about another question or another issue that crosses several departments. Just as a pretty solid example of this, I was going out over Roaches Line and I was behind a Subaru

Outback packed full of vacationers towing a little fold-out camper. And they were going down over the road and they were hitting the brakes pretty constantly; the back of the camper was popping around like crazy, so much so that I thought that that was going to explode like a Jiffy Pop popcorn on a campfire. I was very seriously concerned about these people and the integrity of their vehicle and how well the towing was, so much so that they actually pulled over. They had out-of-province plates on.

I'm wondering, now, how Tourism, Culture, Industry and Innovation, in their promotion of tourism, are working with department of works, services and transportation to ensure that the roads that are going to get people out to the more scenic areas, where they're going to get out to places like Cupids, where they're going to get out to, say, the Newfoundland Distillery, out to the lovely community of Brigus, all of these great places – how are we coordinating the efforts of tourism, culture and innovation, where we want more people on our roads, and the activities of works, services, and transportation in maintaining those roads?

**MR. MITCHELMORE:** Your previous question, as well, I didn't fully answer the White Hills investment. We have supported White Hills, and I will provide a list of details. I had mentioned a couple of projects, like our support for snow-making, training. We've done the fat-biking study support and partnership there. We've also provided them, given that they fully repay the principal of their investment, the entity – it was decided that there would be a write-off of interest that would be provided to them, given that they were a non-profit and their request was accepted.

We have worked very collaboratively with White Hills in what we can do to support them and their growth. As I said, we want to see Marble Mountain be successful, and we'll continue to work on base development and review the operations and the RFP. We hope to be successful in that particular matter. But we will be very firm that we will see Marble Mountain continue to operate in Newfoundland and Labrador because it is such an important investment and operation for the West Coast and regional business and the economy of our province. We must continue to find strategic

ways to reduce our overall cost to taxpayers, and that's what we've been undertaking.

When it comes to roads and road investment, you know, we've actually taken a very responsible approach as a government to create a five-year Roads Plan. That's something that's led by the Department of Transportation and Works. They will assess roads and tourism inputs from the department would be factored in, so places that are highly trafficked – I remember, actually, doing *Issues & Answers*, talking about the tourism in Newfoundland and Labrador with Lynn Burry. She had asked me about the roads and the concern, and she highlighted Elliston.

I had travelled to Elliston, and that road was in poor condition. It has the Sealers Memorial; it has the Interpretation Centre; Roots, Rants and Roars – something that we support – the Puffin Festival; season extension programs. That place was in a very difficult position and now there is a significant amount of business and that whole region is very prosperous. The road has been paved, and inputs from tourism and those factors have helped.

It cannot be solely based just on traffic counts alone. When we look at some of our rural and local roads that we have in our province, L'Anse aux Meadows, in particular, saw road paving because they have 30,000 people going in the season at the UNESCO World Heritage site. You see the same at Port au Choix, they saw a 60 per cent increase in tourism numbers.

You're seeing the Trans-Labrador Highway see investments where roads are being repaved and supported. We have over 10,000 kilometres of road, hundreds of bridges and culverts that need to be replaced each year and brush clearing. There are lots of challenges, but we have, through our process of early tendering and getting competitive pricing through the five-year Roads Plan, provided more predictability to industry, what they've been asking in business and we've been able to deliver better value and more road paving in this province because of that.

I will certainly agree with you, and I don't mean to be long, but you provided a lot of context in your detail as well when you asked the question.

So places like the Newfoundland Distillery in Clarke's Beach is one that has won a double gold in their product and they're actually using all Newfoundland and Labrador ingredients in making their seaweed gin. That product is coming from the West Coast. It's coming from Springdale. It's coming from natural seaweed off our shores. This is where we're getting best value when we're making it 100 per cent Newfoundland and Labrador local artisanal, and it's selling at a premium.

These are the types of ways of which, not only Clarke's Beach, but that's how the Bonavista Peninsula is seeing success. The Newfoundland Salt Company and others, they're focusing on niche areas where there can be great value.

Quebec saw that with a food revolution in terms of their culture, and we'll have the next wave of that here in Newfoundland and Labrador because of efforts that are being made through the Department of TCII, working with industry, working with creative people, start-ups and entrepreneurs. I'm quite excited about it actually.

