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**Proceedings of the Standing Committee on
Resources**

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Department of Industry, Energy and Technology

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Honourable Scott Reid, MHA

RESOURCE COMMITTEE

Department of Industry, Energy and Technology

Chair: Christopher Mitchelmore, MHA

Vice-Chair: Jordan Brown, MHA

Members: Paul Dinn, MHA
Carol Anne Haley, MHA
Pam Parsons, MHA
Chris Tibbs, MHA
Perry Trimper, MHA
Sherry Gambin-Walsh, MHA

Clerk of the Committee: Sandra Barnes

Appearing:

Department of Industry, Energy and Technology

Hon. Andrew Parsons, MHA, Minister
Judith Hearn, Assistant Deputy Minister, Business & Innovation
Philip Ivimey, Departmental Controller
Lisa Lawlor, Media Relations Manager
Ted Lomond, Deputy Minister
Tanya Noseworthy, Assistant Deputy Minister, Corporate and Strategic Services
Craig Martin, Associate Deputy Minister, Energy
Gillian Skinner, Assistant Deputy Minister, Industry and Economic Development
Alex Smith, Assistant Deputy Minister, Mines
Diana Quinton, Director of Communications

Also Present

Hon. Derrick Bragg, MHA, Minister of Transportation and Infrastructure
Hon. Gerry Byrne, MHA, Minister of Immigration, Skills and Labour
Paul Lane, MHA
Loyola O'Driscoll, MHA
Craig Pardy, MHA
Barry Petten, MHA
Megan Drodge, Researcher, Official Opposition Office
Scott Fleming, Researcher, Third Party Office
Steven Kent, Researcher, Third Party Office

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

Pursuant to Standing Order 68, Derrick Bragg, MHA for Fogo Island - Cape Freels, substitutes for Perry Trimper, MHA for Lake Melville.

Pursuant to Standing Order 68, Gerry Byrne, MHA for Corner Brook, substitutes for Sherry Gambin-Walsh, MHA for Placentia - St. Mary's.

Pursuant to Standing Order 68, Barry Petten, MHA for Conception Bay South, substitutes for Chris Tibbs, MHA for Grand Falls-Windsor - Buchans.

(Technical difficulties.)

MR. A. PARSONS: Thank you, Mr. Chair.

My name is Andrew Parsons, MHA for Burgeo - La Poile and Minister of Industry, Energy and Technology.

I guess what we can go do now is maybe have a go around of the staff and let everybody introduce themselves and their position within the department. We will lead off with the deputy minister.

MR. LOMOND: Ted Lomond, Deputy Minister.

MR. MARTIN: Craig Martin, Associate Deputy Minister for Energy.

MS. SKINNER: Gillian Skinner, Assistant Deputy Minister for Industry and Economic Development.

MS. HEARN: Judith Hearn, Assistant Deputy Minister for Business and Innovation.

MR. IVIMEY: Philip Ivimey, Departmental Controller.

MS. NOSEWORTHY: Tanya Noseworthy, Assistant Deputy Minister for Corporate and Strategic Services.

MR. A. PARSONS: Please go to the next one.

MR. SMITH: Alex Smith, Assistant Deputy Minister of Mines and Mineral Development.

MS. QUINTON: Diana Quinton, Director of Communications.

MS. LAWLOR: Lisa Lawlor, Media Relations Manager.

CHAIR (Mitchelmore): Now we'll introduce the Committee Members on the other side of the House before we go to the minister for any opening remarks.

MR. PETTEN: Barry Petten, MHA for Conception Bay South and Official Opposition critic for Industry, Energy and Technology, IET. That's an easy way to remember.

MR. BROWN: Jordan Brown, MHA for Labrador West and the critic for this department.

MR. LANE: Paul Lane, MHA for Mount Pearl - Southlands. I'm not officially a Member of the Committee but a critic for everything.

MR. BYRNE: Gerry Byrne, from the historic and beautiful District of Corner Brook.

MR. PARDY: Craig Pardy, not a Member of the Committee but just here as an observer, District of Bonavista.

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

MR. BRAGG: Derrick Bragg, MHA for the scenic District of Fogo Island - Cape Freels.

MR. O'DRISCOLL: Loyola O'Driscoll, MHA for Ferryland District.

CHAIR: The MHA for Harbour Grace - Port de Grave is on the Committee.

MS. P. PARSONS: Pam Parsons, MHA for the strong District of Harbour Grace - Port de Grave.

CHAIR: We also have, I believe, three staff Members with Opposition and the Third Party.

MS. DRODGE: Megan Drodge, staff with the Official Opposition office.

CHAIR: Could we have the light on in the Leader of the Third Party's seat.

MR. FLEMING: Scott Fleming, Researcher, Third Party caucus office.

CHAIR: Lastly, in MHA Dinn's seat.

MR. KENT: Steven Kent, Researcher for the Third Party caucus office.

CHAIR: Before anybody speaks we would ask, for Hansard, if they could identify themselves by name.

As we get ready to start I ask the minister, you would have 15 minutes, if you like, to provide an update or any dialogue in advance for your Estimates.

MR. A. PARSONS: Yes, thank you, Mr. Chair, I have a full speech here for the 15 minutes. No, we're going to get it going. I will note that the Chiefs are playing the Patriots at 8:35 p.m., so maybe if there's good behaviour I'll get out.

Like I say, I'm very new in this department. This is the first Estimates for this department so, like I say, there's been a lot that has happened since August 19.

As with my previous department, I'm very lucky to be surrounded by an extremely strong team. I will be relying on them throughout this because, as I've said many times, I feel the purpose of Estimates is for people to get answers on budget line issues and not just me talking for the sake of talking.

I will rely on staff, which I think is best for everybody so we can get some information. You'll probably get better answers from them anyway, as my friend across the way would probably agree with.

On that note I'll leave it to you, Mr. Chair, and we'll get going.

CHAIR: Okay, so I ask the Clerk to call the subhead.

CLERK (Barnes): We're going to proceed by subhead?

The first subhead is Executive and Support Services, 1.1.01 to 1.2.03 inclusive.

CHAIR: 1.1.01 to 1.2.03 inclusive.

We open it up to Mr. Petten for his questions.

MR. PETTEN: Thank you, Mr. Chair.

Welcome everyone. I know a lot of faces over there from my past.

Minister, Transportation and Communications in 1.1.01, Minister's Office: In 2019-20 there was a savings of \$32,277, yet in '20-21 budget it's back to \$46,100. How are these savings achieved?

MR. A. PARSONS: There was less than anticipated travel throughout the year, primarily, due to that period – there was an election on for some period of time. As well as sometime in the year – I believe it was October, November – the previous minister became the Government House Leader, which lessened some of the outside travel.

The anticipation is with myself, as minister, it will go up because of the travel back and forth that will come with that. That's the anticipation but being someone new to this, we're hoping it's around there but we'll see where it is in the next year.

MR. PETTEN: Okay, thanks.

In 1.2.01 under Executive Support, we're looking at the same thing in Transportation and Communications. \$46,000 in Transportation and Communications last year; now, this year, '20-'21, the budget is back to \$84,500. Are there any savings anticipated again this year?

MR. A. PARSONS: There's not an anticipation of savings. What I would say is there were lower than anticipated travel expenditures. If you're looking back at that budget period, two of the things that happened is you had two elections: a federal election and a provincial election, both of which necessitate – again I apologize, Mr. Chair. I was supposed to say my name. I apologize.

There was a federal budget, which had blackout periods around announcements being made, travel being had; same with there's a provincial election where you had less travel. Then you

also had Snowmageddon and the effects of that during that budget expenditure. The anticipation is that it should be somewhere in the previous range or that's the hope.

Again, we know that there's obviously an overriding factor to all of this that still exists when it comes to travel and certain – you'll see throughout this whole deck there are a lot of trade shows and travel that goes with all aspects of the department. It's anticipated we'll hit a certain level but, again, it depends on travel and everything else.

MR. PETTEN: Basically, a lot of it has had to do with changes due to COVID.

MR. A. PARSONS: This one had some, but my understanding is we're going for the budget period up to March of 2020.

MR. PETTEN: Yeah.

MR. A. PARSONS: There was some to do with COVID; you probably had about a month there, maybe a little bit more. Snowmageddon did play a role. Next year's budget, obviously, we'll see a huge change there.

MR. PETTEN: Yeah, that's right. Forgive me with the dates. Time has been standing still for the last several months.

1.2.02, Corporate and Strategic Services, under Salaries: Salaries increased to \$1.9 million, which is an increase of \$1 million. Can you explain why such a large increase?

MR. A. PARSONS: Yeah, so the change between the budget and the actuals would have been the vacancies. The change to bring it up substantially higher was there was a reprofiling in the department where there were 14 positions from Geological Survey that were brought here, two positions from Petroleum Development and two policy positions from Executive Support.

I think we'll see that throughout this as well, where there were some changes in the previous year coming into this year where there were positions brought from one spot to another. So it would fall under this particular section.

MR. PETTEN: There's also a sizeable budget increase in Transportation and Communications, Supplies, Professional Services and Purchased Services. Can you give any detail why these expenditures are anticipated?

MR. A. PARSONS: Obviously, I can explain the change between the actuals and the budget, but I'm going to defer to my deputy to figure out the rest there, to be honest.

MR. LOMOND: What you're seeing there is marketing money for trade shows, things that would have been in resource promotion. Those were the individuals that were moved in to this. You brought together the booth management fees, trade show promotion-type activities altogether in one unit and that was monies transferred with it.

MR. PETTEN: Back to the minister's comments, that's to do with Snowmageddon and the elections?

MR. A. PARSONS: Yeah, so –

MR. PETTEN: It seems like a lot. Life goes on outside Snowmageddon you would think, right?

MR. A. PARSONS: What it is, with the two elections – with the federal election you have a huge blackout on any announcements. Any of those joint announcements between federal and provincial, there are none for a substantial period of time, probably two months of the year where there's nothing going on. Then after that, you have a lag and then you have the provincial election.

The same thing, we went from, I think it was, April to May and up into June before it really took hold. I think that had a pretty big effect on it.

MR. PETTEN: Yeah. Plus we were operating on Interim Supply during the last election.

Could you list any programs, what these are designed to support? Is there any listing of those or any details on it?

MS. NOSEWORTHY: In terms of Professional Services and Purchased Services, most of these are designed to be fees associated with the

shows, as Ted had mentioned. They wouldn't have been in the budget for the previous year because they were profiled in other divisions. You'll see them as we go through.

In terms of this year or the budget, there are a number of shows on the petroleum side and the mines side that we book for. The change in COVID is that a lot of these shows are now going virtual, so there are still a lot of costs associated with them. It's just a different way that they're costed.

MR. PETTEN: Okay.

MS. NOSEWORTHY: I can list some of the shows, if you'd like. Most of them are known.

MR. PETTEN: No, that's fair enough.

1.2.03, under Administrative Support, under Property, Furnishings and Equipment: There's a \$200,000 expenditure listed here which was not anticipated. Could you explain what was purchased and why?

MR. A. PARSONS: Yes, that was the purchase of a replacement inductively coupled plasma mass spectrometer for the Geological Survey's analytic laboratory, which I am very familiar with.

MR. PETTEN: Me, too.

MR. A. PARSONS: Just so people know, apparently the ICP-MS is routinely used by Geological Survey for analysis of rock, water and sediments. The one that was there was purchased in 2012, couldn't be serviced beyond March 2020 due to the end of service life.

MR. PETTEN: You expected that question, didn't you?

MR. A. PARSONS: I actually knew the answer.

MR. PETTEN: That's all my questions for that section, thanks.

CHAIR: Okay. Thank you, Mr. Petten.

I move to Mr. Brown.

MR. BROWN: Under 1.2.02, under Revenue - Provincial: What are we expecting there for the \$86,000?

MR. A. PARSONS: Thank you.

That would've been delegate fees that are anticipated for the Offshore Technology Conference. What I'll do just to provide, perhaps, a better explanation than mine is I'll hand it over to Tanya, who can talk a little more about it.

MS. NOSEWORTHY: When the department goes to the show, OTC, in Houston, there are a number of supply and service companies that go along and they pay a fee to go with us. Originally, we budget the amount and then they put the money back to us, so it's a revenue source that comes. It varies every year depending on the number of companies that go and the fees that are collected. That's our best estimation for next year, if the show goes ahead.

MR. BROWN: Okay, perfect. Thank you.

That's the end of my questions for this section.

CHAIR: Just to ask the Committee, where independent MHA Lane is attending the Committee, is the Committee going to provide leave or consent for MHA Lane, after each subhead, to ask questions or wait until at the end or however the Committee -?

MR. A. PARSONS: If I could offer a suggestion, Mr. Chair, maybe so Mr. Brown gets all of his time and then at the end of that, instead of calling the vote on it, we can call the vote later on. There's no big deal with that and then Paul can start off with 10 minutes instead of Mr. Brown giving up some of his time.

CHAIR: We can keep going if that's -

MR. A. PARSONS: Call the vote later on so that it doesn't go away.

MR. LANE: (Inaudible.)

MR. A. PARSONS: Yeah.

CHAIR: MHA Lane.

MR. LANE: Under this area here – and I’m not going to be doing any lines by lines; the boys can do that.

Just wondering, Minister, this is something I’ve asked in all Estimates and I’ll continue, I guess, in terms of the COVID-19 and opportunities that it may have presented in terms of savings, i.e., persons working from home, which could lead to an opportunity in terms of consolidation of office space, the use of technology like Zoom and so on, so we don’t have to be incurring travel to have meetings and stuff like that and those types of things. Perhaps this is something that could be looked at. Also, if people are even dealing with clientele and citizens and so on, applying for things online and doing things over the phone or whatever.

I’m just wondering, have you saved any money in the department because of that and is that something that could be looked at to make it a permanent thing, in some cases?

I know in some cases, it’s not going to work. There are things that you have to go back to the way we used to do it, but if there are ways now that we’re doing things differently and it’s more efficient and it can save us money, why not continue doing it?

