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*Speaker: Honourable Ross Wiseman, MHA*

Thursday

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The House met at 1:30 p.m.

**MR. SPEAKER (Wiseman):** Order, please!

Admit strangers.

**Statements by Members**

**MR. SPEAKER:** Today we will have members' statements from the Member for the District of Bonavista South; the Member for the District of Port de Grave; the Member for the District of Signal Hill – Quidi Vidi; the Member for the District of The Straits – White Bay North; the Member for the District of St. John's East; and the Member for the District of St. John's South.

The Member for Bonavista South.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LITTLE:** Mr. Speaker, hon. colleagues, I rise in this House today to congratulate the members of the Bonavista-Trinity Minor Hockey Association Under 15 female team, who reside in the District of Bonavista South.

The girls took home the B Division Banner after winning the championship during a recent tournament that took place in Grand Falls-Windsor over March 24 weekend of this year. With one loss, two wins and a tie, the team made it to the finals where they beat out Deer Lake with a score of 6-2.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LITTLE:** This achievement was the result of hard work, many hours of practice, and strong leadership from Coaches Dan O'Brien and Jamie Linthorne, and Manager Angela Cooper.

Members of the team include Rebecca Warren, Lauren O'Driscoll, Stephanie O'Driscoll, Samantha Linthorne, Katelyn Templeman, Kacie Moulard, Katie Cullimore, Victoria Strickland, Emily O'Brien, Emily Harris, Samantha Ryan, Morgan Cooper, and Amy Feehan. I would like to point out that nine of these players are only twelve and thirteen years old.

Mr. Speaker, please join me in congratulating each of these young ladies on their recent success.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for Port de Grave.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LITTLEJOHN:** Thank you, Mr. Speaker.

I rise to congratulate both the Ascension Collegiate Astros Female Ball Hockey and Cheerleading Teams on their recent provincial championships.

What a week for this regional high school. First, the Astros Girls Ball Hockey Team went undefeated to win the Provincial 4A Female Ball Hockey competition by defeating the Mount Pearl Huskies 4-3 in the final. With only fifty-three seconds remaining, Captain Chelsea Bradbury scored to give the host Astros the crown – a fitting end for the graduating student. Natalie Keeping with a pair and Brooke Williamson were the other goal scorers.

Next up was the Cheerleading Team who for the last few years have been knocking on the door but always falling a few points short of the provincial crown. Not this year, noted coach, Kerilynn Mercer, "the girls knew they had a routine worthy of first place, so they pulled up their socks and proved they deserved to win." Their second performance was flawless; edging St. Kevin's of the Goulds for the provincial crown. Danielle St. Croix was awarded the \$1,000 NLCA Scholarship for her outstanding leading and academic achievement and Rachel Petten was the team's MVP.

I ask all members to join with me and congratulate these provincial female champions.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

I am happy to rise in this House today to salute the 100 volunteers who worked together to make the Holy Heart of Mary Safe Grad such a success this year.

Offering our high school graduates a safe and fun place to celebrate their accomplishments is a relatively new tradition that I applaud wholeheartedly, as my colleague from St. John's North did yesterday.

This year, Holy Heart was transformed with a Dr. Seuss theme. From a jousting arena to fortune tellers, airbrush tattoos, movies and more, the 283 graduating students and their guests had a truly unforgettable night.

In the months leading up to the event, more than \$5,000 in goods, services, and cash was donated. A total of thirty-one individuals and companies made donations to Holy Heart's Safe Grad, including two gold sponsors – Orthodontic Associates and Verico East Coast Mortgage Brokers.

Mr. Speaker, I ask all hon. members to join me in congratulating the committee members: Helen Cleary-Escott, Doris Cowley, Sandra Dobbin, Anna Katic Duffy, Karen Kennedy, Arthur Leung, Cathy Leung, Lucy McDonald, Brenda Murphy, Corrine Parrell, Jill Seviour, and Tina Walsh.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for the District of The Straits – White Bay North.

**MR. MITCHELMORE:** Mr. Speaker, I rise to congratulate St. Anthony Basin Resources Inc., better known as SABRI, on another successful year of operating on the Great Northern Peninsula.

SABRI is a brilliant example of the good things that can happen when communities have greater control of their resources. It is a pillar of the local economy and could be a model of change all through the Province. SABRI's annual general meeting was held last Friday. The crowd in attendance learned how much local administration of the resource has given back to the communities. This year alone: \$150,000 to the Grenfell Foundation; \$100,000 to the St. Anthony Port Authority; \$12,400 in scholarships and bursaries; and almost \$50,000 in youth recreation grants and other community donations.

In addition, SABRI has invested in fishery initiatives and maintains successful aquaculture operations.

Congratulations to the executive: Wayne Noel, Paul Dunphy, Roy Taylor, Todd Hedderson, and Dale Colbourne; the directors: Wilfred Aylward, Carl Hedderson, Sterling Dawe, Dean Patey, Alick Pilgrim, Peter Hughes, Jim Pilgrim, Eric Boyd, Lester Bessey, and Alvohn Pilgrim; and the administrative staff: Sam Elliott, Glenda Burden, and Alicia Shears.

I ask all hon. members to join me in congratulating SABRI for demonstrating so successfully an alternative development model.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for St. John's East.

**MR. MURPHY:** Thank you, Mr. Speaker.

I rise in this House today to commend a constituent of mine who, while fighting his own fight against cancer, started a fundraising effort to help everyone else in St. John's in the same situation that he found himself in.

Brian Duggan spent a week in 4NA at the Health Sciences, the inpatient cancer care ward at the Health Sciences Centre, and, of course, long

hours in the chemotherapy suite at the H. Bliss Murphy Cancer Care Centre.

He has nothing but good to say about the staff, but found the surroundings a little bit daunting, to say the least, with harsh florescent lighting and outdated televisions. Brian Duggan appealed to his friends with an online campaign called Help Make the Chemotherapy Suite a Comforting Place to Receive Treatment, to, as he put it, “make this place of both suffering and hope a place where patients receiving some powerful dreadful treatments can do so in an environment of calm serenity.”

His original goal of \$3,500 was reached so quickly that he expanded the appeal to include some warm touches to 4NA.

I ask all hon. members to join me in thanking my constituent and friend, Brian Duggan, for both his compassion and his strength.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for St. John’s South.

**MR. OSBORNE:** Thank you, Mr. Speaker.

I stand today to congratulate Hazelwood Elementary for organizing a Literacy Day. I was joined today by the Member for Mount Pearl North, the Member for Kilbride, and the Member for St. John’s North as well.

I was honoured to read at Ms Butler’s Grade 2 class today as part of their literacy day celebrations. Myself and the class enjoyed *Poindexter Makes a Friend*.

Literacy day is a great reminder that we need to read to our own children and teach them the importance of good literacy skills. I would like to acknowledge all of the volunteers who attended the event and thank the school for allowing us to play a role in today’s worthwhile event.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Statements by Ministers.

#### Statements by Ministers

**MR. SPEAKER:** The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Speaker.

I am pleased today to reference a report released by BMO yesterday that states, in referencing our economy, that “the recurring theme for Newfoundland and Labrador is consistent strength.”

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** The report highlights continued consumer and business confidence and demonstrates how prudent fiscal management by the provincial government and investments in equity shares in projects such as Muskrat Falls and Hebron are benefiting residents of our Province now and into the future.

Mr. Speaker, our government will continue to encourage private sector investment to stimulate further growth in all regions of our Province, support our local companies, attract external investors to encourage new business activity, and provide a competitive tax regime. This report, along with discussions with economists, has confirmed what we have known for some time – that there has never been a better time to live, work or raise a family in Newfoundland and Labrador.

BMO noted in its report that construction and capital investment activity have been key economic drivers in the Province in recent years, and growth is expected to remain solid this year. Investment in the oil and gas sector is expected to increase by 83 per cent as construction of the Hebron Project ramps up.

The report also highlighted that the jobless rate sits near a record low, and that average weekly earnings growth is also strong, supporting personal incomes and consumer spending. Newfoundland and Labrador retailers, Mr. Speaker, have enjoyed some of the strongest growth in Canada over the past year. The report states that with ongoing projects, the future is definitely bright in Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Mr. Speaker, BMO also noted that projects such as Muskrat Falls and Hebron are leading to contracts for work, and people are seeing the benefits of that. It is encouraging to have an independent source confirm the consistent strength of our economy, and to highlight increased consumer confidence.

Our government remains focused on the Province's long-term prosperity by encouraging job creation, strong communities, a vibrant economy and natural resource development that is of maximum benefit to Newfoundlanders and Labradorians. Through sound fiscal management and responsible decisions, we are strengthening the business environment, encouraging the development of innovative industries, and diversifying the economy.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

I want to thank the minister for the advance copy of his statement today. Certainly, as he mentioned there about Hebron and Muskrat Falls, I will say the final chapter on Muskrat Falls, of course, has yet to be told as cost overruns can have a significant financial impact on Muskrat Falls' development. It is very important as we work through that development that we continue to monitor the progress there. Then, indeed, once it is completed, we will

determine if it was a good equity investment or not.

I will say that the attraction of equity investors or external investors from outside is extremely important. We have seen that in particular in Labrador right now. What is also important is that we make sure we maximize all the benefits from our resource economy, which does not necessarily mean just primary, but also secondary processing in our Province.

As you experience an emerging economy or a strong economy, I would say, Mr. Speaker, there are also many social issues you have to deal with. No matter where you go in this Province now, in Labrador or if it is in this area, and throughout the Province, many people living here are experiencing many of the social problems with affordable housing and we are seeing drug use on the rise. We must continue to be vigilant about our social programs and make sure we put the proper programs in place to deal with those social issues.

I was expecting, too, Mr. Speaker, the minister would give reference to the fact that it was a previous Liberal Administration that signed a lot of those resource deals that put us in the financial position we are in today.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

I thank the minister for the advance copy of his statement. I am afraid all I have to say, Mr. Speaker, is spin, spin, spin. His statement is a typical example of how government uses information to suit their own purposes.

As an example, Mr. Speaker, nowhere does BMO's report link –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS MICHAEL:** – government’s equity share in Muskrat Falls and Hebron with the economic trend, though they do mention the projects. Neither does the report talk about this Province getting into diversification of the economy because they are not diversifying the economy.

The minister, though, states, “...there has never been a better time to live, work or raise a family in Newfoundland and Labrador.”

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS MICHAEL:** Mr. Speaker, that may be true, unless you have been fired from your job by this government –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS MICHAEL:** – unless you are a student trying to get into an ABE course to improve your employment chances, unless you are hoping to piece your life back together through the Family Violence Intervention Court, or unless any other of the tens of thousands hurt by government’s brutal Budget includes you. That is when you find what he is saying is not true, Mr. Speaker.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Innovation, Business and Rural Development.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HUTCHINGS:** Thank you, Mr. Speaker.

Mr. Speaker, I am pleased to rise today in this hon. House to highlight an initiative that engages youth in innovative activities throughout Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HUTCHINGS:** In December of last year, the provincial government invited proposals for projects that support and promote youth innovation and contribute to valuable learning experiences for our Province’s students in Grades K-12 and those enrolled in our past-secondary institutions. These projects relate to science, technology and engineering and identify opportunities in a number of strategic sectors, such as digital media, ocean technology and the green economy.

Mr. Speaker, I am pleased to announce that we received a significant number of Youth Innovation Project proposals, all of which reflected our goal of creating awareness among youth of the tremendous opportunities that exist in our great Province. I am pleased to announce our government has invested \$422,000 in support of twenty-four projects under this initiative.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HUTCHINGS:** This morning, I had the opportunity to visit Hazelwood Elementary, one of the schools which will benefit through this initiative. Students at Hazelwood will be introduced to learning technologies that will enhance core-curriculum learning for early learners through the use of iPads.

Other schools which will receive funding include: All Hallows Elementary, Amalgamated Academy, Beachy Cove Elementary, Brother Rice, Carbonear Collegiate, Fatima Academy, Holy Redeemer, Holy Trinity Elementary, Immaculate Conception, Mobile Central High, St. Peter’s Elementary, Virginia Park Elementary, First Technology, Stephenville High (with Gonzaga, Ecole St. Anne, Queen Elizabeth Regional High, Exploits Valley High), Helen Tulk Elementary, New World Island Academy, St. Joseph’s Elementary, Heritage Collegiate, St. Mark’s, Peacock Primary, Humber Elementary, J.J. Curling, St. Anthony and Area Boys and Girls Club.

Mr. Speaker, since the initial call for proposals in 2009, the provincial government has invested close to \$1.8 million in 104 projects that support youth innovation.

Mr. Speaker, our youth's ability to find creative solutions, use leading-edge technologies and produce adaptive solutions is indeed inspiring. Our government is committed to supporting youth who represent a bright future for Newfoundland and Labrador.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for St. Barbe.

**MR. BENNETT:** Thank you, Mr. Speaker.

I thank the minister for an advance copy of his statement. I congratulate the minister on this initiative. It is indeed an excellent initiative. It is a great move forward. It is one of the ways the Innovation, Business and Rural Development can benefit our Province. This is the innovation part, and today in response I would like to talk a little bit about young people and the business part.

Nearly twenty-five years ago, I had an opportunity to spend a year as a Junior Achiever's consultant and I would really encourage the minister to advance the initiative of Junior Achievers through all of the high schools possible in our Province. Young people need role models. They do not see many role models in business because they are not exposed to business at an early age.

I would really encourage the minister to take this initiative with innovation and move forward with more of a business model and introduce Junior Achievers through as many high schools as he can in our Province.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The Member for The Straits – White Bay North.

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

I, too, thank the minister for an advance copy of his statement. We live in technological times, and the tech sector certainly provides tremendous returns. These are very progressive initiatives that were developed by youth and it highlights their creative ideas to pair with tech. I just want to highlight that there is still about forty rural schools that do not have broadband access and we have to move forward to bridge that gap.

It is positive to see the uptake of this program but it does, however, reflect that the demand outweighs the supply. Are there ways to partner with NATI, JA, WISE, NLOWE, Youth Ventures, and business to seek outside investments with an aim to double the amount of projects offered next year?

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Oral Questions.

### Oral Questions

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

Even though bumping as the result of government cuts was supposed to be completed last week, the President of NAPE said that it will take months before this bumping is finalized. There are over eighty grievances that have been filed and that number continues to grow each day, bringing public service in this Province, the morale in public service to an all-time low.

I ask the Premier: It is obvious that the entire layoff process is a mess, so what are you going to do to help ease the stress that you have created within the public service?

**MR. SPEAKER:** The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Speaker.

Obviously the layoffs have resulted in some confusion in terms of people losing their jobs. There is a human impact on that, and we are aware of that; however, again, I am always disheartened at the attacks on our civil servants by members of the Opposition, whichever party.

We had people, Mr. Speaker, who worked day and night to try to facilitate the release of Records of Employment, to try to ensure that people receive the money they receive. Bumping is a result of a collective agreement, Mr. Speaker; it is there in the collective agreement. It has to be followed. So the fact that the President of NAPE says something certainly must mean it is true.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

Well, I want to clarify something to the minister, really, that we do value our public employees. We value them a lot, and we know that it is very obvious that in those recent Budget cuts that the planning did not go in place for what we are dealing with here today.

Government actually lifted the hiring freeze one week ago, as it was believed that the bumping process was actually winding down. Now we hear that this process will be dragged out and will be going on for months. It is obvious that the government has no plan to deal with the fallout of these drastic cuts and are not treating its public servants with the respect that they deserve. In the Budget Speech you promised that the process would be handled professionally and carefully.

How does allowing it to drag on for months and months and months fulfill this commitment?

**MR. SPEAKER:** The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Speaker.

The only disrespect being shown is by the Leader of the Opposition, the way he continuously criticizes, whether it is members of the Finance Department or in this case the people who are working hard in the Human Resource Secretariat to ensure that people are provided with the services they need.

I can interpret the comments as nothing other than an attack on the ability of these people to do their job, Mr. Speaker. As a minister, what I do is the policies are there, we say implement the policies.

These people have worked hard from the Clerk on down to ensure that people are treated with dignity and respect. The lack of respect shown by the Leader of the Opposition is quite startling, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Mr. Speaker, I am not going to leave that alone to the minister right now. I want to ask him if this situation that I am going to refer to – walking into somebody's office the last minute, handing over the keys. Is that indeed professionalism? Is that respectful? Is that caring? That is what your government did, Mr. Speaker, I say to the minister.

Is that respectful and professionalism, I ask the minister?

**MR. SPEAKER:** The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Yes, thank you, Mr. Speaker.



As I have said on numerous occasions, if there is an incident that occurred that should not have occurred where someone was not treated properly, please provide us with the details, we will certainly investigate the same. Mr. Speaker, the individuals who were laid off were, to the best of my knowledge, tried to be dealt with on an individual basis.

There were discussions, there was money set aside for the Employment Assistance counsellors to deal with people, Mr. Speaker. People were working overtime to try to ensure that Records of Employment were provided to people in time to ensure that they receive their benefits.

Has the process gone perfectly? I cannot say that. What I can say is that the people who have tried to implement this process, the people who are working hard to treat their former fellow employees with respect and dignity, Mr. Speaker, have done the best they can. If there are individual details please provide it and we will check into it.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

I can assure the minister the process has not gone perfectly. After six years of broken promises and \$140,000 in consultations, yesterday in Estimates of Advanced Education and Skills, it was revealed that the Strategic Adult Literacy Plan is now outdated.

I ask the minister: How can you blame the cost and the graduation rates of ABE at the College of the North Atlantic on the College of the North Atlantic when you do not even have a blueprint for the Adult Literacy Plan?

**MR. SPEAKER:** The hon. the Minister of Justice.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, the whole premise around developing a literacy plan – government's role was to be a facilitator and a collector of information. The actual people who are engaged in those discussions and who provide direction and input into that plan and highlight strategies and priorities for the Province are the individual practitioners out there in the Province in the communities throughout Newfoundland and Labrador. Whether they work at the College of the North Atlantic or in private institutions, or whether in fact they are individuals employed in other non-profit organizations, they are the people who we work with on a daily basis.

This plan is not a result of government's work. As a result, the contents of the plan, whether it is outdated or needs to be revised is not a result of anything that government has done wrong. It is a collective effort and we will certainly revise it as we go forward.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** I would like to ask the minister one thing, I am not sure what he is planning on revising because just last year on March 29, 2012 the minister mentioned that within this fiscal year – very soon almost – you were going to release the plan.

Where is the plan that you planned on releasing last year? What was that document?