**MS. COFFIN:** Well, perhaps next time we have a conversation with the Minister of Transportation and Works maybe we can put a greater weight on developing the tourism industry and the importance of that because that was a conversation that I did have as well. If that is where we're moving that would be fantastic and I would be delighted to see the roads improved. I'm planning a road trip this summer myself.

**MR. MITCHELMORE:** We are dealing with having synergies with tourism and agriculture, and I do believe there are farms on Roache's Line and areas, so maybe there could be partnerships that would take place. I'm not sure of all the tourism attractions that currently exist on that particular route, but, nevertheless, places like Brigus and Cupids, we have a provincial historic site; a very important area of the province to promote tourism and growth and we'll continue.

If you have suggestions or areas of which you see where investment is needed or there's concern or poor condition, I would say the onus is on us, as Members who represent this House,

to raise it with the appropriate department and authority to have the matter reviewed.

**MS. COFFIN:** Excellent, I look forward to seeing that improvement.

Thank you very much.

**CHAIR:** Okay, further questions?

**MR. PARROTT:** 4.1.03, a \$400,000 grant represents capital for Marble. What is it currently being used for?

**MR. MITCHELMORE:** Marble Mountain has not received an increase to their capital grant, but this would be for investment that will be made around the maintenance and around the hill: the operations, the lifts, the building, all of those particular matters. That's where capital would be provided. The hill is given that discretion though a grant and subsidy to make investment.

**MR. PARROTT:** So they have full discretion over the money, do they?

**MR. MITCHELMORE:** They would have discretion over this grant for capital investment or for their overall operations.

**MR. PARROTT:** Okay.

Under 4.2.01, can you explain the reduction of Salaries by \$161,600? Was there a position eliminated?

**MR. MITCHELMORE:** At the Arts and Culture Centres?

**MR. PARROTT:** Yes.

**MR. MITCHELMORE:** The decrease just reflects adjustments required in the overall salary plan, but we have maintained the positions within the Arts and Culture Centres in terms of all the technicians and service and salaries that are required. There was some mention earlier around the balance of our overall salary plan. In some areas, there may have been positions that would've been listed that had not been filled.

**MR. PARROTT:** Okay.

Just from my previous life in business, I was a cash-flow guy so I'd be really interested to understand how you guys come to the \$5,128,000? An identical number year over year, and you must know what shows you have coming, how many people you anticipate going to those shows, the revenue to be created. That's a pretty big number to be estimating as revenue, right, especially when you're considering six venues.

**MR. MITCHELMORE:** We have six venues. We do have a regular touring schedule. The Arts and Culture Centres have been very successful in their overall operations and bookings. It's not just concerts, you see Memorial University hold their convocations and they would pay a fee. There are various rentals that would happen throughout the year. There are dance programs that would happen. It is not all professional performances; some would be through teaching and programs. We see the NLTA hold concert series as well with students. They do their Christmas special.

There's a very predictable agenda, typically, but there is a touring program that exists and we've seen some new offerings with Opera on the Avalon and the Newfoundland Symphony Orchestra does a significant amount of bookings there, so it is relatively predictable revenue that happens at our ACCs.

Some locations, like the Stephenville Theatre Festival is in its 40th year, and that's certainly something that goes on for a long period of time that benefits that regional ACC.

We also have partnerships with the Sheila NaGeira Theatre in Carbonear and as well the Lawrence O'Brien Arts Centre where we may help with the touring program there as well. So, sometimes having centres in close vicinity will allow us to attract a new act or an additional act because it hits a different market.

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** Also Revue happens throughout the year as well.

**MR. PARROTT:** Just, I guess, from my standpoint, when I look at that number, if you project revenue, obviously, it's based on

something and if it's the same year over year, then it looks like there's no desire for growth.

**MR. MITCHELMORE:** Well, these are projections only. Any of the actuals, in terms of revenue, would be reported in the Public Accounts.

**MR. PARROTT:** Yeah, but, back to that, your projection from last year was identical to your revenue, so ...

**MR. MITCHELMORE:** We have taken measures in terms of when we did our review. We've been reporting and had over \$4 million in revenue at these centres. We've done things like looking at adjusting our rental fees and ticket prices in the past, and looking at where we generate revenue in terms of beverage sales and other office spaces. So there is a model that we're looking at our ACCs and how we can maximize revenue.