MR. A. PARSONS: What I’ll do is I’ll make a couple of comments before I throw it to the deputy and the ADM. Again, they’ll talk about the HR side of things when it comes to working from home because I have to be honest, I’m not exactly sure what the policy would have been throughout government and again would have been dictated by HRS.

I tend to agree with the fact that we learned a lot and there’s an opportunity to do a lot, remotely. That being said, there are still limitations.

On the side about people accessing online services, I’m not positive on that. That would probably fall under the Digital Government and Service NL side about where we can go with that. I know there’s been more done and there are plans to do more. How that relates exactly here, again, I’ll relate to the subject matter experts.

I guess one of the spots where you saw the savings this year was with the travel. You saw it this year with the two elections and you had Snowmageddon, then you had COVID. Then, obviously, in the next budget cycle you’re going to see a year where there was half as much travel. That being said, it still costs you to participate and be a part of that.

Again, I’m not a veteran of going to these. I’m not sure if attending remotely gives you the same bang for your buck that being there in person when you’re competing globally does. That would be hard to tell. To me, if it’s yourself and Mr. Petten competing, and you’re on a computer and Mr. Petten is there in person at this trade show, there’s probably, I would guess, an inherent advantage to the person there in person.

That being said, what I’ll do is I’ll toss it over to the DM and the ADM to maybe talk about the possibility of whether there was savings, what is the plan, what they have sort of seen through this and maybe the HR side of it.

MR. LOMOND: I think overall during COVID, given the level of upheaval that we had, there was a great deal of productivity maintained right throughout government. I have to really applaud the work of our public servants, we had people who did some exceptional work. In some units, maybe some accounting-based units, I think productivity might even have been up slightly.

There are some other activities that we do, obviously, things like quarry inspections and whatnot, require people getting out of the office. We did have some savings in travel, but we also had some increases in communications. I’ll defer to Tanya in a moment.

We try to use video conferencing and whatnot wherever possible. What we found was a lot of bandwidth issues, you’re dealing with people in Norway, whatever the case might be, six or seven people. So a lot of times you end up having to use teleconferences anyway so we didn’t get – while we had savings on one side, we had some increases on the other. I’ll defer to Tanya.

MS. NOSEWORTHY: We have had some savings in travel, as was mentioned, but Ted

pointed out some service functions that still had to proceed. While there were savings on travel, some of the communications costs have gone up. We're finding that Skype and Zoom and those types of operations work for certain types of things. Other times, depending on bandwidth availability, it's problematic so we've had to revert to conference calls in some areas. Those costs then go up, so they're balanced off to a certain extent.

In terms of travel, a lot of the trade shows are looking at virtual presentation now and there are fairly significant costs associated with those. The feedback so far, there are only a couple that have been under way out of our normal trade show routine. There seems to be both pros and cons to that. We're hoping that they get better as they move on. There may present some opportunities in the future to do more things virtually. Right now, there seems to be a reaction that they're not as positive as being face to face.

MR. LANE: Thank you.

Just to be clear as well, Minister, I understand what you're saying about if there's a trade show, for example. I've been to the OTC myself, actually.

MR. A. PARSONS: Really?

MR. LANE: I have, yeah. Not as a Member of government but I have been there. There's no doubt that the personal interaction and meeting with people there is a big part of it.

I'm not suggesting in the case of things like that, we wouldn't participate per se, but I was thinking more so of if you're going to have meetings with people, instead of flying up to Halifax or Toronto to meet with somebody, it's more efficient to do it on Zoom or Skype and save some money that way. I wasn't really talking about trade shows per se, but that's kind of where I was. That's across government. Your department might be a little different; there might be more savings to be found in other departments through those types of things.

MR. A. PARSONS: Personally, I would tend to agree, especially being someone from the other side of the province where everybody – there's

been an expectation that you be in St. John's for meetings.

MR. LANE: Yeah.

MR. A. PARSONS: We're getting past that. I think theoretically you could see some savings there but, again, it depends on some factors that are out of our control. I can tell you it's a disadvantage, in some cases, if you have a poor connection and you're not getting anything done. It depends on what type of meeting it is.

Personally, I prefer interpersonal as opposed to online, but it depends on the meeting. I think overall you will see an evolution to this. Obviously, the point of doing it would be savings, as well as quality of life and safety when it comes to travel. Hopefully in the wintertime we can see a bit more of that used to avoid people travelling back and forth.

MR. LANE: Yes.

MR. A. PARSONS: I've seen it a lot. You go into Deer Lake, you get on a plane, come in for one meeting, you get back on a plane and come out. Then, depending on the status of that meeting, it might be an opportunity to avoid that. I think you will see those reflected in savings down the road, but I still think it's a bit early yet to figure out exactly how that's going to go.

MR. LANE: Sure.

Thank you, I'm finished.

CHAIR: Thank you, Mr. Lane.

Does anybody else have any questions pertaining to these subheads? Mr. Petten, Mr. Brown?

Shall 1.1.01 to 1.2.03 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 1.1.01 through 1.2.03 carried.

CLERK: Mining and Mineral Development, 2.1.01 through 2.1.03 inclusive.

CHAIR: Shall 2.1.01 to 2.1.03 inclusive carry?

Mr. Petten.

MR. PETTEN: Thank you, Mr. Chair.

Minister, under Geological Survey, 2.1.01, Salaries, compared to last year it is \$572,200 in salary savings. Are there any positions being removed?

MR. A. PARSONS: No, this would have been reflected earlier where we saw the big increase in Salaries where positions were moved. This would have been where they were reprofiled from is my understanding. There are no positions that have been eliminated.

MR. PETTEN: Okay, thanks.

What about Supplies? A lot of these will be line items, obviously. Last year, Supplies went over budget by \$36,319.

Can you explain why and what supplies? What kind of supplies would be included in that?

MR. A. PARSONS: I can give you the generic answer and then I'll let Alex Smith, the ADM, give you the specifics.

The variance is due to higher than anticipated supply expenditures associated with laboratory consumables used during the year. I'll toss it over to the ADM to maybe talk a little more specific if you have questions on that.

MR. SMITH: I would just echo the minister's comment on that.

MR. PETTEN: He's that good.

MR. SMITH: Yeah.

MR. PETTEN: That's not bad.

In 2016-17 the budget for Supplies was \$169,000. It decreased in '17-'18 to \$76,000 and

continued to be cut to \$50,000 received for '20-'21.

In the past two years this line item has gone over budget. Can you explain why this area is going over budget and why the budget continues to be cut?

MR. A. PARSONS: I don't have that answer here, to be honest; I don't have the budget from previous years. If it's not something we have here we can provide it to you. As to exactly how the lab works in terms of why they go over and or fluctuate from year to year, I don't know if the deputy or someone else has that one. That's a bit of a – we'll get back to you on that one.

MR. PETTEN: Okay.

MR. A. PARSONS: Just put it on the record now, anything that we provide to one person we'll provide to both Opposition Parties as well as both independents.

MR. PETTEN: Thanks for that.

Last year, Professional Services went over budget by \$23,300. Any explanation why that went over like that?

MR. A. PARSONS: The variance is due to higher than anticipated costs associated with airborne geophysics work budgeted for 2019-20.

MR. PETTEN: Also, under Purchased Services, could you give an overview of the variances in the line item? Both the savings in '19-'20 and then the budget 2020-21.

MR. A. PARSONS: The answer I have is that the variance is due to less than anticipated analysis work required during the year. I don't know if that's related to, we'll say, interruptions that we faced during the year, whether it was COVID, whether it was the month of March, basically.

As it relates to going forward, again, it looks like it's going to be in that range based on – we've had a year where there have been COVID interruptions during all that budget year, so it was anticipated that will stay lower.

MR. PETTEN: Under the Revenue – Provincial side, can you outline where the \$250,000 in revenue will be coming from?

MR. A. PARSONS: Yes, this one I'm going to refer to the deputy or maybe Phil or Tanya.

MR. LOMOND: The \$250,000 is a decision that was made on recovering funding related to some of the survey work that we do, so it's recovering of funds from other parties. It's new and it's still in development, but it's hoped that we can generate some revenue from these activities.

MR. PETTEN: When you say other parties, any examples?

MR. LOMOND: On some of the geophysical work in particular – and it's not shown here as federal revenue, it's represented as just revenue – there's some cost recovery that can happen from the Geological Survey of Canada, for example, where we do work and we'll be able to bill it back. That would be a source of revenue.

MR. PETTEN: Can you provide a list of the projects that will take place this year for the Geological Survey?

MR. A. PARSONS: We can undertake to provide whatever information we have on that. No problem.

MR. PETTEN: Minister, can you give an update on the Labrador Trough, what projects are ongoing there and how the information sharing is going with Quebec? Basically an overview of sorts.

MR. A. PARSONS: I'm going to defer on that one to – Alex, I guess you can talk about it.

MR. SMITH: Projects in the Labrador Trough: We have Tacora Resources and IOC. Both did quite well through the COVID challenges. The price of iron ore has been quite good so it's served both companies well.

We also have Tata Steel up in Schefferville. They actually went into care and maintenance for a period of time over the COVID crisis. More to do with protection of the local Indigenous community around the project. They

have since completed commissioning of their plant to produce a higher spec product. They're back running at full capacity.

We have a project by the Geological Survey that was planned for this year, that couldn't go ahead because of COVID in the field, looking at base metal potential in the Labrador Trough.

MR. PETTEN: Under 2.1.03, Mineral Development, I'll ask the salary question again, there's probably some realignment but savings of \$254,036. I guess were the savings – were there any positions left vacant or is that another one of those moving of positions or moving salary dollars?

MR. A. PARSONS: No, that one would have been a variance due to vacancies within the division during the year. The anticipation for this year, you'll see it's budgeted a slight bit higher. That's because there are some salary adjustments that I believe are due. I don't know if that's something that Phil or Tanya would have.

MS. NOSEWORTHY: The other thing to remember for the current year – so 2020-2021 happens to be a year where there are 27 pay periods in the year instead of 26. You'll see all the salary budgets up slightly, except the areas where there was reprofiling and that's because there's an extra payday. It's just the way the year works out in paydays. There's an increase across pretty much all of them for that reason.

MR. PETTEN: There was a reduction in positions in that. As a result of this, there were positions that were eliminated?

MR. A. PARSONS: I'm not aware of any elimination of positions.

MR. SMITH: The Mineral Development Division has several senior engineering positions related to the mining industry, mining engineers and environmental engineers. At times, they're challenging to recruit appropriate specialities into those positions, but we are recruiting. So the positions are there, they're just challenging to fill.

MR. PETTEN: Under Professional Services: Last year, \$58,648 of the \$250,000 were spent. Can you explain where those savings occurred?

MR. A. PARSONS: I think this one may actually even apply to the next one, Purchased Services, as well. This would have been for contracts for work related to orphaned and abandoned mines. They came in less than anticipated due to a reduction in the scope of work that was required. They figured out some different means and efficiencies to apply there, and there was a deferral of work at the Whaleback mine site at the 2020-2021.

MR. PETTEN: Okay.

Under Grants and Subsidies: Can you provide a breakdown of the \$1.7 million?

MR. SMITH: The \$1.7 million is broken down as \$350,000 for the Prospectors Assistance Program, \$1.3 million for the Junior Exploration Assistance Program and a \$50,000 grant to the Matty Mitchell Prospectors Resource Room.

MR. PETTEN: Okay. Thank you.

MR. SMITH: To combine, that's the Mineral Incentive Program.

MR. PETTEN: Yeah.

One more question, Minister. The department had a four-year plan to eliminate as much risk as possible on orphaned and abandoned mines. Can you give an update of the project; is it now completed or what the status is?

MR. A. PARSONS: Thank you.

From what I gather there had been a four-year commitment of \$2.44 million, which actually was raised from the budget of 2018-2019 to \$2.85 million; 2019-20 would have been the final year. That part of it is done.

As for orphaned and abandoned mines, I think, right now – is the number of I heard 130? Yeah, 130 in this province, so this work will continue on for some period of time, sadly.

MR. PETTEN: Okay.

Thank you.

CHAIR: Thank you, Mr. Petten.

We'd ask Mr. Brown now to ask his questions in his subheadings.

MR. BROWN: Thank you, Mr. Chair.

My colleague asked all the line item questions per se, but I do want to ask: Any more developments in the gold mining up in Central Newfoundland?

MR. A. PARSONS: What I can do there is pass it over to Alex who can give a better recap of the different entities that we have in the gold sector.

MR. SMITH: In Central, the most advanced project is the Marathon Gold's, Valentine Lake Project. I think last week they just submitted their environmental impact statement. Their hopes are to get through permitting by next year and start construction shortly thereafter.

We also have Maritime Resources, Hammerdown project, which I think is in environmental assessment as well. That's a simple, low-capital project that looks quite promising to be a quick turnaround in start-up; hopefully, if economics go well.

New Found Gold is an exploration project that's quite exciting. Last winter, their first drill hole hit a section of the drill that was 90 grams a ton, which is huge. They've managed to leverage that into some good funding to continue their exploration work.

There is continued momentum and continued excitement about the Central mineral, Central gold.

MR. BROWN: Search Minerals in Southern Labrador, would you be able to give an update on that project?

MR. SMITH: Yes, Search, they're continuing with their exploration. They have some research and development work on the processing of the rare-earth elements. I know they were late getting to start in their field program this year, but they were active in doing some exploration.

MR. BROWN: Would the department be able to give an update on the other iron ore developments of the Schefferville region of the Labrador Trough?

MR. SMITH: I'm assuming you're thinking Bloom Lake?

MR. BROWN: No, in Schefferville, Century and the Howse river and all those developments.

MR. SMITH: Century have been quite quiet. There's been no progress to my knowledge.

The Howse project was released from environmental assessment a while back. It got delayed in federal assessment for a period of time, but Tata have delayed implementation of that project for a year or two. They're concentrating their capital on the commissioning and operation of their new plant.

MR. BROWN: Yes.

Any update on Labrador Iron Mines?

MR. SMITH: Labrador Iron Mines, they're doing some rehabilitation work from their former mine. To my knowledge, there's no plan of them operating.