**MR. SPEAKER:** The hon. the Minister of Justice.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** Mr. Speaker, we have invested a considerable amount of money in this Province over the last ten years and, in particular, the last five years to focus on educating adults throughout the Province. As the member opposite heard us say on many occasions, the economy in Newfoundland and Labrador has

never been better, but it has also never gone through so many dynamic changes as we have experienced with the things that are happening here on the Avalon and throughout the Province.

As a result of that, we are dealing with a very different target population today than we dealt with even a month ago or a year ago. The Adult Literacy Plan and any plans that are developed and facilitated by this government have to reflect the dynamics of the day, Mr. Speaker.

What I said in Estimates is that when we release the Adult Literacy Plan we will revise the document we currently have and make sure it reflects the dynamics of the day.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

Most people who actually develop a strategic plan, they usually have a target. That is usually the whole idea of putting a strategic plan in place. If you look at the issues surrounding literacy in this Province, it is not easy to find a target, Mr. Speaker.

The government has no respect at all for consultation. They did not consult with school boards closing, the school board amalgamation. They wasted consultations on the Strategic Adult Literacy Plan and now they are talking about taking their own consultant, Mr. Noseworthy, his plan, or his report with a grain of salt. Consultations really are just token words, I say, Mr. Speaker.

I ask the minister: Are the words and interests of the public worth anything to your government when it comes to respecting those issues? Do you take that into account at all?

**MR. SPEAKER:** The hon. the Minister of Justice.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** Mr. Speaker, we have demonstrated time and time again our interest in consulting with the public on this side of the House. I remind the member it was not so long ago that I stood here from a different capacity talking about doing consultations on the Poverty Reduction Strategy and the former Member for Cartwright – L'Anse au Clair stood in her place and condemned government for wasting money travelling throughout the Province talking to people.

I remind the member that was the position put forward by the House Leader for the Official Opposition Party at that point in time. I am not sure if they still stand by that position or not. When he rises in a few moments he can correct that, but I can assure the member opposite that all members on this side of the House are consulting on a regular basis with the public. It was not long ago that myself, the Minister of Finance, and a number of other colleagues travelled across the Province consulting on pre-Budget consultations.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Well, I will clarify that, I say, Mr. Speaker. Consultations can be very good. They can actually provide very valuable input into decisions that you make as a government. It is one thing in listening and doing something about it; it is another thing including that in the plans you are going to produce.

For instance, after spending \$150,000 on the Noseworthy report for the Department of Advanced Education and Skills, this government said there was no promise that those recommendations would be implemented.

I ask the minister: Why are you bothering spending hundreds of thousands of dollars putting plans and reports in place if you do not plan to use them?

**MR. SPEAKER:** The hon. the Minister of Justice.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** Thank you, Mr. Speaker.

First of all, let me congratulate the member opposite on shifting the Liberal policy from not believing consultations are important to adopting the view of this government, that it is important to consult people across the Province. So I say to the member opposite, congratulations, because your thought process is more in-line with Conservative philosophy.

I say, very much like the Member for St. Barbe who yesterday gave a speech outlining the basic principles of moving this Province forward, which mirrored the Budget Speech that my colleague, the Minister of Finance, gave two or three weeks ago. So I congratulate him on that.

Mr. Speaker, let me reiterate, consultation is important but people need to recognize consultation is to hear what people have to say. It is not for people to tell you what to do. That is where the leadership comes in. You listen to what people have to say, you factor that into a whole host of other pieces of information, and then you provide leadership to make a decision.

**MR. SPEAKER:** Order, please!

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Opposition.

**SOME HON. MEMBERS:** Hear, hear!

**MR. BALL:** Thank you, Mr. Speaker.

Well, the different, I think, from this side of the House and the government side of the House is when we do listen, we will listen and use, and listen to what those people are saying. We will implement a lot of what they say into our strategic plans. That is the difference. Your reports go on a shelf, they stay there.

The Noseworthy report found that department does not track Adult Basic Education students to

determine if they furthered their education or made an attachment to the labour market.

I ask the minister: How can you justify making changes to ABE programs when cost overruns and graduation rates fall directly on the shoulders of this department?

**MR. SPEAKER:** The hon. the Minister of Justice.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** I say to the member opposite, Mr. Speaker, there are a significant number of other differences between this party and that party other than the one he highlighted. Including the fact that the people of the Province showed confidence in this Premier and this party enough to elect thirty-six seats, I believe, in the last general election, based on the platform we laid before the people of the Province.

Mr. Speaker, let me also remind the member opposite, that platform was laid out there based on a set of principles that guide this government. We make decisions on a daily basis by consulting people and incorporating that into the data we have collected and on a set of principles.

It is not easy, Mr. Speaker. We recognize it is not easy. It is much easier to stand and to criticize in this House because you do not have to be held accountable for the decisions you make, but it takes strong leadership to make the right decisions for the Province, and that is what we will continue to do.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Mr. Speaker, in July, 2012, the Minister of Health indicated to Cystic Fibrosis Canada that she would consider expansion of newborn screening to include CF. That was almost a year ago.

So I ask the minister: What concrete steps have you taken over the last year to consider expanding newborn screening?

**MR. SPEAKER:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Thank you, Mr. Speaker.

Mr. Speaker, cystic fibrosis is one of the areas that we have been looking at in terms of our expert reviews and within the Department of Health and Community Services in terms of reviews and screenings that we will cover. We do cover a number of screenings, and there are automatic screenings of newborns that do happen within our health care system. There are screenings that happen for any referral for any baby who is suspected of cystic fibrosis as well.

In terms of the overall immediate screening of cystic fibrosis for newborns, that is still under consideration, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Mr. Speaker, newborn screening for CF is the standard of care in all fifty states, Australia, New Zealand, the UK, and much of the European Union. Quebec and Newfoundland and Labrador are being dubbed hold-out provinces, and New Brunswick and PEI are expected to follow suit in covering screening.

I ask the minister, a child born with CF in our Province today will not have the same chance at a healthy life as a child born virtually anywhere else in the Western world. How much research do you need?

**MR. SPEAKER:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Thank you, Mr. Speaker.

Mr. Speaker, just to correct those statistics over there, there are only five provinces in Canada right now that automatically cover the screening of cystic fibrosis.

Mr. Speaker, that is certainly not to make light of what we consider to be a very, very serious condition. We are committed, Mr. Speaker, as we are to all of the services that we add to our formularies, we are committed to cystic fibrosis and taking a serious look at that.

As I said in the very first question, Mr. Speaker, any time that a doctor refers a newborn baby because of symptoms that are presenting, for screening, that screening immediately happens.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** I have an article, Mr. Speaker, I would like to table for the minister's benefit. Ontario, Manitoba, Alberta, Saskatchewan, British Columbia, Yukon, and parts of Nunavut screen newborns. Nova Scotia just announced plans. New Brunswick and PEI are on the way. So I will table that for the minister's benefit.

Mr. Speaker, all newborns are already screened in the Province for other conditions. Expanding screening to include CF would be a marginal cost for a one-time capital expense plus co-ordinator position. The savings of delaying complications and preventing hospitalization would outweigh this preventative investment.

I ask the minister: Why are you denying our newborns the standard of care when it is fiscally irresponsible and morally objectionable to do so?

**MR. SPEAKER:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Thank you, Mr. Speaker.

I do not need to update my notes at all, Mr. Speaker. I clearly know where things are happening in this country and I clearly meet with people from across this country on all of these issues.

Mr. Speaker, as with anything that we are going to add to our basket of services in this Province we make sure that we have done our own investigations. We are doing that.

I take serious objection to the member opposite indicating that we would deny a service as important as screening of cystic fibrosis to the newborns of this Province, Mr. Speaker. That is categorically untrue. If a doctor makes a referral, that screening happens in this Province, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Speaker, there is a vessel on the bottom of the ocean near Change Islands, which is in the District of the Minister of Fisheries, and it has been leaking oil for weeks and weeks and maybe months.

I ask the Minister of Fisheries: Has he carried out an assessment to determine the level of risk posed to our fishery by this oil leak in his district?

**MR. SPEAKER:** The hon. the Minister of Fisheries and Aquaculture.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DALLEY:** Mr. Speaker, the issue of the oil leak has been around for a couple of weeks. Through my colleague in the Department of Environment, we have been fully engaged with the federal government who has responsibility to manage that whole situation. We understand the Canadian Coast Guard is fully engaged. There has been an assessment done, Mr. Speaker, both

for short-term and long-term solutions, and we continue to monitor as well.

In addition, I have written the federal Minister of Fisheries and had a reply to ensure from a fisheries perspective that they continue to monitor this and certainly request that there be a short-term and a long-term solution to this situation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Speaker, writing letters to the feds will not fix this problem, like it will not fix search and rescue either.

Mr. Speaker, in the minister's own district there are people absolutely concerned of what will happen to the contamination of our fishery.

I ask the Minister of Fisheries: Can he guarantee that no contaminated seafood will enter the food chain from this Province and destroy our markets?

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** Mr. Speaker, I have stood in this House on a number of occasions and again indicated to the people of Newfoundland and Labrador that the federal government is fully responsible for the offshore. They have deployed their resources to the full extent in order to take care of the immediate danger, which is to stop that leak from coming and spewing any type of diesel fuel or oil into the environment.

Mr. Speaker, all government departments, federal government departments are involved. On the other side as well, we are monitoring that very, very closely in cohorts with the Minister of Fisheries. Basically, we are satisfied that full resources are going there. That the immediate is

going to be taken care of, as well as the long term.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

It has been over two years since government released the last update on Justice Cameron's sixty recommendations from her 2009 report on the Commission of Inquiry into Hormone Receptor Testing. The people of the Province have not heard a word since that update.

Mr. Speaker, I ask the Minister of Health and Community Services: When can people expect government to finish correcting the flaws in our health care system that Cameron outlined?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Thank you, Mr. Speaker.

Mr. Speaker, I thank the member opposite for the question as well, because certainly the findings of the Cameron report were very important to us. We took very seriously the recommendations that were put forward to us.

Mr. Speaker, I can report that as of now fifty-five of the sixty recommendations are completed, or substantially complete. We have invested \$43 million into those recommendations and we are very happy with the work that has been done.

Some of the major successes that I would like to outline, and I think these are important for the people of the Province to hear about: the Health Professions Act has been proclaimed, laboratory technologists in Newfoundland and Labrador have been licensed by their governing body, and

an electronic occurrence reporting system has been completed throughout the Province. One of the major accomplishments –

**MR. SPEAKER:** Order, please!

The hon. the Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

I invite the minister, since she has told us that fifty-five out of sixty are completely or substantially completed, to table the documentation so we can see which are all the way done and which are still in progress.

One glaring flaw that has not been fixed is Justice Cameron's recommendation for an electronic medical records system in this Province. This is larger than Cameron. It is a problem affecting the entire health care system. We are behind the rest of North America in implementing this basic medical infrastructure. The lack of an electronic medical records system has a fundamentally detrimental effect on standards of care and practice in this Province.

I ask the minister, Mr. Speaker: Why has she let her department lag so far behind in this area?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Thank you, Mr. Speaker.

To continue on, Mr. Speaker, one of the major accomplishments has to do with the accreditation of all of our laboratories in Newfoundland and Labrador.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS SULLIVAN:** Mr. Speaker, I realize she is getting some help from somebody from another party over there, but I –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS SULLIVAN:** Thank you, Mr. Speaker.

Just to add some information to her as well around electronic health records. Mr. Speaker, we are considered a leader in this county, one of the top three provinces in Canada in terms of electronic health records. Mr. Speaker, these are the components that we have already implemented in terms of electronic health records that we are acclaimed for across this country.

The client registry –

**MR. SPEAKER:** Order, please!

The Leader of the Third Party.

**SOME HON. MEMBERS:** Hear, hear!

**MS MICHAEL:** Thank you very much, Mr. Speaker.

I cannot use Question Period to educate the minister to the difference between what she is talking about and what electronic medical records means in this Province, Mr. Speaker.

Infoway Canada funds were made available for governments to put electronic records in place.

I ask the Minister of Health and Community Services: How could this government have missed such a big opportunity to get real electronic medical records in place?

**MR. SPEAKER:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Thank you, Mr. Speaker.

Mr. Speaker, we have led the country in this area. Again, I want to tell you what we have done.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Client registry; the provider registry is in place; advanced Telehealth, that has enabled the review of diagnostic imaging remotely; the pharmacy network is in place; the EHR viewer is in place; the first emergency department connection is in place and is in pilot right now in Western Newfoundland.

Mr. Speaker, we have nothing to be ashamed of here. We are working forward and we are making a difference.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

We know that young doctors are coming into the health care system trained in electronic medical records, only to find the system does not exist in their workplace.

Mr. Speaker, I ask the Minister of Health and Community Services: How do outdated medical technologies help with government's ongoing challenge of recruitment and retention of doctors?

**MR. SPEAKER:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Mr. Speaker, I am surprised that she would give me an opportunity to get up and talk about the retention and recruitment of doctors in Newfoundland and Labrador, but I am certainly happy to do it.

We have the most in our history, Mr. Speaker, 1,115 doctors in Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Never before have we seen these kinds of numbers in our Province, Mr. Speaker. The numbers of specialists in this Province have been unequalled since our last contract particularly.

Mr. Speaker, we are really happy with the recruitment work we are doing. We are equally happy with the retention work we are doing around our doctors in Newfoundland and Labrador, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The hon. the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Speaker.

School administrators have been issuing job redundancy –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The Speaker has recognized the Member for St. John's North.

**MR. KIRBY:** – job redundancy and employee layoff notices to special education teachers because teacher allocations for next year have been reduced. The Minister of Education has repeatedly said that classroom resources for special education have not been cut.

How does the government square the reality of their special education teacher cuts with the assurances they have been providing to parents?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Innovation, Business and Rural Development.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HUTCHINGS:** Thank you, Mr. Speaker.

Mr. Speaker, our investment in education has been unprecedented, a 42 per cent increase in investments since 2003. What the hon. member speaks to is certainly the collective agreement process in terms of NLTA and dealing with teacher allocations. In terms of teacher allocations, we have left more teachers in the system, even over and above the allocation system that is in place.

We continue to invest in education. We are proud of our investment. We are going to keep doing it, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's North.

**MR. KIRBY:** Mr. Speaker, the Minister of Education knows that special education teachers have been getting redundancy notices and layoff notices all week this week, yet government continues to cling to these flimsy, outdated speaking points.

Will the minister finally admit that this government is cutting special education teachers and saving money at the expense of our most vulnerable, children?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Innovation, Business and Rural Development.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HUTCHINGS:** Thank you, Mr. Speaker.

Mr. Speaker, we have continued to invest in special education and various other positions throughout the education system, millions and millions of dollars. We will continue to do that.

The hon. member is speaking to collective agreements and issues in terms of what he is



referring to, but as I said, we have continued to invest in education and certainly continue to do it. We have a strategy for that. From primary, elementary, high school, and right to post-secondary, the investments we have made are historic. We are going to continue to make them for the best interest of youth in our Province so they can take advantage of the opportunities that are in this great Province of Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's Centre.

**MS ROGERS:** Thank you, Mr. Speaker.

Yesterday government issued a news release proudly stating, "The Government of Newfoundland and Labrador continues its commitment to improving energy efficiency and responding to climate change with the development of a user guide for building more energy efficient homes." Yet, the minister cut the Residential Energy Efficiency Program that assists low- to moderate-income homeowners by 50 per cent, even though last year Cabinet promised to extend it for a full year.

Mr. Speaker, I ask the minister: Why did he break his promise to the people and cut this valuable and needed program?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Transportation and Works.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Thank you, Mr. Speaker.

I can tell you, Mr. Speaker, that the Newfoundland and Labrador Housing Corporation and the people at Newfoundland and Labrador Housing and their partner agencies are a success story here in Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Just this past week, Mr. Speaker, the CEO of the Newfoundland and Labrador Corporation was recognized nationally in Canada as a leader in affecting and dealing with homelessness in our country and finding dynamic new ways to provide programs.

The REEP, to which the member opposite refers to, is just one of many programs that Newfoundland and Labrador Housing has, such as the Provincial Home Repair Program – what she is failing to tell the people, Mr. Speaker, is that the Provincial Home Repair Program, a program that has been in Newfoundland and Labrador Housing for thirty-five years, also deals with people improving the environment in their home, making their homes more energy efficient by other repairs.

**MR. SPEAKER:** Order, please!

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for St. John's Centre.

**MS ROGERS:** Mr. Speaker, as of this week the recorded message on the phone line at the Housing Corporation for the REEP says: Thank you for calling. The 2013 REEP is now closed. No new applications are available. Clients accepted will be notified by mail.

Mr. Speaker, the Budget has not even been passed and already that program is spent out.

Mr. Speaker, I ask the minister: What is he going to do to help these people trying to make their homes more energy efficient and who were promised assistance by this government?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Transportation and Works.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Mr. Speaker, the Residential Energy Efficiency Program for the people of the Province is a program that is available to

families who have lower incomes, families who have incomes of \$35,000 and lower in the Province. It has provided assistance and support now to some 4,000 households throughout Newfoundland and Labrador, and this year another 500 households will avail of the REEP in Newfoundland and Labrador.

Also, Mr. Speaker, many will also receive assistance from the Provincial Home Repair Program, which I just advised, which for many years was set at \$4 million. This government tripled that to \$12 million, and this year it is still two-and-a-half times what it was back just a few years ago – two-and-a-half times, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for St. John's Centre, for a quick question without any preamble, please.

**MS ROGERS:** Mr. Speaker, what is this minister going to do to help people who cannot get rent subsidy because of the cutbacks to the Newfoundland and Labrador Housing?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Transportation and Works, for a quick response.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Thank you, Mr. Speaker.

The Rent Supplement Program is a great program. We are providing assistance and support to 1,700 homes and families in Newfoundland and Labrador and we are continuing to do that through this Budget, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The time for Question Period has expired.

**MS MICHAEL:** A point of order, Mr. Speaker.

**MR. SPEAKER:** The hon. the Leader of the Third Party, on a point of order.

**MS MICHAEL:** Thank you, Mr. Speaker.

Mr. Speaker, in answering some of my questions with regard to electronic medical records, the Minister of Health and Community Services seemed to be reading directly from documentation and I would request, in doing that, would she table the documents that she read from. You may need to verify it, but it looked like there were documents that she was reading from, she was reading actual statistics from. I would like those tabled.