**MR. PARROTT:** Okay. That's good.

**MR. MITCHELMORE:** It is a big target. The more revenue that we can get from these entities is certainly positive in terms of our consolidated accounts and how we can make sure that we pay for other programs. They do have operational costs.

**MR. PARROTT:** Okay.

4.2.02 in budget '19-'20: this section seems to be an amalgamation of sections marked out in the previous Estimates as arts and historic site development. Can you explain why this section was amalgamated with no clear breakdown of the revised costs for each of those previous sections?

**MR. MITCHELMORE:** There are no changes to the overall amount that would be voted on here in Arts, Heritage and Historic Development. What had happened is that budgeting would like consolidation where it certainly makes sense from that point of view.

When we had looked at our department, we actually have a director who is responsible for all of these items within the salary line for the arts programming, the heritage and historic development. So it just made sense to

consolidate, in terms of the three matters that would have been there: Historic sites, arts and heritage funding.

**MR. PARROTT:** Okay.

Outside of this here, after it's over, can you provide us with a breakdown of the revised costs from all the sections?

**MR. MITCHELMORE:** Yes.

**MR. PARROTT:** Thank you.

Can you explain where the source of provincial revenue is coming from? Is that just tickets at these – yeah, okay. That's good, carry on.

4.2.03, Newfoundland and Labrador Arts Council. Can you confirm that the million-dollar increase in the Grants and Subsidies is the same that was lobbied for by the arts community in this past spring?

**MR. MITCHELMORE:** The million-dollar increase is certainly what was committed to in the budget. We had met with a number of arts organizations and artists and taken all their feedback into consideration.

For a number of years, the Arts Council had not received an increase in funding. Given that we have 5,000 practitioners and the demand for programming and the value that they add to the cultural industries – and important that we have a number of new artists and organizations that are facing some challenges in terms of constraint for growth – we had decided we would approve an additional \$1 million to support ArtsNL and their organization.

I'm very pleased and look forward to the budget passing so that they can get \$2,936,600 in funding. That will certainly be a great benefit to the community. I'm hearing that they have significant interest in applications for the million dollars in additional support.

**MR. PARROTT:** There's a \$5-million election promise that wasn't in the official party platform. You guys are committed to that I assume?



**MR. MITCHELMORE:** We are committed to seeing further investment and increase to the arts and we're committed to living up to our obligations in our election platform.

**MR. PARROTT:** Will that money be put solely into the budget for the Arts Council, or will it be distributed into other parts of the department?

**MR. MITCHELMORE:** We just launched a cultural plan and we are working with all of our cultural practitioners. That includes the Newfoundland and Labrador Arts Council in all the programming that we have, because we also have over \$3 million that's invested in CEDP.

There are many conversations that we're having with arts organizations to ensure the increase in funding projected out in future years budgeting is allocated for the right levels of programming and support. We will be engaging the Arts Council as we move forward, but we have to get the current budget passed right now. There's a budgetary process and consultation that would place as to how we move forward and get to the \$5 million.

**MR. PARROTT:** What's the breakdown that the Arts Council invest in the greater metro region of St. John's versus rural Newfoundland?

**MR. MITCHELMORE:** I don't have those specific numbers. I'm sure the Arts Council would be able to break those out and provide them. We could make a request to them, or you could make a request to them. Because they are an arm's-length organization of government, of the department, we provide them with a grant and they disburse this funding.

**MR. PARROTT:** As you give them this money, is there any stipulation that rural Newfoundland –

**MR. MITCHELMORE:** We have no input in who they provide. There are adjudicators and peer reviews on their applications that come forward, and then they make those decisions and the disbursement of funds. It is not done by the department.

**MR. PARROTT:** Okay.

So you don't know if any of this money goes to rural Newfoundland?

**MR. MITCHELMORE:** Some of the money will go to rural Newfoundland. The Arts Council releases reports where they do their touring program, where they do their professional artist program. You can sign up for their list and be a member and they will highlight where their funding is broken down and which individual artist or organization will get it.

They have sustaining funding for three years – which is multi-year – for a number of organizations. That will go to entities like Rising Tide Theatre, the Gros Morne Theatre Festival and Perchance. There would be PerSISTence Theatre that may get funding; there are a number of entities and organizations.

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** I don't have that list because they really fall outside. We provide them with a grant and they disburse the funding to the arts community.