MR. BROWN: Okay.

Would the department be able to update on other opportunities for junior miners that are currently kicking the tires kind of thing?

MR. SMITH: I think that we could probably provide an update, an overview, perhaps, to everybody after.

MR. BROWN: I can ask the minister after.

MR. SMITH: Yes.

MR. BROWN: Perfect, thank you.

I do have one other one there from another section, 2.1.03: What job is currently unfilled that you're having trouble filling? What job class, sorry.

MR. SMITH: We had a retirement in the department in the manager of engineering

analysis position. That has been temporarily filled. There is an environmental engineering position and a geologist position all related to mineral development.

MR. BROWN: All right. Perfect.

Under there I noticed that there are Grants and Subsidies supports for prospectors. Are there any thoughts of increasing those Grants and Subsidies for prospectors?

MR. A. PARSONS: Thank you for the question.

What I would say is, it is what it is for this budget, which, as we know, has been in – this has been a longer in-process budget than most. Is there any possibility it could increase? Certainly, it's a conversation that I'm willing to have.

I've had chats with juniors and people like that, just telling us about their position and stuff, but at this point it's hard to speculate right now on where it goes. I think there's a lot of potential, so it's something I'm willing to consider, but like everything that we do, you have to run it by the Department of Finance, it has to go through that whole process.

It's been a tough year to consider. We've had some areas throughout this budget process where we've made investments. This is one that I'll continue on, but even for me, personally, it's a little early on to commit to it or not commit to it, given the status of how long I've been there.

MR. BROWN: Okay, fair enough.

I guess a similar question: Supports for junior mining initiatives.

MR. A. PARSONS: I could waste the next four minutes and give the same answer, but it would be the exact same answer, the same thing.

MR. BROWN: Okay, perfect.

That's enough for that. Thank you.

CHAIR: Mr. Petten, do you have more questions pertaining to these subheads?

Mr. Lane, do you have ...?

MR. LANE: Yes (inaudible).

I think I asked about this year; I may or may not have. At one point in time, wasn't there some uranium mine or something up in Labrador? Whatever happened to that?

MR. SMITH: Yeah the Kitts-Michelin project in Labrador is a decent project; however, the price of uranium has been depressed. I believe it's around the \$40 mark now; it needs to be up around \$75 before it becomes economic.

MR. LANE: Okay.

MR. SMITH: So it's on hold until the price improves.

MR. LANE: Okay, thank you.

Final question. One of the criticisms you hear all the time from the general public, in any aspect of our resources, is the whole idea of secondary processing and so on, everything leaving Newfoundland and Labrador in its raw state.

Are there any initiatives or is there anything being pursued or any programs to try to encourage greater processing of minerals here in Newfoundland? I know we have lots of power, for example, at Muskrat Falls and whatever. We keep saying that we're not getting a whole lot of money for it on the market so why not use it? I'm just wondering is there any comment around secondary processing?

MR. SMITH: There is a section within the *Mineral Act*; it's actually referred to as primary processing. There is a requirement or there is an ability for government to order primary processing take place.

Generally, with larger projects, they must demonstrate the economics would be severely impacted if that were to take place. An example of primary processing would be Vale's Long Harbour plant. However, if you take a smaller mine, such as Rambler Metals, that produces only smaller amounts of copper concentrate, there's insufficient economics to require them to complete the primary processing.

MR. LANE: So we don't have anything else on the go that we could possibly be doing more processing on?

MR. SMITH: Not right now, but hopefully.

MR. LANE: Okay, thank you.

I'm done.

CHAIR: Shall 2.1.01 to 2.1.03 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Against?

Carried.

On motion, subheads 2.1.01 through 2.1.03 carried.

CLERK: Energy Development, 3.1.01 through 3.1.08 inclusive.

CHAIR: 3.1.01 to 3.1.08.

Mr. Petten.

MR. PETTEN: Thank you, Mr. Chair.

Under 3.1.01, Salaries, Minister, can you give an overview of the Salaries line, what position was left vacant? Was there a position left vacant in 2019-2020?

MR. A. PARSONS: Yes, it was vacancies in that division during the year. You'll see a variance on the '20-'21 Estimates for salary adjustments. I don't have the names of the positions that have been vacant throughout the year there, but we can probably find it. There is no elimination of positions; it was vacancies.

MR. PETTEN: Under Transportation and Communications is that fluctuation of savings of \$20,000 in '19-'20, yet in '20-'21 the budget is back to that \$55,000 amount. Were they savings or were they as a result, again, of Snowmageddon and elections?

MR. A. PARSONS: Yeah, that was lower than anticipated travel costs and there were fewer

FPT meetings. I think there were – no, not vacancies, lower FPTs. The anticipation – again, hope for the best and budget for it, but there's a good chance it will come in lower, given that the FPTs so far, I had one just last week, a mining one, that was done virtually as opposed to everyone getting together. That might be the way of the future for a while yet.

MR. PETTEN: Could you give an overview under Professional Services of the \$191,500? Was that project deferred to this year?

MR. A. PARSONS: I'm going to defer to Ted or Craig on that one.

MR. LOMOND: That's the MUN RFP study. That was delayed. MUN has four boilers now that it uses to power the university, heat the university. We're going out with an RFP to look at the feasibility of putting in one significant electrical boiler. The work was almost done and it would've been in April, but then it got caught up in Interim Supply and whatnot, so we're still waiting. We're ready to go as soon as the budget is passed.

Just a point on that one, by the way. I think it burns 11 million litres of oil a year. This project, if successful, if it goes ahead, would probably, we feel, knock out around 5½ million to maybe 7½ million litres of oil a year.

MR. PETTEN: Wow. Yeah, worth pursuing.

Under Purchased Services, can you give an overview of the \$35,400? Was that a project that was deferred this year?

MR. A. PARSONS: I don't have a list of the specifics here. It was a variance, obviously, due to less than anticipated purchased services. I don't know if Tanya has some detail there.

MS. NOSEWORTHY: The budget amount was for training that happens around electricity sector changes. If there's training that comes in around FERC standards or any of the Canadian standards, then our team would do training on that, the RM and things like that. There was some work related to – it was budgeted to carry in case there's work required for rate management for this year.

MR. PETTEN: On the revenue line how was the \$413,000 generated?

MR. A. PARSONS: My understanding is that with the good faith case that's been proceeding over the last number of years – that's gone through various levels in Quebec court and then to the Supreme Court of Canada – there has been money paid on an annual basis, basically, into a trust account to pay for the legal services. That money was basically what was left in trust of that and it's come back.

Obviously, now that that case is resolved there's no need to be putting anything in and the money can be taken out of trust, basically.

MR. PETTEN: Okay.

Minister, how many communities are currently on isolated diesel electricity systems?

MR. A. PARSONS: I'm going to defer there to Ted on that one.

MR. LOMOND: I'll probably have to defer to Craig myself, but I think we have 15 communities now that are on diesel.

MR. MARTIN: (Inaudible.)

MR. LOMOND: Yeah, we might have to take it away to be absolutely certain, but I think it is 15 communities, is the note I had.

MR. PETTEN: Here's part two of that: Is there any plan to get them on an alternate system?

MR. LOMOND: We have gone out for a request for proposals on looking at alternative energy to reduce diesel consumption in those communities. There's been criteria developed, a number of proposals have been reviewed. I would have to check.

I don't know, Craig, if you know the update in terms of where that is or not.

MR. MARTIN: At this point in time, the expressions of interest were issued there about a year ago. There were multiple pieces put in on that. They're getting ready to move forward with their actual request for proposals for some of the communities at this point in time. Some of the

communities, as well, are related to Aboriginal communities along the Labrador coast, so there are also ongoing discussions along those lines.

MR. PETTEN: When you look at alternate systems, what would you be looking for in those communities when you move away from diesel? Is there any anticipation of what ...?

MR. LOMOND: I think normally you'd see wind. I guess the issue is that you really need firm energy, so that's why you're not seeing diesel systems replaced in their entirety. They're in places that have very cold weather, you just can't risk – people need to have heat and they need to have light.

What we're looking at are ways to reduce that – again, wind; solar has been looked at in some cases. I think we might have maybe one or two run-of-river projects where if you have some running water you generate some energy. But because there's no reservoir there's no capacity, as such, it's just ongoing energy. When the river is flowing fast you get energy, when it's not flowing you're back on diesel, that type of thing.

MR. PETTEN: Okay, interesting.

Minister, can you give an update on net metering and how many applications have been received and processed?

MR. A. PARSONS: Again, I'm going to defer on that one. That's not one I've dealt a whole heck of a lot with since I've been here; it's been consumed by a couple of other things. I'll see if there are any volunteers around me. I don't know if there are any takers.

What I can say is that if we don't have it, obviously, we can provide you with that. I don't know if we have it available or accessible right here, or maybe we do.

MR. LOMOND: No, I think we'd have to go back and talk to the utilities and just see where they are. We wouldn't have a number of the top of –

MR. PETTEN: Okay, fair enough.

Minister, can you provide an update on – the previous minister, Minister Coady, had talked

about a renewable energy plan. Is there any movement with that or is there any update on that?

MR. A. PARSONS: What I would say is that, I think it's in my mandate letter so it's something that we will be discussing as we go forward.

The straight up, to be honest with you, the truth right now, is that since the day I was there we've been consumed mainly by two things; one being oil and gas, the offshore industry, and the dealing with the federal government, dealings with operators working on the different projects that are out there. The other one is, obviously, Muskrat Falls, still takes up a considerable amount of time and energy talking to the various people there. That's in my mandate.

Again, I've had some discussions with Hydro. I've had some discussions with different options there. I've had conversations, people that have reached out taking about the potential for natural gas. Wind is something I'm quite interested in, given I've seen it in Ramea every time I've been over there. You have the big turbines over there, but as for the continuation of the plan, it's not something I can provide a huge update on, but somebody here might be able to talk a little more about the work that was ongoing prior to my coming into the seat.

MR. LOMOND: Craig you can jump in.

There had been a committee formed, a number of meetings; developed a deck outlining various concepts. We were getting ready to go to public consultations just prior to COVID. That was all put on hold. Now, I think, in light of where we are, we're probably going to go out with a more specific document for reaction to, more of a public – rather than just sort of saying what do you want? It gives people something to react to. Maybe it just sort of expedites the process from here because we were a little bit late starting because of COVID.

MR. PETTEN: Discussion document, basically. You're going to go out with some kind of a discussion document.

MR. LOMOND: Yeah.

MR. PETTEN: Okay.

I guess I'm looking for an update on if progress was made regarding *Advance 2030* since last year?

MR. LOMOND: *Advance 2030*, there is an oil and gas council that is responsible for implementing *Advance 2030*. We came out with an update document not that long ago. The committee is now doing some work in terms of some of its priorities around net zero and a more recent commitment, because it seems to be something that we're seeing right across the industry: companies like BP and others making commitments to move to net zero.

As well, right now, the council is putting its priority right now in terms of a task force looking at some more immediate actions that are required to help stabilize the industry. It's not that we've forgotten about the longer term; we are still implementing the plan and we are looking at how that plan needs to change in light of the net-zero commitment and what we're seeing in terms of the complete changing environment between COVID and the Saudi-Russian price war and what that has meant.

We will be doing that piece, but right now the focus for the next 60 to 90 days is on the task force and immediate actions to support the industry.

Craig, is there anything I'm missing?

MR. MARTIN: No, as Ted indicated, the council at this point in time, we have put out an update approximately a year ago. We were in the process, actually, or preparing our latest update when COVID struck the province, at that point in time.

Where we are at this point in time is there have been discussions now in the context of the net zero pieces. There have been discussions in terms of pieces of looking at how they transition in terms of lower-carbon environment. The task force is the most recent piece that has been established, which is really the focus for the next 90 days.

CHAIR: Mr. Petten, your time has expired. I'll come back to you after Mr. Brown has an opportunity for his time.

MR. BROWN: Thank you, Mr. Chair.

Under 3.1.01, Grants and Subsidies, what grants and subsidies are covered under this?

MR. A. PARSONS: Thank you.

I believe that's the diesel subsidy.

MR. BROWN: So that is strictly the –

MR. A. PARSONS: Yes.

MR. BROWN: Okay, that is the diesel subsidy. Thank you so much.

Another question there: What update can the department give on moving forward with the Labrador West third line?

MR. A. PARSONS: Thank you.

I knew you had to ask and I would've done the same if I was over there as well.

As we've discussed, it is a conversation that has happened. Just for the record for everybody here, this is a conversation that Mr. Brown and I have had, along with the deputy minister, just probably a few weeks back. We talked about the issues that we faced and one of them, obviously, is cost, who bears the cost of doing this. It's a conversation that will continue forward. I can't say that since that conversation there's been a lot of concrete work on that.

We realize it's one of those – you have to weigh it, because we know the potentials that are there; there's going to be that need. How do we get that without burdening people with the cost?

MR. BROWN: Yeah, the industry.

MR. A. PARSONS: It's one of those things that – open for conversations on it.

MR. BROWN: The line for connecting the mines in Schefferville to Menihek dam, where are we on that work?

MR. LOMOND: I think we're going to have to take that one back under advisement. In general, where we are with all these things, as you know, there are transmission challenges, constraints in

Labrador. There's a current PUB order restricting network additions to 200 kilowatts. Some of the mines have to curtail now when there's peak demand, so mines have to cut back energy.

We have, depending on how you look at it, somewhere between 500 to 2,000 megawatts of requests coming in from data centres and others. We have the Public Utilities Board right now working on both the Network Additions Policy, which should be, I think, very soon and the Reliability and Resource Adequacy Study. Those pieces are all sort of swirling around. In general, that's kind of the landscape we're in.

On any individual line, I can get you an update on what we – I know that from working with Hydro and –

MR. BROWN: Yeah, I was just looking for the – because the announcement for connecting Tata to the Menihék dam, that's all, to see where that's going, but I guess it's still all in the air right now.

Under subhead 3.1.02, right now we're at a salary increase. What was that, the actuals for '19-'20, what was that the result of?