**MR. SPEAKER:** The hon. Minister of Health and Community Services, to the point of order.

**MS SULLIVAN:** Yes, Mr. Speaker, I was speaking from my own notes; they were not documents of the department.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

It is appropriate for ministers, in responding to questions, to refer to notes and reference things that may be in those notes. If ministers, in responding to questions, read directly from a document, they are responsible for tabling those documents. If the minister was referring to her notes – and from where I sit, in my chair, it did not appear that she was reading directly from any kind of document but referring to her notes.

There is no point of order.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

I remind members that we have had a couple of occasions today when the Speaker has been on his feet that members have not recognized that and continued to create some disorder in the House. I remind members that when the Speaker stands, the House is to be silent so the Speaker can address the Assembly. Likely, the same thing when the Speaker asks for order, I

would ask members to respect the presiding officers who preside over the affairs of this House and when asking for order, if members would return the House to order so we can proceed with the Orders of the Day.

Presenting Reports by Standing and Select Committees.

Tabling of Documents.

Notices of Motion.

Answers to Question for which Notice has been Given.

Petitions.

### Petitions

**MR. SPEAKER:** The Member for Torngat Mountains.

**MR. EDMUNDS:** Mr. Speaker, to the hon. House of Assembly of the Province of Newfoundland and Labrador in Parliament assembled, the petition of the undersigned humbly sheweth:

WHEREAS students of the Adult Basic Education program at the College of the North Atlantic do not wish to attend privatized educational facilities; and

WHEREAS College of the North Atlantic has the most accredited ABE program in Newfoundland and Labrador; and

WHEREAS students are concerned as to the availability of private institutions and whether or not they can accommodate additional students;

WHEREUPON the undersigned, your petitioners, humbly pray and call upon the House of Assembly to urge the Government of Newfoundland and Labrador to reverse this damaging decision to students and reinstate the Adult Basic Education programming at the College of the North Atlantic.

As in duty bound, your petitioners will ever pray.

Mr. Speaker, the petitions just keep on coming in. There are more petitions that have come in than we could possibly rise and speak to in what is remaining of this session of the House and probably the next too. It comes from a concern from these students.

Petitions have come in from all over this Island, Mr. Speaker. I tend to focus on the petitions that come in from Labrador because it is rural. I cannot stress enough the fact that students have been accepted for Adult Basic Education at the College of the North Atlantic, but they cannot get sponsorship because of the – and I call it – mess that this government has created.

Mr. Speaker, the petition that I table today comes from the community of Nain. One of the discussions I had with one of the students there, in terms of talking about the position, is that they do not wish to attend private educational facilities. I think in talking about it, this student is not expecting privatized educational facilities to go into remote areas in this Province.

When we look at the issues that affect remote communities, Mr. Speaker, in terms of crime, of victims of justice delays, we look at it as a second chance for these students to get out of some of the situations that they have become part of, some of the not so nice things in society. Education is key in removing a person from that situation.

They have not done it as a kid. They want this second chance, Mr. Speaker, that right now this government has taken away from them.

Thank you.

**MR. SPEAKER:** The Member for St. John's East.

**MR. MURPHY:** Thank you, Mr. Speaker.

To the hon. House of Assembly of the Province of Newfoundland and Labrador in Parliament assembled, the petition of the undersigned

residents of Newfoundland and Labrador humbly sheweth:

WHEREAS the process of slickwater hydraulic fracturing, or fracking, injects hazardous chemicals into rock formations to extract oil and is polluting groundwater and the air across North America; and

WHEREAS the Government of Canada has commissioned an assessment of the potential environmental impacts of shale oil and gas extraction in Canada, including fracking; and

WHEREAS Quebec, Nova Scotia, and a number of US States have halted fracking, and others are introducing regulations specific to fracking; and

WHEREAS it is incumbent upon the provincial government to ensure that our natural environment is protected from harmful industrial processes;

WHEREUPON the undersigned, your petitioners, humbly pray and call upon the House of Assembly to urge government to impose a moratorium on slickwater fracking until it develops comprehensive regulations and ensures that each proposed project undergoes a conclusive environmental assessment to determine whether it is safe for the environment, the integrity of water supplies, and human health.

And as in duty bound, your petitioners will ever pray.

Mr. Speaker, I rise in the House to present this petition on behalf of the signatories who are all concerned about our environment, and what is happening to it, and what can potentially happen in the near future. I also rise in the House, too, to express not only my concern as regards to this new industry that is coming in, but as well that there are concerns from other governmental organizations as regards to where we are heading when it comes to fracking.

I will quote a letter from Environment Canada themselves, who have expressed concern. They have written to the Canadian Association of

Petroleum Producers asking about the disclosure of chemicals, and asking these companies to disclose what these chemicals are. We know even from little pieces like that, from news stories I am reading around the country, that even groups like Environment Canada, the federal government is having its own problems when it comes to fracking.

I read in a story yesterday, in *The Western Star* how Stephenville is putting the onus right now on government, for government itself to address the concerns around fracking and leaving it in government's hands. So, it leaves one to wonder if the provincial government here is going to actually pay attention to this or not. We leave it in government's hands to address it.

There are an awful lot of people who are asking the same questions, including our federal government. It just remains to be seen if our own provincial government, Mr. Speaker, is asking those same questions and getting answers for the people who are signing this petition.

So, Mr. Speaker, it is with pleasure I present this to the House of Assembly again today and to remind government that there are an awful lot of people who are waiting for these new regulations to come out, and we will wait for another little while for government to develop those.

Thank you very much, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Speaker, a petition to the hon. House of Assembly of the Province of Newfoundland and Labrador in Parliament assembled, the petition of the undersigned residents humbly sheweth:

WHEREAS home care allows the elderly and people with disabilities to remain in the comfort and security of their own homes, home care also allows people to be discharged from hospital earlier; and

WHEREAS many families find it very difficult to recruit and retain home care workers for their loved ones; and

WHEREAS the PC Blue Book 2011 as well as the 2012 Speech from the Throne committed that government would develop a new model of home care and give people the option of receiving that care from family members; and

WHEREAS government has given no time commitment for when government plans to implement paying family caregivers;

WHEREUPON the undersigned, your petitioners, humbly pray and call upon the House of Assembly to urge the Government of Newfoundland and Labrador to implement a new home care model to cover family caregivers.

As in duty bound, your petitioners will ever pray.

Mr. Speaker, this petition is from members of a number of different communities: River of Ponds, Bellburns, Parson's Pond, and Daniel's Harbour. I know practically all these people. The petitions keep coming. They keep coming on this issue.

This is an issue, Mr. Speaker, that touches practically everybody. If it does not touch a person today, it likely will tomorrow. It is absolutely critically important that we deliver home care on a fair and equitable basis.

The government knows what is fair and equitable because they promised it. They promised it in 2011. They promised it as something they would roll out to get votes. They were elected, as the members were congratulating themselves today saying how the people of Newfoundland and Labrador had elected thirty-seven of them, well, down to thirty-six now. People had confidence in them based on certain promises they made, certain representations they made, and this was one of the promises.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. BENNETT:** Mr. Speaker, government knows well this is needed, it is appropriate, it is reasonable. An allocation has even been made in this year's Budget. The request is simple: just get on with it and satisfy the promise you made.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The hon. the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Speaker.

To the hon. House of Assembly of the Province of Newfoundland and Labrador in Parliament assembled, the petition of the undersigned residents of Newfoundland and Labrador humbly sheweth:

WHEREAS residents of Newfoundland and Labrador have not been provided with detailed evidence providing justification for government's decision to remove Adult Basic Education from the College of the North Atlantic; and

WHEREAS residents of Newfoundland and Labrador are concerned that government's decision to remove ABE from College of the North Atlantic will lead to a decline in already low provincial literacy rates; and

WHEREAS residents of Newfoundland and Labrador are concerned that government's decision will limit access to ABE services in remote regions; and

WHEREAS residents of Newfoundland and Labrador are concerned that government's decision will result in a decline in the availability of supports to assist ABE learners; and

WHEREAS government's research shows that educational attainment is the most important determinant of earnings and sustained attachment to the labour market;

WHEREUPON the undersigned, your petitioners, humbly pray and call upon the House of Assembly to urge government to provide the full details of the enrolment, graduation, and funding analyses that were carried out to justify the decision to cut the Adult Basic Education program at College of the North Atlantic.

As in duty bound, your petitioners will ever pray.

Mr. Speaker, we had a good opportunity to question, I guess I will call him the substitute Minister of Advanced Education and Skills, the Member for Grand Bank, the Minister of Justice the other morning. He did his best to explain this decision and to respond to the questions that we gave. I am more and more convinced that there were very few analyses done to make this decision.

Basically, there is a block grant given to College of the North Atlantic for programs. They are all listed, and the amounts of money for each program are listed. I think if someone just closed their eyes and put their finger on the paper, pointed to a program and looked down, and that is the one they cut, that is more or less the level of analysis and consultation that went on in this decision.

One of the things this petition says – and there are two petitions I would like to point out on ABE right now that are being presented in the House of Assembly. One of the things they point out is the availability of supports to assist ABE students.

The letter that was written to the Premier in great detail goes over the differences in the services and the level of service provided by College of the North Atlantic. Students, faculty and staff at the college are rightly proud of the comprehensive nature of the services they provide, whether it is mental health or other health issues and so on.

I will have another opportunity to speak about this again, but they are rightly proud of that. I urge members opposite to think about that.

Thank you.

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Thank you, Mr. Speaker,

I have a petition to the hon. House of Assembly of the Province of Newfoundland and Labrador in Parliament assembled:

WHEREAS hundreds of residents of the South Coast of the Province of Newfoundland and Labrador including residents of the communities of Burgeo, Ramea, Grey River and François use Route 480 on a regular basis for work, medical, educational and social reasons; and

WHEREAS there is no cell phone coverage on Route 480; and

WHEREAS residents and users of Route 480 require cell phone coverage to ensure their safety and communication abilities; and

WHEREAS the Department of IBRD recently announced significant funding to improvement broadband services in rural Newfoundland and Labrador; and

WHEREAS the residents and users of Route 480 feel that the Department of IBRD should also invest in cell phone coverage for rural Newfoundland and Labrador;

WHEREUPON the undersigned, your petitioners, humbly pray and call upon the House of Assembly to urge the Government of Newfoundland and Labrador to support the users of Route 480 in their request to obtain cell phone coverage along Route 480.

And as in duty bound, your petitioners will ever pray.

Mr. Speaker, this is an issue that has not been spoken of much, and it is probably because there is absolutely no strategy behind that in this Province. I will give the department its due when it is deserved, and it has been when it comes to broadband coverage. We have seen

that. I have no issue with that; however, in this day and age in 2013 there is no cellphone coverage strategy in this Province.

It affects a number of members in this House, members from all over the South Coast, the Government House Leader, and people everywhere. It is something that I think we really need to work together. We know that there are third parties that have to be brought into this. We know that the service providers have to be brought in, but we need to take that step and form a strategy in order to attack this issue.

I am actually heading down to Burgeo sometime this weekend. When I go down there, there is a spot that had a significant issue with the road the other day. I will commend the Department of Transportation and Works for the quick work that they did to fix that hole; however, it could have been a lot worse than what it was. Somebody could have gotten hurt, and the fact is they would not be able to contact anybody. They would have to hope that somebody fell upon them.

We had a situation last year. What I am scared of, Mr. Speaker, is that we are going to have to wait for a tragedy in order to get something that is as necessary as it is for 2013, and that is cellphone coverage.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The Member for The Straits – White Bay North.

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

To the hon. House of Assembly of the Province of Newfoundland and Labrador in Parliament assembled, the petition of the undersigned residents of Newfoundland and Labrador humbly sheweth:

WHEREAS Route 438 (Croque-St. Julien's, Grandois Road) a former woods road, is nearly thirty kilometres of gravel road; and

WHEREAS the students, workers, and residents must travel this road for all education, health, business, and other services; and

WHEREAS the Department of Transportation and Works has no immediate plans to do major upgrading to Route 438 despite the current road conditions being disgraceful; and

WHEREAS it is the government's obligation to provide basic infrastructure to all Newfoundlanders and Labradorians;

We, the undersigned, petition the House of Assembly to urge the government to allocate funds in the 2013 provincial roads program to upgrade Route 438.

As in duty bound, your petitioners will ever pray.

It is signed by constituents of mine in Croque and St. Julien's. These are the residents of these communities. They are not asking that this road be paved, but they are asking that there be an adequate level of new crushed stone placed there to make it an acceptable gravel road.

In the *Northern Pen* this week there is an article highlighting a major tree stump that is there that has been covered over rather than removed. I drove this road on Saturday and there are many other sticks coming through. There is one area where there is a bit of beach stone basically placed into this area and it is very rough.

For anybody driving it and doing the sixty kilometres that the highway states, it is very, very dangerous, there needs to be an adequate level of crushed stone put into play, as well as it actually being pressed in with a roller.

These constituents of mine are not asking for much. They are just asking for the basic service, as what is expected of most Newfoundlanders and Labradorians. I am urging the House of Assembly to urge government to look at making some allocation for – it is a small sum of money as to what it would take to improve the quality of life for these constituents.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Mr. Speaker, if we could go back to Notices of Motion for a moment.

**MR. SPEAKER:** You want to revert on the Orders to Notices of Motion?

**MR. KING:** For one moment, if I may.

**MR. SPEAKER:** Notices of Motion.

### Notices of Motion

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Mr. Speaker, I give notice under Standing Order 11, that I shall move that the House not adjourn at 5:30 p.m. on Monday, May 13, 2013.

Further, I give notice under Standing Order 11, that I shall move that this House not adjourn at 10:00 p.m. on Monday, May 13, 2013.

**MR. SPEAKER:** Orders of the Day.

### Orders of the Day

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Natural Resources, that Bill 1, An Act to Amend the Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act, be now read a third time.

**MR. SPEAKER:** It is moved and seconded that the said bill be now read a third time.

The Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

In third reading, there are a couple of points I would like to make as the final statement with regard to this bill. I am supporting the bill, but I still have two concerns that I would like to just put out. I have named them before and I am naming them now from a bit of a different angle, just to say that I know that the minister was concerned about the points I raised in second reading and I did get answers. I did not have any questions to put out during Committee, but I still have a concern of what I hope government will be looking at.

The first point was the code of practice. The code of practice as it is stated in what would be section 201.18 in the act, when it becomes an act. What I am concerned about is that in this bill and the act that will be part of the Atlantic Accord, according to section 201.18 of what will be the act in the Accord, “The chief safety officer may, in writing, require an employer to establish, in respect of a workplace under the employer’s control or a work or activity carried out at any one of those workplaces, a code of practice in respect of the occupational health and safety...”.

Then, we have two or three sections dealing with the code of practice. My question is – and I have done some searching on it – where does that fit in the light of our Occupational Health and Safety Act? Because our Occupational Health and Safety Act, section 36.(1) says, “The minister may require (a) all employers or principal contractors; (b) a group or class of employers or principal contractors; or (c) an employer or principal contractor to establish a code of practice, or adopt a code of practice specified by the minister.”

What I want to point out to the minister is the concern that those two acts work together. Because in the bill that we are dealing with, for the act that will go into the Atlantic Accord Act, it gives the responsibility to the chief safety officer who may, in writing, get a code of practice in place.

I am hoping – and I actually have spoken to people within occupational health and safety and what I am being led to understand is that even



though the bill that we are dealing with does not mention the minister and does not mention the Occupational Health and Safety Act, that there still will be the oversight by government of what happens in the bill or the act that we will be going into the Atlantic Accord.

I do think it is very important that the codes of practice have the oversight of government and the regulator. Our Occupational Health and Safety Act in general do have the oversight of government. It is the minister who is responsible for making sure that if is a code is in place that it is a code that is signed off by the minister.

I am hoping, as I have been led to believe, that is the case that the government's oversight will be there because of the Occupational Health and Safety Act. I do not see anything in the act, in the bill that we are talking about, what will become the act inside of the Atlantic Accord, I do not see anything there saying that it supersedes the Occupational Health and Safety Act. I am assuming that the government oversight will be there.

I wanted to just name it more clearly and the minister may want to point out that yes, indeed, this is the case. That is the concern that the codes of practice are extremely important. It means exactly what is going to happen to make sure the occupational health and safety policies are carried out.

Our practice in the Province is that codes of practice are under the oversight of the ministry, and I think that is extremely important. We cannot have, I do not believe, the industry itself being totally in control of the codes of practice. It does not happen in any of the other industries and I am assuming it is not going to happen here. It is so important I wanted to bring it out again, and I am hoping the Minister Responsible for Occupational Health and Safety may want to speak to it.

The other point I would like to make has to do with – again, it was a point I raised in second reading – the right to refuse. It is sort of the same thing. In the bill we are dealing with, the

sections that will be in the act in the Atlantic Accord begin with sections 201.47, the right to refuse.

Again, I know the practice we have right now for workers is that from the minute a worker declares to the employer through a supervisor that he or she thinks something they are being asked to do will be dangerous either to their health or to their body in some form or other, either because of hazardous materials or because of the action itself being a dangerous action, they say they are using their right to refuse to do that piece of work.

That refusal then goes through a process. It either gets agreed to, and very often that happens and the employee and employer work out what has to be done to resolve it and it gets resolved, or it goes through a whole process. If the supervisor says: well, no, I do not think it is dangerous. Then, of course, we have a whole process.

In our current system, from that very first moment, even if it gets resolved at the moment or within a day or two, if that happens, it still gets documented in writing. Again, the bill we are dealing with does not say that. I think it is absolutely important we understand that in practice that is what happens.

I am hoping the absence of saying that does not mean it is not going to happen. Just like I hope the absence of the naming of the minister in the codes of practice does not mean that government is not going to have the overall oversight with regard to the codes of practice. Because I think these two issues are so important, and I know changes were not made to the bill, I guess I am satisfied in the sense that I understand we have broader legislation and broader practices that will come to bear on this bill. I hope that is the case, Mr. Speaker.

Thank you very much.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Service Newfoundland and Labrador.

**MR. MCGRATH:** Thank you, Mr. Speaker.

First of all, I am glad to hear the Third Party will be supporting this bill. I think it has been a long time coming, fourteen years now, that they have been working on this bill. I think it is a very good piece of legislation. I think it does address the needs in health and safety that we need in the offshore.

Mr. Speaker, I would just like to let the general public know and those who are listening; part of the process of putting this legislation together was working with the Federation of Labour. Just this morning actually, post to presenting this in the House, I met with the President of the Federation of Labour. My senior staff have been working very closely with the Federation of Labour during this whole process. I met with the President of the Federation of Labour this morning and she told me, unequivocally, that we have 110 per cent support from the Federation of Labour on this bill also.