**MR. PARROTT:** Okay.

**CHAIR:** Further questions?

**MS. COFFIN:** Yes, please.

**CHAIR:** The Member for St. John's East - Quidi Vidi.

**MS. COFFIN:** Thank you.

Much of this seems to be grants to very respectable agencies. I'm delighted to see the \$1 million in the Arts Council funding and I look forward to seeing that grow into \$5 million over the next few years, based on the platforms we saw presented during the election.

For now, can we have an update on the work you are doing on the potential UNESCO sites, including Heart's Content and Mistaken Point, please?

**MR. MITCHELMORE:** Yes.

We are working very closely with the government, with Valentia in Ireland. We have

actually done our work through the Provincial Historic Sites in Heart's Content.

We made an investment in 2016 to upgrade our facilities as part of the 150th anniversary. We got shortlisted on the Canadian UNESCO list standing and it is up to Valencia now in Ireland to get on their shortlist so that we can jointly pursue UNESCO status of connectivity from the old world to the new in terms of how that cable had crossed. It will present another point in history of our link to telecommunications, but also to Ireland as well, just like we had talked about Alcock and Brown of 100 years ago. Our director of Heritage and Arts is closely involved and working with the group.

I went to Valencia and I met the organization and saw what their facilities and what the opportunity was. I think it's remarkable in terms of where we can go. This could be a first, to have a joint UNESCO status between two separate countries, two separate jurisdictions crossing the Trans-Atlantic. Given that we have four other UNESCO heritage sites and we are also pursuing on the Bonavista Peninsula a geopark – which is progressing as well through that status – they are doing extremely well and hopefully they will achieve their UNESCO geopark in the very near future, too.

We know that the visitors that come to Newfoundland and Labrador are very well educated. They have high disposable income; they are interested in natural history, our environments and learning. The Heart's Content Cable Station is a great opportunity for us to continue to tell the story of our place on the world stage.

**MS. COFFIN:** That's excellent.

Thank you.

Can we have an update on the restoration work being done on the Colonial Building? Is there a completion date?

**MR. MITCHELMORE:** The Colonial Building we've been working on advancing. The budget envelope has remained intact. We have advanced four tenders on this matter, including the non-historical finishes, and that matter is progressing. We did a mock room which gave a

better understanding of what it would cost to bring the remaining chambers to historical finish, to period. There were some complexities in the beginning that delayed the property, which certainly started a number of years ago in terms of containing the ceilings and all matters that had taken place.

But we are working very closely with our joint committee and Transportation and Works to see the Colonial Building complete. It's an important public building and one of our provincial historic sites that we want open as soon as we possibly can to the public.

**MS. COFFIN:** No completion date, though?

**MR. MITCHELMORE:** We don't have a completion date.

**MS. COFFIN:** Okay.

The Rooms, how's the corporation been doing on developing new sources of revenue?

**MR. MITCHELMORE:** The Rooms has focused on revenue generation in terms of what they've done with their gift shop in terms of new items that would be added. Some of their programming that they've offered, they've engaged in a suite of activities such as their Coffee & Culture nights. They brought in a book club program. They've had variety of cultural activities throughout summer and programming to look at generating revenue. But also looking at memberships and how they can get more memberships sold. Because that's really important; it'll get repeat visitors. Those who have membership, they do not have to pay the parking fee that is implemented at The Rooms. Parking is a means of which they generated some additional revenue.

But they have been very successful in increasing their own revenues through 74 per cent increase to Canada Council for the Arts funding; that was a two-year program of \$330,000. They just had their funding renewed for three years with Chevron Canada for Opening Minds. There is an increase in funding of 3 and 4 per cent, and 20 per cent that will help go towards their overall overhead at The Rooms.

They also have a potential where they could get funding to implement this programming at the regional museums. That's certainly something that's important. We have the Seamen's Museum down in Grad Bank and we have the Mary March Museum that would be in Grand Falls-Windsor and the Labrador Interpretation Centre in North West River. These are all very important entities that could offer further programming and continue to tell stories and generate revenues as well. Touring the Mary March Museum and seeing the venue space that they have, pop-up galleries, there are avenues of which hosted events and further activity could take place.

We certainly see where the corporation has those opportunities, and they have been doing things to generate award recognitions. Like, in 2018, they won two communication awards under the Atlantic guild, I believe, for work that they've done with the launch with The Ennis Sisters, "I Will Sing You Home," and there was another award for the Where Once They Stood campaign that they had taken.