MR. A. PARSONS: That would have been the variance that came with the retirement of the former director of Marketing and Promotion. There would have been a severance payout and some leave payout that came with it.

MR. BROWN: Okay.

I noticed in the upcoming budget year it's less than budgeted last year. Is that position not being filled?

MR. A. PARSONS: No, there's reprofiling of two positions within the Petroleum division, Marketing and Promotion that's been brought over to this, I guess the Corporate and Strategic Services. So there's no elimination, it's just some reprofiling and changing.

MR. BROWN: Okay.

Under Transportation and Communications, I notice in '19-'20 it was budgeted \$99,000, the actuals were only \$56,000 and we're budgeting

now for only \$50,000. What was that the result of?

MR. A. PARSONS: I'm going to assume that it went down because of the factors that I've mentioned. Then it's factored at less than that due to half of this year we just haven't had that travel.

MR. BROWN: Okay.

MR. A. PARSONS: Now, that being said, I'm sure when we sit here and do next year's budget that we may be anticipating – hopefully, we're living in a world where we anticipate higher travel needs and costs.

MR. BROWN: That's right.

Under Professional Services, last year we budgeted \$76,000, we only spent \$19,000, but we're going back to budgeting \$76,000. Any reason for that?

MR. A. PARSONS: This was due to there was an anticipated consulting service requirement that was anticipated and it didn't happen. I think the full thought process is that it's going to be needed this year.

I'll turn to Tanya. She might have more specifics maybe.

MS. NOSEWORTHY: On a regular basis we have consulting firms that help support us in fundamental decisions that happen. There are a couple of companies that usually assist us with that. The requirement wasn't as high this year as it is for normal years.

MR. BROWN: Under the same section, Purchased Services, I noticed that it was budgeted at \$254,000, we ended up with \$293,000, but we're only budgeting \$41,000. Any particular reason for that?

MS. NOSEWORTHY: It went up higher in the previous year. It has to do with maintenance agreements for some of the software licensing. The requirement is lower or anticipated to be lower in the upcoming year.

MR. BROWN: Okay.

Under provincial revenue, we anticipated \$81,000, we got \$87,000, but we're not anticipating anything else. Is that the end of some kind of plan or agreement of some sort?

MR. A. PARSONS: That would have been the OTC for 2019, so I guess they got more to it than had been anticipated. That's the crowds that are paying the province. I don't think the OTC happened in 2020 so there was nothing.

MR. BROWN: Okay so it's just – that's it.

MR. A. PARSONS: Yeah.

MR. BROWN: Under 3.1.03, Canada/Newfoundland and Labrador Offshore Petroleum Board, my question was under Grants and Subsidies. Why the larger increase under the grant this year?

MR. A. PARSONS: Every year the C-NLOPB – which is completely funded by the industry, but I guess it streams through here – puts a budget in to us and they've asked for a higher figure there. Maybe Tanya has the change. I know that there's been an increase in positions there in the last couple of years, due to the safety side. I don't know if that's a continuation along that same line.

MS. NOSEWORTHY: This is 100 per cent cost recovered, you'll note there. That portion represents a portion for the province, the provincial contribution that we provide and get back.

The minister mentioned that there was an increase in a couple of positions related to offshore safety. There was also a software agreement that they were developing for new software. They also changed their locations this year, so there was a little bit of an expense in their move.

MR. BROWN: Under the revenue, obviously the cost recovery, but in the actuals we didn't recover the entire cost and we ended up with \$3 million there that we ended up having to pay. What's the reason for that?

MR. A. PARSONS: I'll let Tanya or Phil – that's a receipting issue, I believe, isn't it?

MR. IVIMEY: Yeah, it's just basically due to a timing difference at the end of the year. Obviously, the C-NLOPB is recovering funding from industry which, then, the C-NLOPB is turning around and refunding that revenue back to us.

By the time they reach the end of the year they have a full log of their expenditures for the full year. Then, by the time they recover that from industry, sometimes it doesn't get back to us to meet our cut-offs exactly for March 31, so it might spill over into the next fiscal year. It's just a timing thing in terms of receipting of the revenue.

MR. BROWN: We should see this on the tail end of the next fiscal year?

MR. IVIMEY: One hundred per cent, exactly.

MR. BROWN: Okay.

Under section 3.1.04, obviously we see a decrease in Salaries, but an increase in budgeting next year. Is that the same reason as precipitating through down?

MR. A. PARSONS: Yeah, vacancies followed by salary adjustment.

MR. BROWN: Okay.

Also, I note here under this section, under Professional Services, we budgeted \$155,000. We never used any of it but now we're budgeting \$157,000. What's the reason for that?

MR. A. PARSONS: I'm going to take a shot at it and they're either going to tell me that I'm 100 per cent right or I completely whiffed. There is supposed to be an RFP on a benefits jurisdictional scan project that was supposed to go out. I don't think it went out the door because of – I don't know if it was COVID or Snowmageddon. The plan is for it to go out this year, so it never got out.

MR. BROWN: So it's a delayed project?

MR. A. PARSONS: Yeah.

MR. BROWN: Okay.

Under Purchased Services we budgeted \$188,000, we ended up only spending \$175,000 and now we're budgeting \$187,000. Is there something we're anticipating purchasing?

MR. A. PARSONS: This one is just straight-up rental, lease of office equipment and photocopiers. I used to always, when I was in Opposition – you ask somebody why the cost has gone up so much, it's always photocopiers. It's crazy – printing services, on-site recycling and shredding services. I guess there was a decrease for various reasons. The anticipation is that will go up.

MR. BROWN: Just in case. Okay.

CHAIR: Mr. Brown, your time has expired this allocation, so I'll go back to Mr. Petten.

MR. BROWN: Thank you.

MR. PETTEN: Thank you, Mr. Chair.

Minister, I have lots of questions I suppose. One I'm going to ask you about now is new out – well, it's not new but the issue is Come By Chance.

MR. A. PARSONS: Yeah.

MR. PETTEN: What's the story?

MR. A. PARSONS: What I would say to Come By Chance, obviously you see what's reported on CBC. It's difficult for us to comment too much on this right now, given the fact that it's a private commercial transaction between two entities.

Obviously, we've been in touch with these groups. The conversation with one of the groups, Silverpeak, goes back to March. Once they went into idling mode, I'll say, or they shut down because of COVID, that put a huge strain on them. They came to a proposed deal in June and it looks like right now we face some difficulties with that.

We're going to continue to work with them. I believe they have reached out to the union to indicate that there are some negative implications here. That being said, it's difficult because this is not one that the province is privy

to as a partner per se. We are concerned about – obviously it's the only refinery here in this province, but it's a huge asset, it's a good asset. There has been other interest in it expressed previously, so we're going to continue to work with one of the partners to see what we can figure out there.

MR. PETTEN: You are planning on carrying on conversations with other prospective buyers, or anything the province can do? This is a huge deal, obviously, as you know.

MR. A. PARSONS: Absolutely.

MR. PETTEN: Is that the plan or ...?

MR. A. PARSONS: Absolutely. The fact is that everybody realizes the importance of the asset, the importance of the jobs and what it contributes to the bottom line of the province. I'll leave it to the two parties to discuss where they are.

What I would say is that we will still play a role in trying to work with the partner to figure out a solution to that. Timing is an issue. The fact that we're going into the colder season makes it tougher. Like I say, we were in conversations today – not me, myself, but obviously the department has been in conversations with the parties and the union as well. Those are going to continue on.

MR. PETTEN: You did speak to the union today as well?

MR. A. PARSONS: Yeah, the deputy spoke to the union this afternoon. I can't tell you what time. I'm going to say sometime this afternoon. He spoke to North Atlantic or, I guess, to Silverpeak after that again. I understand that right now neither one of these parties has made any official notification of this; I'm anticipating that to come out soon.

Right now, you have a breaking story on CBC, but I have to leave it to these parties to discuss it because we're not a party. That's the difficult part. This is not where we are the owner or the purchaser; we have a vested interest in the results or what comes out of it.

MR. PETTEN: Could be something probably premature but with 500 people thrown out of work during these times, and based on the situation – they’ve been waiting for this new deal to go through – would the province consider, I’ll throw it out there, some kind of assistance to help them?

MR. A. PARSONS: You’ve hit the nail on the head there: premature, because it’s still very new. Again, I will say there’s what’s reported and then there are conversations that our department’s been privy to, which may or may not be the same thing. Just because a certain news outlet reported, it may not make it accurate.

What I would say is that this is an issue that’s been right there since March, basically. There are a lot of conversations that have been happening; it’s been day to day and will continue on, especially now going forward now that the union’s been given some form of notification.

MR. PETTEN: Okay, fair enough.

Minister, I know we’ve talked about this in Question Period, but Terra Nova. I live in CBS and it’s a great tourist attraction, as Charlene Johnson said at the rally, but I look at it; I see it every night. I’ll see it on the way home tonight.

Is there any plan in place or is that just going to stay there for the near future? Is there any consideration given? I know it’s a bigger piece, obviously, but it’s a very important piece to the offshore.

MR. A. PARSONS: Absolutely. Like I said, I think the plan all along had been – we’re still working on the asset life extension.

What I will do is I will give Ted and Craig an opportunity to talk about this as well. You hear what I say, but they’ve also been very involved in these conversations that are going on with Suncor, as well as the other partners. There are a lot of moving parts. I’ll let them have an opportunity to maybe talk about what they can at this point, and then I’ll follow up right after that.

MR. LOMOND: We’re under a non-disclosure agreement with Suncor, but I think in general

terms what we can say is that we’re looking at, with Suncor and the partners, how we can improve project economics and maybe offer some protection in a low-price environment to the company to move forward with the asset life extension.

We’re looking at the recently announced \$320 million and what types of work, what scopes of work could be completed here in Newfoundland and Labrador on that project to either help get the project moved forward or reduce some of the work that might need to be done in Spain, or whatever yard is selected at the end of the day to do the asset life extension. We know that all of the work can’t be done here but we’re wondering if some of the work might be done here.

We are in regular discussions and I don’t think I can go any further than that without getting myself in trouble. Maybe, Craig, if you want to jump in?

MR. MARTIN: There’s not a lot I can add actually, Ted, beyond that.

We’re in discussions with the company, as we are with several of the other operators at this point in time, to see what can be done with respect to the project, to understand what their plans are and what we can do in order to help make their projects look better at this point in time.

MR. PETTEN: Minister, is there any update on Bay du Nord or is that still ...?

MR. A. PARSONS: That’s still a process that’s going through and it’s very hard to speak. It’s funny, when you stand here in Question Period it’s hard, as a politician, to stand up and talk about non-disclosure agreements. It’s not a politically astute answer but the reality is with this process there are non-disclosures in place and the fear of saying something here in the cut and thrust of getting – trying to provide an answer and getting yourself in trouble.

What I can say is I’ve been speaking to them quite regularly, including on weekends speaking with them. They’re going through the same process now. They absolutely recognize the value of that field and the find that is there, but

they have to look within and say we have a number of prospects that are there. Like everybody else, there's even an internal competition on where do we go, what do we want to do.

They face different challenges than say, Husky, than say, Suncor. Each project has its own challenges that it faces in terms of what is the solution that they're asking for. What Equinor may be looking for may be different than the other operators.

Right now, it's still very positive. We know that there's been still a lot of seismic done out there and some drilling done out there. There's a lot of positivity, as just right now everything is – the overhanging factor is that we have fluctuating around \$40 oil and that makes it really tough.

MR. PETTEN: One question that slipped by when the last session – when was the last time the Oil and Gas council met?

MR. A. PARSONS: Was it two Fridays ago? I had a chat with them two Fridays ago; in fact, I had met with the chair of it, I think, a couple of weeks before that. I've been speaking to Bill Fanning quite regularly, now that he's on the task force, as well as Karen Winsor. I think, actually, we're lining up a meeting for Thursday, this week. So it's been pretty hectic with everything going on.

MR. PETTEN: Okay.

Under 3.1.06, under Grants and Subsidies: \$3 million of the \$27 million was transferred in '19-'20. Is that because of the delay in getting the oil corp. up and running?

MR. A. PARSONS: I'll let Tanya or Ted jump on it here, but you're on the right track.

MR. LOMOND: 3.1.06, right?

What you're seeing here is there was \$27 million budgeted for the new Oil and Gas Corporation, but the corporation wasn't formed until January, so it's really only had three months of operations. A lot of the seismic that would have been budgeted, that seismic would have come out of the Nalcor budget at the time, because that's where the existing oil and gas

assets are housed. Part of what you're seeing here, too, is they have different fiscal year-ends. We have our fiscal year-end; their fiscal year-end is different. I think that's what you're seeing there.

In terms of the number, the \$26 million, the bulk of that is seismic. Maybe about \$2 million of that is for resources assessment and maybe another \$1.5 million to \$2 million for geotechnical work.

MR. PETTEN: What about with OilCo? What's the update? Is all staff moved to OilCo now? Is it up and functioning as per plan?

MR. LOMOND: The board is in place and meeting. Decisions are being made. They just did the resource assessment for this year. Very positive. I think we're getting good signals from the market at a time when, as the minister noted, we're in a very depressed oil price and the type of interest we have.

One of the blocks that's up for this year is adjacent to the record-setting block from a few years ago, the one that fetched around \$620 million from Broken Hill Properties, BHP. They have a very similar geology. If anybody wants, we can certainly arrange a presentation and show you some of the geotechnical pieces. It looks almost identical.

MR. PETTEN: Thank you.

MR. A. PARSONS: If I could jump in, I've had, I think, four meetings with OilCo since I've been there now, primarily with Jim Keating. I've met twice with Richard Wright who is, for lack of a better term, the scientist over there, I've met with the head of the board and a few of the others.

What I will say is the offer Ted just made of the geotechnical side, I've gone through the technical briefing with them and they looked at what this year's resource assessment looked like. It's absolutely amazing how they can take something very complex, stuff that I've never seen before, looked at or really understood and they can break it down and make you see what it is.

The value in going from 2-D exploration to 3-D is just amazing. It just completely reduces the odds that these companies have now. When they're bidding on something, it's not a shot in the dark anymore. They're putting in bigger money because they have greater odds of getting the best finds.

