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*Speaker: Honourable Ross Wiseman, MHA*

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(Night Sitting)

The House resumed sitting at 7:00 p.m.

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

The hon. the Government House Leader.

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

Mr. Speaker, I call Order 2, Concurrence Motion, report of the Resource Committee, please.

**MR. SPEAKER:** The hon. the Member for Conception Bay East – Bell Island.

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

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

It is a pleasure to get up and speak on behalf of the Estimates review from the Resource Committee. Mr. Speaker, the Resource Committee met over the last two weeks and we addressed the issues relevant around the Estimates debate for the Departments of Environment and Conservation; Tourism, Culture and Recreation; Innovation, Business and Rural Development; Natural Resources, Forestry and Agrifoods; Fisheries and Aquaculture; Advanced Education and Skills, and Persons with Disabilities.

Mr. Speaker, it was a privilege to have so many hon. members on the Committee with me, and a few other ones who filled in along the way. Particularly, I just want to introduce some of the members who were there: the Member for Fortune Bay – Cape La Hune.

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

**AN HON. MEMBER:** What a member.

**MR. BRAZIL:** What a member there, I agree with that.

The Member for Lake Melville, the Member for Bonavista North, the Member for St. Barbe, the Member for Humber Valley, and the Member for Signal Hill – Quidi Vidi. There were a number of other members who filled in, in

particular categories there, with their specialty in a certain department's area so they could have an open debate with the members, the ministers responsible, and their line officials to make sure any questions that were outstanding could be answered. Things that were not covered in Question Period could be answered, and things that would trigger certain issues they may have in our debate here tonight.

Well, Mr. Speaker, it was a great, open discussion. It is my second year chairing the Resource Committee. I thought this would be a little bit more volatile, because we have had to find some efficiencies. We have looked at how we address the needs of the people in this Province and we have had to make some challenging decisions.

With that being said, there was some great dialogue. There were some very pertinent questions asked by all members of the Committee, but I have to compliment the line ministers and their officials for coming back with very informative information, being prepared to answer it and being very open with the dialogue. It was a good exchange back and forth.

Again, as I said earlier, I was a little bit surprised because I thought there would be some heavy bantering between some of the issues that we had done. I think that is a testament to how we had presented the information, and how we were open and transparent as we always have been about what we are presenting to the people in this Province, and particularly what we offered to the Opposition.

We explained the issues that are out there. We explained what our budget lines are about. We outlined exactly why we are doing this, how it will enhance existing programs, how it will address programs that are no longer necessary and how it will address implementing new programs. That went to the next stage where the dialogue itself was very engaging, and I took that as a positive.

As I said earlier, even though we had some challenges with this budget, the response from

the Opposition in the whole debate around the Estimates seemed to dictate that they were open for explanations around why these changes were being implemented, where there were decreases in budget lines and what they meant for the people involved. Some of it meant that we reduce some staff.

As was indicated in the line budget estimate headings, it started from senior executive members down to minimal front line individuals that we had to make some efficiencies around. We figured at the end of the day we would still offer the programs to the people of this Province and offer them in a way that was financially responsible, but also would meet the needs so that we did not run a heavier deficit and we did not have to get into borrowing more money, which would mean more interest having to be paid and less to be put back into programs and services for the people of this Province. That dialogue was very engaging.

As the Chair and I know from the members on our side of the Committee, it was a great opportunity for us to learn exactly some of the integral workings of some of the programs that we have in this Province. It was amazing to understand exactly what we do in some of the key departments and how they benefit, not only the core people who work in those areas but the indirect people we serve, the industry people, and the secondary people who benefit from that.

Environment and Conservation; what we learned there about how we engage the general public out there. How we make sure we protect the needs of the environment out there. How we also look at the standards in our country and in the world and make sure that we are at the level we should be to protect what we are doing. How, as we realize that, we move forward, and as we move forward we make sure the policies are in place that protects everybody in this society. That is what we have done. It was a great open discussion around programs and services.

That department had to find some efficiencies. They did, but they found it in a way that did not impact what the main core policy and goal of

that department is, to protect the environment and make sure that conservation is a key component to what we do in this Province. We are still very confident. We still have the best trained staff in this country. They very diligently have been able to follow through with the responsibilities they have to make sure that we protect everything that is out there.

Tourism, Culture and Recreation; a great dialogue about programs and services we offer, and how we engage the stakeholders. How we make sure that we promote who we are as a culture. How we promote us as a destination for people who want to come here. They learn from us. They get engaged. They get an opportunity to live part of the culture that we have here. How we found how healthy living is so important and how we engage the recreation industry out there.

That is what it is; it is an industry out there, Mr. Speaker. There are thousands of people engaged in it. There are hundreds of jobs created because of it. There is millions of dollars spent in that. We have programs and services to complement that. We have specialists who go out and help train people in the field.

We want to be able to make sure that the smallest community in this Province has the ability to offer recreation programs so their citizens can be engaged, if it is from four to 104. We have managed to be able to do that. We have managed to be able to make sure that our culture is second to none, and that every person in a community in our Province has the opportunity to do it, and every age has the ability to do that.

We look at tourism, it is second to none. As we know, our ads are internationally known for what they promote, but the ads can only promote what the reality is here. The reality is our culture is a tourism attraction, and we have been able to draw on that. We have been able to use the talents in this Province to promote who we are. That has been a benefit to us economically. In turn, it gives us a better feeling here, a better sense that we have control of our own destiny and to be very proud of who we are.

We look at Innovation, Business and Rural Development, it is second to none. That department has taken our ability to support new technologies, new innovative ways of promoting what we do in business, and new ways of getting people to be able to say take stock of what is out there. Use the resources that are available and move forward.

We look at business plans, we train. We particularly put some emphasis on young people, young entrepreneurs who want to move forward, who need that special little bit of support or a little bit of guidance to be able to make things happen. In some cases we need to be able to invest in industry. We have done that with the programs and services there. The department has the expertise to be able to address those types of issues. We have done it very diligently.

We have been second to none in this country in being able to move industries forward. In the last number of years, Mr. Speaker, we have gotten into industries we would never have thought in the past. We are heavily into, particularly new specialities in aquaculture and mining industries, in the aerospace industries, and in the technology industries. That is the testament to being able to take a leadership role and being able to invest money in the proper areas and the expertise.

It is not all about how much money you throw at it. It is about having the resources to go in the right areas, knowing you have the right vision to be able to do certain things. Mr. Speaker, we have done that. We have done it very diligently again in this department here.

Natural Resources, Forestry and Agrifoods, we have done that extremely well. Natural Resources, we know where we are in this country. We know where we are internationally now. People are coming here because under Natural Resources we have a policy, we have a philosophy.

We are open for business, but we are open for business that engages the business community to know they will get a fair shake. The people of this Province are going to get an even more fair

shake because at the end of the day we want to make sure that revenues come here, the expertise that is necessary is developed here, and that the jobs created benefit the people of Newfoundland and Labrador.

Mr. Speaker, the policies that we have implemented, the programs and the services, and the guidelines because it is not all just about throwing it out there. It is about monitoring and making sure there is quality assurance, and we have done that. Natural Resources has taken the lead and set the bar at a very high level internationally to make sure what we do in the oil industry, the mineral industry, the offshore industry, and all kinds of other things that we do when we look at exploration and future exploration.

We have also been very visionary in that. It is not just about the basis things of where we are. It is about where we want to be and where the industry wants to be, and how we are going to partner to get to that point so that everybody benefits from that. It shows we are open for business. We are open for business that benefits everybody involved, the stakeholders, the residents. Those not even involved in the industry will benefit from what we do because of our tax regimes and our agreements.

Mr. Speaker, in a number of cases we have managed to partner. We are also owners. What better way to make something successful and to make sure it benefits the people involved than being an owner? You will see that in any business.

The most successful businesses are the ones where the owners themselves are working in the industry, and that is what we are doing here. With Natural Resources and this government, we own a stake in a number of things that we are involved in. That is a good investment there and it benefits everybody from this generation to future generations.

Fisheries and Aquaculture; Mr. Speaker, the whole world has had challenges around fisheries. We know what we faced for the last twenty-five years in this Province. We have

turned the corner. We are working with industry. We are working with the stakeholders. We are working with the fisheries people. We are working with new technologies. We are trying to find innovative ways to use the natural resources we have. The natural resources we have here is twofold, Mr. Speaker. It is the ocean itself and what it offers, but it is the resource of the people.

We have the most knowledgeable, most influential, and the most committed and dedicated people when it comes to the fishing industry in this Province, and we have managed to engage them. We have managed to work with them. We have managed to partner between two or three different line departments to say: How do we support where you want to go with this? How do we support the individual making sure that they are going to be successful in what they do? Be it training, be it other support mechanisms, and be it types of equipment, be it looking for markets and these types of things. We have done that, and we have done it very successfully.

How do we then work with the bigger industry? How do we make it on a national and global market? We have done that. We have wanted to go out and market that we are not just a fly-by-night one-industry fishery. We are a multi-industry fishery. We have gone out there. We have tried to get into species that we normally were not into and tried to find markets that make them work.

Sometimes we do trade-offs so that we can make sure the industry survives, it becomes viable, but we use the technologies at our disposal to make sure that everything we do moves us to the next level and sustains the existing resource. This is a resource, Mr. Speaker – go no further than when I look to my left here, the hon. Member for Fortune Bay – Cape La Hune, and what we have done in aquaculture is second to none, a thousand jobs that have been created down on the Connaigre Peninsula around that.

The hundreds of millions of dollars that have been invested by the industry and that is generating back and forth. The fact that we are

getting noted worldwide for what we do and how we do it. Because everyday we look at new ways of doing it, new technologies, new investments, new ways of training people, trying to draw more people into that industry and how we can expand the industry. It does not just have to be in one area of this Province. It does not have to be around one species. We are moving forward.

They were the types of dialog and discussion we had, Mr. Speaker, from the minister about where they want to go. Their staff, so competent about making sure they think three, four, five, six steps ahead so that if they do run into a glitch along the way there is an alternative to how we address that so it does not become a catastrophe. We have done it, and been very successful in how we do that.

Every now and then you will run into a pothole along the way, but because of some of the best, qualified civil servants we have, Mr. Speaker, in the world, trained second to none, background second to none, and fortunate enough – going back a number of years ago a lot of these had to leave to get their training because the industries did not exist here, or we did not have the proper technology, or we did not invest in our civil servants.

Mr. Speaker, the last ten, twelve years we have been doing that. We have been doing it very diligently to make sure that these people stay here and they have all the resources they need at their disposal, and they have the supports they need. Because of that, we have managed to be able to move things forward.

These people, with the support of government – and really, what we do is just help administer the process. We help to set some of the policies and the philosophy. They take it and drive it, because they work with the people in the industry, and they make sure it benefits everybody who works in the field. That is what has been very positive of what we have done.

In the fishing industry, as we know, where we are so reliant on it, that it still has a reliance in a number of communities, be it rural, small

communities, or what the benefits of urban centres may have and the larger centres. We have done it very successfully and we continue to do that. From the discussions we had, there is some vision there of where we are going to move that forward.

Advanced Education and Skills, and particularly Persons with Disabilities; there was an open discussion, Mr. Speaker, a total open discussion about – we are doing a whole reassessment of the best way we serve people. How we serve secondary education, how the skills trades are done, where we invest, what our markets are going to be down the road, where the shortages are going to be in the labour market, how we deal with people who have some special needs, have some special supports that we need to supply. We have discussed all that.

It is probably one of the vastest departments that go from one gamut of the spectrum to the other. When I say that, I mean for those who come with some challenges that we need to be able to give ultimate supports to, that we need to be able to prop up when they need it. In some cases, Mr. Speaker, we need to carry them until they have the supports and they have the strength, they have the knowledge and they have the confidence to be able to do it themselves.

Then we go to the other gamut. We are up there, the trades, the skills trades, the bigger companies, the multinationals, where we need to be able to partner with them because we want them to be able to bring our trades people in. Make sure that they are ready to move forward. Make sure that they engage them because they have all kinds of initiatives, all kinds of skill set, and all kinds of abilities to add to what we are doing and add to how we move from a technology point of view.

Mr. Speaker, that department is so vast and it takes in so many massive needs there that it needs to be reassessed, and that is what we are going through now. While we are doing that reassessment, if you look through the Budget lines, we are still offering hundreds of programs to people with disabilities. To people who have to rely on Income Support, to people who are

single in the single parent category, to those who are in the skills trades, to industries that want to move forward.

Mr. Speaker, to those who need prop ups when it comes to education, to get that first step, to get to the next level, we have addressed all that. We have looked at it for how we redesign our Adult Basic Education so that the money we are spending now, if we can realize savings, which we are here, can be reinvested into better programs; better ways of giving incentives to be able to keep these people into the programs and give them those props that we talked about and those extra supports to move them to the next level. So then they become the skills tradespeople who move on and drive the next generation of industry in this Province.

Mr. Speaker, our assessment of that has been very positive, and we keep moving that forward. That is a living entity. It continues to move forward so that we address the needs that people have. There is always going to be some challenges in that but we want to get back to addressing the best needs of the people out there, and we found a way to do that. As we unveil that over the next number of months, we will see the positive influences that will have on the people who have to avail of those types of situations.

Mr. Speaker, we had a good open discussion too, about all the other things that are very necessary in this Province. We talked about our investments, and we have taken some hits. I had the privilege today of reading the Auditor General's synopsis again. We have increased our Budget line since 2003 by 66 per cent. We get accused of not investing in social programs and services for people? It is an embarrassment for someone to say that to us.

As a civil servant, Mr. Speaker, I saw when we were down here – the civil service twelve, fifteen years ago, we had to scramble to get a couple of things, if we wanted a piece of technology that we thought could enhance training for people and we thought we could get out to the communities and engage them. Now, Mr. Speaker, with technology and our

investments in it, programs, we no longer wait for people to come to us. We no longer ask people to try to find a way to get to one oriented centre to get their services; we bring the services to them. We have been doing it and we continue to do that.

We do it in health care, we do it in education, and we do it in Child, Youth and Family Services. It is about trying to engage people at the place where it is going to be the best time, the best place, and the most engaging comfortable area where they can get the best service possible. That is what we have done. We have invested in that.

We have invested in those services in rural Newfoundland. We have invested in the people of rural Newfoundland. We invested in the organizations that we know and are comfortable with, that can offer services and programs and can be our partners.

This is not about government any more throwing services at people, or controlling services, or manipulating services. It is the opposite, Mr. Speaker. In the last ten years this has been about us engaging people, supporting people, supporting the communities, supporting community groups to make sure what they offer to people of this Province is exactly what the people of this Province want.

People forget that we are elected by the people. We are elected by the people based on the principles that we govern based on what they want us to do. We have been very, very, very positive about how we have done that. I do not mind saying that, Mr. Speaker. Coming from the public service and going into this engagement, I realize now at the end of the day we did a great job in the last number of years. We continue to do that.

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

**MR. BRAZIL:** Do you know why we continue to do it? Because we are cognizant of what people want. We ask for their engagement. Can we offer everything? No. Unfortunately, we do not have the tree that we have talked about here

with an endless amount of money on it. What we do is to make sure that everybody is given an opportunity and services are there. We want to be able to support people in their endeavours to move forward.

Nobody is left behind. Contrary to the criticism we get, nobody is left behind in this Province, Mr. Speaker. Everybody is given an opportunity to be engaged. We address the needs of those individuals here in this Province. If somebody falls through the cracks for some unforeseen reason, we go back and reassess how that happened. We reassess what we invested, we reassess if there is something we can do differently. We make sure the next time we look at it, that crack is healed.

I guarantee you, Mr. Speaker, as somebody who has worked thirty years in the public service, I now feel more confident than ever that we have the resources, we have the capability, we have the policies, and we definitely have the qualified civil servants, who we have the utmost respect, for being able to implement any programs and services that are necessary for the people of this Province.

Mr. Speaker, what we have that probably a number of Administrations did not have previous to this one was vision. We have vision where we are going. Sometimes under that vision you have to make some challenging decisions, so for right now a little short-term pain for long-term gain. The long-term gain here is going to be for the people of this Province. We are going to make sure the programs and services are there for them.

At the end of the day, they are the people who put us here. They put us here for a reason, to govern, and we are going to govern based on their needs. We have done that very eloquently, and I think very supportive to their needs. I challenge anybody to come back and question where we have let the people down in this Province. It has not happened. We have opened the doors for people, to be supportive of what they want to do, and we have given them the supports to do it.