We actually discussed a couple of the items that the Leader of the NDP has addressed here today. So, I certainly have no problem commenting on these two items. I spoke privately with the Leader of the Third Party on this also.

The CSO in the new legislation have the authority that they may require an employer to establish a code of practice in respect to OHS. What we wanted to do there – I guess there was some debate as to whether you say “we may” or “we shall”. Now I am not a lawyer by any stretch of the imagination, so I am not going to get into the legal terms of it.

If you use the word “shall” then it is automatic that it has to be done, whereas with the word “may” there is discretion there. It gives the CSO the discretion to say perhaps we do need a code of practice here. That is what we wanted to make sure that we were doing with that one.

The point concerning reporting back to the minister is that now once this bill goes through, the C-NLOPB then does have to report directly to the Minister Responsible for Occupational Health and Safety. Therefore, the CSO also

would report to that minister. I think adequately, that would answer the concern that you had there and hopefully alleviate any concern you had.

Concerning the second point the member brought up about the right to refuse work, this is one that – a lot of the work that has gone into putting this piece of work together has mirrored the Occupational Health and Safety Regulations that we have on land, but we needed it to be specific to the offshore. On the land portion of our Province with occupational health and safety, we have occupational health and safety committees and everything is documented.

Anything that happens with the occupational health and safety committee is documented. If there is a right to refuse and there is a dispute within that refusal, then it goes to the committee, and therefore is documented. This is no different.

With the offshore accord, we do not call it an occupational health and safety committee, but we call it a workplace committee. The same premise works for the workplace committee offshore as it did onshore. So that if there is a refusal of work the same rules will apply, they are almost identical, that it is documented there.

I know earlier in the week when we were debating the bill there was some talk and concern that it should be documented automatically. That is the whole purpose of having the committee in place, that the documentation is there and then recorded. I think in that case also, it should alleviate any concern you have.

First and foremost with this bill is the health and safety of the workers, the employers and the employees. That is what we are trying to do here.

Thank you.

**MR. SPEAKER:** Is it the pleasure of the House to adopt the motion that Bill 1 be read a third time?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Motion carried.

**CLERK:** A bill, An Act To Amend The Canada-Newfoundland And Labrador Atlantic Accord Implementation Newfoundland And Labrador Act. (Bill 1)

**MR. SPEAKER:** This bill is now read a third time and it is ordered that the bill do pass and its title be as on the Order Paper.

On motion, a bill, "An Act To Amend The Canada-Newfoundland And Labrador Atlantic Accord Implementation Newfoundland And Labrador Act", read a third time, ordered passed and its title be as on the Order Paper. (Bill 1)

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you.

Mr. Speaker, I move, seconded by the Minister of Innovation, Business and Rural Development, that the House do now resolve itself into Committee of the Whole to consider Bill 4, An Act To Amend The Revenue Administration Act No. 2.

**MR. SPEAKER:** It has been moved and seconded that the House resolve itself into Committee of the Whole and that I do now leave the Chair.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Motion carried.

On motion, that the House resolve itself into a Committee of the Whole, Mr. Speaker left the Chair.

### Committee of the Whole

**CHAIR (Verge):** Order, please!

The Committee of the Whole will be debating Bill 4.

A bill, An Act To Amend The Revenue Administration Act No. 2. (Bill 4)

**CLERK:** Clause 1.

**CHAIR:** Shall clause 1 carry?

The Opposition House Leader.

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

I just wanted to ask a few questions about this. This piece of legislation is something that generated a fair bit of conversation back and forth earlier in the second reading. Again, it is not something that prior to receiving the legislation and studying it and looking at it that I was very familiar with.

I am just looking at some of the stuff as I see it here. We are talking about the communities that are involved in the Labrador Border Zone and basically how far away is Quebec. That is the issue here; it is about going back and forth.

When we talk about Lab West here, it is a thirty-minute drive to go from Lab City to Fermont and a thirty-six minute drive to go from Wabush to Fermont. If you look at Southern Labrador from the Quebec border to the community of Red Bay, it is a seven-minute drive from L'Anse au Clair to Blanc Sablon and then a thirteen-minute drive from Forteau to Blanc Sablon.

One of the things we have talked about the past, and I guess this is the reason it was there in the first place – and I am asking this as an attempt to be educated actually – it seemed like we have this rebate there in order to protect these businesses there in the past. I think that was there obviously through PC governments and through Liberal governments. We all know about the cross-border shopping and the fact that people – and I am one of them who live in a

smaller town. A lot of people leave the smaller town and when they go to the big city for one thing, they go for a number of things.

I am just wondering: Is this something that the minister has any concern about? I am sure there were consultations done, but what is the feeling going forward? Are they going to suffer with the taking away of this rebate? Again, I know that the minister has looked in – and obviously the Minister of Service NL, being a long-time resident of Labrador, may have some discussion on this as well.

I just wanted to put that out there now and ask those questions.

**CHAIR:** The hon. the Minister of Finance.

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

When this rebate was brought in, it was brought in, in 1984, and it was brought in at that time to ensure competitiveness. We had a number of stores – I do not know how many stores would have been in Lab West or Southern Labrador area at the time, but the issue was to ensure that people were not going across the Quebec border buying cheaper cigarettes and bringing them back.

The way to protect against that was to offer a rebate which was essentially equal to the difference and would allow for that competitiveness. It did remain on the books for years; in fact, I think it was in 1997 or 1998 that legislation was brought in. To avoid changing the legislation each time, the tax reduction in the Tobacco Tax Act was repealed and it was replaced by the Labrador Border Zones Rebate Regulations.

These regulations granted the Minister of Finance the authority to establish a quota. The quota at that time was 110,000 cartons for Labrador West and 16,000 cartons for Southern Labrador, so thereby trying to limit the availability of tax-produced product.

What has happened over the years that this has remained in place, during our review this year or

the core mandate review, we looked at the question of is this necessary. Each department was looking at its own programs, looking at what was going on in great detail, and then the question became was it necessary.

There were a number of factors which led to the repealing of this legislation. First, it applies not only a specific area of the Province, but a specific area of Labrador. It does not even apply to Labrador as a whole. So as pointed out by the Member for Burgeo – La Poile, it is communities which are close to the Labrador-Quebec border, being Fermont and then in Southern Labrador.

We had it apply to a number of stores in Labrador West and a number of stores in Southern Labrador. We can see no justification, why one particular group should benefit from a rebate that we felt was no longer necessary. That was the first issue, that it was not uniformly applied in either Labrador or even the Province as a whole. That was the first issue.

The second issue then was that no other province has a similar rebate program. I referred to in debate the other day the issue in Nova Scotia being close to part of New Brunswick and then New Brunswick being close to the United States. They do not have the program in place. Saskatchewan actually had similar regulations and had repealed them. No other part of the Province other than this one area, no other province had similar regulations, and we decided at this point there is no justification for this. The estimate in terms of savings is approximately \$3.4 million. That is what we have been paying out in the rebate. In the rebate in 2012-2013 fiscal years it was \$3.4 million.

When you look at fairness and competitiveness what was necessary in 1984 and was even necessary in 1998, we felt, was no longer necessary today. If you look at the issues of competitiveness, we again felt that this was not necessary in terms of the price increases in tobacco.

We will talk about that shortly with another amendment to the Revenue Administration Act.

The increases in cigarettes in our Province certainly did not mirror the increase in some of the other provinces.

As for the specific effect on these stores in the area, the Labrador West area, I know that the Minister for Service Newfoundland and Labrador has had discussions and he might be able to elaborate on his discussions with these particular stores and businesses. Although the department had consulted, I understand that the minister has had contact directly.

Do you want to ask another question, or the Minister of SNL to talk about the effect in Labrador?

**CHAIR:** The Leader of the Official Opposition.

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

As we are in Committee right now, Mr. Chair, just a few questions I guess.

As you know, it is not unusual as you go around the Province, in many situations you will see things that are done for unique situations and unique circumstances. This is how we see this, in particular, in the Labrador border zone when it comes to tobacco.

We are not here as an MHA, or as Leader of the Official Opposition, supporting smoking, not at all. As a matter of fact, as I said in the past, we would like to see a smoking cessation program in effect across the Province.

I do have a question, however, on the savings of the \$3.4 million. As I understand it, the savings is based on the sale of tobacco products, cigarettes, pouched tobacco, tub tobacco, or whatever it is. It is really about the sale of tobacco products. If, for instance, by taking away the incentive, this quota or this rebate, to make the purchase within the Labrador zone area, we can only save the money if the purchases would remain there. We pay out based on a sale. I suspect that is the way it is working.

If the purchases are then taken and made outside of the Labrador zone area, if indeed they do go to Quebec, which is a concern here, then we get purchases of other products in the Province of Quebec. It would mean we will lose taxes on other items, for instance, if it is gasoline or whatever the purchases are. I would just like some clarification on how the quota is set and why it is set at \$3.4 million. I understand there were 110,000 – however it worked, 110,000 cartons or packages or something that were sold in Labrador West, and 16,000 in The Straits area.

So, just some clarification on how the quota is set. Why it is set at \$3.4 million, and if indeed the sales are not made in that area, what the impact would be.

**CHAIR:** The hon. the Minister of Service Newfoundland and Labrador.

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

I would just like to give a little bit of background. I ran out of time when I spoke on this bill in the regular debate.

I want to go back to 1984. In 1984 you could sit in any restaurant in Newfoundland and Labrador, or in Canada, you could sit in a public mall, you could sit in a hospital waiting room, you could sit in a doctor's office, you could sit in a patient's hospital room and light up a cigarette, no problem at all. Smoking was an accepted social thing by society in 1984. That has changed since.

Since 1984, this government has realized we have to change with it. You no longer can go into a hospital room and light up a cigarette. You no longer can walk into a principal's office and light up a cigarette. You can no longer sit with a patient in a hospital and light up a cigarette. I would be shocked if anybody sitting in this House would argue that those are not good changes. With those changes, changes needed to be made to the acts and the regulations concerning smoking.

In 1984, there was a quota set of 110,000. As I said, it was an accepted practice in 1984, almost anywhere, to light up. That has changed. Today, the restrictions on smoking are much more stringent. In 1984, it was thought that we were losing, and it was all about economics. The cost of tobacco in Quebec compared to the cost of tobacco in Labrador was significantly different. So that change was made. I was one of the entrepreneurs in Labrador West at the time who said we need to be more competitive here. That was why we fought for this tax rebate.

The tax rebate, in answer to the member's question on the other side concerning the quota, was based on population at the time. The population at the time deemed that on the South Coast of Labrador, coming from L'Anse au Clair up to Red Bay, which is the area affected on the South Coast of Labrador, there were 16,000 cartons per year in their quota. In Western Labrador, based on the population of the day, they said 110,000 cartons.

What I want to make clear here is the consumer goes in and buys a package of cigarettes. They are getting the rebate immediately. The distributor for the cigarettes had to fill out a form every month saying how many cartons of cigarettes they had distributed in the district. They sent in the form and a month later – I think there was a thirty-day turnover – the Department of Finance reimbursed them the rebate.

For the customer, they were getting it right at the counter. The distributor had to wait sixty days. Thirty days to file it and then thirty days waiting for the money. It was the distributor who was getting the cheque. For the consumer there was no extra work, which was great. Then when it came to the Department of Finance, all of that work had to be done also. I think there is as hidden cost or a hidden savings here in administration also.

The other point that we have to make, the quota of 110,000 cartons – and this was one of the points that I specified to the Member for the Bay of Islands, there was a quota of 110,000 cartons.

That is based from July 1 to June 30, which gives you your full fiscal year.

On March 27, 2013, when the Department of Finance realized here is where we are going to try to go with this, there was 154,000 cartons to that date that had already been distributed in Labrador West. If you do the math – it is not difficult – 154,000 minus 110,000, you are 44,000 cartons already over your quota. The twenty-two distributors or retailers in Labrador West were then told effective midnight, you have already exceeded your quota, so any rebate that you will be eligible for you have already used. You are already over your quota.

That is why when I made the comment I dealt with this already in my district; I have already talked to the retailers. There is one distributor in Labrador West. I have already met with that distributor and – pardon the pun – this ship has sailed. They are realizing we are promoting health, we are promoting wellness. We are making an economic decision that, in 1984 up until now, this may have been a decision that was argued a good decision.

We are now looking and saying we need to make changes. The change that we are making we think is a good change. They are looking, since March 27, at innovative ways that they can now continue and keep the business they have.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

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

I certainly thank the Member for Labrador West for clearing up and making those commentaries, as well as the Minister of Finance. I do have a couple of other questions though, knowing what the quotas previously were. Looking at the straight line savings that government has made, it seems very simplistic on the Department of Finance to say \$3.4 million in savings, making a comparative analysis with Quebec, and that they have increased their rates.

Well, the proposal in Newfoundland and Labrador is also to increase our tobacco rates, and the variance is still there. There is still a variance and a difference, and if there are cheaper prices across borders and such a short distance, there is going to be a loss in sales; so making a simplistic thing saying, well, we removed the rebate and we are going to save \$3.4 million of taxpayers' money.

I would ask the Minister of Finance if there was any analysis done on looking at the corporate taxation, small business tax, and labour costs? Was there any type of risk analysis or risk management assessment done beyond just the simplistic \$3.4 million in savings?

**CHAIR:** The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

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

I do not think there is anything very simplistic about this. This is very simple. We paid \$3.4 million in rebates last year; we will not be paying it this year. Could there be a loss in taxes? Sure. Could there be an increase in taxes? Sure.

With \$3.4 million, you do not need to engage in all of these risk analyses and corporate taxes. It is simple. We decided we are no longer going to support this rebate; therefore we decided to eliminate it. The savings are the \$3.4 million we paid out in rebate to these retailers.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Would the Minister of Finance clarify the variances that will be paid with this new legislation in effect, and the Quebec legislation, with the increases of what our tobacco sales will be, what the price differential will be for a carton of cigarettes between Quebec and the new Labrador rates for LabWest, and the Labrador Straits, so that it is on the record, and the actual price differential with the new legislation?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, thank you, Mr. Chair.

The Quebec government in 2012 increased the price of tobacco by two cents per cigarette, so that resulted in an increase in the price of tobacco. The difference here is not actually in the taxes that are being paid. The provincial tobacco tax in Quebec is lower than what we pay in Newfoundland and Labrador. Then what you have is the difference in the HST/GST. There is a significant difference in terms of what they pay in Quebec for their cigarettes there. That is where I think the majority or the biggest difference is.

So the difference in a carton of cigarettes in Quebec right now – and I know there are different costs of tobacco. I do not smoke myself, but I know different cartons of cigarettes cost different prices. On a very simple basis, we have a pre-tax price of approximately \$29.24. Your federal excise tax is approximately \$17. There is a provincial tobacco tax which is about \$13 higher in Newfoundland and Labrador than Quebec. The HST/GST, and I am not quite sure what they pay in Quebec, but our tax is \$10.95; theirs is \$3.60. The significant differences are in the provincial tobacco tax and the HST.

If a carton of cigarettes costs whatever it costs, it will be approximately \$20 cheaper in Quebec. I would have to find one of the hon. members here who smoke to tell the difference in terms of the cost of a carton of cigarettes, but the numbers I am using here show a carton of cigarettes at \$95. That sounds expensive to me, down to \$75 in Quebec. I think you can actually buy cartons of cigarettes for \$70 or \$72, depending on the cost.

The member is correct. It will be cheaper in Quebec, but it is mainly now as a result of the lower provincial tobacco tax and the HST or GST, whatever they are paying in Quebec.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Chair, I am trying to figure out how much this all works out for a

carton of cigarettes because the numbers do not really seem to work very well. The minister claims it will be a savings of \$3.4 million. Another minister says he calls it a quota. I think a quota is something that is desirable, but I think this maybe is a limit. It is 100,000 and just the simple math alone says that is \$34 a carton differential.

Can the Minister of Finance confirm that actually the Province is subsidizing cigarettes to the tune of \$34 a carton right now?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** The Province is subsidizing a carton of cigarettes. It is \$20, I think. No matter what the difference in the cost of a carton of cigarettes will be, it will be approximately \$20 difference in terms of if you buy it in Quebec still today.

The way it worked out, there had been in Labrador West and Southern Labrador two different quotas. In 2011-2012, for example, even though the quota was 110,000 and there are thirty-three businesses, the quota does not apply equally. That is the quota for the area in Labrador West.

In 2011-2012, there were actually 145,000 cartons of cigarettes claimed, 145,982. On the South Coast of Labrador, the claimed amount was actually less than the quota. This was historically, and it would make sense from the lower population. The quota of 16,000 on Southern Labrador in 2011-2012 had reached 15,401 cartons of cigarettes and in 2010-2011, 12,102.

What I am referring to is the number, and I understand there could be lower taxes come in, but the actual rebates we have paid out as a government, and I will use the last couple of years for example. In 2010-2011, there was \$3,027,441 paid in rebates, given back to the retailers. In 2011-2012, because we honoured the amount they were over and because it was very difficult to put a system in place where twenty-two retailers just submit claims, the

actual cost paid out in the rebate was \$3,652,910. So that is the number.

Is it simple in terms of the calculations? Could it vary? We know there are several million dollars that can be saved. We also know that is not the only reason; it is the fact that it does not apply consistently throughout the Province. It does not even apply consistently throughout Labrador. It was determined the rebate was no longer required for competitiveness purposes.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Chair, when people buy cigarettes, typically the cigarettes are used as a loss leader sometimes for various retailers. They keep the cost they sell cigarettes at as low a price as they can because they know this will attract people who smoke and who buy cigarettes, and then there will be additional sales being made to those people. Typically, a person who buys cigarettes will also buy lottery tickets and will also buy beer.

**AN HON. MEMBER:** Gas.

**MR. BENNETT:** They may or may not buy gasoline, but not necessarily at a convenience store. They buy other items. The big concern here, I think, with retailers is if they lose the competitive advantage to nearby Quebec-based retailers, then they will lose all the other sales.

I would like to know if the Department of Finance has calculated what would be any revenue loss from taxes for other items people would have bought if they now go to Quebec to buy their cigarettes.

**CHAIR:** The hon. the Minister of Service Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

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

Mr. Chair, I was in business for thirty-five years in Labrador West, in the restaurant business, and I did not get any tax rebates for the food that I sold in my restaurants. I had to be innovative



enough to come up with ways that I could attract the customers in Labrador West, as well as the customers in Fermont, Quebec, to come to my establishments. I had to come up with those innovative ways. Government did not give me a tax rebate.