The Rooms has also made an investment in the Military Family Resource Centres throughout the province, in Gander and in Happy Valley-Goose Bay and St. John's, so there are things that the corporation does to give back, as well, as part of the success that it has had and through its corporate-sector fundraising.

**MS. COFFIN:** Good. That is very reassuring.

Going back to the Pippy Park Commission, I notice that there's an extra almost \$200,000 in Grants and Subsidies at Pippy Park Commission. Can you tell me what that money is going for?

**MR. MITCHELMORE:** The Pippy Park Commission, that amount was for the severance that was a payout as part of the government's overall plan where all the public-sector severance was paid out, so that had to be accounted for.

**MS. COFFIN:** That's pretty impressive that they got \$200,000 over and above a grant and subsidy that was only \$260,000, so they must have accrued a fair bit of liability in their severance pot, hey?

**MR. MITCHELMORE:** Well, the commission is set up – they used to have a higher operating grant, and they're mandated and they're responsible for the land which the Health Sciences Centre and the university and others areas, the landowners. There would be various entities that would operate in Pippy Park, like the Fluvarium and the Rainbow Riders, the Easter Seals. There are a number of entities that they would be working with. They have the golf course and the campground. They generate their own revenues; they have their reporting mechanism in place.

We provide them with a small operating grant for their overall operations, but they are encouraged to be nimble, live up to their mandate and continue to do work to preserve the heritage, the cultural and the environmental integrity around Pippy Park as an urban park. Confederation Building sits on Pippy Park as well, and there's an Independent Appointments Commission for the members that sit on Pippy Park, and the university would have a representative, as well as the City of St. John's and others. So, Pippy Park is an important entity here in this province, and we continue to support them through an operating grant.

**MS. COFFIN:** This is good.

What about the Eagle River protected area? What is happening with that?

**MR. MITCHELMORE:** The Waterway Park you're referring to in Labrador?

**MS. COFFIN:** It's a protected area in Eagle River where, I do believe, they're putting a gold mine in, aren't that?

**OFFICIAL:** No, that's Eagleridge.

**MS. COFFIN:** That's Eagleridge, okay.

No, this is Eagle River protected area in Labrador.

**MR. MITCHELMORE:** The Waterway Park, yes. Our government has been working on this particular matter of the Eagle River Waterway Park. We've actually been working with a foundation that believes in environmental sustainability and stewardship to look at

leveraging funding with the federal government to be able to advance the progress of the park. So we have made application, and we are seeking funding there. We hope to be successful in receiving that funding so we can move forward in advancing the Waterway Park.

**MS. COFFIN:** That's excellent. I'm sure the people of Labrador will appreciate that.

That's all my questions.

Thank you.

**CHAIR:** Okay.

We are passed the point where we usually conclude, but are there any further –?

**MR. PARROTT:** I just got a couple of questions on 4.3.02. I'm just wondering the rate bookings on provincial parks last year compared to this year – up or down, I don't need the exact numbers.

**MR. MITCHELMORE:** In terms of –?

**MR. PARROTT:** Overall bookings.

**MR. MITCHELMORE:** We've released the overall tourism indicators and bookings at our provincial parks were down –

**MR. PARROTT:** Down. Yes, that's good.

**MR. MITCHELMORE:** – from last year.

**MR. PARROTT:** That's all I need.

**MR. MITCHELMORE:** I just want to say, though, we are taking some initiatives, and we do realize that there are a lot of private sector campgrounds. We've been helping them grow and expand as well, but we're trying to take some initiatives at our parks in terms of programming and different supports. We did start an initiative on low booking days to do a buy one, get one. So we are trying to be responsive to make sure that we look at getting booking numbers up. We want to make sure that we are getting –

**MR. PARROTT:** So you're forecasting higher numbers this year?

**MR. MITCHELMORE:** We did our launch. I don't know if Carmella, who's responsible for parks, would have any early indications of our bookings for season passes. Typically, we see, basically, a very stable amount of season passes that are booked from year to year, because at some parks in the province they're primarily booked by residents and there are some campgrounds that are more non-resident-based. We take different strategies at those parks.

**MR. PARROTT:** I don't see the revenues. What is the revenue collected in park fees? Do you have it?

**MR. MITCHELMORE:** Park revenue is generally just over \$1 million, about \$1.2 million.

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** It operates at about 30 per cent revenue recovery.