Like I say, OilCo is up and running. Hebron Way, I think, is where their new office is.

MR. PETTEN: Thanks.

CHAIR: We'll go to MHA Brown now, given the time has passed for Mr. Petten.

Thank you, Minister, for that response.

MR. BROWN: Thank you, Mr. Chair.

With the increased cost overruns of Muskrat Falls, what kind of effect will that have on the department right now?

MR. A. PARSONS: I'm presuming that's not a line item.

MR. BROWN: No.

MR. A. PARSONS: Okay.

I'll defer to Ted on that. He can start off. I don't know if it's on the department per se, as it's going to be on everything else as well.

MR. LOMOND: Like everything else, Craig will jump in to correct me when I'm wrong. There's no money budgeted for equity for this year for Muskrat Falls. We're reaching the end of the project, we hope.

Myself and Craig both sit on the Muskrat Falls Oversight Committee, so we get fairly regular reports on what's happening. We have an opportunity to challenge – that's what I see us as having, as sort of a challenge function in terms of looking at some of the presentations that are made to us.

We could talk about general economic impacts in terms of what it means in terms of provincial debt or deficit or even public confidence, but the project itself, there's no equity required for this year.

MR. BROWN: Okay, perfect.

With the incoming Muskrat Falls Project, is anything else required to keep Holyrood going at this time, whereas the first power is still delayed even further again? Is there going to be any requirement from the department here?

MR. A. PARSONS: I'll let Ted start off.

MR. LOMOND: Holyrood is extended. I think we need to get two seasons of operation with the power coming across the LIL. We don't want another blackout in the middle of winter type of thing; we want to make sure that the system is tested on a full load.

There's another part at play here as well, which I mentioned earlier. It's the resource reliability study before the Public Utilities Board. The Public Utilities Board has a role in terms of making sure there's sufficient backup power, that in the event of an outage on the LIL that we're serviced. That's sort of a bit of an unknown at this point in time, but we do know that the project – and that's already been announced by Newfoundland and Labrador Hydro – has been pushed out to allow for that testing of the power when it comes in.

MR. BROWN: With this, too, what's going on inside the department with the Atlantic Loop?

MR. A. PARSONS: Well, I can start off on that and then I'll toss it over to the DM who's been a part of conversations. The first thing is that the concept itself – and we've had some scuttlebutt here in the House about who's in the loop and who's not in the loop and all that good stuff. The reality is that the concept is not a new one; the concept is one that's been discussed for some time. It's just, honest to God, when you hear the term Atlantic Loop that was new to me – the term Atlantic Loop.

MR. BROWN: Yeah, we've had different names for it.

MR. A. PARSONS: In my mandate letter you'll see there that I've been tasked with continuing on with the clean energy road map, so that's something that's going to continue on. Again, I haven't had an opportunity to have a full FPT

with everybody but, more importantly, an Atlantic province FPT when it comes to that.

The big thing to me is that you actually have the federal government backstopping it now. The other reality is we're going to have to continue on negotiations – not even negotiations, that's the wrong word – discussions with Quebec. I think that the previous premier did a good job of having those conversations. I know Premier Legault was down here and met with the Atlantic premiers, I think it was last year.

It's funny, the minute you mention Quebec – it's not funny, it's just more anecdotal. We talk about the Atlantic Loop and I had people messaging me on my Facebook calling me a traitor, the fact that we were even having a conversation with Quebec. I know this particular person doesn't have a clue what they're talking about, but that's just some of those skeletons that we still have from the past that we carry with us.

I'll let Ted, maybe, get into a little more detail. There's work going on but right now the big thing is the big project up in Labrador, just getting it past the finish line now that we have the update from Mr. Marshall.

MR. LOMOND: The clean energy road map, as the minister pointed out, has been on the go for some time. The term Atlantic Loop has been used sometimes at committee level, but it wasn't really made popular until the federal announcement there a little while ago.

There have been a couple of small intertie projects done. I think there's one done between Nova Scotia and New Brunswick and another done between New Brunswick and Quebec. It's about improving transmission capabilities.

I think what's appealing for us right now, in terms of the way the Atlantic Loop is currently conceptualized, is we're not just talking about transmission, we're also linking it to generation in the sense that we're looking at trying to knock out the coal plants in Nova Scotia. There's one heavy oil plant in New Brunswick, in particular, that's a fairly heavy consumer. If there was a way to knock out both of those plants with renewable energy, the carbon footprint,

obviously, for the region goes down considerably.

I think that's probably about as much as I can say right now. There was an interim report put out about two weeks ago, maybe, on one of the studies and the final study should be out fairly soon.

MR. BROWN: Okay. Thank you so much.

Are there any updated conversations about Gull Island, seeing as the loop is being discussed now?

MR. A. PARSONS: I can say that I haven't had a conversation on that since the Atlantic Loop has not been a topic that I've discussed with other provinces.

MR. BROWN: Okay. Perfect.

The LIL, is it currently importing power from Labrador to the Island right now?

MR. LOMOND: As we know, we have had first power, but I wouldn't know today if it's still generating power. There are still a lot of system tests being done and whether or not that's – it's a bipole system, so it depends on what your definition would ...

MR. BROWN: Yes, just for context; I know last year I think they sent so many hundred megawatts or something that it could take without the software. I was just curious if it's being utilized at all at this current time.

MR. LOMOND: I'd have to take it back under advisement. I don't want to give a wrong answer. I know that they've been able to do it and there has been some improvement, but, as you know, we've had a number of software issues with this project and those software issues remain.

MR. BROWN: Okay.

The synchronous condensers at Soldiers Pond, have any of them passed any of their testing yet?

MR. LOMOND: I might have to defer to Craig on this, but, as you know, in terms of Soldiers Pond, with the synchronous condensers, there is

an issue with vibration. I think that's been in the Muskrat Falls Oversight Committee report.

I'm not an engineer, so all I can describe it as: It's like having a giant dryer. If anyone's ever seen a dryer bouncing around in their basement because they had something in it that wasn't quite level, I think we're getting something like that on a much bigger scale. There is a vibration in the units. They are looking at how to address that. They think they have a solution and they've been trying it at various speeds and for various other work. That problem is not addressed, no.

MR. BROWN: Okay.

With the federal government, where have we been with the rate mitigation plan?

MR. A. PARSONS: Yes, I can jump in here and just say that I can speak about my time here, about what's happened since then. Again, that's going to be a very short answer.

What we've done, obviously, is we've had rate mitigation conversations, and they've involved right up into the prime minister's office, because he's even referenced it himself here when he spoke to the media. What we've done is we have a committee. They're coming big, we'll say. They have people talking about this, so that's why we've taken somebody like Brendan Paddick, who has a pretty decent résumé when it comes to striking fairly significant deals, and this is a pretty significant thing when we talk about rate mitigation. That work continues on.

He has a combination of people from Nalcor, people from government, whether it's our department or you name it. He's in charge of this going forward.

I haven't had a recent report; we perhaps chatted a couple of weeks ago, I think. The work continues on but it's an ongoing process, obviously.

MR. BROWN: Under 3.1.08, Energy Initiatives, is that a sunset program?

MR. A. PARSONS: I think, if I'm correct, the last payment there you saw of \$379 million would have been the last payment for Nalcor equity requirements.

MR. BROWN: That's the end of it.

MR. A. PARSONS: Yeah.

MR. BROWN: So we won't see this in the next (inaudible). Okay, very good.

That's the end of my questions there.

CHAIR: Mr. Brown, thank you for your questions.

Before I go to Mr. Petten, I just ask – we've been here for 90 minutes – if the Committee Members would like to take a 10-minute break right now and then we'll reconvene and come back to Mr. Petten to ask questions.

MR. A. PARSONS: Thank you, Mr. Chair.

CHAIR: We'll come back at 7:40.

Recess

CHAIR: We're back.

I'm going to turn things over to Mr. Petten for questioning in section 3.1.01 to 3.1.08.

MR. PETTEN: Thank you, Mr. Chair.

Minister, there's been rumblings the province is going to be without a drill rig. If we have a blowout, what precautions are in place? It's a concern. There's no one saying we're not going to be without one. Is there any update you can provide on that?

MR. A. PARSONS: I will defer to Ted or Craig on that one because a blowout is not one I've had a briefing on in terms of offshore safety we'll say. That being said, we'll see what kind of answer we can provide.

MR. LOMOND: I'm not sure I can add too much to it. We have rigs here now. There's a concern that some of those rigs may leave. The campaign – I'm not sure if it was Equinor's rig back in or if they're still doing side drilling.

OFFICIAL: They're still doing it.

MR. LOMOND: They're still doing side drilling so that one is still available right now.

The drilling season is almost over for the year, as you know. We have a rig currently at – I believe, D.F. Barnes has one they're doing some work on now at Bull Arm still, is that correct? Maybe not. I'll have to go and bring that back to you. I'm not sure what rig is getting serviced now.

MR. PETTEN: It's a real concern; it's out there, so I appreciate that.

Where are we with natural gas, Minister? Are there any plans in development?

MR. A. PARSONS: Certainly what I can say is it's a conversation, I think, that's worth having when you just see the numbers that were released by the resource assessment. We know the size of the pool that we have out there, when you talk to people in the industry, talking about the potential there. I don't think it's easy.

I know we've had some conversations with people that are interested proponents. There has been lots of interest in different areas, people that would like to discuss it. I read about a news story yesterday, but I heard about it some time ago, the new proposed LNG building over in – I think it's Goldboro over in Nova Scotia who will be bringing in, I understand, LNG from Alberta.

There are a lot of different possibilities but there are still some obstacles there. That's one of the – when we talk about the green side, as well, I know the federal minister has talked about it. I'll defer to Craig now to maybe talk about some of what he knows about it.

MR. MARTIN: Under *Advance 2030* one of the items noted is natural gas; it's an opportunity here in the offshore area. We are actually working on a natural gas royalty at this point in time, looking at options there with respect to that particular piece in terms of moving forward.

One of the challenges with natural gas in the offshore right now is unlike when we look at some of the projects out there where you have a commercial group that owns a project that is potentially commercially viable, the natural gas that's in play right now in the offshore is existing within existing projects. So you would have different interests out there in terms of

ownership interests. The other big thing is they're utilizing a lot of that gas at this point in time as well for their well injection programs and such.

There's still work ongoing there. There's still work looking at what our development opportunities are but there's no single proponent there right now with a plan in place to actually develop natural gas on a commercial basis.

MR. PETTEN: But there's interest from the industry?

MR. MARTIN: There is.

MR. PETTEN: I'm going to go to 3.1.05 and I think that might be it. I have a few more questions under the Innovation and Business Development Fund.

Last year, there was only \$2.6 million distributed. Is the remaining funding being brought forward to '20-'21?

MR. A. PARSONS: I'm going to take another stab at this one. Usually the \$6 million you see there in '20-'21 is the money we get from Husky from an arrangement that we have with them over, I think it's a 10-year period of time – \$6 million per year.

The extra \$3 million that you saw there in the budget, I think that came from Hibernia. That's an anomaly, not something, I think, that comes forward; again, I look to Tanya there. The plan is that unspent funds will be carried forward to future years of the program.

I'll leave it to Tanya now maybe to talk a bit more about that Hibernia money.

MS. NOSEWORTHY: Actually, it should probably be Craig. Craig, do you want to speak to Hibernia?

MR. MARTIN: What we're looking at here is that year was an anomaly, as indicated. There was the \$6 million there, the base budget, from the Husky fund. The other portion was \$3 million from a Hibernia settlement at that point in time. As you noted, \$2.685 million of it was expended during the year and the remaining

amount would have to be looked at for the out years.

MR. PETTEN: In '18-'19 there's also grant funding at the end of the year. Is there a challenge getting this funding out the door?

MR. A. PARSONS: I don't know if the word I would use is "challenge." At the end of the day it's not 100 per cent contingent on government in that we can shove the money out the door, but we want to ensure that we get the best follow-up on those funds; we want to make the best investment that we can.

I'm sure there are lots of proponents out there that would easily take the money, but when you have limited funds – and when you think about it, \$6 million a year in that fund – there's a great need. We could use the funds for everything. That's the difficult part, is making sure you assess them properly. You don't want to toss it out there and then you get nothing back in return or it goes sideways, because then you get accused of just throwing money at it.

That's what I would say there. I'm sure that other people here could talk about some of the challenge, per se, that you use. I don't know if that's the right word. I don't know if anybody else wanted to jump in and follow up on that.

MR. MARTIN: We're not going to have any problem moving that money this year. We have a lot of interest in the program.

What you do find is that some of the projects are approved in a given year, but because of the scale of some of the projects – these projects, when you look at them, there was a million dollars for the Holyrood Marine Base; there's a million dollars for Kraken Robotics. Some of those projects are fairly big dollars so it's not uncommon for them to expand more than one year. Actually, you'll see some will be carried over into the next year, but we have projects lined up for this year.

MR. PETTEN: I'll ask three questions in one, I guess. Basically, I'm wondering: Who received the grants in 2019-2020, how many applications were received and what's the selection criteria? It's basically an overview of the full – how it comes in the door to eventually get out.

MR. LOMOND: Well, we just recently, as you know, formed a new department. It was actually interesting because prior to this what would happen is applications would come into our department, what would have been the old Natural Resources Department. They would have been referred to Tourism, Culture, Industry and Innovation for assessment and they would have done the business analysis on those. Now, we have it all in the one shop.

The process is the applications could come in through – industry sometimes unsolicited will hear about a program; sometimes an economic development officer, as part of their business counselling working with a client; sometimes some of our outreach sessions that we would do with Noia or the Canadian Association of Petroleum Producers, someone like that would become aware of the program and the application would come in.

In terms of projects that we have approved, we did one with Petroleum Research Newfoundland and Labrador on enabling subsea tiebacks; one with the Environmental Industry Association, a small one, \$30,000 to \$40,000; Scanmudring – I can never get that one right. That's the Grand Banks demonstration project, \$500,000. I think that's where they're basically looking at using equipment to do some subsea trenching – all very interesting stuff.