Mr. Chair, the member across the way mentioned beer. If you talk to a retailer, beer is a loss leader. Lottery tickets are a loss leader. A retailer does not make money on lottery tickets. A retailer does not make money on beer. A retailer does not make money on cigarettes. There are all loss leaders. They are all innovative ways that retailers came up with to get customers inside their doors. I would hope, and I certainly have enough confidence in the retailers in Labrador West that they would be innovative enough to come up with other ways to get retailers in through their doors.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

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

It seems to me that when you look at things like lottery tickets, when you look at things like beer, and you look at tobacco products, they are all regulated by the Province. If they are loss leaders for businesses, they are certainly not loss leaders for the government. They are making quite a significant amount of money if we look at the profits of the Liquor Corporation and what is going to be proposed in tobacco tax for the Province this year.

I have a question around the fact that if government is saving \$3.4 million annually from thirty-three retailers, that is equivalent on average of about \$100,000 in a subsidy, in a rebate, basically, to these retailers, as well as looking at the margins in tobacco sales, as well as the multiplier effect of other products. It seems quite significant to a gas station or to a corner store to lose \$100,000 in a rebate, on average, to their business.

Was there a break down? Was there information supplied to the Department of Finance in terms

of corporation revenue tax put forward their statements, basically looking at sales and how this is overall going to impact their bottom line? If you look at corporations, especially small retailers, the margins in groceries and retail can be very low, a margin of about 2 per cent or 3 per cent. Taking away, on average \$100,000 out of all of these businesses is going to have a significant impact.

I have to say looking at if there was no analysis done; this is something that should have been done. Maybe the minister should look at transitioning a program to help businesses allow them to be innovative. I ask why they did not look at the break down of how \$100,000 removed from every small business is going to have an impact.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, thank you, Mr. Chair.

Unfortunately, the premise of that question is not supported by fact. What we know is that there are thirty-three retailers. There is nothing to indicate that it is spread out equally. In fact, we know it is not because of the income tax returns that are filed, but we can only get so much into that. Also, as my colleague the Minister of Service Newfoundland and Labrador has pointed out, we are dealing with a distributor.

What we have is a situation whereby there is a rebate provided overall. It is not a question of who is making what; it is not a subsidy to a particular business. It was based on ensuring competitiveness in a trans-border situation that started almost thirty years ago and then was brought into legislation in 1997.

The Minister of Service Newfoundland and Labrador has talked about this situation of bringing people in, and innovative ways to do business. I had actually met with the Atlantic Canada grocery stores association – I do not know if they are grocery stores – a couple of weeks ago. They had talked about the situation with beer.

It is my understanding the way that it would work on a dozen beer is that the brewery makes a certain amount of money, it might have been \$13, \$14. I cannot remember exactly, I am going by memory now. The Liquor Corporation made approximately \$5.10 or \$5.20. The retailer only received \$1.50 and they had certain concerns that it was not enough money for them to be receiving. That was not a rebate to them because they are selling the beer, but they are also then taking the bottles back. They are required to take the bottles back.

What is interesting, and this was not specifically related to Labrador. The situation with these smaller stores is not related to Labrador, this is throughout the Province. While they were talking to me about the beer situation, they were also discussing gas; they were discussing the situation as it resulted in relation to tobacco.

Essentially they were saying we have a business to run. The complaints received were that we should be getting more money back for what we are doing. In other words, we are performing a service for the money we are getting.

In this particular case, there is no service being performed. There is nothing being performed other than it was determined thirty years ago we will give you a rebate to ensure competitiveness. It is one of these things that have remained on the books. For us, this year, it was something we looked at and said this is not something that in today's environment is needed. It is not something that in today's environment we can justify, giving a rebate to a number of stores.

It is not evenly set out. It is giving a rebate to a number of stores in a very prosperous area in Labrador West, especially in this day and age, Mr. Chair. I would suggest that there are probably a lot of people coming from Fermont to shop in Labrador West these days and are probably buying their cigarettes in Labrador West.

The way we looked at it is there is no uniformity, even in Labrador. No other province has this. I am actually quite surprised that the opposition on both sides opposed this bill. It

seems to me just to be such a good bill to ensure consistency across the Province, ensures savings for the Province. There is no indication, as my colleague the Minister of Services Newfoundland and Labrador has indicated, there would be any detrimental effect on these retail stores.

I am surprised that they oppose this bill when we are trying to ensure that all the people throughout this Province, all the retail stores are treated favourably. It is surprising.

**CHAIR:** The Leader of the Official Opposition.

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

It is not about opposing the reduction in smoking or what would happen. What we were going back to and the reason why we are asking questions about it – I will refer to the comments made by the Member for Labrador West. As you know, I spent considerable years in the retail business as well. I can remember back around 2000, we started a program to actually remove tobacco from pharmacies.

I was fortunate enough to chair the voluntary removal of tobacco from pharmacies. I was proud to do that because we did that as a profession. It was not without disruption in business, I will say to the Member for Labrador West.

He made reference to certain loss leaders that various convenience stores or outlets would use, if it was beer - we did not sell beer or lottery - if it was tobacco. His very comment actually near the end of it said that they used those so-called loss leaders or discounted commodities within the retail outlets to do what? To attract people to their businesses, they do that.

So why would you want to, I ask the minister, to attract people to your business? What is the premise of that? You want to attract people to your business so they would buy things and they would buy other things. That is the reason why this was put in place in the first place, as I look at the history of it.

That is what we are asking questions about here now. If in fact you are sure - you live in that area. We have been hearing feedback from people that are saying quite the opposite, that this will have a negative impact. We want to make sure that you have done your analysis.

Please do not use this as a smoking cessation program. If you are committed to that, take the \$3.4 million that you are going to save right now from this program and put it directly into a smoking cessation program so that everybody in the Province, including Labrador, can see the benefit of that.

I say to the minister, back in 1984 you could also smoke on an airplane. Indeed, there have been significant changes made around smoking, good changes. Not to say this is going to do anything about reducing smoking. If you are seriously committed to do that, take your money, put it into a serious and significant smoking cessation program, I say.

**CHAIR:** Shall clause 1 carry?

The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Chair, in listening to the comments from the Member for Labrador West, I can appreciate that he says he spent thirty-five years in the restaurant business, and I accept him at his word, however, in that case he will accept that margins in restaurants are probably - a well run restaurant will maybe have \$1 for every \$3 for food costs, whereas if somebody sells beer they will probably get \$1 on a case. If they sell cigarettes they get maybe ten or fifteen cents on a pack. If they sell milk they may only get a quarter. The items they sell will be of very, very thin margins, so they need all the volume they can get.

Mr. Chair, I am advised by people from Southern Labrador that just with tubs of tobacco alone, right now the cost is around \$64 a tub. When this bill is passed, as inevitably it will be, it will cost \$110. The cost will go up from \$64 to \$110. Clearly, somebody will want to drive from L'Anse au Clair just a few miles over across to Blanc Sablon for that purchase, if they

are going to save as much as \$45 on one item. Then they will gas up their vehicle when they there, they will probably buy milk. They will probably buy all sorts of other products.

You may have a restaurant with a 60 per cent or 70 per cent margin on the items that they sell. A small business cannot afford to lose those types of sales. The more customers they lose, the more difficult it will be for businesses, particularly in the South Coast of Labrador.

The South Coast of Labrador does not do as well at this point as Labrador West does. It is one of the most booming areas in the Province, so they have that sort of comparison. Then to saddle the people in the communities from L'Anse au Clair, Forteau, L'Anse-au-Loup, Pinware, right on up through to Red Bay is simply unfair to these businesses. Now having had this rebate available has simply neutralized the cost differential, so they will be more at the mercy of retailers from the Province of Quebec.

I ask the Minister of Finance, has he considered how much revenue will be lost by people who now shop outside of the Province, who would have shopped within the Province if this rebate was available?

**CHAIR:** The hon. the Member for St. John's Centre.

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

It is very interesting to see whether this discussion would go differently if in fact it was not tobacco specifically that we were talking about, whether it was something else that was taxed differently in both provinces.

I understand the complexity of this discussion, because we all would like to see fewer and fewer of our people smoking. We would all like to see less and less spent on tobacco. We would all like to see less of the financial impacts on our health system because of the use of tobacco, and we certainly do not want to be in the business of promoting tobacco use, that is for sure. So, it is a bit of a complex situation. It is not a clear, black and white, clean kind of thing.

I too have been, and continue to be, a small business owner, and I know how precarious that can be. Those of us who have been retailers know how precarious that can be. We all know if a competitor has an unfair advantage or an edge, what that can mean to sales in a small business. We also know what it can mean to whether or not a small business can survive. We all know, also, how important these small businesses are in our communities. We know they are not the big box stores, but in fact they are the small businesses that actually provide services to our community.

I know government is always concerned about any policy changes, what the adverse effects might be on citizens or services in the Province, what the unintended consequences might be. I cannot help but think of times, for instance, when farmers who were growing tobacco were given subsidies or reparation to convert their crops to something else, or when other government policies – for instance, expropriation of land for the good of the wider public, then people are compensated for how those kinds of policies might affect them.

I am just wondering, I know there has been a concern by some of the retailers and by some of the mayors about consultation with them in terms of how this policy may in fact affect those small businesses and their ability to provide services to their communities. I wonder if in fact – I am concerned about what might be a lack of consultation.

I am also wondering has there been any thought to giving some kind of a transitional period so that it will not have such a strong, immediate, negative impact? I am also wondering if there has been any exploration of any alternative way of somehow addressing this that might be different than what has been done over the past few years; something that does not negate the competitive edge that can be a deal breaker for many stores that provides services in the communities.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Chair, the Member for Labrador West, obviously, if he lasted for thirty-five years it was probably a very good restaurant and probably well-patronized by many people. I suspect many of those people actually came from Fermont. Those people would probably take an easy drive down from Fermont. They may well have been inclined to do some of their shopping in Labrador West when they would come to his restaurant.

What would be the extra incentive now if we force up the price of tobacco products so that these people have less of an incentive to come to businesses in Labrador West? Has the Department of Finance made any sort of an estimate as to how much revenue this is going to cost?

What the Minister of Finance is saying for a revenue loss is a gross figure. If he says 100,000 was the so-called quota, and if last year we paid out based on 140,000 or so, and if that works out to around \$20 a carton, then what the Minister of Finance is showing is that the gross value is the amount the government expects to save.

Mr. Chair, that is indicative of the planning of this government. This government takes numbers that suits itself. They say we are going to save \$20 a carton, multiply that by 140,000 cartons, we are going to save \$3.4 million, without ever taking into consideration what goes on the other side of the balance sheet. What were the inputs? What were the losses and the costs incurred in order to affect that sort of saving? Clearly, this is a gross figure and it needs to be netted out with the amount that the government will otherwise lose.

Certain amounts of revenue will be lost from individuals in this Province. There will be taxes that will not be paid by people who will not make purchases here because they will make those same purchases in the Province of Quebec. I ask the Minister of Finance: What is the net value that is going to be derived from this? Not the \$3.4 million gross value that he is talking about.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, thank you, Mr. Chair.

One of the things we are taught as lawyers is to analyze and to apply logic. I do not know what law school the member opposite went to. I do not know what training he had as a lawyer, but there is simple math, and we do not need the Minister of Tourism's calculator when I point out that we spent \$3.4 million we gave back to people. That is what it was, I say to the member opposite.

Whether we will save all of that I do not know, but this government stands for fairness and treating people equally throughout this Province. This was brought in, in 1984 to ensure competitiveness. In 1997 it was continued. We do not see the need for that today. In fact, the argument can be made that one particular area of Labrador is being treated unfairly, whereas the Member for Torngat Mountains' area is not.

Is the Member for Torngat Mountains' constituents going to Lab. West to buy tobacco? Are they going to Southern Labrador to buy tobacco? Or do you simply go to the Costco when you are here in St. John's and you pay \$70 for your carton of cigarettes or whatever it costs. That is how simple it is. I cannot understand why you would take such a simple issue and oppose it when you do not have to oppose us on everything.

Less tobacco smoke, less cost to the health care system, less money spent. This is an easy \$3.4 million. I hear the member opposite with the – oh excuse me – cackling over there, Mr. Chair. They oppose everything anyway. In fact, you can interpret this as a tax, which is what they want to do is tax, tax, tax.

So, what is it they want here? We are trying to reduce. The cost to the government is \$3.4 million. Whether or not we will save all of that is not the issue. It is fairness and it is consistency. From a logical and analytical basis this is one of the easiest decisions we had to make.

In fact, in Southern Labrador they have not even met their quota of 16,000 cartons. The Minister for Service Newfoundland and Labrador, who was a very successful businessman for thirty-odd years and who was a very good cook, Mr. Chair, I say to you, he is telling us that he has spoken to everyone. Are you calling him a liar?

This man has stood up in front of this House – excuse me, I cannot use that word either. The member opposite, are we saying that he is peddling mistruths? Are we saying that he is being adventurous with the facts? Basically, he is telling us what is going on. I really do not know what to say to the members opposite that what we are trying to do is reduce layoffs. We are being criticized for layoffs. This was an easy one. It is \$3.4 million that we may save. It is no more complicated than that. I do not know really what it is about.

Look, I can be here until the cows come home, I really do not care. Keep asking questions, keep getting up. We have a lot of time here. We are here. We opened the House, you close it. If you want to keep it open forever go ahead, let's stay all night, and let's have a party. We will order in pizza and chicken wings if that is what you want, but there will be no smokes.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

The hon. the Member for The Straits – White Bay North.

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

Just in commentary to the Minister of Finance, this bill actually is looking at making things very unequal and not levelling the playing field when it comes to the retailers, and when it comes to how close they are in geographical nature and

the price differential. It is quite significant when you look at on average, if it is \$20 on a carton, if a consumer can go somewhere and get a product cheaper, they generally do.

If you look at Costco and what they have done by coming in and putting in gasoline, they have increased demand in the amount of memberships they have. A lot more people are purchasing gasoline, another regulated industry, and with that, we are seeing downward pressure from other gas stations. That is eating into their margins. That is basically what this government is going to be forcing people to do by creating an unfair price differential.

What would have been a responsible thing to do would have been to look at doing an analysis to see what the overall impact would be, but also look at what they did when they transitioned tobacco products out of pharmacies. It was done over a period of time. If you want to eliminate this rebate, work with the retailers, work with the people who are in business, and look at transitioning this out over a period of time to allow them to be innovative, as the Member for Lab West says. Do not just spring this on them.

This is something that does not allow a small retailer to really look at expanding its product line and to get into other lines of business to make up what is on average \$100,000 at an outlet. This is something that really will harm business, especially in rural areas. It will have an impact on the provincial taxation, and the savings will not be \$1.4 million. There is too much of a simplistic approach taken to looking at this and not looking at the social and overall implications as to what this is going to mean on the economy for these retailers.

That is something we need to look at. I think government should go back to the drawing board on this one and look at doing a transition program so it will allow the retailers to stay in business and be more successful. That seems like the responsible thing to do here, Mr. Chair

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Mr. Chair, I have to first apologize to the Member for St. Barbe, because everything he said, there is logic and consistency compared to what this guy over there had to say. The pellet man, the shrimp-shell man is now going to be the saviour for business in Newfoundland and Labrador.

So what does his party stand for, Mr. Chair? Let's tax the oil companies, let's drive them out of the Province. Let's get rid of the social problems that derive from the money we make with the oil business. Let's tear up the contracts.

What does his party stand for, Mr. Chair? We get rid of a rebate on cigarettes. What does his party stand for? Tax the middle class, tax the middle-income earners, and tax their own union members. That is what they want. When they talk about taxing the rich in this Province, there are not enough rich to tax.

So what are we going to do? What is the platform of the member's tie over there today? Tax everyone. Tax us all out of business. Let's everyone leave the Province here.

In Labrador West, where things are booming, again, you talk about simplistic. What is simplistic is to take a figure of \$3.4 million – again, maybe it is simple –and divide it. That is not the way this works.

In fact, we know that there is one business in Labrador West – I am not going to get into it – that does most of this business. My colleague will talk about the cost of buying beer in Fermont. Do we see tractor trailers of beer coming across from Fermont, I say to the Minister? What is the cost of a dozen beer or fifty beer over in Fermont?

**MR. MCGRATH:** Fifty-four beer is less than \$30.

**MR. KENNEDY:** There you go. What do you want us to do now? Start giving a rebate to beer retailers too?

When you talk about consultation, Mr. Chair, how much consultation do you need to do? My

colleague, the Minister of Justice, pointed out today that he stood in this House and he talked about all the consultation and we were criticized for it.

Mr. Chair, we went out, we listened to the people of this Province during the Budget process. They told us that health care and education were very significant for them, and we continued to listen to them. The one thing we will not do is tax the middle-income families in this Province as the NDP would ask us to do. We will not tax those people who are contributing, who have their children in school, who are paying to have them involved in activities. That is what they want. They want us to tax the middle-income earners in this Province.

What they also want to do, Mr. Chair, they say we do not help the poor; we do not do anything for the poor. As a result of our \$500 million in tax reductions since 2007, we have insulated low-income earners from paying a lot of taxes, if any tax at all.

Mr. Chair, what we have done is we have worked with the oil companies, we have worked with big industry, and we have worked with the mining companies to try to ensure that projects proceed in this Province. Retail business is a tough business. The Member for Labrador West, the Minister of Service Newfoundland and Labrador, again has said: I have talked to all of these people; I am not hearing concerns. As he said, Mr. Chair, and I say to the Member for The Straits – White Bay North that ship has sailed and it is not fuelled by either pellet plants or shrimp shells.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The Member for St. Barbe.

**MR. BENNETT:** Mr. Chair, I congratulate the Minister of Finance. Whatever law school he attended, clearly he is an outstanding advocate; there is no doubt about that. Justice Lamer found that as well that the Member for Carbonear is an outstanding advocate.

When he talks about the fairness to different businesses and how it should be equal across the Province, I am certain that the Minister of Finance realizes that there is no greater inequality and unfairness than the equal treatment of unequals. The equal treatment of unequals results in institutional unfairness.

Mr. Chair, what we have here, if we have some businesses that have to compete with businesses in a lower tax area in the Province of Quebec, they compete with businesses in the Province of Quebec. Quite frankly, I am more concerned about the Southern Labrador businesses because they do not have a very robust economy like is in Labrador West with iron ore exploration, that I think that the original Premier of this Province facilitated the discovery of in Labrador West.

In Southern Labrador there are very small communities. They have to compete with other Quebec North Shore small communities, but the Quebec North Shore small communities have lower tax rates for tobacco and lower tax rates for alcohol.