**MR. PARROTT:** Okay.

In the revised numbers for '18-'19, Salaries were identified as going \$74,000 over budget, and a further increase of \$104,000 is scheduled for this year. How is that increase determined? Is it attrition and retirement?

**MR. MITCHELMORE:** Our salary increase of \$74,200 reflects increased overtime and student costs last year. This year, the net increase in the budget is funding from the Green Jobs in Green Spaces Youth Employment Strategy. It is \$138,700 fully offset by federal revenue, which you would see reflected in the federal loan.

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** There are some adjustments of \$39,500 required for the overall salary plan. We're doing our best, certainly, in the parks to manage operations in terms of the salary lines that are there. But these are seasonal in nature and sometimes there can be some unexpected matters that will come up where we would have to look at backfilling positions. If somebody would go off on leave, et cetera, that would put some additional strain on needing overtime, because the parks have to operate and they have a certain number of staff.

**MR. PARROTT:** When they hire students they don't get funding from AESL, that's direct from your department?

**MR. MITCHELMORE:** The students that are hired at the parks are coming from the federal revenue through the Green Spaces Youth Employment Strategy.

**MR. PARROTT:** Okay.

**MR. MITCHELMORE:** Any other students that would be hired would come from the salary budget.

**MR. PARROTT:** Okay.

Revised numbers for budget '18-'19 show savings of \$53,000 identified in the line item for Purchased Services. Despite this, an increase of \$16,000 is scheduled for this year. Can you explain that?

**MR. MITCHELMORE:** Purchased Services.

**MR. PARROTT:** Yeah.

**MR. MITCHELMORE:** The decrease of \$53,400 reflects lower than anticipated maintenance costs. This year, the increase would be Hydro costs and equipment rentals as determined through zero-based budgeting.

**MR. PARROTT:** Okay.

The last question: Revenue. Fifty thousand dollars of federal revenue was budgeted last year for Park Operations; however, under revised numbers none of it is showing as having been spent. Why is that?

**MR. MITCHELMORE:** This was part of the federal Green Jobs in Green Spaces Youth Employment Strategy. We anticipated we would get \$50,000 in funding in last year's budget. It didn't transpire, but we are realizing \$138,700 from this federal program to hire students in parks. So there would be students working in parks throughout our network of Provincial Parks this year.

**MR. PARROTT:** Okay, I'm good.

Thank you.

**MR. MITCHELMORE:** That revenue of \$138,000, as I said, would be reflected as well in the Salaries line. It looks that the Salaries line has increased but it's offset down below. If you took off that \$138,700 you would see what the Salaries line would be for the parks operations without those summer students.

**MR. PARROTT:** Okay, perfect.

Thank you.

**CHAIR:** The hon. the Member for Mount Pearl - Southlands has a question I believe.

**MR. LANE:** Thank you.

I'm just wondering, Minister, I've asked this in the past I'm sure, but I'll ask it again because I'm not sure what's been done with it. Signage strategy, is there one? I know at one point in time, I can remember a good many years back when I was on Municipalities Newfoundland and Labrador, actually, Avalon director – and I can remember at the annual convention or whatever the case was, might have been a symposium – and someone from government was talking about this signage strategy. It died on the vine or seemingly it did. It was a past administration that had started it.

I'm wondering where we are with that because certainly I have noticed – I'm sure you have as well – that signage in some areas is really not great. If we want to get tourists into the province and we want to get them to the attractions, we need to make it easy for them to get there. That doesn't just include a sign on the Trans-Canada Highway, because once you turn off that road off the highway, and you may have to go several kilometres, there could be turns left or right, whatever the case might be. Unless you're from here and you know where you're going, in a lot of cases you'd never know where you were going. I've even had cases where I went looking for a place that I hadn't been before, I came to a fork in the road and it's like, okay, now what? Will I go left, will I go right? No signage to tell me.

**MR. MITCHELMORE:** Right.

**MR. LANE:** I'm just wondering what's happening in that regard, if anything?

**MR. MITCHELMORE:** The signage is certainly important in the province. Wayfinding is an initiative we've undertaken. Under our sector development we recognize that we need to improve the visitor experience at key entry points. Places like Port aux Basques – I see the member for Burgeo - La Poile is here – we've done a lot around investment in Marine Atlantic in the waiting area and finding ways to enhance that experience at the base in and around the downtown of Port aux Basques.