The projects for the most part get fairly good leverage. If you look at, say, the Kraken Robotics project, for example, total project costs were \$2.2 million or \$2.3 million, we were in – so we we're in for less than 50 per cent on those projects usually. Some we get much greater leverage, depending on who the partners are.

In terms of this year, there are a number of projects in the hopper and I would suspect that we'll start to get some announcements fairly soon.

MR. PETTEN: Thank you very much.

I'm good, Mr. Chair.

CHAIR: Mr. Brown.

MR. BROWN: Subhead 3.1.07: \$111 million that was dropped, that was the equity stake in Equinor, where did that go after it was dropped?

MR. LOMOND: The \$111 million that you see in the budget, that was actually for us for the – as you can see the appropriations for the Oil and Gas Corporation Newfoundland and Labrador, that was actually to buy into the Bay du Nord Project. Bay du Nord is not going to get sanctioned this fiscal year so we didn't need to put money in the budget for this fiscal year.

What you're seeing here now in the \$1 million that is there and the \$922,000 numbers, what you're basically seeing there is some capital improvements at Bull Arm. There are a couple of roof repairs; a couple of other thing in there. As well, there are some work stations and software in that number.

What you'll see is that as you get through – hopefully when we go through DG2 next, when we start seeing that we're getting closer to Bay du Nord – you'll see that money come back in for the equity purchase of Bay du Nord.

MR. BROWN: So it's sitting under someone's mattress right now, waiting.

That is the end of my questions for that there.

CHAIR: Mr. Lane?

MR. LANE: Thank you, Mr. Chair.

Before I get into some of the natural resources stuff, I guess, the former TCII piece that was just referenced there about grants and so on to different businesses; just something I raised last year with the former minister, I don't think there was any movement. I'm pretty sure there wasn't, but in Nova Scotia, I guess in the name of public transparency and accountability, Nova Scotia actually has a piece of legislation. I can't remember it off the top of my head, but they have a piece of legislation whereby any grants and money that goes out to companies, for any kind of projects, there is a requirement that it has to be proactively disclosed.

You can actually go on Nova Scotia's website and you'll see all the grants that have been given to any companies and it is there in a spreadsheet

for anybody to see, then there are updates that are required to be given every quarter or whatever it is to show what has been done with the money: Was it spent the way it was supposed to be spent? Where are they with the funding and all this kind of stuff?

It actually goes right under an act, the act is only small, it's probably only a couple of pages long, the actual act itself, which I don't remember the name, but it's something that I would ask, Minister, that you consider.

Like I say, it looks like a good idea to me in terms of proactive disclosure so people know all this money that's being – quote, unquote – invested in private businesses.

MR. A. PARSONS: When you say proactive, what's the time period?

MR. LANE: My understanding, Minister, it's like if a grant was awarded, like your deputy minister said there's going to be bunch coming, right?

MR. A. PARSONS: Yes.

MR. LANE: So once they're awarded, it goes on this website and it will show they were awarded; what it was for, what the project was about, what fund the money came out of, how much money and so on. Then there's a requirement, periodically, to update that. So six months goes by and there might be an update to say: Have they spent the money yet? Have they spent a portion of it? What did they spend it on?

What I mean by proactive disclosure, I don't need to put in an ATIPP or wonder. I know, arguably, when the announcement is made – I think at the time when I raised this before the answer was: Well, we'll do an announcement so everyone knows. Yeah, we know that you gave someone some money but then what happened to it? In the case of Nova Scotia, it's all right there for the whole world to see.

MR. A. PARSONS: I'll just jump in and say I don't know what work has been done within the department. I'm sure there's probably some research or analysis that has been done. Your idea, on its face, sounds legit. It sounds valid.

That's something I'm absolutely open to looking at to see – obviously, I can't commit to it.

MR. LANE: No, I understand.

MR. A. PARSONS: Maybe there's some kind of pitfall I'm not aware of.

It looks like Judith really wants to talk, so I'm going to turn it over to her.

MS. HEARN: I just wanted to add that, in fact, TCII did proactively disclose grants, so they were posted. I believe we're doing that quarterly now. Certainly, Minister, that would be something – that's learning that we would share with the new department and we could look at that.

MR. A. PARSONS: Yeah, I started doing that.

MR. LANE: Okay, it would be nice.

When we say proactively disclose, anyone can just click on the website and there it is just like in a spreadsheet form as they're doing in Nova Scotia?

MS. HEARN: Yes. In fact, rather than have a piece of legislation, to proactively disclose is seen as a more forward-looking (inaudible) thing to do, so that was the decision made within the department.

MR. LANE: Okay. Thank you, former minister.

I'm just wondering, when we talk about Bull Arm, just as an example, when we're having these oil projects – and I don't know if this is something that could be attached to this federal money or not. I'm just wondering. The deputy minister made a comment when asked about the rig up in CBS, I believe, which would be Terra Nova and said: Hopefully some of it, the work could be done here; we know it all can't be done here and so on.

I'm just trying to understand. We hear that all the time and lots of work goes down in the States, down in Texas or it goes to some other country. What are we doing – or are we doing enough, if I can put it that way – whether it be through the agreements that we strike with the

oil companies or even other initiatives, to create more capacity?

Sometimes you hear: We're not capable of doing these bigger jobs; we don't have the capacity; Bull Arm is not big enough. Or they were talking about the gates at one time in Placentia, was it, or Argentia. I've heard, I think, down in Marystown in the past they talk about a graving dock and so on; if we had a graving dock we could be doing more.

I'm just wondering, around all these things and when it comes to the projects, what are we doing in terms of infrastructure here in Newfoundland so that we take away that excuse of we don't have capacity to do stuff here.

MR. A. PARSONS: When we talk about Bull Arm specifically – and I'll be honest with you, I don't doubt what you're saying; it's just not something I've heard a whole lot of yet. It's been other issues that I've been faced with. I have a few points that I jotted there when you were asking your question.

When it comes to Bull Arm, I know there have been some agreements there with DF Barnes to do some work there on the site; in fact, they can house two rigs simultaneously there now. They're able to accommodate that. They've worked with Transocean to improve the berthage capacity and they're actually working on power arrangements there as well. There are actually some talks about other things that they want to do.

Again, when it comes to the work itself, and when we talk about the Terra Nova, a lot of that comes down to it's a commercial decision. It's a decision that's been made by these companies on not just the availability of the work – some of it can be done here; some of it can't – these are commercial decisions that are made by the operators and fall within the benefits agreements that are there. That's always going to be a negotiation that happens. There are different ones for each operation.

What I will say – I guess the fellow sat behind you has done some talking about this recently too – when we talk about doing the work here and not elsewhere, that's a tough thing. We want as much work done in Newfoundland and

Labrador as possible when we talk about – I know it's a bit different – people coming here. We have a lot of people that have been going away and go away for work on a regular basis. We have to be careful with the isolationist part.

Coming back to this, I haven't heard the capacity being an issue as much right now, or physical capacity. It's not been something brought to me, but I don't if Ted or Craig have anything to jump in on there.

MR. LOMOND: Maybe I'll jump in first. At Bull Arm right now, actually – and this is in relation to the previous question MHA Petten asked. Transocean is offshore right now, but the sea drill West Aquarius and Transocean Henry Goodrich are both at Bull Arm. I think they were both getting thruster swap outs and some other work done.

In the case of the work that can happen in Bull Arm, we can comfortably do fabric maintenance work. We can easily do fabric maintenance work on Terra Nova in Bull Arm. That's not an issue. What we're looking at, though, in terms of asset life extension, this asset has reached its end of productive life. It has to go through a complete overhaul to satisfy not just the C-NLOPB, but usually Lloyd's Register would be the certifying authority they need to satisfy.

We don't have anything in this province or anywhere – I don't think there's anything, certainly not in Canada – that can get this thing out of the water. This is a big vessel so certain types of work can't be done here. This particular asset would be in Spain getting overhauled right now if it was not for COVID. The plan was to get this thing over there but Spain got hit heavy with COVID. Their risk analysis people said they couldn't risk putting the vessel there. They're not even sure what the timing is. They even hired an epidemiologist as part of the review team.

I think what I'll do is maybe just defer to Craig on some of the specifics. Again, we can do a lot of the work here and where we can do the work here and we're competitive and we economically push hard, some of this work we just don't have – and to build the type of infrastructure we'd be talking about for a one-off project, just the economics aren't there.

MR. MARTIN: Just to build on a little bit more from what Ted was saying there then, some things with the Terra Nova, when we look at it, like he said, things like fabric maintenance and that, that can be done here at the end of the day. That's the nature of work where we should be competitive and work can be done here.

Things like – I'll give an example – the thruster fit out, we've heard that we could potentially remove the thruster here and it could be done out there, but part of the challenge with that comes down to the efficiency of it. Removing the thruster when it's in dry dock where it can actually just be removed, versus having to go down through the vessel into those types of things, it become a question of efficiency and costing that has to be considered by the companies as well.

Those are some of the challenges when you look at what can and can't be done as it comes down to efficiencies.

CHAIR: Thank you, Mr. Martin.

Mr. Lane, your time has expired. I'm going to Mr. Petten; he's indicated that he has further questions.

MR. PETTEN: I just have one; again I'm missing questions. So apologies, there's stuff everywhere.

Petroleum Research Newfoundland and Labrador facilitates the funds in research on behalf of the oil industry. Has their budget or funds available been negatively impacted because of the downturn in the oil industry?

MR. A. PARSONS: If I could just ask what line or what section?

MR. PETTEN: I'm just going through the questions. I don't have it under a line. I just put it in questions. It was the Petroleum Research council. I think it's back in section (inaudible).

MR. A. PARSONS: Jump in Ted.

MR. LOMOND: I don't think the Petroleum Research Newfoundland and Labrador budget is reflected in our Estimates because it's privately funded through the oil and gas operators.

The PRNL is going through restructuring. As you know, they just did a change in the CEO level. They're in the middle of a restructuring effort where there have been a number of consultations with industry.

They're redefining their priorities and there's no doubt – and I have to be careful because I sit on the board as an observer of PRNL – but I don't think it's any secret, without getting into specific numbers, that most of these companies are facing significant capital constraints. It's been talked about in the media. Most operators you've seen have had their – you've seen truncated exploration programs, you've seen maintenance deferred, you've all sorts of things right across the globe like that, and R & D would be the same.

They are looking at ways of getting the best bang for the buck, and where they can defer money, the companies will want to defer money.

MR. PETTEN: Difficult times for the industry.

Yeah, thanks. That's fine.

CHAIR: Mr. Brown, do you have any further questions under this category?

MR. BROWN: (Inaudible.)

CHAIR: Mr. Lane, further questions?

MR. LANE: I just had a question about Gull Island. I know it was raised but I'm just wondering, Minister, you indicated that you haven't spoken to anyone about Gull Island, but your deputy minister, when he was talking about the Atlantic Loop and so on and talking about the coal-fired generators and so on in the other Atlantic Provinces, that's going to require significant power, I would think, more significant than what we're going to get out of Muskrat Falls, I'm guessing – I'm not expert on this. I would think, it would only make sense to me that Gull Island should be part of this whole equation.

So you may not have had any conversations; have any of your officials had any conversations about the possibility of Gull Island and some kind of deal with Quebec and the federal government and so on?

MR. A. PARSONS: I'll let them jump in.

What I will say is that it's always been impressed upon me the value of the hydro assets that we have here. If we're going to go forward with this Atlantic co-operation, which also brings Quebec in there as well – Gull Island has been discussed for years and years and years. I haven't had that and nor do I think there's been any significant or ongoing discussions.

For the sake of clarity, I can let Ted or anybody else talk about what they discussed prior to me getting there.

MR. LOMOND: No, there have been no discussions on our part specific to Gull Island; however, I think Gull Island is probably around 2,200, 2,250 megawatts potential. It's likely, I would think, that as part of any studies that are underway as part of the Atlantic Loop, that any consultant that's looking at that is going to pass some comment in terms of whether or not they feel that energy may be needed at some point in the future.

I don't know if there's been any discussion down at a working level, but there's certainly been no high-level discussions around or any projects plans to develop Gull Island, anything like that.

MR. LANE: Has there been any discussion on an early renegotiation of the Upper Churchill to help get us out of the Muskrat Falls mess?

MR. A. PARSONS: No.

MR. LANE: No? Okay.

I had a question about Nalcor. Given the fact that Muskrat Falls is winding down and now we have Nalcor which has – we have OilCo, so that's removed from Nalcor. Muskrat is winding down; we still have Newfoundland and Labrador Hydro. It seems like a lot of duplication to me.

Are there any plans on either consolidating or just scrapping Nalcor and having Newfoundland Hydro, or scrapping Newfoundland Hydro and put it all under Nalcor? Is there any ...?

MR. A. PARSONS: I would say that there's been no big discussion on that as of yet. All the

emphasis in the time that I've been there has been on getting Muskrat over the finish line, which, again, when you look at the percentages, we're close to 99 per cent completed on certain parts of it, but there are still some pretty big heavy things left to get done. I think to discuss it right now at this crucial stage would be an issue.

What happens in the future when we get that done and the reliability is there and we have the power being transmitted, that's a whole other story. Who knows where that conversation would go.

I don't think it's a bad idea when it comes to any of these entities to re-examine them every once in a while. Over the years, we've gone from having multiple health boards to having them talk about – and school boards. That's the same thing. Whenever you get into bureaucracy and governance it's never a bad idea to look inward to see if you can productively make things better.

MR. LANE: Yes, thank you. I understand where you're coming from on the timing, I do.

Nalcor – are they still receiving corporate bonuses? That was supposed to be scrapped. Then I thought I heard that a former minister was going to scrap it. He came in here in the House of Assembly and said I'm going to scrap it. But did that actually happen or are the corporate bonuses still on the executive at Nalcor? Does anyone know?

MR. A. PARSONS: I'm not aware. That's not a conversation that I've had. I'm not sure who said they were going to scrap it. Was that the previous minister here?

MR. LANE: I think it was a previous administration, actually, at the time.