When you leave this Province to go across on the ferry, you go across to another province, you go across to Quebec. You go across to Blanc Sablon. You do not go across to Labrador. You go across to Quebec. You take the ferry from St. Barbe, which is in my district, and you go across to Blanc Sablon. So you drive through part of the Quebec North Shore. You drive past retailers in the same community. They have the first shot at the traveller coming from here.

If the traveller coming from here who may well be a Southern Labrador traveller knows it is going to be even more expensive when I get to my home just few kilometres away in L'Anse au Clair or in Forteau or in L'Anse-au-Loup, Pinware, Red Bay, all of these communities that benefit from this tax rebate, then clearly they are going to stop and they will shop.

The Minister of Finance says that the rebate was not even used fully in Southern Labrador. If it was not used fully, clearly that contradicts the argument that the Minister of Service Newfoundland and Labrador for Labrador West

made a couple of days ago. He said that people were taking advantage of the cheap rates in order to load up on cigarettes to come to other parts of the Province. If I misquote him, clearly he will correct me.

If the retailers in Southern Labrador are not even using the full allocation, then it cannot be abused. If they are using part of their allocation, which clearly they are, then it is a business necessity for them, and a business advantage for them to keep this particular program in place.

Mr. Chair, the references to government members about this being somewhat health related is pure hypocrisy. It is absolute hypocrisy. There is no doubt taxes on tobacco and alcohol are referred to as a sin taxes, but it is hypocritical to say this will improve health in some way. Unless, as the leader of my party says, if you want to address health issues related to smoking, then bring in smoking cessation plans. Bring a smoking cessation plan across the whole Province and help everybody.

It is well demonstrated that every dollar that is collected in taxes results in far more than \$1 in health care costs later on. I think all of us would accept that if it was a true smoking cessation plan, but it is not a smoking cessation plan. It is simply a gimmick for this government to grab a few extra dollars because of a miscalculation they made last year on oil prices.

One note that I will leave with the Minister of Finance is that he may have plagiarized a comment that someone said when he spoke last. I think the origin in this Legislature of telling somebody that he will stay here until the cows come home came up in 2004. That was in relation to negotiations with NAPE.

Is he putting NAPE on notice right now that he is willing to stay here until the cows come home? I believe that another Premier already used that statement. I think that he should give full credit if he means he is going to stay here until the cows come home, him being Minister of Finance, him negotiating with NAPE.

Let's hope he does not have to stay here until the cows come home. Let's hope that they will back down on this bill.

Thank you, Mr. Chair.

**CHAIR:** The Member for St. John's North.

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

I just wanted to get up and say a few words about this. First of all to respond to the Minister of Finance's questions about what we want to do with taxes. As I said several weeks ago here our platform, which is as good as the day it was published in 2011, says that we want to reduce small businesses taxes by 25 per cent to bring it from 4 per cent down to 3 per cent, and to raise the basic personal exemption for income for earners up to \$9,000, which would give us the highest basic personal exemption in Atlantic Canada. I will not belabour that.

I wanted to say that I was particularly concerned to hear the Minister of Finance say several times well, we do not know. I would have assumed that government would have done some sort of market research, a consumer study, to look at patterns of consumer behaviour in Labrador West and in Labrador City. That is what we would do if we were on the other side of the House, I say to the Minister of Finance. We would think out these decisions and think about the impact.

The other thing I wanted to say is of special interest to me because my parents owned a community store in the community of Lord's Cove. My mother went to work long hours, early morning, and late night for thirty-three years. The Minister of Service NL was talking about these lost leaders and so on.

It is a fact we know, and I witnessed it first-hand, that people will come into a community store, a grocery store, a convenience store, Marie's Mini Mart, or what have you, and they will get lottery tickets. They will purchase beer. They will purchase tobacco products. They will purchase other items that retailers make a decent profit on. Confectionary items like potato chips,



pop, chocolate bars, and those sorts of things sometimes have as much as a 30 per cent markup or perhaps more. That is where they are making their money, so you are taking this out.

You say you consulted with people. The other night I was listening to the minister saying: I consulted and I consulted. Well, the Mayor of Wabush has been communicating with us about this and says that he is concerned. We have our candidate for the upcoming by-election in Cartwright – L'Anse au Clair. He has been talking to people in Southern Labrador.

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

**MR. KIRBY:** Yes, absolutely, that is a border area. He has been talking to people down there. There are people concerned in both areas that this is impacting. My colleague is from that district.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. KIRBY:** My colleague, the Member for The Straits – White Bay North, had a very good idea, I think. If you are going to do this, study it, see what the impact is going to be, and then if this needs to be done, if it is going to have a neutral effect, if it is not going to harm local business, then phase it in. Why do all of this the one time?

It is like the cuts to ABE. Somebody was looking for a number and found one here. It is not a great way to make policy, I say.

Thank you.

**CHAIR:** The Member for The Straits – White Bay North.

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

My colleague from St. John's North made a number of excellent points when it comes to looking at business and looking at the market research. One of the things we really need to

look at, too, is beyond the thirty-three retailers that are there. It is evident that the Department of Finance, when making this decision, did not look at the broader implications on the overall economy and what that means for other business and other retailers, whether it is restaurateurs or whether it is looking at other grocery stores, places that do not sell these tobacco products. When you have an activity and when you have retail districts, people tend to shop at other areas and this could have implications on looking at consumption.

We do see that consumption taxes for the Province, in the Budget, have gone up significantly. It has shifted because of the robust economy happening in Lab West and because of other factors, as well, because incomes are high. When you look at those types of things that are happening, though, if you take away a rebate, that is going to have an implication on a business and create an unfair business differential between the businesses that are just a few minutes away across the border. This can have a multiplier effect or a domino effect on a whole network of businesses that are selling goods and services.

Just like how, in a rural economy, businesses are supported, they support other professionals, and they really grow the economy around that. By not looking at that, by just saying we are going to save \$3.4 million by taking away this rebate, it is not looking at in any way, shape, or form what this is going to mean; if there are people who are going to lose their jobs; if this is going to have an impact on sales tax that is going to be paid; if it is going to have an impact on corporate tax or small business tax; and if it is going to have an impact on personal tax or general consumption taxes. Those are types of things that are going to impact the overall Budget.

By looking at where we are headed, if you are looking at deficit spending over a period of time, when you are making decisions, I say to the Minister of Finance, you should not be doing them at just haste and cut, cut, and cut here. We have to save some money, so we are going to save this here and this line item here; it is easy to

save the money here. If this decision, because it is made in haste, is going to have an overall impact on the economy, it could cost Newfoundlanders and Labradorians in the Provincial Treasury far more than what it is going to save.

One of the things we are seeing by saying that there are savings is we have no idea that these numbers are going to be accurate because they are not supported by any research, plan, or data. It is the same way just a few months ago when we were going to have a \$1.6 billion deficit, not supported by any fact in any way, shape, or form.

These are types of things where people, business owners, small business owners, and retailers in the Province are going to start losing confidence in the Progressive Conservative Party in Newfoundland and Labrador. Look at what they have done in raising business fees and taxes, whether it is introducing these fees for the Newfoundland and Labrador Liquor Corporation, putting in fees for foresters, putting them in for the fishery, putting in fees for starting up a small business in access to a highway, and now they are removing these rebates to impact and looking at potentially having an adverse impact on these businesses.

Looking at this and looking at this whole complement, this recipe of what government is doing when it looks at its fees, they are saying they are not increasing taxes, but you are increasing fees. By doing so, it is worse than a tax grab, I say to the Minister of Finance.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** The member opposite actually raises a very interesting and novel idea. That is the fact that the NDP have a plan. So, let us hear what the plan is. I invite the shrimp-shell man over there to outline his plan for us. Other than to close down Muskrat Falls and use shrimp shells to run Holyrood, what are the plans? This is a great opportunity here now.

I have an idea where the Liberals come from. I know generally what their policies will be. They

will oppose us, but I know that their policies would not be that dissimilar. This is a great opportunity to hear from the New Democratic Party of Newfoundland and Labrador. What are your plans for this Province? What policies will you bring in?

You want your roads paved on the Great Northern Peninsula. How are you going to pay for it, I say to the Member for The Straits – White Bay North? The Member for St. John's Centre, again, a lot of objectives. We want to have houses for everyone; we want to ensure programs for everyone. Again, how are you going to pay for it, I say to the Member for St. John's Centre? The Member for St. John's East stood up the other day and talked also about roads and municipalities. So again, a great opportunity in the next week or two, how are we going to pay for it all?

What they are saying, Mr. Chair, is we want universal daycare, we want universal kindergarten, we want universal pharmacare, and we want universal home care, but they never put a cost on any of it. Has anyone in this House ever heard a cost put on any of it or what it is going to cost? Never! What do they do? What do they do, Mr. Chair? They say: Do it. That is it. Do it.

Let us look at how you govern as opposed to how you are in Opposition. In government you take a Budget, this is the money we have, and ever how we got to where we are today, Mr. Chair. We got here by building schools, by building hospitals, by building long-term care facilities, by building roads –

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** – and by rebuilding the economy of this Province, Mr. Chair. We spent money. Yes, again, we hired more people than perhaps we should have hired. There is an argument for that and it has put us in the situation we had to deal with this year.

If they were to come into government tomorrow, what are you going to do? How are you going to pay for your universal daycare and your

universal homecare? You are going to drive the oil companies away because you already told them you are going to increase the taxes by 3 per cent. They are not paying enough corporate tax, so we will tax the rich 80 per cent. We will drive all of them away. If you think for a second they will not get up and go, you are living in a dream world. Oh, they are living in a dream world. Sorry, I forgot about that.

Now, that is what they are going to do. That is how you are going to pay for it. What else are we going to do? What is left? What are government's options when it comes to getting money, Mr. Chair? You raise taxes, you increase your revenues, or what?

So they have to raise taxes, and that is where it is, Mr. Chair, because that is what NDP governments do. They spend and they tax, tax, and tax. I do not have in front of me the Leader of the NDP's most recent promulgation on Open Line where she said: There are tax avenues open to the Province; they chose not to take advantage of them. To equate what we are doing here today as somehow or other creating unfairness, I really have difficulty with that. If you look at our Poverty Reduction Strategy and you look at the fact that 60 per cent of our spending is in the social sector, yet we are facing a deficit.

These deficits are real. If you read any of the reports coming out of the banks or to read *The Economist*, right across this country we are seeing deficits, except for Saskatchewan. Quebec you cannot really count on. It was quite an interesting comment from the Member for St. John's Centre earlier, how Quebec looks after its citizens. Well, why doesn't she move to Quebec? In this Province we look after our citizens, Mr. Chair, and we have been looking after our citizens since we have been in government.

Whatever the faults of the Liberals may be, and there are many, Mr. Chair, no one will ever criticize them for not trying to do the best they could do with the money they had. We know where our parties are, but let us hear from the NDP. This is a great opportunity for you to

stand up and tell us how you would run the economy.

I say to the Member for The Straits – White Bay North, play Finance Minister for a day; tell us how you are going to do it. I say to the Member for St. John's East, be the Minister of Natural Resources for a day; tell us how we are going to do it. I say to the Member for St. John's North, be the Minister of Education for a day; tell us how you are going to do it. I say to the Member for St. John's Centre, be the Minister of Advanced Education and Skills and Transportation and Works, and tell us how you are going to do it, because we would be very interested in that.

It is easy to be on the other side and to criticize. That is easy. What is difficult is to govern, to make decisions with what you have.

Now back to this bill. What an easy decision, \$3.4 million in rebates that is no longer necessary. When you are looking to save money even if we were not in a deficit situation I can say to you this one would be gone. There is no way you can justify allowing one part of the Province, not even Labrador as a whole, to have an unfair advantage.

What research do you need to do, I ask people over on this side of the House? When we have other issues to deal with, when we have complex social issues, when we have the health issues, we have education spending. This was an easy one.

Officials came in, \$3.4 million, okay, easy. The Member for Labrador West who is up there every weekend, who is talking to the people, and who is a very congenial fellow, I have to say, unlike some of us. He is out there talking to people and he is not getting any great kickback from this.

What happens here is the situation is quite simple. In the budgetary process when you look at the tough ones, when I look at, I was going to say, what we did to the Minister of Health, what we put her through in terms of trying to come up with savings in the Budget. When I look at what

we went through with the Minister of Education, with the Minister of Justice, the Minister of Transportation and Works.

Then if I had to come in and say by the way fellow Cabinet ministers, we can save \$3.4 million in a Labrador Border Zone Rebate, something that is no longer necessary, but I am not going to do that because the NDP have a concern for small business. What would my colleagues have said? They would have said you are out to lunch. Whether I am or not, Mr. Chair, this particular repealing of this particular bill is not out to lunch.

It is simple. If it is simplistic, call it that, but it is an easy one. It is \$3.4 million that we paid out last year that we will not pay out this year, Mr. Chair. In that respect, we are saving money.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for St. John's North.

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

I just wanted to pick up on a couple of things that the minister said because he said fairly interesting things. The first thing is if this was such a good idea, and if he and the Member for Labrador West believe this is such a good idea, why didn't they have it in their platform during the last election and tell the people in Labrador West that this was something that they planned to do? Why didn't they campaign on this, if this is such a great idea?

That is the first thing I wanted to put out here. I will offer up a challenge to the Minister of Finance because in the lead up to this Budget this year, there were multiple groups in our communities out there talking about the need to control the use of tobacco in our communities, to cut back on the level of tobacco usage in Newfoundland and Labrador in the interest of public health. Government has barely even acknowledged that that is the case.

If this is about smoking cessation, if that is what this is all about because this keeps coming up

over and over again, then I challenge the Minister of Finance and the Minister of Health and Community Services to take this money – that they are going to be saving as a result of not giving a rebate to the retailers in Labrador West, and in Southern Labrador – and put it into smoking cessation therapies, those nicotine control therapies, and smoking cessation therapies. Put it into that, and then maybe we might be able to compromise, just maybe. I offer that challenge up, because I think that is a reasonable thing that the government could do here.

Thank you.

**CHAIR (Littlejohn):** The hon. the Government House Leader.

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

I move that the Committee rise, report progress on Bill 4, and ask leave to sit again.

**CHAIR:** It is moved by the Government House Leader that the Committee rise and report progress.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay'.

Carried.

On motion, that the Committee rise, report progress, and ask leave to sit again, Mr. Speaker returned to the Chair.

**MR. SPEAKER (Verge):** Order, please!

The hon. the Member for Port de Grave.

**MR. LITTLEJOHN:** Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report progress and ask leave to sit again.

**MR. SPEAKER:** The Chair of the Committee of the Whole reports that the Committee have

considered the matters to them referred and have directed him to report progress and ask leave to sit again.

When shall the Committee sit again?

**MR. KING:** Today.

**MR. SPEAKER:** Today.

On motion, report received and adopted. Committee ordered to sit again presently, by leave.

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I call from the Order Paper, Order 1, Committee of Supply, to discuss the Estimates of Executive Council.

**MR. SPEAKER:** The motion is that the House resolve itself into a Committee of the Whole to consider the Estimates of Executive Council. Would that be –?

**MR. KING:** That is correct, Mr. Speaker.

I am moving that we consider Order 1, Committee of Supply.

I move, seconded by the Minister of Finance and President of Treasury Board, the House do resolve itself into Committee of the Whole to consider the Estimates of Executive Council.

**MR. SPEAKER:** The motion is that this House resolve itself into Committee of the Whole to consider the Estimates of Executive Council, and that I do now leave the Chair.

All those in favour, ‘aye’.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, ‘nay’.

Carried.

On motion, that the House resolve itself into Committee of the Whole, Mr. Speaker left the Chair.

### Committee of the Whole

**CHAIR (Littlejohn):** Order, please!

We will now consider the Estimates for Executive Council.

Please note the following Estimates have already been examined: Women’s Policy, subheads 2.7.01 and 2.7.02, found on page 2.11 of the Estimates book were considered by the Social Services Committee on May 7, 2013; as well, French Language Services, subhead 3.1.04, found on page 2.16 of the Estimates book were considered by the Social Services Committee on April 24, 2013; and the Office of the Chief Information Officer, subheads 4.1.01 through 4.1.07, found on pages 2.20 through 2.22 of the Estimates book were considered by the Government Services Committee on April 24, 2013.

The Chair asks that the Clerk now call the first subhead, please.

**CLERK:** Subhead 1.1.01

**CHAIR:** Subhead 1.1.01.

Shall 1.1.01 carry?

The hon. the Member for Burgeo – La Poile.

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

I have a question in regard to line 01 for Government House.

**CHAIR:** Line 01, for Government House.

**MR. A. PARSONS:** Salaries, there is a \$50,000 decrease. I am just wondering what position that was for?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I am looking at 1.1.01.01, the \$50,000 between – I am sorry, I have lost you, Mr. Parsons. Excuse me, the MHA for Burgeo – La Poile.

**CHAIR:** The hon. the Member for Burgeo – La Poile, just to repeat the question for the minister.

**MR. A. PARSONS:** Yes, no problem, Mr. Chair.

Both the budget and revised for 2012-2013 were around \$635,000 and then \$624,000, and Estimates for this year is at \$576,000, which is close to a \$50,000 reduction. I am wondering there must have been a position taken and what that position was?

**MR. KENNEDY:** Yes, approximately \$10,000 or \$11,000 results from the re-evaluation of the shift system. Also a decrease of approximately \$59,500 is a cost-savings initiative as a result of a retirement that will not be refilled and a reduction in temporary worker hours. It is a retirement.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** If I could just get the – is there a job title that goes along with the retired position, Mr. Chair?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I think it is one of the domestic workers, but if I am incorrect I will get back to you.

**CHAIR:** Shall 1.1.01 –

The hon. the Member for St. Barbe.

**MR. BENNETT:** I am sorry, are we on line 01 Salaries or the whole? No, I am okay on that line.

**AN HON. MEMBER:** Do you have anything else before we (inaudible)?

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** The second line says Employee Benefits. I can understand how an even number like \$500 would be budgeted, but when it is revised shouldn't it be an actual number or is it just guess work?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** What we are seeing there, it was budgeted for \$500 and it was revised at \$500. There is no variance there, and then there is a \$100 variance to reflect anticipated expenditures.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** I would like to ask the Minister of Finance if he could explain the revenue federally, why there is no revenue there of \$10,000.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Is there a particular head of the section that the member is referring to?

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Under 01. Revenue - Federal, last year there was \$10,000. I would like to know what that was for and why there is no federal revenue this year.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I do not have an explanation for that, but certainly I can check into it.