Mr. Speaker, I will end on that note. Again, it was a privilege to be the Chair of the Resource Committee, have such a diligent Committee there, and all the line departments to be open to dialogue and discussion.

Thank you very much, Mr. Speaker.

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

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

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

I thank the Government House Leader for the evening session. It is an opportunity to be able to repeat some remarks I gave a couple of days ago. I am also grateful to the Minister of Transportation because he must be a trained observer to be able to encapsulate the key elements in such a short clip, clearly a trained observer.

In any event, Mr. Speaker, the biggest problem this Province faces today is population decline. The biggest problem we have faced in the last forty years is population decline. The greatest failure of any government is the failure to be able to keep its people. It is almost like if social services came and took your children because you could not look after them and you could not support them. That is the situation we have found ourselves in since approximately 1972 or 1973.

Mr. Speaker, the big issue for us is that we are a distinct people. There is absolutely no doubt that we are a distinct people as much as any other nation on earth. We are a distinct people because we evolved over a period of centuries, not just generations, but centuries. We evolved to such an extent that we have a commonality of ourselves. We even have a Newfoundland dog. We have a Labrador dog. We have a Newfoundland pony. We have Newfoundland sheep.

Mr. Speaker, the reason we are a distinct people is because until 1949 we were a dominion. We were a nation unto ourselves. We were similarly situated as was Canada, New Zealand, Australia,

and all the other dominions. None of the other provinces can say that. All of the other provinces were colonies. None of them came into Canada with their own intact territorial rights or their own intact governments. All of the others were at best colonies, and in some cases territories.

Mr. Speaker, we came into Canada, 345,000 of us. By 1972, there were 539,000. That is a 56 per cent increase in our population in twenty-three years. Had we kept going on the same basis, on the same trajectory, we would be 1.25 million people right now, the same population as Manitoba. We would be in fifth place in Canada instead of ninth place in Canada, where we find ourselves today.

Mr. Speaker, what would we do if we wanted to reverse population decline? What would we do if we wanted to realize the full potential of Confederation? I am not opposed to Confederation. My party did not develop from the anti-Confederates, as did the party across the way. My party was the pro-Confederacy party and we are still a pro-Confederacy party.

Mr. Speaker, what we would need to do if we wanted to reverse population decline in this Province, in my view, is that first of all we need to develop a very lean, efficient government, not the bloated government that we have today, not the government that spends more per capita to govern every single individual than any other province in Canada. We have to eliminate the bloat; however, we must do so on the basis that still permits us to be able to look after people who are financially disadvantaged, the people who are socially disadvantaged, the people who cannot look after themselves because that is one of the first obligations of a government.

Mr. Speaker, it is not the role of government to generate wealth. The role of government is to tax some individuals so that services can be provided to people who need those services – services such as policing, hospitals, education, sanitation, and roads. Those are the types of services that government ought to provide. Government also then taxes people, and ought to tax people, who can afford to pay taxes so that



there is sufficient income provided to be able to give to those who are disadvantaged so that they are able to live in a manner that the majority deems acceptable for them to live in – anything less than that cannot be seen as a humane government.

How do we get there? In addition to a lean government, what we also must do in this Province is we must create the best business climate of any Province in Canada. Thereafter, if we want to reverse population decline, we must start to maximize on our resources, absolutely maximize on our resources.

If we were to look at what we would do with a lean government, the efficiencies that we see – this government has not gone that way; this government has not generated a lean government. They started out with the idea that they would be a lean government and as soon as wealth came along – maybe unexpected, maybe expected – they forgot their principles because their principles would have generated a lean government. We have a bloated government and it needs to be properly managed downward in the cost per individual that we govern.

Now, Mr. Speaker, for the past year I have chaired the Public Accounts Committee and I have learned a number of things on the Public Accounts Committee. First of all, the amount of waste in government is absolutely staggering. Second of all, people from all parties can collaborate and can work toward a common goal when they are motivated to do so.

With respect to government waste, clearly we see these reports on an ongoing basis that we must trim back, but if you look at the way the Public Accounts Committee has operated over the past year, every decision we have made has been by consensus, even though government members form the majority of the Public Accounts Committee. All of our decisions have been made by consensus. These have been government members, four of the seven, and certainly credit needs to go to them because otherwise we would get no results. We would get no results whatsoever.

We have had at least a dozen meetings. We have had hearings, public and private, and we have worked through everything. I am absolutely convinced that people from all parties are able to collaborate and are able to work toward a common end if they want to do so, and if they are properly motivated and if they believe it.

Mr. Speaker, if we were to look to what sort of – how do we generate a proper business climate or a better business climate in this Province? Well, first of all, people do not come to our Province for the climate. They do not relocate business-wise here for the business climate either, because we have a very poor climate for business. Not that there are not opportunities here but it is not a good place to set up business.

How do we get to a proper business climate? First of all, we need to decide on what sort of a legal model we want to put in place in order to attract business. I would propose that we adopt in this Province the legal model that is found in the State of Delaware. Delaware has only 920,000 people. Delaware is only 2,500 square miles and it is home to more than 50 per cent of the Fortune 500 companies in the United States.

They are a corporate headquarters for half of the big companies in the US. They were able to get there through progressive legislation and they have done so over the last couple of hundred years. Delaware is a very unique business model in North America. With us being part of NAFTA, there is no reason why we should not be able to pattern after Delaware and adopt the similar types of corporate laws that they have in place.

Mr. Speaker, in addition to the corporate legal model of Delaware, one thing that we need to do is we absolutely must do something with our workers' compensation system in this Province. For the last twenty years we have had the most expensive workers' compensation plan in Canada. It costs more per unit, more per employee, per \$100 of earnings to pay for workers' compensation in this Province than any other province in Canada.

Having spent a number of years, fifteen years or more in the insurance industry, I can conclusively say that disability payments and workers' compensation payments come from three courses. It comes from a claims ratio, if claims are high, it also comes from how long a person is off work, and it also comes from overhead. We need to manage that picture. We need to manage it properly so that we are at least on par with any other province.

To also create the best business climate, Mr. Speaker, we must have, in Newfoundland and Labrador, the lowest corporate tax of any province. There is absolutely no reason we should not have the lowest corporate tax of any province in Canada. We must have the lowest corporate tax to be able to demonstrate that.

If we look at the business side of the equation, we must also look at the labour side of the equation. We need the most progressive labour laws in Canada. There is no reason we cannot have the most progressive labour laws in Canada. We are only half a million people.

There is no reason we should have the sort of chaos that we are looking at out near the airport. There is no reason that people should have to go on strike. There is no reason an employer should be threatened with bankruptcy or virtual bankruptcy because of strikes and because they cannot afford to meet wage demands. We can do better, and we must do better.

What we also need to do if we are to be the showcase for businesses in this nation, after we get this package put together, that we have something much more to offer than we have today. We need to advertise worldwide.

We could even take our unique time zone advantage, instead of as a disadvantage, and we could trumpet the opportunities to do business in this Province in the same way that we have promoted tourism with a slogan which could even be: Business starts first everyday in Newfoundland and Labrador; this is where the sun rises first in North America; this is where the first dollar is made, this is where the first person goes to work. There is absolutely no

reason we should not be using that as a worldwide come-here card just to get moving.

Mr. Speaker, if we had demonstrated that we are the best destination to do business in Canada, head offices of companies will set up here. Head offices of companies will set up here the same as they set up in other cities when they were – when they were fleeing from Quebec, many of them went to Calgary. Calgary set out to be one of the leading head office destinations of companies all over Canada.

There is no reason we could not do that right here in St. John's, absolutely no reason whatsoever. They need not have their manufacturing headquarters here. They do not need to have the majority of their employees here, but like Delaware, they could have their head offices here. They could have their payroll departments here. They could have their legal departments here. The high-end jobs could be in St. John's, Newfoundland, because this is the best place to do business in Canada.

When we get set up on that basis, which obviously is the most appropriate way to get set up, then we need to look at resource development. We have more fish, oil, timber, minerals, and hydroelectric power than most nations on earth can even imagine. We are bigger than Japan. We are bigger than Germany. We are five times the size of Austria, and we are half a million people, yet we continue to hemorrhage people and to lose people. It is absolutely inexcusable. We can do better, and we must do better.

Mr. Speaker, first of all with the fishery, we have a very unique fishery, a small number of people and a large volume of product. Last year in my maiden speech I laid out a plan forward where we could double the size of our fishery in ten years. Informed fisheries commentators within even the past month have indicated that we could increase our fishery by \$500 million simply by using the waste that we throw away. A 50 per cent increase in the value of our fishery from what we throw away. That is the first step.

If we look at our timber industry, we had three mills ten years ago. Today, we have one mill. Well, Mr. Speaker, trees do not stop growing, people do not stop needing lumber. Our timber industry could be, in addition to the paper industry that we have, could be a lumber industry second to none for the number of people that we have. The United States is in economic recovery, homes are being built, but we do not need to look that far. We are not even supplying our own demand.

To give you an example of how small numbers of people with outdated, antiquated equipment can produce lumber, let me tell you about how my grandfather was involved in the lumber industry in the 1920s, 1930s, 1940s, and 1950s. He was a sailor, initially, sailed all through the First World War in the merchant marine. He saved enough money to come back and start a small business that he ran for fifty-three years.

In the 1920s, Bowater decided to set up a mill in Corner Brook. Corner Brook did not even exist in the 1920s, Curling existed. Entrepreneurial by nature, he made deals with Stan Dawe, W.J. Lundrigan, business-supplying entrepreneurs in Corner Brook. He outfitted a handful of fishermen. They sawed lumber all through the winter; they hauled the lumber from back in the woods out to the seashore, all winter long. When the coastal boat came they shipped the lumber to Corner Brook. How much lumber? It was a half a million board feet a year. For people not familiar with how lumber works, a half a million board feet of lumber in the days before plywood would build fifty homes – fifty homes from three small communities.

Mr. Speaker, if one small business person and a couple of dozen fishermen, using old fashion sawmills and hauling lumber with horses and oxen can turn out enough lumber a year in the wintertime alone to build fifty homes, how much could we be doing today with our modern technology and equipment?

Mr. Speaker, when it comes to minerals, we are not even scratching the surface in this Province. Now, there are historic reasons that we were not properly explored through the Geological

Survey of Canada because we entered Confederation after most of their work was done; however, when I was growing up mineral exploration was a pretty big thing in the area where I grew up.

Every year there was one or two small diamond drilling rigs, they would outfit and set up in Daniel's Harbour, and they would go back in the bush and they would drill and they would drill and they would drill. Eventually they found enough zinc for a mine. The mine ran for fifteen years and then it played out and with no work, people had to leave. My question is: Why did they stop exploring? Why did they stop drilling? Why didn't they just keep on going?

There is no doubt that we have had some mineral success in the last little while, but realistically we are absolutely not scratching the surface with mineral exploration. There is no drilling at all going on in the Northern Peninsula – none. Why doesn't government grubstake prospectors? Why not put out enough dollars – it would only be a few dollars to grubstake enough prospectors and fill the field, have them running around the whole Province with their prospecting tools and just hunting for a sign of mineral, because it is here. You cannot have this much rock and not have mineral.

Why not joint venture, co-partnership with small diamond drilling companies and drill, drill, drill every square kilometre we can find in this Province. Drilling alone would bring back a lot of our people who today go not necessarily to the Tar Sands, not necessarily to the High Arctic, we have diamond drillers in this Province who are working the Northern Saskatchewan turnaround and many of them, certainly with assistance from IBRD, certainly with joint venture arrangements with the government, they would just drill. The drilling is largely labour, the labour is payroll and the payroll stays here, and that would help build our population.

Mr. Speaker, if we were to do that, if we were to do all of these things, clearly we would have significant economic activity and we need that sort of economic activity, but in order to get

there we must first of all work to develop a lean government because a lean government creates less drag on the economy. Any dollar that you do not have to spend in governing, any person you do not have to keep employed in governing is a person you can turn loose in private enterprise and in the free economy so that person can work, generate revenue, hire more people, generate bigger GDP, and get a population flow turned around so we start growing again and so we start building again.

Mr. Speaker, what I say that we need in this Province, we need a lean government, we need the best business climate that we can get, and we need to maximize our resource development. That way we can reverse the population decline in this Province.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** The Member for Fortune Bay – Cape La Hune.

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

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

It certainly is a pleasure for me to rise again tonight and speak to the Budget debate. Serving on the Estimates Committee for the Resource sector was a very interesting and educational process, I am sure, for all of us who participated.

Before I really get into a lot of detail on what I want to talk about tonight, Mr. Speaker, I wanted to highlight for you the fact that we are spending, in the Resource sector of government, \$1.8 billion. Where are these monies going, Mr. Speaker? In Advanced Education and Skills, \$935 million; Environment and Conservation, \$41 million; Fisheries and Aquaculture, \$33 million; Innovation, Business and Rural Development, \$93 million; Natural Resources, \$635 million; Tourism, Culture and Recreation, \$64 million, roughly speaking.

Where are these investments going and what type of a difference are they making in

Newfoundland and Labrador? I am going to start, Mr. Speaker, by talking about what is happening in my District of Fortune Bay – Cape La Hune.

Only five short years ago, six now, nearly, when I got in, our list of needs was long and significant in the region. We had a dire need for roads, and we still do, Mr. Speaker. There is over 400 kilometres of roads in my district, but in my first year ten kilometres, we paved, and in every year since, we have been continuing to do that great work. We do not have the budgets as high as we used to, unfortunately, but slowly and surely we are getting there.

This year, Mr. Speaker, we are going to see more improvements in the roadwork in Fortune Bay – Cape La Hune and I intend to, hopefully, stick around until we get it all done, because that is a commitment I have to the people and it is certainly one of our greatest concerns that we have.

Driving home last Friday, though – and it is funny how you notice things as a member that you did not quite notice before. I was driving home and I said, my gosh, this drive is so much more pleasant than it used to be ten years ago. Not only do we have a significant improvement in some of the worst sections of the road, and admittedly a ways to go, but a lot has been done. You can drive now from the top of the Bay d'Espoir highway all the way to Camp 9 and the alders are completely cleared back on both sides of the road.

Just five or six years ago, we could hardly drive over that road and there was a lot more moose jumping right out at you as you were going along. So it is quite a significant improvement and difference in Fortune Bay – Cape La Hune for the alders. We are committed to continuing all the way down the highway with that as well, Mr. Speaker.

Not only did we have a need for infrastructure in roads, we had a huge need for infrastructure in aquaculture. As many of you know, I worked in my previous job in economic development. Over ten years we lobbied, we lobbied, and we

lobbied the previous Administration for the things industry very clearly told us they needed, in particular infrastructure for wharves and a loan guarantee program for feed that would enable us to attract the larger companies. At that point in time, we were still very much a small operation and very much locally based.

What did this government do, Mr. Speaker? This government delivered.

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

**MS PERRY:** We now have new wharves in Harbour Breton, in Pool's Cove, in Hermitage, a new one coming this summer, Mr. Speaker, for Milltown, improving the wharfage facility in St. Alban's, and more great work to come in that regard. Because of the creation of the Loan Guarantee Program, we attracted three large companies, and as a result today have over 1,000 people employed in Fortune Bay – Cape La Hune.

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

**MS PERRY:** That number, Mr. Speaker, is going to double in the next few years.

Another problem we had, Mr. Speaker, when I first became the member and in my first year or two some of the most frequent meetings I had was with the ambulance providers. In my area, we have three community-based ambulance operators. Their ambulances were rundown. They were having trouble hiring staff because they did not have the money they needed to pay the paramedics and to train people to take on the work.

Well, Mr. Speaker, today I can proudly say all of that has changed.

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

**MS PERRY:** We bought new ambulances, Mr. Speaker. We have newly trained paramedics and the services are continuing to improve.

The clinics, Mr. Speaker, were falling down. They were not fit to go into in places like

McCallum, Gaultois, Rencontre East, Hermitage, and English Harbour. In Bay d'Espoir, our clinic was far too small. What is the story today, Mr. Speaker? Each and every clinic has been improved in the last five years.

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

**MS PERRY:** Not only that, but a service which was being lobbied for by the people of my communities for well over a decade – dialysis service – that has also been committed to. I am happy to say construction is starting this summer on a twenty-four unit dialysis facility for the people of my region.