We look at the same type of investments around St. Barbe with the Labrador ferry crossing, the Deer Lake Airport; we look at other airports across the province like Argentia. We talked about the signage strategy that we've initiated in Placentia.

There are avenues of which we certainly need to look at signs that are in poor condition. We've had that conversation with the Department of Transportation and Works to find a mechanism to remove or get signs replaced that are in poor condition or that would not be deemed as a commercial sign for the highway that fits with the overall plan.

Then, we're always encouraging people to utilize Tourism-Oriented Directional Signage, TODS. These are the blue signs that people pay an annual fee for. We have seen where there's been greater uptake in Tourism-Oriented Directional Signage, TODS, in the province and there's been some new ones that have been going up. We've been also looking at ways of which our Visitor Information Centres would have opportunity to enhance service.

Sometimes it's about digital service as well, how we improve cellular service and have Wi-Fi hotspots so that people who sometimes have challenges and may veer off in a direction, find a way to appropriately navigate. I've travelled every road and nook and cranny of this province and there are some challenges, even with signage. You may need to put a significant amount of signage, given the way some of our towns are organized and planned, to find a business or whatnot.

It's not a simple solution, but we need to continue to work with Hospitality Newfoundland and Labrador. We've met with

them, we've had conversations and we'll continue to work with them because it was in my mandate to create a signage policy that is consumer friendly. We need to make sure we're doing that. It's certainly something that we must continue to ensure that navigation, wayfinding – we did it in Red Bay for the UNESCO World Heritage site. Glovertown is a great example of where we worked with the town to enhance the signage strategy as well. And I think it's been really successful because towns like Glovertown, in many cases, would've been bypassed and having a good signage that says all of these amenities are just a minute away is a means to pull people out.

The more we can strategically look at making investments in community using our Comprehensive Economic Development plan, the more we can have that success. But sometimes we need to be working with the stakeholders on the ground and identifying it and coming to the department and we'll certainly work with how we can make those improvements. It won't be a radical shift overnight where we can just see hundreds and hundreds of signs go up. But we have seen improvement in areas where signs have been fixed, signs are being improved, more TODS are going up and we will encourage people to keep using TODS.

If you have further ideas, Paul, feel free to reach out. I'm open to ideas and suggestions and working with TW to see how we can better improve signage here in this province, because it will help increase visitor spending, it will help improve the experience and it will help business grow, so it's important.

Thank you for raising it.

**MR. LANE:** Thank you, Minister. I appreciate that, and I think it is important.

Minister, another issue – and again, I may have asked you this in the past. I know I've raised it in debate in the past, for sure. One of the other things I've noticed on my travels and I'm sure you would have noticed as well because you are right, you've been all of the province because I followed your adventures on Facebook and so on and your pictures and so on. So I know

you're all over the place, which is great, actually, for the Minister of Tourism.

But, Minister, I've noticed on some places I've gone to where there may be a sign – I'll just give a random example. There's a sign and it says – I'm not going to say it's a historic site, but some spot of potential interest for tourists, some kind of a lookout or something like that, or whatever the case might be. So you drive down this road, and it could be 10 kilometres or whatever the case might be. When you get down to that particular location, whatever was once there at some point in time, perhaps it was done as part of some sort of make-work project in the past or whatever, maybe it was done by a municipality or something in the past that just didn't have any money to maintain it in upkeep.

But the bottom line is you drive down and whatever was there is all falling apart; there was a playground – one place comes to mind, it was in the Twillingate area somewhere, we drove down, there's supposed to be this nice lookout, and you went down there and there was a little playground there, and it was a beautiful area, but there was a little gazebo that was all falling apart; the playground was actually tipped on over onto its side – the swings were – and so on. I'm saying to myself, well, if I'm a tourist and I'm seeing this, I'm taking my time to drive down here, and I get down here and it's just an eyesore and a mess, that's not really good for our tourism.

Has there been any effort to seek out those locations and either make the decision where you have the money to upgrade them and maintain them and put them on the list so they will be maintained; or to simply say, we're just going to take that sign down and we're going to get rid of all that mess, if someone drives down there, fine, but we're not going to advertise something that doesn't really exist and give someone a bad experience?