**CHAIR:** Shall subhead 1.1.01 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay'.

Carried.

On motion, subhead 1.1.01 carried.

**CLERK:** Subhead 2.1.01.

**CHAIR:** Subhead 2.1.01.

The hon. the Member for Burgeo – La Poile.

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

Under the salary allowance for line 01 it is \$1.6 million. We know that, just looking at the job piece, there was a salary allowance for a Manager of Social Media for the Premier's Office. We already know we have a special communications branch within Executive Council, and we also have the Office of Public Engagement.

My question is: Can we please find out the specific role for the Manager of Social Media and how it might be different from the other roles carried out within Executive Council?

**CHAIR:** The hon. the Minister of Finance.

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

We have basically, in the Premier's Office, nineteen staff at present, but there are twenty-one positions in the Salaries book. One of them is Social Media and there is a Specialist Assistant of Operations, which are not filled at present. I am not aware of whether or not they will be filled, Mr. Chair. So, there are nineteen staff currently in place and there are two vacancies that I cannot comment on because I do not know if they will be filled.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** I appreciate the answer from the Minister of Finance.

I guess my question might be best directed at the Minister Responsible for the Office of Public Engagement. The question is that when we are talking about communication as a whole, we have a new position for social media but we have a number of other branches for which there are expenditures: the Office of Public Engagement, special comm. branch within

Executive Council. So I am just wondering, this new person that was not there last year that the position may be filled this year. What I am wondering is, what is it that they are going to do different?

**CHAIR:** The hon. the Minister of Innovation, Business and Rural Development.

**MR. HUTCHINGS:** Mr. Chair, in the Office of Public Engagement we have one communication staff who would look at the communications of the OPE.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** I am just putting this out there, I am not doing this to debate for the sake of debate, but it is a reasonable thing. We had a Budget where there have been a number of people let go. I think the question I am asking is reasonable within the context of the exercise that has just been gone through.

I am wondering, because this is a new creation. It is one that was not there before. I know it is not filled. I know the Premier has said in scrums and news conferences that it is unsure as to whether it will be filled. I just wonder we are creating this new media person, this new position to discuss the social media side. I think within the Executive Council there are a number of people already there handling media, communications and those things.

I did not know what would prompt the need for this new position, when last year we had the creation of the Office of Public Engagement which there was a lot to do about that. I am just wondering here, why we have to have this new position created. I guess that is my question.

**CHAIR:** The hon. the Minister of Finance.

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

The closest example I could come to, I think, would be the creation by the former Roger Grimes' government of the director of open lines when a job was created for Sue Kelland-Dyer. I

am not sure it was needed at the time. I am not sure it would have been necessary but it was created.

Just to put things in perspective because the member opposite has talked about the recent layoffs. The Premier's Office currently has nineteen staff. In the last Liberal Administration they had twenty-five staff. So we certainly have less staff in place.

There is a social media. If there is advertising, it will certainly outline what the job entails. Social media – I cannot even speculate on what could be involved in the job other than dealing with issues such as Twitter and Facebook and other issues. I do not have knowledge of that.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** I could be facetious and ask if the director of open lines position still exists within the Premier's Office, but I think that it might be somewhere else.

The Premier's Office previously had three positions last year that are no longer in the list of Salaries, and that is from the Salary Details book, page 5: Special Assistant Labrador, Special Assistant Operations, and Policy Analyst PS.

My question, Mr. Chair, is what happened to the three positions? Are they restated in another department or have they been made redundant?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, thank you, Mr. Chair.

The Special Assistant Labrador is still vacant. It is showing as being vacant right now at this point. It is one of the nineteen staff members, but it is showing as being vacant. Then I have indicated that we have the social media and the Special Assistant Operations is vacant. What was the third one?

**MR. A. PARSONS:** Policy Analyst.

**MR. KENNEDY:** Yes, I am not showing a vacancy here under Policy Analyst. I am showing a Special Assistant Operations vacant, and I am showing a Manager of Social Media vacant. Those would be the vacancies. I am not showing a Policy Analyst being vacant.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Just to confirm, the Special Assistant Labrador and Operations, the positions still exist they are just not filled at this time. If the minister does not have the information there, could we ask that it be provided whether the Policy Analyst position still exists or if it has been eliminated from the Premier's Office?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, there is a Director of Policy in place in the Premier's Office. I will check on that issue and get back to you shortly. In relation to that, Mr. Chair, I just want to go back. There was a question asked by the Member for The Straits – White Bay North on the \$10,000 in the federal revenue. That was for the Queen's Jubilee. That was one-time funding for the Queen's Jubilee.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** My question is for the minister: Are there any people working in the Premier's Office who are not permanent employees?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** When I look at the Salary Details and the members in the Premier's Office, there is no indication to me from the Salary Details that they are not permanent, but that is something we will check on. Although I do not know who is in what position, I know most of the people up there. My understanding is that most of them are full-time employees.

**CHAIR:** The hon. the Member for Burgeo – La Poile.



**MS MICHAEL:** Can I do a follow-up there?

**MR. A. PARSONS:** Yes, sure.

**CHAIR:** The hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** Thank you very much, Mr. Chair.

I am following on the same question that was just asked by the Member for Burgeo – La Poile. In the Estimates sheet for the Premier's Office it is \$1,865,000 in Salaries. Then when I look at the Salary Details for the Premier's Office, under Premier's Office, the amount of money for permanent employees is \$1,593,780. So there is a variance between the amount of money for permanent employees and the total amount of money for employees in the Premier's Office. That would seem to indicate that there must be money for temporary or some other type of employment in the Premier's Office.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** There are actually twenty-one. When we see approved positions, those are permanent positions, there are twenty-one permanent positions. The Salary Details shows that to be \$1,593,780, leaving then approximately \$13,520. That is in relation to temporary and other employees, overtimes, and other earnings and other adjustments. So that is the heading that I have, it is a rather small amount, but the key is that the \$1.5937 million is for twenty-one permanent employees.

**CHAIR:** The hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** Thank you, and I want to correct myself, I should have said \$1,607,300, not \$865,000. So I just want to correct that for the record; I was reading the wrong line.

So it is a smaller amount of money, but then coming back to staying with the 01, Salaries line, it is \$62,800 less than the budgeted amount of money in last year's budget. Was there a loss of a position in the Premier's Office?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** What I understand had happened, Mr. Chair, last year there had to be 3 per cent savings found in the Budget, and that was one-time savings. So what we see, there was actually a decrease of \$62,800, which was a one-time savings initiative, and then that will actually – whether or not it will go back there this year, it is a one-time savings for that year. So I would suggest if we add them together, we should get the budgeted and revised.

**CHAIR:** The hon. the Member for Signal Hill – Quidi Vidi.

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

Minister, when I look at it, the budget for last year, for 2012-2013, was \$1,670,100, and then the revised was \$1,569,000, which is basically \$100,000 less. The revision down was \$100,000 less. Is that what the savings were, and now this year we are back up to \$1,607,000, which is where the \$62,000 variance comes from – it is between the budget and the Estimates for this year, but the revision down was actually \$100,000. Were people laid off momentarily and they have been brought back in or what happened there because that is a big variance between the budget and the revised?

**CHAIR:** The hon. the Minister of Finance.

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

Actually when it comes to the staff in the Premier's Office, I think it would probably be the same in the other parties is that as political staff they are on contract, although they are full-time contractual. I do not know if there is any such thing as permanent when you are working as a political staff. When I use that term, I am talking about a full-time contractual.

The \$101,000 variance between the budgeted and revised resulted mainly from delayed recruitment as identified under the plan. Then under the Estimates we have \$62,000 – I think that should add up close to \$62,000 or a little more. That is a result of the one-time savings

now going back in. You have \$100,000 from delayed recruitment, the \$62,000 going back in, and that should explain the variance.

**CHAIR:** Shall 2.1.01 –

The hon. the Member for St. Barbe.

**MR. BENNETT:** The positions that were vacant last year in the Premier's Office, were they budgeted for being vacant or were they budgeted for being filled?

**CHAIR:** The hon. the Minister of Finance.

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

When you look at the Salary Details it shows, under the approved positions, twenty-one positions, so they would be budgeted for. That would leave – right now, there is nineteen staff that are positions filled but that would include certain vacancies. They would be budgeted for and there are still two on the books that are not filled that would add up to the twenty-one. There are nineteen staff and two positions that are not filled: social media and the Special Assistant Operations.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, the revised last year ended with \$1,837,400; this year it is \$1,865,000, which is a little bit higher. We know that government claims and, in fact, your budgeting says that we are looking at a pretty substantial deficit, maybe not \$1.6 billion but certainly a substantial deficit.

Many people believe that when somebody leads an organization – and clearly, the Premier leads the Province – when they expect sacrifices from others, they are willing to commit to an equality of sacrifice. I do not see anywhere here where the Premier is having any of her support rolled back that would be the equivalent to what the Department of Education is losing, for example. Was there any consideration to the Premier subjecting herself to the same standard everybody else had to meet?

**CHAIR:** The hon. the Minister of Finance.

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

Executive Council certainly had to provide reductions and when we set targets they would vary in relation to departments. What we are seeing here is salaries between the budgeted and revised last year in Estimates, I do not know if you would call it significant, but there is an \$118,000 variance.

The best example I can give you, though, is that in the former Liberal Administration, the last Administration, there were twenty-five staff. The current Premier is operating with nineteen staff and there are two positions unfilled. Certainly it seems to me to indicate that in times when the Liberals said they had no money at all, they had a greater staff, almost 20 per cent more than the current Premier has. In the current set-up right now, there are a number of vacant positions that are not filled. Whether or not they will be filled, they are approved, I say to the member, and time will tell whether or not they are going to be filled.

**CHAIR:** Thank you.

The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Line item 09, Allowances and Assistance, the budgeted amount –

**CHAIR:** 2.1.01.09, just to confirm?

**MR. MITCHELMORE:** Yes.

**CHAIR:** 2.1.01.09, Allowances and Assistance.

**MR. MITCHELMORE:** There is \$20,000 in Budget, \$20,000 in Revised, and there is \$20,000 this year in Estimates. I would just like some detail, as to what would qualify as an allowance or special type of assistance in that category.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, Mr. Chair, I am not entirely clear on what took place prior to 1990, but I do think a residence was provided for the Premier at the time. I think when the Premier came in, in 1990, it changed and the date of the MC is MC 0551-'90. It no longer provided a residence for the Premier, but provided an allowance paid to the Premier in lieu of the provision of a residence at public expense. That has been in place since 1990, and I forget how many Premiers. I know our former Premier did not accept a salary, so I am assuming he did not accept that either. Other Premiers, at least three or four of them, certainly would have received that allowance.

**CHAIR:** Thank you.

The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Mr. Chair, the total cost for Transportation and Communications under line 03 is \$188,200.

My question is: Does this cover all travel costs for the Premier for the year; or does Premier's travel come from any other sections?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I have gone through the travel and it appear this covers, I think, all of her trips, for example, to the Council of the Federation, to the Atlantic Premiers meetings, and to the southeast governors. Wherever she went in terms of representing the Province as the Premier is certainly covered, as well as her staff, whether it is her executive assistant, the chief of staff, or the communications person. So, this is the total budget of travel for the Premier's Office, including the Premier and her staff, their travel.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, we hear talk about the Premier having to move out of the office space in the upper part of the building due to the renovation and so on.

Is there any cost reflected in this Budget that will show moving cost expenses? Is this anywhere in the Budget?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Not that I am aware of, I say to the Member for St. Barbe South. Any renovations to the Premier's Office would come under Transportation and Works is my understanding. There is not, in this particular Budget, any reflection of renovations to the Premier's Office or to the offices the Premier and her staff have moved into.

**CHAIR:** The hon. the Member for St. Barbe.

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

The district used to be St. Barbe South when we had four districts in the Great Northern Peninsula. Now just in St. Barbe. We have only two districts. Hopefully we will get four eventually.

In any event, Minister, I understand the Premier will still be in the building and there was certain bumping, for want of a better word, and people moved out. Is there any sort of domino-effect cost of anybody else who is displaced because the Premier moved, somebody else had to move, and somebody else had to move? Is there a cost that is actually being incurred for rent, for space, or for occupancy related to the Premier having to vacate this part of the building?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** There is nothing in these Estimates here that relates to any movement of staff anywhere else. The Minister of Justice, for example, is still on the same floor where he has been, so there are no changes there, not reflected in this Budget.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Is there any indication as to how long the move to the fourth floor from the eighth floor will be in effect?

**CHAIR:** The hon. the Minister of Transportation and Works.

**MR. DAVIS:** Mr. Chair, the fourth floor is being utilized as a swing space as we carry out mechanical and electrical. There was a tender issued just this week to do the first phase which starts at the top of the building and then works its way down. It is going to be several months. We have to wait until the tenders come in before we have the specifics on the project.

**CHAIR:** Shall 2.1.01 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those opposed, 'nay'.

Carried.

On motion, subhead 2.1.01 carried.

**CLERK:** 2.2.01.

**CHAIR:** 2.2.01.

Shall 2.2.01 carry?

The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** I say not so fast, Mr. Chair.

**CHAIR:** I have to say it first.

**MR. A. PARSONS:** Under line 01, under Salaries, there was a decrease of \$310,100 from what was actually spent last year to this year. What is the reason?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** So the difference the Member for Burgeo – La Poile is referring to is the difference between the Revised and the Estimates for this year. The difference is, you said, \$310,000. There are a number of factors that contribute to this.

There has been the creation of a position, but then there has been the elimination of a deputy minister's position as per the core mandate approval. There was another executive position, a three-year contract, which has been removed, all resulting in savings of approximately \$80,000. Then there are some costs that changed. There are some severance costs.

I have to go back to the Budget, I say to the member. The \$1.569 million goes up to \$1.79 million because there were higher-than-anticipated costs related to severance and other retirement costs where there had been the retirement of one employee, for example, who had been an employee of government for more than forty years. When you add it all together, taking those numbers and you put them all together, that is the difference between the Salaries Estimates today, the Revised, and the Budget.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** One supplemental to that; I believe the minister said there was the creation of one position. If so, what are the titled position and the salary range?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** The creation of the position is the Aboriginal Arctic opportunities advisor. The salary, I think, if I can find it in the salaries booklet - excuse me, one second now.

It is under Executive Support. I cannot seem to locate it right now, but it would be an executive position, so the salary would be in that area.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** I would just say to the Minister, I appreciate you have to go back and forth and everything. Maybe what we could do is somewhere in between here we can just find the information. I appreciate it is hard to do this back up and down as well.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, last year, under Salaries, line 01, the amount of \$1,569,700 –

**MR. KING:** (Inaudible) put it up yet?

**MR. BENNETT:** Yes, for sure.

It looks like a \$330,000 overrun. Am I right in that – \$200,000.

**MR. KENNEDY:** \$230,000.

**MR. BENNETT:** Yes. What caused the overrun?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** As I referred to earlier, when someone retires in government they receive their severance, there can be paid leave, and there can even be overtime. I think that for one particular employee there was a significant amount of money. Then we had a three-year contract end, which resulted in a payout. There was a third one, and I am trying to find that. Yes, there was a reduction of a position. So, when you had the retirement, the elimination of the three-year contract and there was some money paid out on that, and the deputy minister, I think again that added up to \$230,000. I read it somewhere earlier today.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, this year for Salaries, \$1,489,600 is budgeted. That is about \$80,000 or so less than was budgeted last year. Does that cover the same number of people at a lower rate? Or is somebody gone, or some of both?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Executive Support of Cabinet Secretariat has fifteen permanent positions. Executive Support had fifteen positions. There was the elimination of a deputy minister's position, there was the removal of funding for an

executive position of special advisor, and then there was the creation of a position.

When you add all of these up along with the costs that I earlier referred to, it should equal the difference between the revised budget and the estimates. I had the note here; I just found it, on relation to the number of people who had either retired or left government. It does work out to \$234,000, as I have indicated, a significant amount of that going to the long-term employee.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, line 07 says Property, Furnishings and Equipment, \$61,800 was budgeted and \$11,800 was spent. It is \$50,000 less. What was not bought or acquired that saved \$50,000? Was it a just a deferral of some item or it was not required? What happened?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I think the way you have described it is perhaps best. It is a deferral of renovations and modernization to Cabinet Secretariat spaces. As the planning was going on in the building, there was question of who was going to be going where. As opposed to spending that money that was allowed for in the 2012-2013 Budget, it was basically, for lack of a better term, carried over and will allow for renovations that are necessary, whether it be meetings rooms or furniture for Cabinet Secretariat, as it becomes clear who is going to be where in the building in terms of the Premier's Office and other ministers.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

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

Under 2.2.01.10 Grants and Subsidies, the budget lists \$7,500 and \$7,500 spent last year. I would like to know what Executive Support are using in terms of expenditures for Grants and Subsidies and what is actually planned in this year's Budget under this item, as well.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I can give several examples. I actually do have the whole list here somewhere; I cannot put my finger on it exactly. For example, there would be the C.D. Howe annual subscription, grants to the Public Policy Forum, and there could be conference fees or contributions to conferences. That is what we would have there. It is an amount that in the budget to allow for these particular types of activities.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** I ask the minister if he would be able to supply a list of these items that were spent last year.

**MR. KENNEDY:** Just one second and maybe I will find it.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** No, I do not have it front of me right now, sorry.

**CHAIR:** Thank you.

The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister you mentioned the C.D. Howe Institute. What did we get from the C.D. Howe Institute? What do we receive? Is it a benefit, subscriptions, participation?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** What I have here is just an annual C.D. Howe Institute subscription. I would assume that any reports that they produce are provided to us, I have seen them in the past. For example, they will have health care; they will have some on fiscal policy. That is what it is, for an actual annual subscription.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister just this morning I was reading an interesting report from the C.D.

Howe Institute related to class sizes. My question is: Is what Cabinet receives from the C.D. Howe Institute available to all government members including Opposition? Is it something all of us can benefit from?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** What we will see shortly as we move through this is that Cabinet Secretariat provides support services to Cabinet. Not only does the Clerk, as the top public servant provide information to Cabinet and to the Premier as required, but we also have our Economic Policy and Social Policy Committees.

If an issue arose such as your talking about, then in doing their analysis it is very likely – I cannot say, for example, to the member that particular report would be referenced. Chances are that in doing the analysis the analyst for either Social Policy – and this would be more Social Policy you are talking about there, would be in contact with other members in the office, and chances are you would see a reference to that document.