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

**MS PERRY:** That is going to make quite a different, Mr. Speaker. They will not have to travel over that road – safety, in the wintertime. They will not have to leave their families and move away. They will not have to incur a second expense for a second home during the winter months. It is going to hugely improve the quality of life for people with kidney dysfunction in my region.

Another thing that they wanted first when I got in, Mr. Speaker, was a youth centre, particularly in the area of Fortune Bay and in the area of Bay d'Espoir. What did this government do? This government delivered.

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

**MS PERRY:** We now have an absolutely state-of-the-art, wonderful youth facility in both Bay d'Espoir and in Pool's Cove which are new. We have one, of course, in Harbour Breton which continues to provide a very valuable service to the people of the area.

I tell you, Mr. Speaker, these youth centres are not just youth centres. They are a place where children from as young as one and two years old, to seniors as old as eighty all come to participate in very important community activities, learn from one another, spend time with one another, and engage in healthy living. We are certainly making quite a difference. It is

the investments and the vision of this government which is making it happen.

In my district, Mr. Speaker, I started work with the Community Economic Development Board in 1995. One of the first things we did was look at our population statistics and what was happening in the region. In the 1980s, of course, the fishery and logging were the primary economic generators from our rural remote communities. Fourteen thousand people lived in the Coast of Bays. When I started work in 1995, our population had dropped to a mere 9,000. We are starting to reverse that trend because of the investment of this government and the job creation that we are seeing developed from the aquaculture industry.

Mr. Speaker, the fishery and the forestry still continue to be very important sectors to the people of my region. Actually the fishery is quite strong and quite vibrant. The value of the lobster and crab in my region is quite significant. I tell you it is an industry that we expect will continue to survive well into the next century.

With the investments and the work of this government as we rebuild the forestry sector in Central Newfoundland, those benefits will flow as well to my region and we will be able to rebuild that sector, and that will all come in time.

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

**MS PERRY:** What is important to realize I guess is that when it comes to our infrastructure and roads, we cannot do it all at once. Now that we have the jobs, now that we have the people who can have the option of staying we also have the better chance of arguing for the investment that we need to continue the growth.

All we have to do, Mr. Speaker, is look around us, not just in my region in the Coast of Bays. I certainly hope that one of the benefits that will happen to rural areas as a whole as a result of what is happening in my region is that they, too, will be able to pursue opportunities in aquaculture and we will be able to expand that

industry across the Province so that more rural areas will avail of the benefits as well.

Mr. Speaker, you look around to the Avalon, you look to the wonderful Big Land in Labrador, the economy in Newfoundland and Labrador is booming like it never has before. As someone who lives in rural Newfoundland and who came to St. John's to go to university and quickly moved back home in 1992 because I am first and foremost a rural livyer and I really enjoy rural Newfoundland and Labrador, the first few years I came back into St. John's, all my street routes were the same, traffic was still the same, not too stressful for me.

I tell you now, Mr. Speaker, when I come in here now I kind of go whoa; the traffic is insane. The road networks are all different. My old routes, I can hardly find any more. How anyone could say this Province is not prospering is totally beyond my comprehension. Ask any person who lives out in rural Newfoundland and Labrador what difference do they see when they come to St. John's. Each and every year we can see a difference in growth and things that are happening, Mr. Speaker, and those benefits, of course, are helping each and every one of us.

I heard the member opposite speak a little while ago and in some of his comments he talked about how government is not lean enough, must be trimmed down even more. You want talk about spin, just a few weeks ago we were being criticized for trimming the government down. So, if you say the amount of waste is staggering, tell us, what would you cut? Where is this waste? You just said in the public record of Hansard that Newfoundland is not a good place to set up a business. I, for one, do not want a government representing me that is saying this is not a good place to do business, because Newfoundland and Labrador is one of the best places to do business in this country.

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

**MS PERRY:** He did say a sensible thing there, though. He did say we must have the lowest corporate tax. On that point, Mr. Speaker, I certainly do agree with him, because it is the

private sector that creates the jobs, that generates the taxes that keep government going, that enable us to provide the social services that everybody wants to see.

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

**MS PERRY:** The NDP, on the other hand, would destroy every gain that we have made in the last year or so, tax us death, and drive the companies away. Mr. Speaker, I am confident, more and more every day that I sit in this House, that this government is the right government to see Newfoundland and Labrador continue to grow, continue to thrive, and continue to succeed.

I sit here waiting to hear what the plan is. I have not heard a plan yet, Mr. Speaker. It is going to be interesting to see a price tag on that plan, too.

Let's take a look at our current economic situation for all the naysayers out there. What are the projections for 2013? Employment growth of 2.8 per cent, and since 2003, Mr. Speaker, our employment growth has increased by 8.8 per cent, nearly 10 per cent.

Our unemployment rate is expected to decrease even further this year by another percentage point. Since 2003 it has dropped by 3.9 percentage points. Eighteen thousand and seven hundred person years of employment have been created by this government and the entrepreneurs that we have attracted because of the climate we have created in Newfoundland and Labrador.

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

**MS PERRY:** We have seen personal income growth, Mr. Speaker, of 7.3 per cent. Personal income from 2003 to 2012 has increased by 61.3 per cent. That is significant. That is enabling us to build the nice homes, to drive the nice cars, to get married, raise children, and have our families right here in Newfoundland and Labrador.

Our retail sales growth, Mr. Speaker, has grown by 4.2 per cent. Retail sales have increased by

43 per cent. There is capital investment growth of 17.4 per cent to \$11.8 billion in 2013.

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

**MS PERRY:** Whoever would have thought we would see this in Newfoundland and Labrador? Mineral shipments are to increase this year by about 23 per cent to \$4.7 billion. In the last seven or eight years they have increased by 393.6 per cent.

We are also seeing increases in our tourism sector. We are expecting to see further growth this year, Mr. Speaker, of 1.4 per cent. This industry is contributing to not just the urban areas of the Province, but our rural areas as well. It is having a significant impact.

In concluding, Mr. Speaker, I just want to say that in my opinion negativity breeds negativity. If you think positive, you will get positive results. It is so hard to listen to the negativity in this House, Mr. Speaker, that comes from across the way from the members opposite when in reality the truth is Newfoundland and Labrador has never, never been so good.

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

**MS PERRY:** We are second only to Alberta for average weekly earnings. This was totally unheard of, even five years ago, let alone ten years ago. Whoever would have imagined Newfoundland and Labrador could come so far in so short a time?

The highest employment levels in over thirty years. The best credit rating we have ever had. The first time we have ever seen a population increase in decades, Mr. Speaker, lower taxes than we have seen in decades. We have introduced new tax credits for child care and volunteer firefighters. Of course, as the Minister of Finance spoke about today, the Bank of Montreal report that was just out continues to promote Newfoundland and Labrador as one of the best places to do business.

Mr. Speaker, we want to continue to encourage that business growth, to continue to provide job opportunities for people in Newfoundland and

Labrador, and this government is the government that has the best to offer Newfoundland and Labrador.

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

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

**MR. KING:** Thank you.

Mr. Speaker, at this time I would like to call from the Order Paper, Order 1, Committee of Supply to consider Estimates.

**MR. SPEAKER:** It has been moved and seconded that the House dissolve itself into a Committee of the Whole to consider the Estimates referred to the Committee of Supply.

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 Chair of the Committee would seek some direction now. Will we continue with Executive Council 2.2.03, or would the Committee prefer to do the Consolidated Revenue Fund?

**MR. KING:** Mr. Chair, if it is okay with all parties, we will continue where we left off this morning. When we finish this we can switch –

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

**MR. KING:** This afternoon, pardon me. Okay?

**CHAIR:** When the Committee last met we were dealing with page 2.5 under Executive Council, 2.2.03 was the category, Provincial Government Programs Office. The Clerk says we had called that but we had not voted.

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

**MR. MITCHELMORE:** Yes. This afternoon, Mr. Chair, we were asking questions in this category and the Minister of Finance, under line 05. Professional Services, had talked about there were various consultants hired to do a number of pieces of work for \$1.446 million, basically. I am wondering if he could provide a list of the consultants and do a breakdown of how much they were paid per contract.

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

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

Professional services were rendered in a couple of phases. There was a spend analysis assessment done by Deloitte, that was phase one, that cost \$320,000. Then there was the second phase of the spend analysis implementation which cost \$750,000. That is phase two, and then there was the core mandate analysis by Ernst & Young, that was \$295,000 with a projected \$81,000 to year end, for total of \$1.446 million.

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

**MR. MITCHELMORE:** These reports that were done by Deloitte in phase one and phase two, they were pertaining to saving money just in the Executive Council Estimates, in those offices, or would it be the whole of government? As well as the core mandate review for Ernst & Young, was this just specifically for Executive Council or was it the overall review of core mandate for the whole of government?

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

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



The spend analysis assessment is throughout government. It looks at ways of saving money through, not necessarily bulk purchasing but how based on the work that Deloitte done in Nova Scotia, I understand the Nova Scotia Government was very satisfied with how we could save money in everything from our purchasing to the way we advertise for things.

As for the support for core mandate analysis by Ernst & Young, I am not as familiar with that in terms of what exactly was done but it would have certainly looked at the CMA, one. Two, how we could look at our departments, determine the efficiencies. If there were efficiencies that could be achieved in departments, if there was duplication of services, duplication of personnel, if there was programs that were still relevant. If people were still doing the work that they should be doing and, in fact, whether or not there were jobs and programs existed that had no discernable purpose in today's public environment.

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

**MR. MITCHELMORE:** In terms of the Deloitte reports on bulk purchases, there were a number of cases where the Premier had met with Atlantic counterparts to look at doing things like bulk purchasing of pharmacare and other projects. Are these the types of initiatives that were there? Are there recommendations for proposed cost savings in those reports, and can those reports be made available?

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

**MR. KENNEDY:** Yes, I would not want to think it is only bulk purchasing. There is more to this than bulk purchasing. Some of it does stem from what we have seen happen in other provinces. I know, for example, a number of years ago the Western provinces were getting together for generic drugs prior to the rest of the country.

One example I can use is that a number of years ago there was a program called HealthPRO brought in at the regional health authorities, but

specifically Eastern Health. The purpose of HealthPRO was to try to save money by purchasing in bulk throughout the system. When I say bulk, it could be two pieces of equipment in the health care system. By purchasing two, you could save money.

It is similar to that. It is similar to the generic drugs. There is a reality in buying goods that the more you buy, you negotiate with your suppliers, the more you can save. It is not only bulk, but that is an example.

As for the spend analysis assessment, Phase II is still ongoing. That is something the government is still working its way through. I do not know at this point whether or not – in fact, there has been a report prepared, and I do not know if it can be released. I do not know the answer to that.

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

**MR. MITCHELMORE:** The Deloitte reports, Phase I, Phase II, and the Ernst & Young report for the core mandate review, were these sole-sourced? Did they go through the Public Tender Act, or will they show up in our documents as an exemption to the Public Tender Act? Can you explain if that process was followed?

**MR. KENNEDY:** The Ernst & Young one, I am not as familiar with. With Deloitte, it certainly went through the Cabinet process. The amounts are such that it would have to go through Cabinet. Whether it was sole-sourced, I am not quite certain of that.

I do know a significant factor in hiring Deloitte to do this was that they had engaged in a similar procedure with the Government of Nova Scotia. They thereby had the expertise in terms of governments – although we may do things differently, you would have similar structures within government departments. I know that was a major factor.

While I cannot tell you absolutely that it was sole-sourced – I am conjecturing here and we can find out, but that it was sole-sourced based

on the fact that they had worked with the Nova Scotia government, and came highly recommended. That is why we hired them.

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

**MR. MITCHELMORE:** The core mandate review that was done by Ernst & Young for the \$295,000, was there a report actually produced? Can it be made available? If so, there would have been recommendations. Did government follow the recommendations, or did they ignore, or partially implement these recommendations?

**MR. KENNEDY:** My understanding is there was support for a core mandate analysis. I do not remember myself seeing a report. The Clerk of the Council would certainly be dealing with this, so in terms of what that support was and how it was framed, I do not know the answer to that, I say to the member. Again, that is something that certainly can be found out.

The core mandate analysis was a pretty straightforward process in terms of departments going into their departments, looking at all of their operations, looking at all of their programs, looking at all of their budget heads and determining whether or not there were efficiencies that could be achieved without compromising the level of service that was being provided. I am not aware and I have not seen a core mandate analysis report for Ernst & Young. I know there was support provided to Cabinet Secretariat.

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

**MR. MITCHELMORE:** Through this line item of \$295,000 in the core mandate review analysis, I guess I am seeking clarification. This was to provide directives to the ministers, to Cabinet members, to look at making particular cuts? Did it provide an analysis to say, well, this department needs to cut 15 per cent, this one needs to cut 10 per cent, and this one 3 per cent, or it provided efficiency pieces? Did the Cabinet ministers themselves take it upon them

to do their own efficiency review and say these are the cuts we are going to find?

**MR. KENNEDY:** Again, I have not indicated there was a core mandate review completed by Ernst & Young. What I have indicated was that Ernst & Young gave support for a core mandate analysis. This support would have been provided prior to me occupying this chair, so it is something we would have to find out exactly what the nature of that support was.

There was not a whole lot of support required when it came to ministers looking at what they were going to do in their departments. It simply meant sitting there, going through it with your officials every dollar that was being spent in your department, looking at every program that you had in your department, and looking at whether or not there was duplication of services. In some divisions, the question would be: There are ten people there; do we need ten people doing this work? We have these programs; are these programs still in tune with the times? Some of them could have come in twenty years ago.

An example is the Labrador Border Zone Rebate. We became aware. What is this doing here in the year 2012? Why are we giving a rebate to one particular part of the Province? These are the kinds of issues that arose. It led then to either the elimination or the streamlining of certain programs. It was taken into account in determining whether or not there would be layoffs.

All I can tell you is that Ernst & Young provided support for a core mandate analysis.

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

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

The support for the core mandate analysis by Ernst & Young, is this something that government would undertake on an annual basis to review its programming to find efficiencies? Because it looked like it had budgeted \$181,000,

but it had spent quite excessively. This is obviously something government had not planned for.

**MR. KENNEDY:** Yes, and the previous minister can jump in at any time, but the core mandate – I see him lining up here – analysis became a significant issue when we knew that we were getting into a deficit situation. These are examples of the support that Ernst & Young provided to the core mandate, especially the Clerk's Office, the Cabinet Secretariat – there were, for example, four group workshops and five department specific workshops, so they delivered workshops.

They reviewed and provided feedback on templates and guidelines, so they were involved that way. They provided support on eleven specific departmental proposals, and they provided external review and advice on public sector trends and opportunities. That is what was involved in the Ernst & Young support for the core mandate analysis, as I just outlined for you there.

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

**MR. MITCHELMORE:** The former Minister of Finance has indicated on many occasions that the Atlantic Accord payments were going to be expiring – this is nothing new on behalf of government – and had also talked about the Budget documents itself. This government has said on many occasions that they are deficits. Almost every year government has planned a deficit. Even looking at the Auditor General's report, showing that without the Atlantic Accord payments there would be about \$1.5 billion in overall deficits, no surpluses – and that is in the most recent report, financial documents, and the commentary by the Auditor General.

I ask if you had an actual plan; because from what you explained, you had \$181,000 last year budgeted for some consultations, not necessarily for any type of review, to find efficiencies and then somehow almost \$1.2 million-plus got spent on doing reviews to find efficiencies and analysis. It does not seem like there was an

adequate plan. Despite that you knew these deficits, these things were going to happen, it seems like somebody dropped the ball here in this situation and maybe the former Minister of Finance needs to clarify this. I know you are doing your best right now, Minister.

**MR. KENNEDY:** Thank you.

**CHAIR:** The hon. the Minister of Natural Resources.

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

**MR. MARSHALL:** Mr. Chair, unbelievable – this government had a sustainability plan from the day it got into office, and the sustainability plan is to get this Province back to surplus. Under previous governments of all political stripe, there was a just a litany year after year after year of deficit, deficit, deficit. We had to have a government that would spend within its means, and that was our first sustainability plan, to accomplish that. Because if you do not have a surplus, you cannot pay down your net debt; it is impossible.