MR. A. PARSONS: Oh, yeah?

MR. LANE: They were going to scrap the bonuses, but I'm just wondering if that – something tells me it never happened. I'm just wondering if that's still happening.

MR. A. PARSONS: I'm not aware that –

MR. LANE: People have asked me.

MR. A. PARSONS: No, no, fair ball. It's a fair question to ask.

I'm not aware of it. I haven't heard anything of it recently. It's not been something that's come up. We can check into that.

MR. LANE: Oh, absolutely. I would love for you to.

MR. A. PARSONS: Instead of me sitting here blabbering on, we can report back to you on that one.

MR. LANE: I would appreciate that.

My last point on Nalcor and then I'm done, I'm just wondering, we saw what happened with the Muskrat Falls inquiry and those who were involved at high levels. It is what it is; we know where we are. Have there been any actions taken – well, I know a couple of people have retired. Because of contracts they retired and just moved on as if nothing happened. There are still people involved at the highest levels who were involved and they're still there.

Where does that stand? I guess they just retire into the sunset, too, at some point. Is that the idea, once the project is done?

MR. A. PARSONS: I would say a couple things: number one, with the inquiry we've accepted all the recommendations in principle, those are being acted upon now; number two, keeping in mind what I've discussed earlier about trying to get this over the finish line without collapsing it always factors in; and number three, the report is gone to the RNC for a criminal investigation. I can tell you that a civil review of what happened is actively ongoing in the Department of Justice.

MR. LANE: Okay. I'm glad to hear that.

Thank you. I'm done.

CHAIR: Shall clause 3.1.01 to 3.1.08 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, ‘nay.’

Carried.

On motion, subheads 3.1.01 through 3.1.08 carried.

CLERK: Business and Innovation, 4.1.01 to 4.3.01 inclusive.

CHAIR: Now we will discuss 4.1.01 to 4.3.01 inclusive.

Mr. Petten.

MR. PETTEN: Thank you, Mr. Chair.

Under 4.1.01, Professional Services, I guess I’ll simplify it: The \$241,000 in savings – how was that achieved?

MR. A. PARSONS: That’s Professional. I’m just making sure I’m on the right line.

MR. PETTEN: Yeah, Professional Services.

MR. A. PARSONS: That went from \$288,000 to \$46,000?

MR. PETTEN: Yes.

MR. A. PARSONS: That was a variance due to lower than anticipated trade missions, trade shows and client sites. The same thing as previous.

MR. PETTEN: Okay, fair enough.

Purchased Services, the same thing?

MR. A. PARSONS: Same thing, yes. Same absolute reason.

MR. PETTEN: Grants and Subsidies: What are these Grants and Subsidies? Who receives them?

MR. A. PARSONS: I’m going to go straight to Tanya on that one. It is industry partner contributions?

Or Judith; sorry, went to the wrong side.

MS. HEARN: Yes, for the Grants and Subsidies in Accelerated Growth, that covers a number of

things, even previously in the Professional Services and Purchased Services. That refers to the ATIGA – Atlantic Trade and Investment Growth Agreement. \$200,000 every year goes into that agreement and that’s Newfoundland and Labrador’s contribution.

As well as that contribution, you’d see things like the SEUS – Southeastern US-Canadian Provinces Alliance. You would see international student sponsorship. You’d see APEC contribution and Canada China Business Council annual contribution. It would be a whole number of different partnerships that really further our internationalization efforts on trade and investment.

MR. PETTEN: Okay.

Under the revenue, \$300,000 federal revenue is deferred. Any details as to why?

MR. A. PARSONS: I think that was due to the trade missions that did not happen; they would’ve been paid to go. We’re anticipating, hopefully, a trade mission happens this year. I’ll go to Judith on that.

MS. HEARN: The \$300,000 is actually – the revenue line is from the federal government. Generally what happens is in the Professional Services and in the Purchased Services lines you’ll see us spend money, and then you’ll see the revenue line come in from the federal government that offsets that spending. It’s their contribution to the agreement.

This year, Newfoundland and Labrador led fewer missions and, as a result, revenue was less. The expectation is that there is some revenue that is going to come in the next fiscal. The federal government took some time to get that in so it will be reflected in next year’s numbers. Certainly, you can see the balance, that \$150,000 in Purchased Services, \$150,000 in Professional Services, offset by revenue of \$300,000. When we spend, they pay us back.

MR. PETTEN: Trades missions are not cheap. I’m learning that quickly here.

4.1.02, the Investment Attraction Fund: This is an \$8-million per year fund. Last year, it was only \$1.9 million spent. Basically, why? Was

there a challenge in awarding funding or – you're on a roll.

MS. HEARN: This really is our Investment Attraction Fund and it varies from year to year. You can see the two venture capital funds that the province has invested in are reflected in this line. These are complex deals so you can't predict those. You have to budget for them but you can't predict when that's going to happen. Those are both five-year deals.

As well, this is the line that allows for us to do investment in significant projects that are coming into the province. Usually they'd be tied specifically to commitments that companies are making when they're establishing in the province for the first time. We use that money for specific projects that come forward that require an investment to get cooking on the ground.

You might be familiar with Quorum Technologies, for example, which is a company for cars. It does software systems. They had a presence in Calgary. They really liked the customer service and the capabilities in Newfoundland and Labrador. They've largely moved their head office functions to Newfoundland and Labrador and we were able to assist them with some loans through this fund.

Those deals are really company-driven. We have to budget for them, we have to be prepared for loans and equity investments, but it is not something that can be precise.

MR. PETTEN: Okay, thank you.

4.2.01, Purchased Services savings – I'm going to answer my own question. It's under Business Analysis. Does that have anything to do with cancellation or – there's a savings of \$496,000 this year. I guess my question is: Why is there a savings?

MS. HEARN: That Purchased Services line is down because it's specifically to support investment attraction approaches. When that money came into our budget, we worked internally across government to look at what was required for specific projects. Rather than spend that money before we were ready to identify those projects, we've been prudent about that. It's in this year's budget.

There's been a significant shift with IET being created, that allows a lot more synergy in terms of looking at specific projects that we can promote from an investment attraction perspective. It's anticipated that money will be used this year to look at things like oceans, for example, and how we can better promote and attract investment in oceans, including the blue economy, so whether it's oil and gas or aquaculture, or any number of ocean technology industries, we'll be able to do that.

Earlier, you heard the minister and deputy talk about the marketing functions being realigned. By bringing IET together we're able to bring investment attraction together in this department as well, so we can use that money.

MR. PETTEN: Okay, thanks.

Grants and Subsidies: Could you provide some information regarding the grant line item?

MS. HEARN: Yes, that line is specifically for the EDGE program. We have to budget each year for EDGE clients that come forward.

MR. PETTEN: Okay. One more, I think.

Under 4.3.01, Innovation and Business Investment: Could you provide a list of how this grant money was distributed and used?

MS. HEARN: Yes. In fact, you'll see, as MHA Lane had brought forward earlier, that we actually post –

MR. PETTEN: It's in there too, is it?

MS. HEARN: – proactive disclosure on funds that are released, but certainly you can see some really exciting investments done by the Innovation and Business Investment Corporation.

MR. PETTEN: Thank you very much.

Thank you, Mr. Chair.

CHAIR: Thank you, Mr. Petten.

Mr. Brown, it's your time for questions under this section.

MR. BROWN: Right now, it seems that my hon. colleague has asked all the questions I did have mostly for that. He asked all the questions I had for that one.

Thank you.

CHAIR: Mr. Lane, do you have questions under 4.1 to –

MR. LANE: I'm just wondering in terms of investment, trade shows and the like, I know you participate in conferences and trade shows around minerals, oil, obviously, OTC and others, which is all good. One of the industries where I think it's been identified that there's an awful lot of opportunity is in IT, because the disadvantages – sometimes it could be advantages, but a lot of times in our case the disadvantages of geography are not an issue when it comes to IT, because you can do something here in the click of a button and send it all around the world. So that's somewhere where, obviously, we could really compete and grow.

I know there are a number of very successful ventures in Mount Pearl, in Donovan's business park and in other areas and so on. It's fantastic to see. I would think we could do a lot more.

So I'm just wondering what, if anything, are we doing to promote IT, whether it be trade shows, conferences or any other initiatives we're taking to try to grow that industry, because I think it's a real opportunity.

MR. A. PARSONS: So maybe what I can do is I can start off, but I will give Judith and Gillian an opportunity to chime in. They obviously are far more versed in it than I am. I can only talk about what I've seen in the last 45 days. I think I've seen enough to echo what you've said.

What I've done since I've been there is I've reached out to the NATIs and the NEIAs and these groups to talk about: What are we doing? What's going well? What do we need to do? You're right, there's a ton of opportunity, but we do have some challenges that are facing us.

So we do have some stuff that's in the works, and I will say that: (a) the combination of this into the department is one thing where there's a

lot of opportunity with previously existing natural resources to have the tech sector come in, especially when we come to reducing the carbon emissions, when we talk about greening that industry, which is already pretty good. That's one. The second part is, the Premier has made quite clear to me, this is one where we can grow, we have to grow.

Again, we've done stuff where we've had investment business attraction funds, we have the IBIC board, which is filled by these really smart entrepreneurs who are saying: Where can invest and how do we invest? We have the success stories that you've mentioned.

One of the biggest issues we have is we don't have the talent pipeline yet, which we need to create. So one of the things we're going to be doing is working within the education system. We need to reach out to kids and we need to reach out to those in high school that are going in to post-secondary. We need to reach out to those in post-secondary and talk to the post-secondary institutions where people have traditionally gone in x, y, z route of certain professions. We need to steer them to these new routes where there's huge opportunity. The jobs aren't being created because they don't have the people to put in the job and there's a huge competition for this.

Judith and Gillian can talk about what are the opportunities for the on-site trade missions and this and that, but so far I've stuck myself with the industry associations who've made quite clear to us, these are the things you need to work on.

We've got stories out there, too, why can't we look at Silicon Valley and see where that started. That started off with a combination between entrepreneurs, business and higher education. So we've got the higher education part here, we've got the entrepreneurs here, but little things like the innovation part. There's a lot happening, it's just trying to harness that and put it in the right direction.

What I'll do is I'll shut up and –

MR. LANE: And accelerate it.

MR. A. PARSONS: We have to accelerate, there's no choice. That's where there's a lot of excitement but it's not – I've talked about this in Justice before, this is something that the people around me get sick of me saying, but I'd say if you're in Justice, a lot of the issues you're facing aren't Justice issues. They're failures in the health care system or failures in the education system or everything else is tied in. We get that.

Right now, I wouldn't say it's failures, but we need to partner with the Department of Education because they need to play a role in that. Whenever you creep outside your own silo, your own portfolio, that gets difficult because you just have to work with someone else. Not that they're not willing to do that.

In Justice over the last five years, we've made great inroads with Health and Education and former Advanced Education. The same thing here, we've got to make some inroads there. There's a lot of stuff that can happen.

Anyways, I'll toss it over to Judith and Gillian to see if they want to expand on that maybe.

MS. SKINNER: I think Minister Parsons has captured very well the opportunity with the tech sector like you've asked about. Also, we've been working closely with industry and across multiple departments and Immigration, Skills and Labour is another example.

Looking at the tech sector as the tech sector, but it crosses all sectors and the whole idea of digitalization and what we're seeing in fisheries and aquaculture, oil and gas and multiple industries is around digitalization linked, obviously, to what's happening in the tech sector. It's not a secret that you're hearing a lot about the innovation system in Newfoundland and Labrador.

When you listen to entrepreneurs like Adam Keating of CoLab and others that talk about that unique positioning of having connectivity in Newfoundland and Labrador and being able to call your resource, that's really important.

I think to Judith's point is on investment attraction, and further to the minister's point, it's working with industry to brand that and promote

it and be sure that we're also working on the Skills and Labour side to understand and have the pipeline develop. It's definitely a focus and priority and has been for a little while, but, certainly, now it's quite elevated and we're able to take advantage of some opportunities and accelerate it, as you mentioned.

MR. LANE: Thank you.

Interestingly, I guess about a year ago now I met with a gentleman. He was into gaming. I said, gaming here in Newfoundland? I didn't even realize. There are actually five or six or more gaming companies of different sizes – video games and stuff. There are some that are just a one or two person; then there are others that are larger. I was blown away that we're actually doing that here. Never heard of it until then.

You're right, one of the comments that he was making was around the education. To make a game is not one discipline. He said it's not one person can make a video game. There are three or four different skill sets that would be required, from an educational point of view, to do it that all come together to actually make that. Yes, you're right. I'm glad to see you're going down that road. I think there's definitely a lot of opportunity.

My last question, I guess it fits under here if we're talking about economic development. At one time they used to have these buy local campaigns, made right here in Newfoundland and Labrador and all that good stuff. I'm not sure if that would fall under here. Are we doing anything to – haven't seen it in sense of that marketing push or whatever – try to encourage people to buy local?

If we're doing stuff maybe I missed it. It's not obvious; it's not right in your face, for sure. I'm just wondering are there any thoughts around trying to promote local products and so on.

MR. LOMOND: We still support those campaigns. We do a lot of work with Canadian Manufacturers and Exporters who do the made right here program. We also work with the Federation of Co-ops and others in terms of branding products that are made here.

There was some work done – and I’ll defer to Gillian and Judith – in terms of what we just did around the COVID and trying to encourage people to buy local, staycations, some of those pieces, but there’s nothing that’s really stopped on that. I think it’s good to have the base.

I think what we need to do: We need to look at, obviously, beyond the local market. I think that’s one of the things – when you look at how the department is structured now, you have international business development, for example, that would be involved in going out and helping people find customers, validate technologies, benchmark against competitors, some of that stuff. At the same time, you have the whole resource promotion piece within the department. So you have something that’s really attractive to draw people in in the first place, but you have really good geology.

You’re marketing on the mining side or on the oil and gas side some of these same technologies. When you talk about gaming in terms of, say, serious gaming, like Virtual Marine, those sort of occupational health and safety type of programs, people don’t often think of them as gaming, but they’re very, very similar, same sort of markets. The minister, I think, touched on some of the remote operations aspects, in terms of remote operations of rigs, remote operations of mining and some of what our IT community provides.