That is what Cabinet Secretariat does; they provide support to the Premier and to Cabinet. They do other things also but that is one of the main functions, to provide support to Cabinet, to the Premier, and to these various policy committees.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Is the C.D. Howe subscription available at no cost to other government members and Opposition members, or is it just Cabinet? Can anybody access it? Howe is a Liberal I think.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I am not aware of that. The only one that jumps to my mind, for example, is PIRA, one of our energy advisors in New York. Governments are not allowed to even provide from one to the other in terms of that subscription.

In terms of the C.D. Howe report, if there is a report there that is made public and we are subscribing, I see no reason why any member of this House would not be able to be provided with a copy of it, as long as there are no restrictions on it. I cannot see why, for example, with the C.D. Howe report, there would be.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** I just have to question purchasing reports and things like that and why they would fall under the category of Grants and Subsidies, in terms of accounting practices, why it would not fall under Communications, Purchased Services, or some other category? It seems like Grants and Subsidies are used for other initiatives besides what the Finance Minister has stated. I would like a list or an explanation as to why this would fall under Grants and Subsidies.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, I have been in three or four different departments where there have been Grants and Subsidies. They can have different meanings in different departments. For example, in Advanced Education and Skills we know that there are grants given to community groups. One could consider those subsidies. In Justice I know that there are certain monies provided. In Natural Resources not as much Grants and Subsidies, but there are smaller amounts available.

In this particular case it is just the way that it is budgeted. It could be, for example, that it relates to the subscription. The other thing as well, and I am trying to remember where I have read this, but I think that there was a \$5,500 grant to the Public Policy Forum. I think that actually went in the form of a grant to the Public Policy Forum. I can check the number, but it seems to be a significant amount of that \$7,500 was actually a grant.

**CHAIR:** Shall 2.2.01 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay'.

Carried.

On motion, subhead 2.2.01 carried.

**CLERK:** 2.2.02.

**CHAIR:** 2.2.02.

The hon. the Member for Burgeo – La Poile.

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

In this section there has been a significant increase in Salaries from \$330,000 to \$754,000, which is just over a \$400,000 increase. I would ask for an explanation.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, what we had here is that this Planning and Co-ordination now covers the merging of the Provincial Government Programs Office and the Regulatory Reform division. This happened under the core mandate review.

What we had is a situation where the Provincial Programs Office was essentially eliminated but it was brought into the same role – there were several of them eliminated. The Provincial Government Programs Office, the policy capacity division of the Office of Executive Council, and the Regulatory Reform Office were then taken and put together in terms of the office of policy, innovation and accountability.

There were transfers of some program and policy development specialists, and they had their numbers, to Service Newfoundland and Labrador. There was a creation of a new permanent clerical position and the director of Red Tape Reduction was eliminated. There was a renaming of certain positions and then the abolishment of positions.

At the end of all of this the salary cost of eight permanent positions – so Budget 2013-2014 accounts for the merging of these programs, of

the Provincial Government Programs Office and the Regulatory Reform division, which was previously under Service Newfoundland and Labrador, brought them together and thereby, merged four or five different programs into one. That is what would result; it is my understanding, in an increased budget.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** My question, I guess, is – and I do not know if this is available on one page or if you have to go back and forth. With the combination, or the combining of these different departments or aspects, was there an overall increase or decrease in jobs? If so, what would the number be?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, that is a little bit difficult because the deputy minister of Provincial Government Programs was eliminated. The director of Red Tape Reduction was eliminated. The director of Program Evaluation was eliminated. A program officer position was eliminated, and a second one was eliminated.

We had a number of them that were abolished. We then moved some others. In terms of how this netted out I say to the Member for Burgeo – La Poile, I would have to get that information for you in terms of the numbers. I remember dealing with this in Treasury Board, and it was actually seen as a good proposal. We were taking a number of different government programs, bringing them under one umbrella, eliminating that which was ineffective, or we felt was not as effective as it should be.

At the end of it all, it did result in this \$754,000 or \$400,000 increase. It is hard for me to tell you how many positions are actually in there, but that is where it does come from.

**CHAIR:** Shall 2.2.02-

The hon. the Member for St. Barbe.

**MR. BENNETT:** You said the director of Red Tape Reduction was eliminated. Is anybody doing that work now or is all the red tape finished up? It seems like that was a pretty strong commitment just a few years ago. Who is doing that work now?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** No, it was felt that it could be more effectively and efficiently dealt with under this new office so that we did not particularly need this position. The program of policy development specialists were transferred to the new division, so the individuals familiar with Red Tape would still be there. It is just that it was not felt that a director was needed in this new division. That is my understanding of it I say to the member.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

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

I just want to follow up in relation to that question because government had a commitment of reducing red tape by 25 per cent. With the elimination of a director, what is the status of this program? How close is it to reaching the 25 per cent target there?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I am not responsible for the Red Tape Reduction so I cannot answer that question. What I can tell you is that the transfer of the individuals to the department was meant to centralize the provision of these services, so that we would now have one executive director as opposed to directors throughout, two directors, six senior program and policy development specialists, and a new administration officer.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** I certainly thank the Minister of Finance for providing an update of



the staff complement with this transition. I just have to ask, though, with the salaries being increased to \$754,400 from previously, is there anywhere else in the Executive Council Estimates that will show variances to account for the removal of these offices?

What are the savings overall if salaries are increasing? Has there been an elimination of property, equipment, things like that, when you merged the offices? What are the overall cost savings?

**CHAIR:** The hon. the Minister of Finance.

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

When you eliminate a deputy minister's position, that could be in the range of \$130,000 to \$140,000. That would be the equivalent then of paying for two specialists. Again, I am using approximates here. The elimination of that position and the elimination of a number of directors, and directors, I am guessing here, could be in the \$90,000 range. So by having one executive director and by having a couple of directors, that new organizational structure will in itself result in savings.

It is estimated our total savings this year would be around \$300,000. That would annualize out in 2015-2016 up to \$400,000. What I can provide you with are the Estimates we worked on in Treasury Board in terms of looking at this proposal and agreeing it appeared to save sense and that it would save money. Not only save money, but that it would bring under one roof a number of these different programs we felt could administered more effectively.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** I certainly thank the minister if he could provide that information, like a flow chart, showing how the structure was set up previously and merged. Right now, looking at these Estimates, it looks like it is actually an increase in cost. I would like to be able to see where those \$300,000 in savings were.

Under Salaries, are there any temporary workers that are currently in Planning and Coordination? Are there vacancies in this current department?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** When I go to the Salary Details, what we are seeing here is eight permanent positions for a total of \$633,294. That includes three Program & Policy Development Specialists; two Senior Program & Policy Development Specialists; a Transparency & Accountability Consultant; and two Directors, one for Transparency & Accountability and one for Program Evaluation. Those would be the eight permanent employees, with \$633,000 in salaries. You would see there that is approximately a \$300,000 increase in the salaries.

Then when you take into account that there were some other people eliminated and a couple of the different salaries, that is where the \$300,000 comes from. What we are looking at then is there is another \$100,000 that I cannot account for at this moment, but I certainly can strive to find out.

The only thing I would say to the members, Mr. Chair, as I going from document to document, there are specific questions, as normal in Estimates – if I do not have a note on them, if you provide them to me, I will do what I can to find the answers.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** I would like to move off the Salaries line now down to line 03 under Transportation and Communications. Last year, you had budgeted \$62,400, and there was only \$5,500 spent. This year, it looks like with the bringing together of all these departments that they are going to be looking at spending a lot more in Transportation and Communications. What is actually planned to account for this large increase there, Minister?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, thank you, Mr. Chair.

What we have is the budget of \$62,400 and reflected savings in revised of \$56,900 is due to lower than anticipated travel as a result of the efficiency measures and because 2012-2013, by my understanding, is not a year in the strategic planning cycle. Exactly what that means I am not totally familiar with, but that results in the \$56,000. Now it is expected to go back to its normal this year because there were one-time savings that will now go back into the budget for this year.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Under Professional Services, line 05, there is \$85,800. Is this for consultants to deal with the strategic planning initiatives that you had just talked about, Minister? There was no spending previously under this. Could you explain the \$85,800?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I cannot put my finger on that immediately, hon. member. Again that is one that I will have to get back to you on. I know I have read it somewhere; I just cannot put my finger on it at this moment.

**CHAIR:** Just before I recognize another question, Minister, if you just want to stay seated because you are getting up and you are trying to move papers. I know you are going to answer the question nine chances out of ten. If you just want to remain seated, I will just refer to you.

**MR. KENNEDY:** Thank you.

**CHAIR:** You are welcome, Sir.

The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Last year on line 06, the Purchased Services was \$9,900. It looks like there was a jump up to \$23,600. I am wondering what was actually purchased, given

that a number of the other line items were actually less than what was anticipated so it seems like there was an expenditure that was not really budgeted for to be so far above on this. So, if there was an explanation, that would be great.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, thank you.

There was an overrun of approximately \$13,700 – there were planned consultation sessions, but also there was a Policy Newfoundland and Labrador event. Now, this event was then postponed to May 2013; in fact, it might have went on recently, I am not sure. So that is the difference there between the \$13,700, and then the \$9,400 would be back to a more normal year with the transfer from program government offices and permanent cost savings. So that ends up then with \$500, giving us the \$9,400.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, last year under Salaries, \$426,600 was budgeted; \$331,800 was actually used. Who was supposed to do what for the \$426,600, how many people, and who did what for the \$331,800 because it was about \$95,000 less than was budgeted?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, what I can tell you is that the Planning and Coordination Division, last year, this would have been the Transparency Office. The \$426,000 would have been budgeted for that office.

When you brought all of them in, elimination of different directors, the creation of a number of new positions, in essence what you see is that higher-paid jobs – it is not that they are eliminated, but a deputy minister's job, as I indicated, could pay for two program specialists. When you put it all together then, it comes up to this year, \$754,000.

So I cannot break down for you at this moment what, for example, the director – I can tell you

what the director of red tape would have made, I can tell you what the deputy minister, approximately, would have made, but I cannot break down for you exactly what would have been spent within each department.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** So, who was the director of red tape reduction, and what happened to that person?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I do not know that, I say to the Member for St. Barbe, because I would simply – I would see in the Salary Details the same thing you would see, the listing of a position. I do not know who the director of red tape would be.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Do we know if this is somebody who was moved to a different position in government doing something –

**MR. KING:** What line in the Estimates is that?

**MR. BENNETT:** That line is 01 under Salaries.

**MR. KING:** (Inaudible).

**CHAIR:** Order, please!

The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Chair, I think the Minister of Justice is tired of being the Minister of Justice. He would like to be the Minister of Finance for a while and be able to deal with some of these questions. I do not blame him for being tired of Justice. It is not going very well for him either.

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

**MR. BENNETT:** I accept that if the minister does not know who it is, it does not matter, but I am concerned that somebody vanished and

apparently no Cabinet minister present today knows who is responsible for it.

**CHAIR:** Excuse me. Can we turn off the Minister of Finance's mike, please?

Thank you.

The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, is there any way to find out what became of the person who occupied that position?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** What I can tell you is that the position eliminated was a position that was in the \$100,000 range. As for what happened to that person, no, I cannot tell you that at present. I would have to check with the privacy people to ensure there are no privacy concerns. If not, whether or not that person was a result of a layoff or move to another department, I do not have a problem with that, as long as the privacy concerns are protected.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Under this section of Planning and Coordination, the Minister of Finance has said this is basically the merger of the provincial programs offices and named a list of offices. Previously in Estimates, were they accounted for in other sections which would have had separate Transportation and Communications lines, Supplies, Purchased Services and items like this? So that I can have a better understanding of how this merger has really had an impact. I am just wondering if this is a new section that is put together or were they all previously under this segment?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** What I will do is I will try to put it in perspective. I will go through the current, what was current at the time or last years. The Clerk would be the person they would report to. Then we had a Deputy Minister

of Provincial Government Programs, there was then a program office and a program officer. So we had two HL28s in those positions.

We then had, obviously, Planning and Coordination, which was a separate division. That had three directors: a Director of Policy Capacity, a Director of Transparency and Accountability, and a Cabinet officer. You go down a little bit further in the chart, we had a Transparency and Accountability Consultant, we had a Senior Program and Policy Development Specialist, we had another Senior Program and Policy Development Specialist, and then a lower-ranking Program and Policy Development Specialist.

The way it is now set up is it is now called the Office of Policy Innovation and Accountability. We have the Clerk. There is an Executive Director. A deputy minister's position has been eliminated. There is an Administrative Officer, which is created. We now move from one Director of Policy and Evaluation, one Director of Accountability, and a Cabinet officer.

In the Director of Policy and Evaluation, we have three Senior Program and Policy Specialists. We have a Program officer. Under Accountability we have a Senior Program and Policy Specialist, three of them. Essentially, we have gone from twelve in these two divisions that have now eight permanent positions that are created.

Those are the charts. They could be renamed, some of them. There was the director's position which was eliminated, as I talked about earlier, and we had a number of them put together. It was not only a view of creating a new division; it was to bring a number of divisions together with a view to more effectively and efficiently delivering services.

I do not know if that is helpful, but that is essentially the question relating to different offices having different furnishings and different budgets. I was not here last year doing this but that would, again, make sense, especially in different departments.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** I thank the Minister of Finance for providing such a detailed report of this transition and looking at how some of these savings make a lot more sense for the \$300,000 as he has accounted for.

I am still at a bit of a loss, I guess. If this was all under the same section and there was only \$371,600 spent and now there is close to \$1 million. I am wondering where the rest I guess – were there other estimate lines where these positions and other offices would have been listed in last year's Budget through the merge. Just for clarification.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** My understanding is that all divisions referred to, they did have their own budgets and that there is no new money here. If you wish further detail, I am sure we can set it up in terms of how it was and what it is like today from Cabinet Secretariat. I do not think there any great secret here. That is something we could, I am sure, provide for you.

In terms of the question asked on the – there was a question earlier, the Member for The Straits – White Bay North asked me on, there was an \$85,000 figure. That was in a previous budget head, I think, was there?

**MR. MITCHELMORE:** Yes.

**MR. KENNEDY:** That results in relation of the merging of the offices, and the \$85,800 was transferred. Again, you would have to go back to those two previous divisions.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** I think matters will become a little more clear as we get into the next section of Estimates around the Provincial Government Programs Office. I will have some questions on that because it is what the minister had talked about with the merging and the

savings. Right now, since the minister has been able to provide me with the \$85,000 that is quite clear.

Can he provide me with the consultant who actually did the work, the name of the company?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I am sorry, I missed that, I say to the member. The consultant who provided the work in relation to?

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Line 2.2.02.05 Professional Services, \$85,800 as you had just mentioned for the review and the merging. The consultant who was hired?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I do not have that answer, Mr. Chair.

**CHAIR:** Okay. Thank you.

The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Would the Minister of Finance be able to supply that information at a later time to my office? I would appreciate that, if the name of the consultant could be –

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** I have indicated to the members opposite we will try to make notes on this, but the cleaner way would be if there are issues that need clarification or answers that need further elaboration, then certainly if a letter is sent and if the information can be provided, it will be, yes.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, Purchased Services went from \$9,900 to \$23,600. What was that all about?

**CHAIR:** The Member for St. Barbe; Purchased Services, 2.2.02.05?

**MR. BENNETT:** Yes, 06.

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** The difference there results in, as I indicated earlier, an overrun of approximately \$13,700 due to planned consultation sessions and equipment requirements for the Policy Newfoundland and Labrador event.

**CHAIR:** Shall 2.2.02 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay'.

Carried.

On motion, subhead 2.2.02 carried.

**CLERK:** Subhead 2.2.03.

**CHAIR:** Subhead 2.2.03.

The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, line 05, Professional Services, there is a pretty substantial overrun from \$181,000 to \$1,446,000. What happened there? What are the Professional Services that cost a little more than \$1 million over budget?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, it went from \$181,000 in the Budget to the Revised of \$1,446,000. There was a transfer of \$1.365 million from the Innovation Fund to cover various costs associated with the core mandate and spend analysis initiatives. These were done by a number of consultants and it adds up to \$1.446 million.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, the entire line for 2013-2014 Budget is blank. Has that been taken over in another area or is it distributed among other parts of the Budget?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** Yes, \$85,000 has been transferred from the Provincial Government Programs Office. That is the \$85,000 that shows up in the previous head we just talked about.

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Minister, last year, \$470,000 was budgeted for Salaries and \$465,000 was actually spent. Did those people move up to the \$754,000 line for this year, or was it distributed among different subheadings?

**CHAIR:** The hon. the Minister of Finance.

**MR. KENNEDY:** That is where it gets a little bit complicated from my perspective because we had these different programs that were merged. I can remember dealing with it. I have outlined for you the different organizational structure that existed both prior to and after the new program or new division was created.

In terms of where the people went, the actual numbers, or the people themselves, I cannot tell you the answer in terms of who was integrated into what other than what I previously referred to. We do know there were a number of jobs eliminated, yes.

**CHAIR:** The hon. the Government House Leader.

**MR. KING:** Thank you.

Mr. Chair, I move that the Committee rise, report progress, and ask leave to sit again.

**CHAIR:** The hon. the Government House Leader asks that the Committee rise, report progress, and ask leave to sit again.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay'.

Carried.

On motion, that the Committee rise, report progress and ask leave to sit again, Mr. Speaker returned to the Chair.

**MR. SPEAKER (Verge):** The hon. the Member for Port de Grave.

**MR. LITTLEJOHN:** Mr. Speaker, the Committee of Supply have considered the matters to them referred and have directed me to report progress and ask leave to sit again.

**MR. SPEAKER:** The Committee of Supply have considered the matters to them referred, reporting progress, and ask leave to sit again.

When shall the Committee have leave to sit again?

**MR. KING:** Today.

**MR. SPEAKER:** Today.

On motion, report received and adopted. Committee ordered to sit again presently, by leave.

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Mr. Speaker, back to the Orders of the Day, I move, seconded by the Minister of Finance, Motion 6, pursuant to Standing Order 11, that the House not adjourn 5:30 p.m. today, Thursday, May 9, 2013.

Mr. Speaker, I move further, seconded by the Minister of Finance, Motion 7, pursuant to Standing Order 11, that the House not adjourn at 10:00 p.m. today, Thursday, May 9, 2013.

**MR. SPEAKER:** The motion is that the House not adjourn at 5:30 p.m. today and that the House not adjourn at 10:00 o'clock tonight.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

By agreement, given the hour, I suggest that we break for supper and return at 7:00 o'clock.

**MR. SPEAKER:** The House will stand in recess until 7:00 p.m.