So that was what our plan was. Mr. Chair, if anybody is looking at a department and looking at where the expenditures that have been built up over many years, obviously you would start off by saying, all right, what is the mandate of this department? What are the things that we have to do, as opposed to the things that we would like to do and are nice to do, but we cannot afford to do? That is looking at the core – what is the core mandate of the department? What we did, aided, obviously, by the revenues coming in from the oil industry, aided, obviously, by the revenues coming in from the minerals industry, we spent within our means.

I know we have a lot of banter in this place about our government taking credit for this, and the Opposition saying well, these were projects that their government put into place. Mr. Chair, I think if you look at the oil production, you can see that there were years where our government had less oil than the previous government had when they were in office, but they ran deficits, yet we ran surpluses. To get a surplus, you

spend within your means, and that is what the Auditor General said. The Auditor General said, over and over, that a government that lives within its means is a government that is running a surplus – and that is what we did.

Now, circumstances change, Mr. Chair. We are an exporting country; we export commodities. We have been doing that from the time that this place came into existence, when the first settlers came and sold fish into the world market. We are dependent on these commodities and we do not control the price. So, when circumstances change, when the world goes into a global decline and there is less demand, prices drop and therefore we get less royalties and we get less taxes, which means we get less revenues at a time when our local economy could be booming because of capital investment and because of consumer spending – which is exactly what has been happening here.

So, that change put us back into deficit. We know we are not going to be able to have a surplus every year, but that change put us back into deficit. When we were in surplus, Mr. Chair, we did something that no other government did. We accumulated cash so that when we did go back into deficit last year, everything was paid for. We had cash to pay for everything.

When you look at the numbers – and I know members opposite are looking at the charts that are in the Budget Speech, but there is one number that you are not going to find there, and that number is in the Public Accounts. Because the Budget is a pro forma; the Budget is a projection. It is a forecast of what is going to happen in the future. We cannot forecast the future, nobody can, only – I will not get into that. We do the best we can and we rely on the best experts out there with the best information available.

When you look in the Public Accounts, which is the actual results of what actually happened, you will see where the cash is at the beginning of the year. Mr. Chair, we always maintain cash and when we had the deficit, guess what happened? We had the money to fund it. We did not have

to borrow. Our government, since 2004, has never borrowed for operational purposes.

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

**MR. MARSHALL:** Mr. Chair, that has never happened in the history of this Province.

This year, Mr. Chair, once again, the Minister of Finance has wisely – yes, we are running a deficit, in spite of the cuts that had to be made to try to get our spending down because we still have a deficit of \$500 million. The Minister of Finance has cash that is going to pay for that, so even this year we are not going to have to go borrow again. That is what previous governments did. That is what got us into trouble. That is what raised our debt. We had to get that debt down.

To deal with the debt, we had to get back to surplus; we did that. We are now in deficit again. Now we have to have a plan to get back to surplus again, so we formed a ten-year goal to get our net debt per capita to the Canadian average.

To meet that goal, we have to get back to surplus. That is what this Minister of Finance is doing, wisely doing, when most people do not have the intestinal fortitude to do it. Someone has to do it; this Minister of Finance has the guts to do it. He is doing the right thing. Other governments are going to pander to complete demand – the Liberal government in Ontario is not doing it, but they are going to have to face that bill at some point. Better to face it now, better to do the right thing, and this government and this Minister of Finance is doing it.

If you have any more questions, I will be happy to answer them.

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

**CHAIR:** Order, please!

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

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

I certainly have more questions and I would just like to set the context, I guess. Based on what the Auditor General had said if we go back to 2002, we look at the royalties that this government enjoyed, what government enjoyed in 2002 when it came to royalties from oil, it was \$82 million. That is 2 per cent of what the Budget was, 2.1 per cent.

To look at where it was in 2012, to be at \$2.8 billion, it is quite significant. For the minister to get up and say we have done everything right through this process, but knowing that the Atlantic Accords were going to expire, if they did not exist, if we did not have that agreement, there would have been deficits overall and we would have had \$1.5 billion.

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

**MR. MITCHELMORE:** We had it, of course, but you do not have it now. Government does not have the Atlantic Accord now and they knew they were not going to have it, so they should have adequately planned expenditures in line and also their programming, and maybe looked at hiring consultants like Deloitte or like Ernst & Young years ago and not hire them in a – from this line, it clearly shows this was a very rash decision as to well, we have to figure out a ten-year plan. We have to actually come up with something to fix this major problem because now we are going to be losing.

You look at the Public Accounts, and I looked at them, you can clearly see from one year to now we are \$2 billion down in actual revenues that are there. A lot of that loss, \$1 billion, comes from the federal government. There are all kinds of losses there.

My question is: Why would government, under the professional services – I think this number should have been much lower. Are they going to, next year – there is no money allocated but government plans to make major cuts to Memorial University, the College of the North Atlantic, the regional health authorities and other

things. Is that already done in this Ernst & Young analysis, or the Deloitte & Touche I and II, or will we see a surprise amount of money in next year's Budget.

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

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

I come back to my comments earlier today. It is easy to sit on the other side and criticize, but what I say is: What would you do if you were the Minister of Finance and you found yourselves in this situation? Why don't you give us some assistance here? You want to form the government; what would you do?

Let me tell you, Mr. Chair, what we have done since 2003. I am going to go through this slowly so that the Member for The Straits – White Bay North can make some notes. We have reduced debt by 25 per cent, Mr. Chair. That is right, net debt by 25 per cent.

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

**MR. KENNEDY:** We still pay \$800 million a year in debt servicing, which is a reason we are focused on continuing to reduce debt.

In 2003-2004, twenty-three cents of every dollar went to service debt. Today, in 2012-2013, it is eleven cents. Now that is one thing we have done and that is very significant. That has opened up more money for the people of this Province, Mr. Chair.

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

**MR. KENNEDY:** Yes, number two. We heard today the Minister of Health outline in great detail for the Leader of the NDP some of the things we have done in relation to the Cameron Report. The Leader of the NDP obviously did not like what she was hearing but the minister kept outlining time after time the things we have done. What we have done with health care, Mr. Chair, we have increased the budget from \$1.2 billion approximately a decade ago to \$2.9 billion today, an increase of 142 per cent spending in health care.

Let's look around here. Look, the Member for The Straits – White Bay North, a new facility in Flower's Cove, thanks to the former minister, Trevor Taylor, who was up there at the time; a new hospital in St. Anthony, thanks to Trevor Taylor, the former minister at the time; a new school in St. Anthony, thanks to Trevor Taylor, the minister who was there at the time.

Let's look now at education, Mr. Chair. What has this government done? Number three, we have increased the budget from \$700 million to \$1.3 billion this year. Now look at the schools that have been built, the money that has been spent in maintaining schools.

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

**MR. KENNEDY:** Let's look at the former Leader of the Opposition, who is now the federal candidate in Labrador. How many schools were built in her district?

**AN HON. MEMBER:** Was it three or four?

**MR. KENNEDY:** So that is an example, this government does not play politics. We built schools in her district because they needed to be done, Mr. Chair. I do not know, it probably would not be proper to have everyone who has had schools built in their district to stand up in this House, but, Mr. Chair, there are a lot.

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

**AN HON. MEMBER:** Virginia Waters.

**MR. KENNEDY:** Yes, let's talk about Virginia Waters in the Leader's district for the NDP. Let's look at the West End high school that is being built. Let's continue to look at all the schools.

**MR. JACKMAN:** Not one, not two, but thirty-nine.

**MR. KENNEDY:** Yes, that is right, as the Minister of Education said: not one, not two, but thirty-nine projects. I had to go and add them up myself because I said he cannot be right on this. We cannot have built or renovated or major

renovations of thirty-nine schools since – thirty-nine schools, Mr. Chair.

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

**MR. KENNEDY:** Now, let's look at the roads that have been built in this Province. The infrastructure spending has gone from \$154 million approximately a decade ago to \$774 million; 383 per cent, Mr. Chair.

We have heard the Member for St. Barbe; we have heard the Member for The Straits – White Bay North. Well, look at the roads. What was the road like going up the Northern Peninsula prior to this government taking office? Again, they had a good member, a good minister who built a road, who had the money put into the road, Mr. Chair.

Let's look at the municipal infrastructure, the water and sewer that has gone into communities in this town, municipal spending. Now, let's talk about Labrador. As our former Minister of Labrador Affairs used to say, Mr. Chair, no matter what the discussion around any table he was at, the former minister, John Hickey, used to say: What about Labrador?

Well, what about Labrador, I say to the current minister and I say to the Member for Lake Melville? Four billion dollars spent in Labrador, \$384 million for the Trans-Labrador Highway. So if they want to keep asking questions, the Minister of Transportation and Works will gladly get up and tell everything we have done. What was it, I say to the Minister of Innovation, Business and Rural Development, how much did we put into broadband this year?

We hear the Member for St. John's Centre complain all the time how we do not do enough for people who find themselves in difficult situations. Sixty per cent of the revenues of this government, Mr. Chair, are spent in the social sector. They are spent in the Poverty Reduction Strategy. They are spent in reducing taxes for lower-income tax groups. The Minister of Health can go on and on about the seniors initiatives. We just do not have enough time in this House, Mr. Chair, for her to do that.

Then the \$500 million in tax reductions – now that word reduction is a very important word. What would they do? They would increase taxes. They have said it time and time again. The Leader of the NDP is on record a number of occasions having said they can increase taxes. Well, who are you going to tax?

Now, let's see. I say to the Member for The Straits – White Bay North, as you are sitting there as Finance Minister for a day, we are going to have a situation whereby we find ourselves in a deficit situation. Why do we find ourselves in a deficit situation? Because of the money that we have spent rebuilding this Province, and rebuilding the economy, Mr. Chair, of this Province.

What is going on in this economy today? We have lowered taxes by \$500 million, leading to the most competitive tax regime in Atlantic Canada.

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

**MR. KENNEDY:** The minimum wage has increased. Who can tell me what the wage increase is? Up to \$10 from what, when we took office here? We have the lowest tuition fees in the country, Mr. Chair. We are second in the country in weekly earnings. We have more people working than ever before in our history. We have the lowest unemployment rate in thirty-seven years. Capital investment has increased.

What did we do with the money, I say to the Member for The Straits – White Bay North? As my colleague, the former Minister of Finance said, we spent it wisely. We spent it to build this Province, to rebuild this Province and that is what we will continue to do.

We find ourselves in a situation where it is time now to step back and say: Okay, how do you go about this? Did we have a plan? We have always had a plan, and that plan has worked, Mr. Chair. What we are doing now is looking to the next decade. We are looking out to the next decade.

Let me tell you, the member opposite referred to equalization and being a have Province, and we are all aware of what the Leader of NDP has said and we are all aware of those ads. Well, what being a have Province in practical terms means is you have less money. From an economic perspective, a Finance Minister's perspective, you have less money.

Thirty-six per cent of the revenues in this Province came from the federal government in 2003-2004. Today, we get Canada Health Transfers and we get Canada Social Transfers, very low. The Atlantic Accord finished in approximately 2012, yet we have decreased taxes by \$500 million.

We have had wage increases by \$500 million to the members of the public service, who we said at the time deserved the wage increases. Then we found ourselves with a couple of our rigs coming off station so we had a decrease in our oil production. Now, it is time to say, how do we go about this? What are we doing? We are doing the things that, could they have been done earlier? Ministers were doing them in their departments.

When the good times are rolling, Mr. Chair, when you are building like we were doing, when you are putting schools and hospitals up like we were, the tendency is that we have to continue until the job is finished. We know the job is not finished because everyday we hear the NDP in this House ask for more money. They want universal daycare. They want universal pharmacare. They want universal home care.

How are you going to pay for it? I say to the Member for The Straits – White Bay North, how are you going to pay for it? There are only three ways. Once you find yourself in a situation where there is a deficit you can either increase your revenues, again, in oil. You can increase it by taxes, is what NDP governments across this country do, or you decrease spending. Well, they are certainly not going to decrease spending.

If you are going to bring in universal home care, what is going to go? What is going to happen

here? If you are going to bring in universal daycare, something we would all love to have, and Quebec has it because of Upper Churchill money, what is going to give?

This is the situation that we find ourselves in. As a government we do not talk, we do. The other side talks, that is what we are hearing over here. We are hearing empty talk oftentimes, Mr. Chair.

We were placed in a situation where we had to make tough decisions. We lost some of our revenues as a result of various issues. We then decided to invest some of our money in Muskrat Falls, a significant equity investment in Muskrat Falls. The NDP does not support Muskrat Falls, yet the number of high-paying union jobs that will exist there. It is unbelievable. I do not know how they can stand in this House, criticize Muskrat Falls, and vote against it when their own members would benefit from it.

We know the unions are the ones that contribute to their funds, if you look at the books that come out every year as to where each party gets their funds. What would happen if we had one donor on this side who donated \$20 million, \$20,000, \$200,000, whatever it is, what would happen –

**CHAIR:** Order, please!

I remind the minister his time has expired.

**MR. KENNEDY:** Where is the time? There was no clock.

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

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

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

I wanted to get further clarification –

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

**CHAIR:** Order, please!

**MR. MITCHELMORE:** – on 2.2.03 in Estimates.

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

**CHAIR:** Order, please!

The Member for The Straits – White Bay North.

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

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

**CHAIR:** Order, please!

**MR. MITCHELMORE:** On line 2.2.03 Provincial Government Programs Office under Professional Services there is \$1.4 million basically. It seems like all of these expenditures were put forward into trying to create some form of sustainability plan, because the plan did not exist previously from what the Finance Minister had said. There are many instances where a department may have a strategic plan but they are really not posting updated annual reports. We saw things like the Northern Strategic Plan become a living document, which takes away some of the accountability on the actions that are done there.

The Minister of Finance had talked about and touted around where debt is actually going in the Province. If you look at the consolidated change in net debt, net debt summary and debt transactions in the government's own Budget on page V, it will clearly state that net debt – the revised amount is around \$8.5 billion and the Estimates next year for net debt is \$9.5 billion. That is primarily offset by what the Auditor General is saying around tangible capital assets. In 2011 and 2012 this government spent over \$700 million each year in tangible capital assets.

The Auditor General warns quite clearly, “The acquisition of tangible capital assets, also increases Net Debt. Therefore, Government will need to carefully consider whether the level of tangible capital asset acquisitions that has occurred in recent years is sustainable into the future.” That is on page 66 there, the Comments



on the Financial Condition of the Province, by the Auditor General.

If we look at where debt transactions are going, where the debt at the beginning of the year started and where it ended, it was at \$10.5 billion and it ended at \$10.8 billion. That is public debt. Next year, it is supposed to start out at \$10.8 billion and end off at \$11.5 billion. Under this government and where things are headed, they can say in the past they reduced net debt, but it is quite clear that net debt and even public debt are going to increase based on projections and based on the Budget documents, the consolidated and even other documentation that is there.

When the Minister of Finance got up and spoke about all of these things, it is very difficult. He came into this portfolio and there was evidently no long-term plan and these types of decisions going through, knowing that the Atlantic Accord and all of these things, transfer payments, were going to be reduced from the federal government and other factors were going to happen. Absolutely, government should have looked at making some type of decision to hire expertise earlier. Not even plan for it at \$181,000 as the Minister of Finance stated; this was just thrown upon him, it appears.

It seems like we are seeing the fallout from the Provincial Government Programs Office how something was poorly mismanaged and it resulted in this very terrible Budget that has been put forward. That is the comment I would like to make on that line. It is very clear, based on this particular section on Professional Services, that government did not have a plan for sustainability.

**CHAIR:** The hon. the Minister of Natural Resources.

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

**MR. MARSHALL:** Mr. Chair, thank you.

Mr. Chair, when our government came into office, we had a net debt that was on a track to hit just under \$12 billion. That is now brought

way down. I would ask you and I would ask the hon. member to go through previous Budgets and tell me how much net debt the previous government paid down. Tell me how many millions the previous government paid down. Was it \$1 billion? Was it \$10 million? It was not one cent.

This government got into office and this government realized the Province would go bankrupt if we did not do something about it. This government put in a plan to get the Province back to surplus – or to get the Province to surplus, not back to surplus, but back to balance, and then to surplus. I must say that the NDP of Nova Scotia copied that plan. Their Finance Minister, when they were elected, went on a program called back to balance. You should take a look at that.