I think it’s a balance. I mean, we want to promote local but we also have to realize that to get any sort of scale and scope – we’re an Island of 500,000 people and if you want to take businesses to the next level you’re going to have to do it outside of the local market.

I don’t know, Gillian or Judith, if you want to ...?

MS. SKINNER: The only thing I would add is one thing we have seen, obviously, with the pandemic is consumer confidence. People are starting to actually look more locally and have looked more locally in certain cases. We’ve been able to support initiatives with the St. John’s Board of Trade who are partnering with other chambers throughout the province, for example, on their Main Street Recovery and their NeighbourGood website.

Through these programs it is connecting citizens to local products. That’s kind of specific to the recent times. That’s something that we’ve seen and we’ve heard from the business community is a way that we can support that local connectivity and consumer confidence.

CHAIR: Thank you, Mr. Lane. Your time has expired.

Does anybody else have questions under this section?

Shall clause 4.1.01 to 4.3.01 inclusive carry?

All those in favour, ‘aye.’

SOME HON. MEMBERS: Aye.

CHAIR: Against?

Carried.

On motion, subheads 4.1.01 through 4.3.01 carried.

CLERK: Industry and Economic Development, 5.1.01 through 5.4.01 inclusive.

CHAIR: 5.1.01 to 5.4.01 inclusive.

Let’s start with Mr. Petten for questions he may have under this category.

MR. PETTEN: Thank you, Mr. Chair.

Under 5.1.01, Purchased Services, this area was overspent by \$1.2 million in 2019-2020. Can you give me an explanation as to why, Minister?

MR. A. PARSONS: Yeah, that was related to the Atlantic Cable Facility repair cost. Apparently, I think if I get this right, there was a 10-year window where we weren’t on the hook for repair costs. That ended and so that’s why it’s up to the \$1.5 million and change.

Now, that being said, we’ve gone back down because we’re still in discussions, as a department, to try to see where we can go with that, but that explains the variance.

MR. PETTEN: You said the Atlantic Cable?

MR. A. PARSONS: I'll toss it over. I don't know if that's Gillian.

MS. SKINNER: The Atlantic Cable Facility is the undersea fibre optic cable between St. John's that does the ring to Halifax and back. The agreement would have been signed probably about – the original agreement 10 years ago and there was the holiday for maintenance for 10 years.

MR. PETTEN: Okay, fair enough.

The federal revenue line, could you provide an explanation of where this federal revenue comes from?

MR. A. PARSONS: I believe that's from the Canadian Safety and Security Program. That's where we get it. Now, how they make up the variance for the changes in that, I don't know if that's Ted or Gillian.

Gillian? Ted?

MS. SKINNER: That would be a project that's with the federal government and C-CORE around ice maintenance. It's a specific project. Throughout the year previous, their projection on actual expenditure and cash flow just had changed, so it's adjusted into this year as well. It was just less projected, less revenue from the feds.

MR. PETTEN: Okay, thanks.

Under 5.2.01, Regional Economic and Business Development, Salaries: It looks to be salary savings in 2019-2020 of \$464,000-plus. Could you explain why this occurred?

MR. A. PARSONS: I believe this would have been savings during the recruitment period for multiple positions during the year. I know some of the increase for this year's Estimates is due to salary adjustments. So it sounds like – I don't know if that was a vacancy issue while we were awaiting the recruitment and the hiring process, but there's no decrease in positions or anything like that.

MR. PETTEN: Under Professional Services, can you explain why there was no expenditure needed for 2019-2020? It's only a small amount.

MR. A. PARSONS: Yeah, I believe every year they've had a small contingency for legal fees. This year, JPS managed to cover it. There are some times when JPS cannot cover due to conflict or whatnot. This year there was no requirement but you can see there it is put back in a budget line in case it's needed.

MR. PETTEN: Okay.

5.3.01, Comprehensive Economic Development, Grants and Subsidies: \$7.3 million of the \$9.9 million was given out. Could we have a list of those recipients?

MR. A. PARSONS: Yeah, what I would suggest – so the variance is due to timing but I will toss it to Gillian. I don't know if the list is here or if that's something we can provide in the document after, or if it's one of those ones that's online. Provide it later?

MS. SKINNER: Yeah.

MR. A. PARSONS: We can provide you with a list of recipients when we provide that follow-up.

MR. PETTEN: Okay. Fair enough.

Were there any challenges in awarding this funding or getting it out the door? Was it a smooth process?

MS. SKINNER: Yes, in terms of projects and with clients, this would be non-profits, municipalities, post-secondary institution projects, so getting disbursements out was not an issue. There was, as we got into late in March, some of the clients with the COVID shift – that's really what we found is that there were some delays in getting the normal paperwork through. We were very flexible where we could be, but some of the clients were still trying to get – you'll see some of that into this year.

MR. PETTEN: Sure.

5.4.01, under the Sector Research, Purchased Services: Can you provide, please, an outline of services which were purchased for the Purchased Services?

MR. A. PARSONS: I don't have the list here. Do we have the list, Gillian?

MS. SKINNER: (Inaudible.)

MR. A. PARSONS: Yes, perfect.

MS. SKINNER: This would largely be tourism-related research; for example, the Destination Canada partnership. This would be the funding that contributes to that joint research or pan-Canadian research. It would also be for the Atlantic Canada partnerships and for some of the Stats Canada National Travel Surveys. We have a breakdown by number that we can provide.

MR. A. PARSONS: That's (inaudible) too.

MS. SKINNER: That's correct.

MR. A. PARSONS: This here specific section, I think is going to end up in the current TCAR or Tourism, Culture, Arts and Recreation. With the whole split, there has still been some work on deciding on what goes where. I think this will end up back there.

MR. PETTEN: Yes, I remember some of those names that you mentioned from my previous life.

Grants and Subsidies: What is the \$20,000 allocated for?

MS. SKINNER: That was funding that was allocated for an industry association. We also do sector research with NATI, for example, the tech industry and other industry associations. We actually found opportunities last year where we could work with a stats agency and the agencies without putting additional funds into projects. We were able to complete most of our research without using that funding.

MR. PETTEN: Do you plan on using it again this coming year?

MS. SKINNER: Yes, so there are a number of different projects that we're looking at in terms of different research pieces. Sometimes it does require us to go out beyond our own resources.

MR. PETTEN: Okay, fair enough.

I'm good.

CHAIR: Thank you, Mr. Petten.

Mr. Brown?

MR. BROWN: Under Sector Diversification, what kind of programs have the department looked at for diversification, in more specifics?

MS. SKINNER: In terms of diversification, when you look at where some of the business development seems to be, and also community infrastructure development, you'll see a mix of industries; for example, the aquaculture industry. We've worked closely with the aquaculture industry; we've also worked with industry. For example, in the mining sector doing R & D to look at what are the other opportunities in innovation with respect to diversification within those industries.

We've done work in the mining industry and forestry. We've done work with food and beverage clients, quite a bit in manufacturing and processing and looking at how do we support diversification within individual businesses as well.

Our approach has been largely working with players in the industry and the industry associations, as well as individual businesses to really get a good understanding of where the opportunities are. Of course, in the tech sector we've started looking much closer at clean tech and working with industry to see where those opportunities are, which is really when you look at diversification. Those are the kinds of sectors and opportunities that we've been exploring.

MR. BROWN: With the broadband industry and rural broadband, what kind of work was done with that?

MS. SKINNER: In terms of broadband, the last round of broadband funding – the big round of broadband funding – would have been released in 2018. So most of those projects in broadband are multi-year and they are implemented by service providers. We work with the federal government and the service providers to obviously leverage as much funding as we can.

In 2018, the province invested close to \$1.6 million, which actually leveraged nearly \$40 million in broadband. It was one of the highest leverage amounts we've had in our time of investing in broadband. Those projects are just now set to be cluing up. That will tell you the amount of time that it takes.

There are only so many providers. There's only so much capital investment they're making. Our investment last year, you would have seen we would have made a payout to some of those projects as a progress payment. You'll see the final payments go out this year.

Of course, we're constantly working with providers to understand what initiatives they're looking at for Newfoundland and Labrador, as well as what other opportunities and new technology exists that we may need to explore. Through the past year we saw, through the CRTC, a call for proposals.

MR. BROWN: Yeah, I was going to mention that.

MS. SKINNER: Yeah. Of course, we're also expecting the federal government to release criteria about the Universal Broadband Fund. That is really a focus for us in terms of how – we want to see as much leverage, similar to the last time, to ensure that we get connectivity throughout Newfoundland and Labrador, but also –

MR. BROWN: You're eagerly waiting for the CRTC to release what they're doing, so then you guys would make your move based on what the CRTC is going to do?

MS. SKINNER: We're constantly looking at what the opportunity is. We need to be strategic as a province on how we leverage all of those sources.

MR. BROWN: Okay.

MS. SKINNER: It's a constant.

MR. BROWN: Okay. Perfect.

With not-for-profits and co-operatives, do you guys do much work in Sector Diversification with them?

MS. SKINNER: Most of that work you would actually see in the Regional Economic Development folks and branch. The reference to the Comprehensive Economic Development funding would be where you see us working with co-operatives and non-profits. We do quite a bit of support. Everything, in some cases, to educating about what the co-op model is, for example, to formation and incorporation.

There was a recent co-op incorporated in Southern Labrador around crafts. That would've been a co-operative we worked with right from the early stages of education through to incorporation. We do quite a bit with non-profit and co-operatives.

MR. BROWN: Perfect, thank you.

That's it for me, Mr. Chair.

CHAIR: Mr. Petten, do you have any further questions.

None from Mr. Brown.

Mr. Lane?

MR. LANE: Yeah, a couple of quick ones. At one point there was – and this is going back, now, maybe two or three years ago – there was some money, I think, invested in aviation repair in Gander and stuff. There was talk about this could be a big opportunity at the time.

I'm just wondering, just out of curiosity, is that something that's still ongoing? Is it still an opportunity? Has it seen any growth or is it just pretty much where it's been? Any idea? Have you been working with them?

MS. SKINNER: Yeah, we have ongoing work with different players in Gander and area around aerospace and throughout the province in the aerospace sector. It's a very unique sector. We work with the Atlantic Canada Aerospace and Defence Association; we work through the Regional Innovation initiative. We're working with partners in Gander, various partners, because the college also, obviously, has a program in Gander, but also various businesses and the Chamber and the town to look at new developments and opportunities. So that's an ongoing conversation.

MR. LANE: Okay, thank you.

I can seem to recall it was about the repair of planes coming in in Gander and they would be doing maintenance and repair work and stuff like that at the time. Just curious, that's all.

That's it.

CHAIR: Shall 5.1.01 to 5.4.01 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 5.1.01 through 5.4.01 carried.

CLERK: The total.

CHAIR: Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, Department of Industry, Energy and Technology, total heads, carried.

CHAIR: Shall I report the Estimates of the Department of Industry, Energy and Technology carried without amendment?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, Estimates of the Department of Industry, Energy and Technology carried without amendment.

CHAIR: I would like to just take a moment to thank Minister Parsons and all of his officials here for answering questions of the Resource Committee here this evening and providing us all with such valuable information. It's certainly appreciated.

I would also like to advise the Committee Members that the Estimates Committee will meet again for the Resource Committee tomorrow at 6 p.m. for Fisheries, Forestry and Agriculture for those who are on that Committee.

With that, I have to call for a motion to adjourn.

Mr. Parsons.

MR. A. PARSONS: Just on the record before we quit, I just think I would be remiss if I didn't just throw out a couple here.

I want to thank my colleagues who asked the questions, but perhaps more importantly, their staffers that are sitting here with them who helped them get ready. No different than me, I'm here answering but the reality is that the brains of the operation are sitting around me.

I want to thank all of this team sitting around here for doing everything that they do. That's just how government works. It's these people that make it run.

I want to thank my colleagues that are sitting there, they have been very patient and putting up with that, and as well as yourself and all staff.

Thank you very much.

CHAIR: Thank you, Minister.

Mr. Petten, do you have some closing remarks you would like to make?

MR. PETTEN: Yeah, sure, just a second.

I want to thank you, Mr. Chair, for chairing and doing a great job. I, too, want to thank you, Minister, and your officials for their answers and their time.

Again, I can speak from experience because I did sit on that side for a few years with the

previous administration. I do understand that some former people I used to work in the departments with are sitting across here so I do fully understand about the time and energy that goes into it from staff and I do appreciate your answers. You make the minister look good most times. That's an important part of your job, too, of course.

I want to thank my colleagues, also, on the Committee here as well and my colleagues for asking questions.

Thank you, everyone. It's a great job and I appreciate your answers. I'm sure you're going to be hearing and seeing a lot of me. Me and the minister have many agreements and disagreements, but thank you all. I appreciate it.

CHAIR: Mr. Brown, if you would like to make a closing remark as well, I will allow.

MR. BROWN: Thank you, Mr. Chair.

I do want to thank all the members of the department here, along with the minister, for taking the time to sit down and go through and answer our questions. Very detailed and I appreciate that. I appreciate the answers and the time they take to answer to them in detail. Thank you, all.

I thank my colleagues for sitting here with me, too, when we asked all the questions and they patiently wait through this.

Thank you, and you all have a great evening now.

Thanks.

CHAIR: Mr. Lane?

MR. LANE: Yes, I want to echo those remarks, of course, and thank everyone, as has been said, for answering all those questions, for all the work you do in preparing budget and all the work you do throughout the year. I know that sometimes all of us in government, at the political level and the staff level, sometimes the public is not always kind in their view of us, but I know that you guys do a lot of good work and we certainly appreciate it.

Thank you to my colleagues for giving me leave to ask some questions here tonight.

CHAIR: Thank you.

I'll ask for a motion to adjourn.

MR. BROWN: (Inaudible.)

CHAIR: MHA Brown from Labrador West moved to adjourn the meeting.

Thank you and we will see you all tomorrow night.

On motion, the Committee adjourned.