**MR. MITCHELMORE:** Some of the matters which you raise may not be provincial in nature, which we would be responsible for. What I will say is the department working with the tourism industry has put standards in place to our Tourism Assurance program and there are minimum standards that are required in order to be promoted on [newfoundlandlabrador.com](http://newfoundlandlabrador.com) or

in our tourism guide. So if you are a walking trail, there would be requirements to meet minimum standards. There is liability insurance, things like that that would be required for promotion.

Sites that do not meet those minimum requirements are not attractions that we would be promoting in our guide because we have compliance through [newfoundlandlabrador.com](http://newfoundlandlabrador.com) and through our Visitor Services division.

If something can be brought to our attention, we would work with the owner. If this was something that was built with the municipality and it's recreation, maybe there would be some engagement between the Department of Children, Seniors and Social Development, that would be responsible for recreation; or if it's a municipal project, it may be Municipal Affairs that would look for funding in that particular matter or a partnership. AESL will provide job-creation partnerships or Municipal Affairs. Some of these things may have been done through community enhancement employment partnerships.

When we fund trails, for example, we do destination trails and we do have criteria put in place to ensure that the product, at the end of the day, is one that meets the standard that the tourist and the visitor will continue to have a quality experience. If there are gaps, if there are areas, some specific examples, we can look in and see what we can do from a point of view. Because all of us collectively, it's our interest to raise the profile of the tourism industry, the quality experience.

This is why we entered into the Tourism Product Development Plan. We launched that in 2017. I highlighted it in the speech that we had 900 engagements with community operators, municipalities and others that are genuinely interested. We're having a lot of success with going around the province through Carol-Ann Gilliard and John Angelopoulos, who are leading this approach around implementation of our Tourism Product Development Plan and working with the sectors and in regions to see greater success.

This is why we announced the signage policy with the City of St. John's. We're doing a

partnership, as well, with Portugal Cove-St. Philip's and Bell Island to look at the potential for tourism on Bell Island, and also that reciprocal amount for Portugal Cove-St. Philip's and also St. John's. So getting people to navigate around areas, because we may live in a region, but it's not always as easy and as simple. It goes back to your sign point; it goes back to making sure that we're all understanding what the visitor expects and what the local may expect, because the local may be a tourist if they're just a little bit removed from where they live.

I'm happy to, maybe, have further conversation, if you want to get into more details on any specific example on this, Paul.

**MR. LANE:** No. I appreciate that, Minister. I guess the overall point I'm trying to make is that if we're going to be funding, particularly, some of these smaller projects – and I know we try to spread it around a bit and so on – it has to be sustainable. To simply say we're going to give you some money to do this as an idea to employ a few people to put up this little thing, advertise it and then everyone walks away and it all falls apart in a few years because there's no money to maintain it, then that's not a good expenditure of money.

**MR. MITCHELMORE:** This is why we have an anchor attraction fund as well and we've been focusing on, because there have been properties that have fallen into disarray like the Barbour village, for example. The Alphaeus house that they had was vastly deteriorated there, and we made a significant investment in the Cape Freels historic development organization there to see that property restored with the Heritage Foundation and ACOA and that organization – I know the Member for Fogo Island - Cape Freels is here.

These are opportunities of which we need to work with community. They identified that by getting this building restored, they could also unlock other revenue-generation activities, whether it's opening up a fudgery or whether it's creating accommodations in the site.

The long-term sustainability of heritage and organizations is an important piece and we'll continue to work with groups to try to find

longer term sustainability because it is a big challenge for everybody. There are great opportunities, too, and I think some organizations have found that opportunity. They've pulled those levers and they're having success. If we can replicate that, we'll see communities do a lot better.

**CHAIR:** Okay, I'm going to call the headings that we just discussed.

Shall the headings 4.1.01 to 4.3.02 inclusive carry?

**SOME HON. MEMBERS:** Aye.

On motion, subheads 4.1.01 through 4.3.02 carried.

**CLERK:** The totals.

**CHAIR:** Do the totals carry?

**SOME HON. MEMBERS:** Aye.

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?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Carried.

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

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

**MR. MITCHELMORE:** I would just say that the departmental controller has copies of binders here that will be handed out to the three Members that had asked questions following the adjournment.

**CHAIR:** Okay.

I just want to thank all the officials and the Members for being here tonight and being so cooperative.



We need a motion to adjourn.

**CHAIR:** So moved, the Member for Burgeo -  
La Poile.

Is that carried?

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Yes?

Carried.

On motion, the Committee adjourned.