Mr. Chair, in order to pay down debt, you have to run a surplus. The previous governments did not run surpluses. Check it out. You can look it up; it is there. By making some tough decisions when we first got in, we got the Province back to balance, back to surplus, and that enabled us now to start paying down the debt.

Prices picked up, the world economy picked up, and there was great demand for the things that Newfoundland and Labrador had. We used that revenue that came in to do very good things. Yes, we spent. I do not apologize for any of that because we spent on progressive social programs. We spent on wonderful things. We fixed roads, we built long-term care facilities, and we built hospitals throughout the Province – wonderful, wonderful things. We always stayed within our means. We did not go out and borrow more. We did not spend more than was coming in.

That is the difference. By being able to control the demands that are coming in and to say that we are going to spend within our means and not more than that, and not spend more by borrowing more. My daughter used to say to me: How can a government spend more than is coming in? It is very easy, you go to the banks, you go to the bond salespeople, and you can borrow it.

Of course, when you borrow it, then you have to pay the interest on it. When you are paying the interest on it that is money that is not going in to progressive social programs. So we did that, but as I said we are a trading nation; we are an exporting nation. We cannot control what happens in that world economy. The world economy turned. Circumstances changed; circumstances do not stay the same.

The hon. member said: Well, why did you spend what was coming in? There was federal money. There has always been federal money coming in. It is the people's money; it is not our money. We do not want to keep it. We had to get it back to the people. We made sure we paid down debt. We also lowered taxes. I have talked about that and the Minister of Finance talked about that.

We took government's hand out of people's pockets. Let people spend their money on things that they want to spend it on rather than having government constantly saying we are going to tell you how you are going to spend the money. We did all those things, we paid down debt, we lowered taxes, and our credit rating went up.

The bond rating companies who look at what we did have praised us for what we have done. I just remembered; the President of the Canada Pension Plan came down. We met and we were talking, and then he said he did not realize that we had paid our net debt down by about \$4 billion. When he heard that, he could not get over it. He said: What a legacy you are leaving to your children and your grandchildren, while other governments were racking up deficit after deficit.

So, we did have a deficit. We had a deficit in this past year's Budget, but we had the cash to pay for it. We did not have to do like previous governments did. We did not have to go out and borrow to finance that deficit. We had the cash to pay for it. The Minister of Finance is going to do the same thing this year.

Now, the circumstances changed. So after – how many surpluses have we had, six out of eight years?

**MR. KENNEDY:** No, it was seven of eight.

**MR. MARSHALL:** After running these surpluses, go check how many other surpluses there were. Ask the other party here, how many surpluses do they have? How many? Do you know? You are not going to find too many. You might find one, maybe two.

We racked up surpluses. The world economy changed, so we have to adjust to it. We have to adjust to the money coming in. It is the people's money. We are not going to keep it. If the money comes in and it gets higher, it is going to go back to the people. It is their money. It has to be spent on them, but we have to make sure we reduce debt. We have to make sure our taxes are competitive. We have to give the people the public services they want. It is their money, the money goes back to the people, and that is the way it should be.

I do not understand what the hon. member is saying. If we are not going to pay down debt, what are you going to do with it? Are you going to keep it? You are not going to give it back to the people? That is not what the people in this Province want. It has to be invested in the people. It has to be spent on programs that the people want.

I see time is passing. So what we did with the change in the world economy, the Minister of Finance has now brought in a new 10-Year Sustainability Plan. The Premier announced it last year at the Board of Trade in St. John's. What was the goal? The goal was net debt per capita equal to the Canadian average.

We spend more per capita on the people of Newfoundland and Labrador than the Canadian average. We do. Mr. Chair, when we are running a deficit, we have to get things under control. We have to live within our means. This government, we did it before. We are going to get us back into balance. We are going to get us back into surplus. When we do that, we can start paying down debt again and then we can start building the economy further in light of our circumstances.

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

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

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

One thing I have noticed about this particular expenditure and about things in general. I sit on the Public Accounts Committee and I read the Public Accounts and review them. The numbers are accurate and they clearly indicate the trend in where things are going with government.

The Auditor General's report and figures state they are accurate. They are pointing out that debt is certainly increasing, public debt and net debt. There is no hiding behind that. It is time to get over that. We reduced it by this much but where things are headed in the future, it is certainly moving things up. You can only hang on to the past for so long. You can only blame past Administrations for so long.

One of the things the current Minister of Finance had talked about is these reports that were done by the consultants on line 05. They hired them potentially, sole sourced because the Nova Scotia Government had hired them previously. The indication of what the former Finance Minister had said is that Nova Scotia had copied this government, or is it the other way around? There needs to be some clarification there because there seems to be a conflict in statements from the current Minister of Finance and the past Minister of Finance.

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

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

In terms of the way hiring took place, the Deloitte spend analysis, that was sole sourced. One of the factors taken into account when this was looked at was the fact that they had engaged in similar work in Nova Scotia. The Ernst & Young one was actually done by an RFP. As for how many people applied, I am not quite certain of that, but that is the difference in those two.

I am glad the member opposite has brought up again the question of debt because it is very important. It is something that, as the former minister indicated, we had certainly tried to deal with in last year's Budget in terms of the ten-year net debt reduction plan. We also, Mr. Chair, in this year, see debt as being a crucial aspect of what we have to deal with in order to provide a sustainable future for our children and grandchildren.

Where does the debt come from? Because it is quite interesting, when you break down the net debt, Mr. Chair, it is the net debt that we have to deal with. When we talk to the bond rating agencies or the banks it is the net debt that they look at. The net debt in this Province right now, as the Auditor General noted in his most recent report, as of March 31, 2012, 64 per cent of the provincial debt, and it has gone up actually to 70 per cent right now, is in relation to unfunded pension liabilities and post-retirement benefits.

We have a very generous pension plan. People have paid into it for years, Mr. Chair. I think the rate that is paid in could be, for example, it varies with union and with plan, but it could be 7 per cent or 8 per cent contribution by the member and then government would contribute the same amount.

We are currently examining the way the pensions work. We are examining the way the pensions have worked in the past and we are having discussions with the unions. We see that throughout the country. The issue of unfunded pension liabilities is a key one.

So you are right, I say to the member opposite, it is an issue that has to be dealt with when we have put in \$3.3 billion in special payments since 2006. Who forgets the \$2 billion in Atlantic Accord monies that was put right into the teachers' plan because the teachers' plan was going to be bankrupt?

The Auditor General also points out that without certain steps being taken, the pension plans will be significantly under funded in upcoming years. Yes, that is certainly real, but a big portion of that debt that we have in this Province is the

unfunded pension liabilities and the post-retirement benefits.

The post-retirement benefits are set up so that if you work with government, I think it could be for five years, then you are entitled upon retirement, I think it is 50 per cent. You pay 50 per cent; we pay 50 per cent in terms of medical benefits and such. That is \$2 billion that is not funded in any way. We are providing these benefits, but we are reaching a point where even the teachers' plan in Ontario, one of the richest in Canada and one of the richest perhaps anywhere, is looking at making changes.

We have heard the discussions in Nova Scotia. Nova Scotia actually moved to a joint management plan where the government funded the plan and then they took over the management of the plan. Yes, we do have a debt issue and the debt, but if you take away that \$5.5 billion that comes from our unfunded pension liabilities, the debt that is remaining is not debt that certainly was incurred by this government.

If you in fact go to somewhere there in the consolidated revenues booklet, there is a list of our outstanding debt. Most of it goes back to between the 1980s and 1990s where debentures were issues I think at 9 per cent, 10 per cent, 11 per cent interest. We are still paying off that debt. There is no way today to get out of that without exorbitant penalties.

If I am a bondholder and you have a thirty-year bond at 11 per cent, why am I going to let you out of that? I want my money. We just had one come due in 2013, we have a couple of more coming due in 2014, and then 2020. That is debt we cannot get rid of right now because of the situation that exists.

What we can do is we can try to work with the unions to address the issue of the unfunded pension liabilities. We are having work done on it; we have had pension consultants hired. We are running our numbers, and we are hoping that we will be able to sit down and have the discussion with the unions. It is in their best interests also. It is their plans, it is their

member's plans which we want to protect. The MHA plan is also part of that.

The reality is that we are seeing this issue discussed throughout the country. When you talk about debt in this Province, you cannot escape talking about, as the Auditor General has pointed out, the significance of the unfunded pension liability. Unless corrective action is taken, for example, the teachers' plan will be funded 21 per cent by 2029.

Debt becomes very important to us as a government. In recent discussions I have had with bond rating agencies and banks, they not only approve of the way we are approaching this matter but they recognize the fact that we are making tough decisions. Oftentimes in politics the easiest thing to do is do nothing. Leave it for someone else. It is someone else's problem.

Well, that is not the way our Premier operates. It is not the way that our government operates. We have a situation where we know it is there and we have to deal with it. What we did this year, we looked at the situation of how do we get ourselves back to a balanced situation, a surplus situation?

The Bank of Montreal report that I referred to earlier today, if you go through that you will see by province that the rest of the country is experiencing a similar situation as we are, but the Bank of Montreal notes – the comments on Newfoundland and Labrador are actually very strong, Mr. Chair. Although they talk about the Canadian economy growing at a minus pace, that is different than the Newfoundland and Labrador economy. Central Canada continues to face familiar challenges including fiscal restraint and an elevated Canadian dollar.

Then, as much as I have indicated I do not like GDP as a measurement of anything in this Province, the NDP did throw it up to us last week or a couple of weeks ago, how our GDP had slipped in 2012. Well, guess what? We are going to lead the country now in GDP growth, for what it means, as offshore oil production rebounds up to 5 per cent. That is the nature of the volatility of our economy.

It reviews each province, and then when you get to Newfoundland and Labrador, I have to say, Mr. Chair, it indicates to me that as a government the previous minister and currently, we are on the right track. They talk about the GDP growth – let's just call it growth; I prefer the word growth as opposed to that – is the fastest in Canada. Its construction in capital investment activity has been key economic drivers and growth is expected to remain solid this year. Average weekly earnings are also strong, up a heated 4.4 per cent year over year in January supporting personal incomes.

We are on the right track, but the bond rating agencies also said, Mr. Chair, and I would just like to reiterate what the Minister of Natural Resources said. Liquidity is a very important aspect of the bond rating agencies when they look at a province, and the fact is we have cash on hand. The example they used with me is that you need to have cash on hand to be able to cover your debt servicing costs.

If a financial crisis happens quick, and what one of them said to me was: Look at what happened in Europe. Who would ever have thought that Spain would have gone from an AAA rating down to a Baa1, or whatever it is in its short period of time. Here is Spain with a 25 per cent unemployment rate, Greece is similar.

Here we are in this Province with all the good things happening, and as the member for the Coast of Bays said earlier: What do we hear? Negativity, we could not even get agreement on the Labrador Border Zone Tax. They even fought us on that one. They oppose for the sake of opposing, as opposed to sitting there and saying, does this make sense? Give credit where credit is due and then tackle them on the weak areas.

The Budget, yes, there has been layoffs. No question about that, and they have had significant impact. None of us over here like that. To put us on the road or to continue on the road to prosperity, these are steps that we have to take.

We do have to address the debt; we are addressing the debt. I see no shame or nothing to be embarrassed about when we bring in outside agencies that have expertise and say we need assistance and help. We are not making it up. It is not simply us saying: Well, let's get rid of 1,000 jobs. We are saying: How do we get to the point where we have to be?

The one thing I can say to the members of the NDP is that accountability is important. On this side of the House we are accountable for decisions we make. What I say to you, it is time to be accountable to the people of this Province and tell the people how you are going to pay for those exorbitant promises that day after day in this House of Assembly you continue to make. How are you going to pay for that?

The only way you can pay for it is tax those who are in the middle income, those hard-working families who are out there, Mr. Chair, putting their children through school, involved in various activities. They are the ones you are going to tax. When you talk about taxing the rich in this Province, there are so few of those who would be the rich. In fact, do you know where the irony is? Each one of those members of the NDP would be considered a member of the rich according to them. Do they want to tax themselves? No problem.

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

**CHAIR:** Order, please!

**MR. KENNEDY:** In all the years I have been paying taxes I have never said we should not, in this country, pay taxes.

**CHAIR:** Order, please!

**MR. KENNEDY:** We pay taxes, it drives social programs.

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

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

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

There appears to be an accountability question on behalf of this government. When we are looking at line 05 here it clearly highlights the crisis management and the decisions that had to be made in Budget 2013.

The former Minister of Finance had said we had a past ten-year plan. Just looking at the Auditor General's report over the last ten years of tangible capital assets on page 65, in 2003 they spent \$200 million on tangible capital assets. Then they spent about \$150 million in 2004; in 2005, \$100 million; in 2006, about \$180 million; in 2007, \$200 million. We are getting an idea of where things are headed.

In 2008, almost \$300 million; in 2009, almost \$300 million; 2010, \$415 million; 2011 – wait for this – \$750 million. What about 2012 – \$750 million. Look at the trend line of where expenditures went when it comes to tangible capital assets, because the average between 2003 to 2010, they were averaging \$200 million. The numbers are factual, they are accurate.

The Minister of Finance had started talking about net debt, and this government loves talking about net debt. On page 66 of this report it says that government has established a target of having a net debt per capita equal the average of all other provinces within ten years. They have no idea how they are going to get there in the sustainability plan, unless it is somewhere hidden in these reports that they will not make public. Then it also says government will also need to consider the impact that a significant level of tangible capital asset acquisitions on an annual basis, combined with potential deficits, will have on the achievement of this target.

The Auditor General is questioning the ability of the 10-Year Sustainability Plan because government right now is spending over \$700 million of its budget on tangible capital assets. Whereas just a couple of years ago they were spending \$400 million, and a few years ago just \$200 million. Certainly, there has been lots of

infrastructure built, there certainly has, but they are saying it has to be done in a sustainable way.

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

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

**MR. MITCHELMORE:** It is quite clear this line item here shows that if there was a ten-year plan for the future it would not be showing up in this line item on the Estimates. It would have happened previously where there would have been expertise brought in to look at efficiencies. It would have been on a small scale, where people are doing strategic plans, people are reviewing their departments. We would expect to see that ministers themselves would be finding some efficiencies with this Red Tape Reduction, with other things where they can streamline some processes.

Government promised in 2007 it would be an e-leader in the applications and things like that that would be available online. There are a number of things that could be available online that is not. I suppose that it is not because there are still so many communities without broadband Internet.

My point is the Auditor General is questioning looking at how government plans to remain sustainable. If the Minister of Finance continues to spend on tangible capital assets at the level that they are, with the drop in revenues and how things are going, we will not have a sustainable public debt. We will have to go into borrowing and then you are going to have further debt to service. That is payment and that is sending us back to what exactly the former Minister of Finance is saying, when we inherited this Province, twenty-three cents or twenty-something cents out of every dollar was spent on paying down debt. This is the direction this government is heading.

After ten years they have showed no ability for sustainability and now put together a plan that the Auditor General says well, it does not look like it has the detail to show that it is going to be sustainable. So maybe we need to go back to the drawing board on this core mandate analysis and

also look at those reports. They need to be tabled in the House, Mr. Chair.

**CHAIR:** The hon. the Minister of Natural Resources.

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

**MR. MARSHALL:** Mr. Chair, we just heard the hon. Member for The Straits – White Bay North. I cannot believe what he said. He talked about the tangible capital spending that we have done over the years – the capital that this government built over the years.

Mr. Chair, let's talk about some of those things. Let me talk about my home of Corner Brook. Let's talk about the new developed high school; tangible capital asset. Let's talk about a long-term care facility; tangible capital asset. Let's talk about four – not one, not two, not three, but four protective care units; tangible capital asset. Let's talk about a redeveloped high school; tangible capital asset. Let's talk about new roads up to Pasadena; tangible capital asset. Let's talk about a recreational facility in Pasadena; tangible capital asset. Let's talk about the health facility up in the Strait of Belle Isle; tangible capital asset.

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

**MR. MARSHALL:** I can go on and on and on all night long in listing those things which helped get this Province out of – when the Great Depression was hitting, to stimulate the economy and get the economy going, stories like this are right across this Province, but here is the difference from what happened in the past. In the past, governments had to go out and borrow the money to pay for it. This government paid for everything without borrowing. That is the difference.

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

**MR. MARSHALL:** In addition to paying for all of that, we did not borrow for any of it. That is the difference and that is a wonderful thing. We have all of this capital, and we have these hospitals and long-term care facilities; where are

they? In St. John's, they are building them. Torbay – and where else? Lewisporte.

**AN HON. MEMBER:** Labrador.

**MR. MARSHALL:** Labrador, Happy Valley-Goose Bay, Harbour Grace, and they are all paid for. They are going to benefit the people of Newfoundland, and their children and grandchildren are not going to be burdened with paying the debt to pay for it. It is all paid for; it is paid in cash. This is a wonderful thing, Mr. Chair.

I tell you what; we are going to do more of it. We are going to build a hospital in Corner Brook that is going to serve the people of Western Newfoundland. We are going to build a new hospital out here in St. John's; we are going to build a new Waterford Hospital here. We are going to build more schools. We are going to convert G.C. Rowe into a new elementary school. We are going to build a new high school.

Mr. Chair, these are wonderful things. Do you know what? They are not in the Budget. Only the depreciation or amortization is in the Budget. We are going to build assets that are going to benefit the people of Newfoundland for generations to come and they are not going to be burdened with any debt to pay for it.

Thank you, Mr. Chair.

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

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

**MR. MITCHELMORE:** Mr. Chair, it is important to invest in infrastructure, but it has to be done in a sustainable way and a sustainable manner. If you have your own bank account, you go out and buy all these things and you do not have the money to pay for them, then you have to go borrow against the asset that you have.

That is what government is doing. Spending it at a sustainable level can send you into

bankruptcy. It seems that this is what this government wants to do. If we look at and we question some of the borrowings that this government has made – in 2003 government borrowed \$300 million. In 2004 they borrowed \$300 million; that one is due in 2014. In 2004 they borrowed \$300 million, due in 2035. In 2007 – in the estimated interest in debt retirement –

**MR. MARSHALL:** A point of order.

**CHAIR:** The hon. the Minister of Natural Resources, on a point of order.

**MR. MARSHALL:** Mr. Chair, we did not borrow to pay the tangible capital assets. We did not borrow to cover operation. There was some borrowing. We put money into the pension plan. We substituted an unfunded pension liability for some funded debt. As a matter of fact, even last year, Mr. Chair, we put \$258 million into the pension plan.

**CHAIR:** There is no point of order.

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

**MR. MITCHELMORE:** Mr. Chair, I digress because when I worked in lending if you rob Peter to pay Paul, it is the same situation.

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

**CHAIR:** Order, please!

**MR. MITCHELMORE:** If you are borrowing for one, you still owe the debt one way or the other. It just has to be paid at a later date. The interest rates on these – I say to the Minister of Finance, if we look at some of the interest rates here, he may have been better off going to the Department of IBRD and asking for a loan because they give them out at 3 per cent, which is far lower. We found that out in Estimates, so you might have gotten a better deal going to the Department of IBRD.

There are all sorts of situations when we look at sustainability. There are lots of questionable

practices and I think we need to really be serious about where debt is headed, where we are going, and where spending is. These plans need to be made available so that we all, all parties in this House – we are all accountable to the people of Newfoundland and Labrador. Seeing how you put together a twenty-two page Sustainability Plan, we do not see how the accountability lies in with everything that you are set to do as government. It really shocks me to see that Budget line item as it is in last year's Budget, revised up to that level and those reports.

That is all I have to say on that.

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

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

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

Seven years in this House now and I have heard some strange things, I have said some strange things, and we have been here through the night, Mr. Chair. We get tired and there are all kinds of things happening, but to hear what I just heard that we have to be concerned about debt, which we are, from the party who probably has a wish list of \$10 billion in terms of the universal everything that they want.

Now tell me – and again, I invite the member opposite, or one of the leaders can stand up, if we are going to have this discussion then, how are we going to deal with this? What would you do? Make some suggestions here that we can take into account. That is what I am not hearing, Mr. Chair. I am not hearing anyone say how we will pay for it all.

On the one hand you are saying you are spending too much money, you are not paying enough attention to debt, but spend, spend, spend. How are you going to pay for spend, spend, spend? Tax, tax, tax. That is what that party is, Mr. Chair.

Let me just give you an example of our capital infrastructure. Again, sometimes what you hear in this House, you will have to suspend your beliefs somewhat. The Minister of Natural



Resources just got up and I am thinking to myself, maybe we are all missing something here, maybe he knows something we do not, but let's just have a look at the money that has been spent around this Province, Mr. Chair.

Now, let me go through this again because I find this astounding that since 2004 we have spent approximately \$620 million allocated for K-12 infrastructure; nine new schools have opened; ten more are in various stages of planning and construction; twelve major extension and renovation projects have been completed and eight more are underway. Again, I had to do the math. That is thirty-nine schools, nine new schools and ten in planning or construction. As quick as we open them we are building others, and that is in areas of the Province where we are seeing very significant economic growth.

In fact, last week we were questioned on the one in Carbonear. It was not even opened when, we need new classrooms. That is a good thing. That means there are lots of children. Since the planning for that school took place, more families have moved into the town and more people need classroom space.

Now, let's look at where it is going. Exploits Valley, \$4.2 million to begin work on the second phase redevelopment; Virginia Park Elementary; Charlottetown, Labrador – whose district is that in, the former member; Torbay; Conception Bay South; Paradise; Portugal Cove – St. Philip's; St. Anthony; Corner Brook; St. John's; St. Teresa's School in St. John's; a new West End High School in St. John's.

That is three new schools in St. John's alone. Is that how we are wasting our money? Is that what the member opposite is saying? We should take our money, put it in a sock and put it under the bed somewhere. No, what we are doing is ensuring that the people of this Province receive services.

Hopefully, the Minister of Health will have an opportunity to get up and talk about the things we have done in health care, but again, it is absolutely amazing. We have \$72.7 million set aside this year for the continuation of several

long-term infrastructure projects, facilities in Carbonear, St. John's, Corner Brook, Clarenville, Happy Valley – Goose Bay, and Bonavista, Mr. Chair.

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

**MR. KENNEDY:** We have \$14.4 million in this year's Budget for the construction of the Lab West Health Centre. We have \$8.4 million for the new adult addiction centre in Harbour Grace.

We have \$11.5 million for the continued redevelopment of Central Newfoundland Regional Health Centre in Grand Falls-Windsor; \$6.5 million for the continued construction of the treatment centre for youth with complex mental health needs in Paradise; \$4.3 million for the Lewisporte Health Centre development; \$4 million for the continued construction of the treatment centre for youth with addictions in Grand Falls-Windsor; \$700,000 to continue planning for the replacement of the Waterford Hospital in St. John's.

So, new addictions facilities in Harbour Grace and Grand Falls, a new mental health facility in Paradise, a new mental health hospital in St. John's. Is the member opposite saying we should not be spending the money on this to help people who have issues, to help them get through this? Also, \$100,000 for the continued planning of the Green Bay Health Centre; \$200,000 for the Glovertown Health Clinic.

Mr. Chair, this is what we have been doing with the money. We are building infrastructure to make sure that the economy can withstand and has the infrastructure in place. Now, once we build these facilities, we build them on the basis of what we are told that they are good for thirty to forty years. They are amortized over that time frame. Is this not the kind of development that people expect of its government? Is this not what people want? Because what we hear from the people of our Province is that we want services close to us.

Again, the example I used a number of times in the Budget, in our Province – and the Minister

of Health will correct me if I am wrong – we have approximately, I think it is twenty hospitals and health care centres. We have twenty-two long-term care facilities. We have more than 100 clinics throughout the Province, so that everyone is within a half hour, or a little bit more of emergency services. Yet, you get a city like Hamilton in Ontario that has three hospitals.

We have to spend money to ensure people receive the services that they not only need but they demand, and that we need to provide for them and they deserve. So that is how we are spending our money. Is that, I say to the members of this House, a waste of money? Is that what we are hearing over there that we should not be doing? Because –

**AN HON. MEMBER:** They said it was frivolous.

**MR. KENNEDY:** Frivolous is the word, frivolous. Tell that to the senior who has to travel to go to a health facility. Is it frivolous?

**AN HON. MEMBER:** Or a dialysis patient.

**MR. KENNEDY:** A very good point, we talk about the dialysis patients. I saw the statistic at one point on dialysis. That we have opened up – \$30 million for our dialysis services to support the existing fourteen dialysis sites, seven of which have been added since 2004. We have more than doubled the dialysis sites in this Province, Mr. Chair.

**MS SULLIVAN:** Harbour Breton is almost ready.

**MR. KENNEDY:** Port aux Basques, we have dialysis in Port aux Basques.

This government's investments have touched all areas of the Province. It is not simply a government that says let's just put it in government districts. We have actually put it in everyone over there, their member's districts. They are all benefiting from this, and especially the Member for The Straits – White Bay North. That was because – again, I can only reiterate – of the strong representation of the former

minister who represented that area and how he fought hard for his district to get what was needed.

So, Mr. Chair, if this is wasting money than I am very proud of wasting money to build hospitals, schools, recreation facilities, to pave roads. Mr. Chair, that is what we were elected as a government to do. That is what we are doing.

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

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

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

I am really happy to get up tonight for the first time this evening. I have been enjoying listening to the Member for The Straits – White Bay North. I am really pursuing the details that need to be pursued. That is what the Estimates discussions are all about, is to look at details and get into the details.

I find it rather interesting when I hear the speakers from the other side of the House, the ministers, talking about where they have been and where they are going, and making statements indicating that they have never put us in debt. Debt is not something they are about. They could not get where they are without some more debt, adding to the debt. They have added to the debt.

I suggest they themselves open up the Consolidated Revenue Fund and look at the debt they have accumulated in real terms since they have been governing since 2003. When we look at loans that started to be taken out in 2003, some of them are shorter term and longer term. We have loans, for example, from 2003 to 2033; 2004 to 2014 that is a ten-year term; 2004 to 2035; 2006 to 2037; and, 2007 to 2040. Guess how much all of those loans have come to, Mr. Chair?

**AN HON. MEMBER:** How much?

**MS MICHAEL:** It is \$1.9 billion.

Then we come down to the Canada Pension Plan where we have twenty-year term loans down there, smaller amounts of money. They are short terms. They are smaller. They come to about \$50 million, \$120 million. Over \$2 billion since 2003 –

**MR. MITCHELMORE:** Plus interest.

**MS MICHAEL:** Plus interest, this is just the basic loan. This is what has been borrowed by this government since they came to power in 2003.

All I am asking, Mr. Chair – I am not asking that they not take out loans. That is part of an economic system. Taking out loans is part of an economic system, but acknowledge it. Acknowledge that you do not do what they are talking about without loans. Acknowledge the loans and do not say they have not put us in further debt because they have.

When you look at the whole picture – let's not forget, we have something else coming up down the road, and that is the equity that will have to be paid into Muskrat Falls. We do know, because it has been said by the Minister of Natural Resources when he was the Minister of Finance, that most likely that equity will have to be paid by taking out further loans. Looking at our books, we know that is the case because they cannot do it from our cash resources right now. It is certainly not enough and we cannot deplete our cash resources. We all know that cannot happen.

Therefore, they are going to have to take out more loans. We are over \$2 billion now with loans that they have taken out, and we do know that we are probably going to be over \$3 billion down the road. Let's not talk about not putting us in debt; it is part of the system. Acknowledge it; it is there. The average person probably does not get to see page A-V of the Estimates. That is why it is important to point out to people the full picture.

Yes, they have been doing what a government is supposed to do. If we are not building new buildings and if we are not repairing, our system

is going to completely fall down around our ears. We have to do that, and you do have to take loans out to do it as well, but acknowledge it. Do not run away from it and say it does not happen, because it does happen.

That is all I am asking from the minister is to be accountable and to acknowledge what is real; acknowledge the reality. You have to do the long-term planning, and this is what my colleague from The Straits – White Bay North has been pointing out and we point out consistently. You do long-term planning when you are in government. Even families do long-term economic planning. You know what is coming up down the road so you build your plan, you build your plan accordingly, and you are accountable for your plan.

You do not act as if a deficit happens overnight. It does not, but neither do you have to do knee-jerk reactions to a deficit. There are many governments in the country that have deficits and they accept the deficit as a reality for a year or two, but they do not destroy their system because they have a deficit for a year or two. Because, what is going to happen, you are going to have to rebuild. We had our system destroyed some years ago and that is why, when this government came into power, they started adding people to the public service sector because it had been gutted. They discovered that –

**AN HON. MEMBER:** By whom?

**MS MICHAEL:** It certainly was not by us, was it?

It had been gutted and in doing that gutting they recognized it, but what they needed was a stable plan so that when, all of a sudden, one year there is a deficit, you do not all of a sudden take out of the positions that you had put in. If they were needed ten years ago, they are still needed.

That is not planning. That is destroying the system. That is not planning. That begs the question, which I have already asked here throughout this Budget discussion over the last few weeks: Isn't this what they really wanted to

do and they are using the deficit as the excuse to do what they have done to our public service system? That is what has happened, Mr. Chair. That is not planning.

I want to see what is going to happen when we have –

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

**CHAIR:** Order, please!

**MS MICHAEL:** – a debt of \$3.5 billion and we are paying hundreds of millions of dollars of interest on that. The interest rates, of course, accumulate. Mr. Chair, all I want from the government is to be open and to be accountable for the reality of what is here in this book and do not try to hide the reality.

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

**CHAIR:** The hon. the Minister of Tourism, Culture and Recreation.

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

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

It is certainly good to stand up tonight and say a few words on Estimates and contribute to the debate here in the House. It is always good to see the different perspectives and the different philosophies of parties here in the House, Mr. Chair.

For the people who are watching out there tonight right across the Province, I think it is quite evident where we are. We see a Third Party that believes they have all the answers, which is fine. There is nothing wrong with anybody having all the answers; however, Mr. Chair, they continue, and continue – like I said the last time I stood in this House, they are one sentence away from promising thirteen beer in every dozen, and a chicken in every pot. They are one sentence away from being everything to everybody. The last time I checked a dozen there were twelve, but this party is putting thirteen in the next dozen, I can assure you of that.

We only have to go back to some of the news clippings that have happened over time, Mr. Chair, and it is quite evident: NDP proposes tax cuts for small business. Wonderful – there is no one over here is against that. As a matter of fact, we did that; we cut taxes to people across this Province many times over.

Mr. Chair, the other thing they have asked for is – they have also said in another article in *The Telegram* that they admitted to \$142 million in new spending. They wanted it and they insisted on it, along with a multitude of other things.

One of the other things they talk about, Mr. Chair, is they want to give up the taxes on gas. It is all good stuff. If we could do that, we would all love to do that. Everybody would love to cancel all taxes. That is the thing; we would all love to do that.

Let me explain the other side of the House, the Third Party. They wanted \$142 million in new spending, but they all have this wish list. They wanted home care.

**AN HON. MEMBER:** Universal.

**MR. FRENCH:** Universal home care, Mr. Chair, hundreds of millions of dollars –

**AN HON. MEMBER:** Full-day kindergarten.

**MR. FRENCH:** I am saving the full-day kindergarten because there is a story to the full-day kindergarten, and the Leader of the Third Party is well aware of the story. What she said was that she was in favour of full-day kindergarten. Mr. Chair, that is not a bad thing. I have a little guy in kindergarten, too, now. There are days that I think, do you know what? I would love to have him in school a full day because he would keep the menace around the door a little bit less. So full-day kindergarten is not a bad thing, but it costs an awful lot of money.

This is a party that have sized it up. It is an awful lot of money in infrastructure alone. The teaching units are the low end; it is the infrastructure of some of the schools around the

Province that are at capacity in places like my community and Paradise. We continue to build new schools because of the capacity, so adding new full-day kindergarten obviously would increase capacity even beyond what we have.

Anyway, Mr. Chair, the Leader of the Third Party was insistent on having full-day kindergarten. So during an interview and a scrum, it was brought to her attention. Well, it is going to cost a lot of money. How are you going to pay for it? I am not really sure how I am going to pay for it.

Mr. Chair, this is during an election campaign. So they want all of these promises, but there is not one dollar attached. There is going to be thirteen in every dozen if we keep listening to that party, Mr. Chair because they promise everything, they commit everything, but they do not put the dollar figure on it. That is the key point.

Even the Opposition, Mr. Chair, who I disagree with wholeheartedly on everything known to man, I do not know if I have ever agreed with them in this House since I have been here; however, I give them credit. They put a dollar figure. You might not like the way we spend it and we will disagree on how we spend it, but they are realists. They know there is only so much chicken in the pot to go around.

The NDP, they have a bottomless pot. They have a full hennery of chickens. Chickens are not a problem in their world, so they forget to count the beans. They are not a party that counts the beans and when you are spending other people's money, until the money runs out, you are doing great. That is what the NDP policy is.

We talk about taxes and recently the Leader of the Third Party was interviewed on a program – I believe it was a CBC program there awhile back, and, sure enough, we got talking about taxes. Where are you getting the money to pay for all of this? When pinned down, I might look at putting up the taxes.

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

**MR. FRENCH:** What about the people who earn over \$30,000? No, we would not do that. What about the people who earn over \$40,000? No, we would not do that either. What about the people over \$50,000? No, that is the not the people we would go after either. So what about the people over \$60,000 and stop? Well, what we would do is we would put in a forth tax bracket. We will put in another tax bracket. Oh, so where do you start?

I will tell you a little story now, Mr. Chair, about way, way back there was a by-election down in Lab City. The Third Party came out with their policy. They were doing very well in the by-election and it was good competition. In all fairness, between our party and the NDP it was a real race. I mean, you could smell it in the air; it was a tight one. We were going to fight it out to the bitter end.

About a week left in the campaign, someone brought up taxes. I was there, Mr. Chair, and I had no idea taxes were an issue. Someone said: What is everyone's policy on taxes? I said: We have dropped the taxes. The last few years in a row, we were dropping them a point at a time. We are doing what we can do. We are putting more back in people's pockets. Someone said: What about the other crowd? What is their policy? Oh, they plan on putting the taxes up. Oh, so to pay for the new hospital that is going to be built here, we are going to have to pay more taxes. Yes, that is the NDP policy.

Well, Mr. Chair, what quickly happened? What quickly happened was the lawn signs started coming down. There were barrels burning everywhere, Mr. Chair, and there was no one on strike. There were barrels burning everywhere, burning NDP signs, because people asked the question and quickly realized that they put up taxes to increase everything they want, lots of things they want.

We are probably the most left-leaning Conservative government ever in the history of the country with some of the things we have done. A lot of the things they said we liked, but you have to have the money to do it, Mr. Chair. This hon. crowd, they have all the answers. It is

simple; they put up taxes. That is what they do. They did it in Ontario. They got into government. They promised everybody thirteen beer in every dozen, a chicken in every pot. They got there for three years, Mr. Chair, and they just about bankrupt the place.

Ontario, one of the wealthiest economies in the world at the time – I think it was in the top thirty economies in the world at the time – they almost bankrupt the place because they tried to be everything to everybody. It is wonderful. If you could do it, it would be great. We would love to do it.

Mr. Chair, I say to the people out there tonight who are taking the time to watch this debate and watch the debates of the House to listen carefully and to ask the question – when you hear members from the Third Party make these commitments about everything, there are going to be thirteen beer in every dozen, a chicken in every pot, just sit back and say no problem; how are you going to pay for it?

I tell you, Mr. Chair, the people of this Province will quickly realize that the bottom line, the only way that they can do it, and when pinned down by good, cagey reporters they admit to it, they will put up taxes.

Thank you, Mr. Chair.

**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 get up because I know there have been a number of challenges offered up. I do not normally stand up and respond to these sorts of questioning. I just wanted to remind Members of the House of Assembly opposite of comments that I made here in the House of Assembly a number of weeks back.

I know members of the government have short memories, so I just wanted to remind you of something that I had said, because you keep

saying: What is the plan? What is the plan? We know and we all agree in the House of Assembly that there are a finite number of sources that government can go to in order to raise revenues.

We know if you look at the Budget Estimates document, I believe somebody called it page V but it is Roman numeral V. If you look on Roman numeral page V you will see provincial tax sources and they list them: Personal Income Tax has been referenced by some members, Sales Tax, Gasoline Tax, Payroll Tax, Tobacco Tax, Corporate Income Tax, Offshore Royalties, Mining Royalties, insurance company royalties and Corporate Capital Tax. They are a finite number of sources.

As I explained several weeks back, and I think members have forgotten, it is important to try as best you can when you are the government to diversify the economy, to expand the tax base so that there are more businesses contributing to our collective wealth and there are more people paying taxes. Not higher taxes, more people in the labour market working in good jobs in this Province and paying taxes that way.

You do not have to increase taxes on individuals. You increase the amount of income tax that is raised by having more people working, fewer people on Employment Insurance, fewer people on Income Support, and fewer people knocked out of the labour market altogether.

As we know, this government has time and again botched economic diversification, has not been up to the job of economic diversification. At the expense of repeating myself, I will remind members opposite some of the things that we have talked about here.

Take shipbuilding, for example. Newfoundlanders and Labradorians have built ships in this Province for hundreds of years. We could very well build ships in Newfoundland and Labrador for hundreds of more years, if government made strategic decisions around economic diversification that include shipbuilding and associated fabrication industries.

So, where was the Government of Newfoundland and Labrador when provinces like British Columbia and Nova Scotia were bidding on the National Shipbuilding Procurement Strategy? Well, I think the Premier was out there saying something to the effect of well, so much going on we do not need – it seemed like this was some sort of distraction. This multi-billion dollar opportunity, I believe it was something like thirty years or something like that, \$25 billion for this – there was nothing done.

The Government of Nova Scotia worked with the industry to build all sorts of outreach to work with their corporate partners, to work with organized labour, to work to get this contract and they were successful. Nova Scotia was successful, and I might add it is an NDP government in Nova Scotia – and good for them, but bad for us. We should have stepped up to the task, because we have fabrication facilities here and there are creative ways that government can leverage with industry to help build on that infrastructure and expertise. Every time we miss those opportunities, we lose people. We lose people who go and work in that industry in other provinces and in other countries, and we lose the people who could have done an apprenticeship in whichever trade down in Marystown or in other parts of the Province.

Then, what about government's ferry procurement strategy? Remember, we were going to replace all of the ferries that needed to be replaced – and we know there are a lot. The Member for Conception Bay East – Bell Island, he well knows that exists. Lots of members opposite from rural districts that are serviced by ferries know we need the ferries.

We have basically moved very, very little on this Vessel Replacement Strategy. They were all supposed to be fabricated here. The last time I heard anybody from government talking about this they are talking about going outside the Province – going outside the Province. Why go and diversify the economy in other provinces? Your job, I say to members opposite, government's job is to work with industry and work with the labour force here to diversify our

economy, to increase the tax base here – makes good sense.

Then there is the third Hebron module – remember that? We were basically guaranteed that was going to be built here. That would have helped to build the fabrication industry, helped to build the workforce. Instead: oh well, we will take some money from the oil companies and they will just go to Korea or wherever it is. They are going to go to another country and get that work done, going to go outside the Province and get that done, too. So there is another example of a lost opportunity.

Speaking of industries that for hundreds of years have put food on the table for Newfoundlanders and Labradorians is the fishery. As my colleague, the Member for The Straits – White Bay North, has pointed out repeatedly. The overall value of that industry has declined under this government, and we have seen plants closing hand over fist.

We had members run in the last election, the governing party, who assured – there was at least one. I could tell you an interesting story about a member who went to Come Home Year the summer of the election, 2011, and said: I will buy the plant myself and keep it open if I have to. That is what one member said. I will not identify the member, but that is what one member said. Instead, plants have fallen one by one by one. Hant's Harbour, Salvage, Jackson's Arm, Little Bay Islands, Port Union, Black Tickle, St. Lewis, Marystown, and Burin.

The policy I see from this government is one of managing decline in the fishery, and I think that is unfortunate because we have had a solid industry. There have been problems, but it is not unusual to have problems in any industry. There seems to be little help, little vision, and shipping out more and more workers.

Then there is the forest industry. This government has presided over the shutdown of two facilities in Stephenville and Grand Falls-Windsor, and government will say, well those areas are doing well. It is not good enough to try and supplement lost industry through

relocating public services to areas or relying on people who now commute to Central Canada and Western Canada and the North to work. They are going outside of the Province.

A good many people – lots of research has been done of this by very competent academics down at Memorial University of Newfoundland. A good number of those people are commuting and it is taking a toll on their families. Those are some of the things that have been done.

Then we get to Muskrat Falls, which I hope I live long enough to see how this is all going to turn out because you have locked us into this energy monopoly now. I saw a documentary last weekend that said the future of the energy grid is off the grid. It talked about how other sources of electricity are going to emerge. Then the whole thing about going around Quebec, remember that? That was a key selling point on all that.

The Americans are becoming more and more self-sufficient in terms of energy. They very well may not need this. Anyway, there is no way to get it to them. That needs to be built. There is an unknown cost to that. No one has ever put it on the table here to show us.

Cost overruns, a multi-billion project rammed through this House of Assembly in the dying days of the last session. That is not economic diversification either, spending billions of dollars of public money on a questionable project with questionable returns.

Those are some of the things. I wish I had more time, Mr. Chair, but I will hand it over to somebody else. Those are some of the things that this government should be doing.

**CHAIR:** The hon. the Government House Leader.

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

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

I could not resist the opportunity to have a few words in Estimates having heard a few of the

comments opposite. We spent the last maybe ten, fifteen, twenty minutes or so talking about policies of the Conservative government, policies of our previous government opposite, and of course my colleague who just spoke on behalf of the New Democratic Party. I could not resist the temptation because of the fact that he offered the temptation that the view of the NDP is to grow the economy, not by taxation, but by creating jobs.

As I recollect, from a policy platform that my colleague in Tourism reminded me, if the number stands, \$35 million was the number we just talked about; \$35 million in commitment in the last platform to the fishery, with absolutely not one iota of an explanation to the people of this Province of where any of that money is going to come from. They stand in the House every single day – I cannot do near the job that my colleague in Tourism did about ten or fifteen minutes ago in talking about all of the commitments made by the NDP to the people of this Province, and at the same time criticizing government for the level of deficit, and the deficit should be lower.

Mr. Chair, you cannot have it both ways. You cannot say bring down the deficit and continue to increase spending without growing the economy. If memory serves, there was a vote held in this House just before Christmas on probably one of the biggest projects in the history of this Province in terms of economic growth and job creation, and that was Muskrat Falls. If memory serves – Hansard can prove me wrong, maybe – every single member of the New Democratic Party voted against that project.

**AN HON. MEMBER:** What?

**MR. KING:** They voted against the economic development of Newfoundland and Labrador. They voted against the more than 2,000 jobs. For those listening at home, that is 2,000 jobs generated and created by a project that was negotiated and introduced by this government. That Party, who claims they promote economic development opportunities, voted it down, Mr. Chair.



As I said, it is difficult to find the balance in the commitments they are making and in the vision they are articulating and finding real concrete direction. So, I am going to offer up a couple of examples. They talk about shipbuilding and they talk about the fishery, but let me remind members about the fishery because it was this government, under a previous Fisheries Minister, that mediated a deal for the fish plant workers in Marystown to have a secure future in the fishery.

Let me remind members, it was the supporters and the union leadership of the New Democratic Party who encouraged those workers to reject that deal. Mr. Chair, where are they today? Because of the leadership provided by members of the Third Party, unfortunately, sad to say, those people are out of work and the plant is permanently closed.

Now, let me continue. It was also the same party, they are on record, the critic, the Member for The Straits – White Bay North, the day this government signed a deal with Ocean Choice International to grow the fishery in the Town of Fortune to create 120 jobs, I do not think the ink was dry on the printer when that critic was out the door with a press release slamming government, slamming the Town of Fortune: the NDP do not support this proposal. They do not support the people of Fortune. They do not support creating jobs in Fortune.

Mr. Chair, you cannot stand in the House and say you agree with creating employment opportunities and every single time this government delivers an action to create jobs you vote it down. It is either you support that or you do not.

Furthermore, Mr. Chair, I hear the Member for St. John's North, and I will repeat it because I respect your opinion. For the people of Fortune the member commented: With respect to the Fortune deal, the NDP does not support bad ideas like going into Fortune. I am repeating what the member said. If the member wants to correct me, he will have a few moments. I am sure he will.

Mr. Chair, not only did this party shut down the Marystown fish plant, one of the biggest and longest standing fish plants in the history of our Province, not only did they fight tooth and nail to prevent the people of Fortune from getting a deal, they also fought the people in St. Lawrence when the people of St. Lawrence were going through an independent, open, objective process through the Fish Processing Licensing Board for a licence transfer, a non-political process.

Who stands up again on behalf of the NDP, but the Member for The Straits – White Bay North objecting at all costs. This party, he says, does not support the people of St. Lawrence. We do not support the transfer of a licence. We do not support the creation of jobs, extension of jobs, and hours of work for the people of St. Lawrence.

Mr. Chair, we are talking about employment creation. The member opposite spent ten minutes talking about their belief in the –

**MR. MITCHELMORE:** A point of order, Mr. Chair.

**CHAIR:** The hon. the Member for The Straits – White Bay North, on a point of order.

**MR. MITCHELMORE:** Hansard will reflect that the comments the Government House Leader made are not correct.

**CHAIR:** There is no point of order.

The hon. the Government House Leader.

**MR. KING:** I hit a nerve, Mr. Chair. I understand. I encourage the member to give me a minute because he is going to want to jump up again in a minute. As I said, Hansard might reflect one thing, but the press releases issued by the member opposite reflect something completely different.

I assure the member opposite that the people of St. Lawrence, the town council of St. Lawrence, and the union leadership of St. Lawrence will not forget the NDP when the time comes. They know where that party stood when this

government tried to create jobs in that community and to provide a more stable working life for the people there.

More importantly, Mr. Chair – get ready; you are going to want to jump up on this one, I say. More importantly, while my colleague was managing the process of the fish licensing board, guess who was behind the doors under the table making calls wanting a backhanded deal to move a licence up to the St. Anthony region of the Province? Guess who was writing letters not only against the people of St. Lawrence and Fortune, but wanting to do an underhanded, behind-the-back deal, take the ball and run, for the people up the coast –

**MR. MITCHELMORE:** A point of order.

**CHAIR:** The hon. the Member for The Straits – White Bay North, on a point of order.

**MR. MITCHELMORE:** What the member is accusing me of –

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

**CHAIR:** Order, please!

**MR. MITCHELMORE:** – is certainly unconscionable actually to make these statements in the House of Assembly to accuse me of making underhanded deals. There is nothing wrong with writing letters on behalf of your constituents and advocating, but I certainly did not ask for anything –

**CHAIR:** There is no point of order.

I thank you.

The hon. the Government House Leader.

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

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

I say, sincerely, thank you to the member opposite for admitting that he was going beyond the process behind the backs of the people of the Province trying to pull a swift-handed deal, to

pull the rug out from the people of St. Lawrence, I say, Mr. Chair.

I do not condemn the gentleman for fighting for the Northern Peninsula. Hey, this government fought for years.

**MR. MITCHELMORE:** A point of order, Mr. Chair.

**CHAIR:** The hon. the Member for The Straits – White Bay North, on a point of order.

**MR. MITCHELMORE:** Mr. Chair, if we actually looked into and investigated the sea cucumber licence that was transferred from the Great Northern Peninsula, in that situation that licence should have been cancelled if a proper audit was done in that situation because there was no processing done. What I had been advocating for was certainly something that was in my district and could be transferred within my district.

**CHAIR:** There is no point of order.

The hon. the Government House Leader.

**MR. KING:** Mr. Chair, I congratulate the member opposite, and I will tell you why. This government is so supportive of what he wants to do up there that we have invested, I would say, hundreds of millions of dollars on the Northern Peninsula. Do you know what? We are so committed that we are going to represent that seat again in a couple of years' time, so stay tuned, I say.

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

**MR. KING:** Mr. Chair, as my time concludes the point I am trying to make – and I thank the member once again for admitting that he was trying to pull a fast one on the people of the Burin Peninsula by preventing jobs from going down there so that they could go to his own district. I thank him for at least being forthright here in the House and admitting to that.

Mr. Chair, back to the point at hand, the discussion was about employment creation and

standing for creating jobs as a way of creating the economy. I have given a number of examples here: the Fortune fish plant, the St. Lawrence fish plant, the Marystown fish plant, where in every single instance the New Democratic Party stood against the people and fought tooth and nail to prevent the growth of jobs and growth of the economy on the Burin Peninsula.

Thank you very much and I will have another opportunity later.

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

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

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

That was certainly very entertaining. I did not think the Minister of Justice had it in him. He has not been having a very good month. He can still laugh in his job, all credit to him. Especially talking about the Budget – good grief; he would want to be talking about the Budget?

This government talks a lot about their fiscal prudence and where the money went or where the money does not go, how well they did here and how well they did there. I think they mean well. The problem is they just do not know. They just do not have any idea what happens to the money.

When they took over in 2003, the first thing they did was change the accounting method from cash to accrual and, of course, that brought at first a huge first-year deficit. Because if you put a big first-year deficit, anything after that looks pretty good.

What I have, Mr. Chair, and I will quote from, these are their projected surpluses or deficits and what they then projected on the following year which – when you already have the records, it is not really a projection; it is supposed to be an actual. Then I would like for members opposite and certainly people who may be watching at this hour to know what the auditors actually

said, because none of the numbers are consistent.

Mr. Chair, in 2004-2005 this government projected an \$840 million deficit. A year later after they had a full year behind them they said: Oh, I guess it was not right. It was not an \$840 million deficit; it was a \$707 million deficit. Lo and behold, the auditor did the books and it was a \$488 million deficit. The \$840 million was wrong.

After they had a year to play with the money, they got it down to \$707 million and the auditor said: No, no, no you are still wrong. You are wrong by a couple of hundred million dollars. They were new at government and I suppose they could be forgiven for their first-year mistake. It is a fairly big mistake, but it was only their first year. Let's see if they did any better the second year.

The second year, Mr. Chair, in 2005-2006 they said: This year we think there is going to be a \$492 million deficit. They came to the end of the year, that is the Budget day the next year, and they said: No, we did not have a deficit. Everybody should be really happy; we actually had a \$1.5 million surplus.

The auditor did the books and said; I have good news and I have bad news. The bad news is that you are wrong. The good news is that you had a \$199 million surplus, not a \$1.5 million surplus. Mr. Chair, there was just about \$200 million lying around at the end of the second year that they did not realize they had. After the first year when they thought they had a \$700 million deficit, they only had a \$488 million deficit. The auditor said: Well, you are wrong by a couple of hundred million dollars. What is a couple of hundred million dollars if you have money coming in?

The third year they said: This year we are going to project a surplus. We think we are going to have a \$6.2 million surplus. Isn't this just lovely? We are going to balance the books. Of course, they had a lot of oil revenue that year. Someone might say: Do you have an oil well or something? Are you Jed Clampett? Actually

yes, they did have oil wells, and I guess it kind of was like Jed Clampett.

At the end of the year they said: We are really sorry. We thought we had a \$6.2 million surplus and we actually had a \$39.8 million deficit. The auditor went through the books and he added up all the money, all the bills, all the revenue, all the receipts. He said: I have good news and bad news for you all over again. The good news is that – well the bad news, I suppose, first. People like to get the bad news first. If you can live with that, then the good news always helps them. The bad news is that you are wrong. You do not have a \$39.8 million deficit. You are wrong by, well not \$200 million this time, \$195 million you are off, and you actually have a surplus of \$154 million. They thought they had a \$39 million deficit.

Well, I guess their confidence came back. Money started to come in, and the second year they were pretty high and mighty. So this year we are going to project a quarter of a billion-dollar surplus. They said \$261 million is the surplus we think we are going to have. They get to the end of the year, Budget day the next year, and they have an \$881 million surplus, they believe.

The auditor did the books and said: Well, I got the good news and the bad news story for you all over again. This is getting to be a bit of a habit, you are not getting it right. The good news is that instead of an \$881 million surplus, you have a \$1.4 billion surplus. You are wrong by half a billion dollars. You are not in the hole that much, you are actually over by half a billion dollars.

So at the end of their fourth year there was half a billion dollars more money than they thought they had. It is kind of like someone getting a really good job, making lots of money, never had so much money before in their lives and cannot spend it all. It keeps piling up and you have to figure out what to do with it.

The next year, which was 2008-2009, they said: Well, it is pretty doom and gloom all over again and we have to curb this spending. We have to

get our spending under control. We project a \$544 million deficit. Oh, bad news, a big deficit. Well, they get to the end of the year and said: Oh, we did not have a half a billion dollar deficit; we had a \$1.25 billion surplus.

If you can note, Mr. Chair, the numbers are getting bigger, the estimates are getting bigger, and the swings are getting wilder back and forth. Actually, the Province's finances are pretty much out of control. The good news is they are out of control but there is more money. The bad news is they keep growing and growing and growing government.

The auditor says to them: No, no, you thought you had a \$1.25 billion surplus, you actually had a \$2.4 billion surplus; \$2.4 billion is the amount of surplus you had. That is more money, probably, than the Province had in the first twenty-five years of Confederation. A \$2.5 billion surplus, they thought they were going to have half a billion dollar deficit. That is a \$3 billion swing in one year from what they thought they were going to have to what they actually had, but we are in the money. I mean you could literally see them rolling out the barrel, uncorking the barrel and throwing a big party.

The next year they thought, well, we are going to have some issues here. So it is kind of okay to be doing better than you tell the people. It would be even better if you actually knew what you were doing, but I guess they did not.

In 2009-2010 they said, this year we are going to have three-quarters of a billion dollar deficit. They get to the end of the year and they say, well, it was not as bad as we thought. It was only a \$294 million deficit. The auditor said: Well, you are off by a quarter of a billion dollars again. Your deficit was only \$32 million, so it is not really that bad.

By now their spending had reached over \$7 billion a year, having taken government when they only had expenses of \$4 billion. They have almost doubled the overhead. They became used to the big time spending. They never could get the numbers right and still cannot get them right.

In 2010-2011 they said, this year there are going to be restraints. We are going to project a \$194 million deficit. They get to the end of the year and say: No, we have it figured out this time. We have a \$12 million surplus. The auditor says: No, you are wrong again. It is getting to be a bit of a habit. It is not as bad as you thought. Actually, it is a whole lot better than you thought. You have a \$597 million surplus. They spent even more money. They had even a bigger surplus than they thought they were going to have.

Then last year, 2011-2012, they thought there would be a \$485 million surplus. They get to the end of the year and had a \$776 million surplus. The auditor checked the books and said: No, actually it is \$882 million surplus. You are only off by \$100 million, and you are off by \$100 million to the good. So, fortunately, these miscalculations have not hurt you too much. It kind of hurt your creditability because people are really starting to think you do not know what you are doing.

Earlier this year the Minister of Finance comes out and he puts on his doom and gloom face. His woe is me face and the sky is falling face. He said: Well, we are going to have a \$1.6 billion deficit this year and next year, and then we are going to have a billion dollar deficit.

He absolutely terrorizes people, to get into this slash and burn mentality. We are going to chop the expenses back, lay off all kinds of people. They are in absolute panic, and it is not really merited is it? It is not really merited because a month or so later, all of a sudden instead of a \$1.6 billion deficit, what are we looking at now, \$500 million or \$600 million? The \$500 million or \$600 million was because they found millions of barrels of oil. Revenue came in that they did not realize they had. It came from the HST reconsolidation over the last fifteen years or so.

The bottom line, Mr. Chair, government really does not know much about its finances. Fortunately, there has been more money than they could spend, but they have demonstrated they can really spend the cash. We hope they will get the books under control some time soon

Thank you, Mr. Chair.

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

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

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

Mr. Chair, like everyone tonight, I am happy to get up and have an opportunity to speak to Estimates. I have been waiting to do this for some time actually, as I have been sitting here tonight, particularly over the last few weeks that we have been in here in the House of Assembly and listening to parties on the other side talk about how it is that we are managing fiscally.

Mr. Chair, I was particularly struck by the numbers of times the New Democratic Party in particular stood in the House of Assembly and said, we want, we want, we want. The people of the Province want; we should have, we should have, we should have.

Mr. Chair, every time they stood and asked, whether it was through Question Period or when they stood to talk, they offered absolutely no means, no idea as to how it was that we are supposed to pay for all of these things they asked for. Not that we ever disagreed with anything they asked for. That is not the issue, Mr. Chair. I have the same discussion, or I used to, with my children, Mr. Chair. Oftentimes I did not disagree with what they wanted, but I had to say to them: How are we going to pay for that?

Well, Mr. Chair, I just happened upon a little text here this evening. It is a transcript, actually, from Open Line. I finally figured it out. They have told us how they are going to pay for it.

Mr. Chair, the Leader of the New Democratic Party, when she was on Open Line on April 26, I believe it was, said to the host, Bill Rowe – and I want to quote it so I am not saying anything that she did not say. I do not want to put words in her mouth. This is what she said, verbatim: But the thing is, what the have province status means is we now have the ability, because of our

revenues we have the ability to use our taxation system to start dealing with that, and I do not see this government doing that. They are not doing long-term planning and seeing how to use our taxation system, because we do have the ability to tax.

Finally, Mr. Chair, they tell us how they are going to pay for everything. Finally they say, or the leader says: You know, we have one of the lowest large corporation taxes in Canada. You know we have the ability. That is what being a have province means. That is the definition, that because of where you are now in your revenues, you have the ability to raise more money. You have the ability to tax.

That is what the NDP is proposing, Mr. Chair. It a transcript from what she said on Open Line. It is unbelievable, Mr. Chair. So we know now the pattern. It is spend, spend, spend, spend and spend, and after that we will raise every tax we can possibly raise in order to be able to pay for it. That is how we get universal everything. Mr. Chair, not this government. That is not where we are, that is not what we have done, and it is not where we are going.

Mr. Chair, in terms of borrowing in this Province, we have not done that either. That has been the pattern of the previous Administrations. That was the pattern of the Liberal Administrations. It was spend, spend, spend, and spend. It was then, brakes on, what do we do? Oh, let's go borrow some money and we will just run up the debt.

We are not going there either, Mr. Chair. We found this place in debt. We found \$12 billion worth of debt and we paid that down to the tune of about 25 per cent, down to \$4 billion. We have not borrowed, Mr. Chair. For operational reasons, we have not borrowed; for capital expenditures, we have not borrowed. This is sound fiscal management.

Mr. Chair, when we got at that then we realized as well that we had a lot of infrastructure that needed to be tended to in this Province, and we took that on. We took it on in a reasonable manner, in a fiscal manner. We did not tax to do

it. We did not borrow to do it. We found our way, Mr. Chair. We measured our way, we found our way forward, and we did it.

Mr. Chair, I have the absolute privilege of dealing with the health care system in this Province. I can tell you –

**AN HON. MEMBER:** You are doing a good job.

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

**MS SULLIVAN:** Thank you, Sir.

I can tell you, Mr. Chair, that what we are doing in health care has never been done in this Province before. Let us just list, in terms of infrastructure alone, since 2003 close to \$1 billion worth of infrastructure for which we have not borrowed or taxed, Mr. Chair.

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

**MS SULLIVAN:** Let us list some of them, Mr. Chair: the Humberwood addictions centre in Corner Brook; the Labrador West health centre; the Corner Brook acute care centre – and, Mr. Chair, I know the Member for the Bay of Islands does not want it. I know he is going to stand later on tonight and tell us again that he does not want it, but, Mr. Chair, we are hearing differently from the people of the West Coast of Newfoundland and Labrador and we are going to provide for the people of the West Coast of Newfoundland and Labrador.

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

**MS SULLIVAN:** We are putting in place, Mr. Chair, a 260-bed facility over there, one that responds to the needs of the community, one that responds to the needs of the future demographic. That is what we are going to do, but the MHA for the Bay of Islands is working as hard as he can to see to it that we do not do it. Why? I do not understand. Mr. Chair, he said the other night we have to get action before she puts out the RFP in July. Mr. Chair, I am telling you we are going forward with that RFP in July. We

will deliver to the people of the West Coast of Newfoundland and Labrador.

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

**MS SULLIVAN:** Mr. Chair, in terms of other infrastructure: the Paradise Youth Treatment Centre; the Grand Falls-Windsor Youth Treatment Centre; the Strait of Belle Isle Health Centre; Green Bay Health Centre; Glovertown Clinic; Corner Brook long-term care facility; Corner Brook protective care residences; Clarenville long-term care facility; North Haven Manor that I just had the pleasure of opening in Lewisporte; Happy Valley-Goose Bay long-term care facility; St. John's long-term care facility; Carbonear long-term care facility; Clarenville protective care residences; Bonavista protective care community residences.

Mr. Chair, on top of that, another \$500 million in repairs and renovations to existing infrastructure in Newfoundland and Labrador.

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

**MS SULLIVAN:** Mr. Chair, I have pages and pages of those particular investments in our infrastructure here. Hopefully I will have many times before we are done here tonight to be able to list those out. Yes, in the members opposite districts as well there are all kinds of them: St. John's North, the Janeway cancer centre and so on; St. John's East, \$4.6 million in various infrastructures; in Signal Hill – Quidi Vidi, \$5.6 million. We have invested right throughout this Province.

That is just infrastructure; let's talk about some of our programs and services. Dialysis, I heard, was mentioned earlier this evening: \$189 million, Mr. Chair, in dialysis. When we came to government there were seven sites in this Province where dialysis was administered. We are now at fourteen with Harbour Breton set to open very soon. That will be fifteen sites where dialysis is going to be offered in this Province.

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

**MS SULLIVAN:** Chronic disease management and prevention, Mr. Chair, nothing – absolutely nothing done until we got here. I can go on and on with the work that we are doing around arthritis, cancer, chronic pain, diabetes, heart disease, lung disease and so on.

Let me talk about wait times, Mr. Chair. That is one of the areas where when we came to government we were able to see very quickly that there were some serious deficiencies. We invested \$140 million in wait times. We are now the second best in Canada –

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

**MS SULLIVAN:** – in terms of wait times in five of the major areas: in cataract surgery, in cardiac bypass surgery, hip and knee replacement, hip fracture and so on, and radiation therapy.

When we did our consultations this year when the Minister of Finance went around this Province, he heard that there are still some problems around endoscopy. What did we do, Mr. Chair, in this Budget? We put in \$2 million to improve wait times in endoscopy, and I am absolutely sure that those investments will pay off as well.

Mr. Chair, we are not saying to the people of Newfoundland and Labrador that we are doing all of this and when we are done we are going to tax them. We are not saying that we are going to do that. The NDP have clearly said that. The leader was on the radio and said we are not taking advantage of opportunities to tax. That is not where we are going, Mr. Chair; this is sound fiscal management. We know where we are going. We have a plan. We have a Sustainability Plan that will make a difference for the future of this Province.

We are really proud of the work that we are doing. We are going to continue to do it. People of the Province understand the difference in fiscal management on this side of the House and the tax and spend on that side of the House, Mr. Chair.

Mr. Chair, I hope I get an opportunity to stand again because if you could see my desk at all, you would see that there are still pages and pages and pages that I need to be able to tell the people of the Province about, in terms of the good work that this government is doing.

Thank you, Mr. Chair.

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

**CHAIR (Verge):** The Member for St. John's East.

**MR. MURPHY:** Thank you very much, Mr. Chair.

It is a pleasure to get up and speak to this line item. Mr. Chair, just to answer a couple of things that the government is saying – they like to say that we are a party of tax and spend and the government keeps pointing the finger at us about us going to tax and spend, but what in fact they have actually done over the last couple of years, after going out and getting \$2 billion worth of loans, they are not taxing us now. No, absolutely not. They are going to tax you later.

Now, if they want to talk about tax increases, Mr. Chair, all one needs to do it look at small businesses like bars and everything. They raised the fees that much to restaurants and to the people who are selling alcohol and everything, helping to support the Liquor Corporation, that the small businesses now expect to see thirteen in every box. I say that to the Tourism Minister.

They are paying that much in fees – I had a conversation today with a restaurant owner whose fees suddenly skyrocketed up to \$3,100, only to make the bottom line of the Newfoundland and Labrador Liquor Corporation look good. If we go to the Budget book, we see that the Newfoundland and Labrador Liquor Corporation's numbers are going to be up by \$15 million this year. They are going to be making somewhere in excess of \$150 million. What did they do? They attacked small businesses to do it.

It is no wonder every Newfoundlander and Labradorian expects thirteen in every box. I am pretty sure that anybody who has a permit to sell liquor should be getting thirteen in every box. That is what I say to the government. It is only reasonable to assume, isn't it? You are taxing them to death. How is a business supposed to survive?

They go ahead and they raise the fees for liquor on a small business like that when, instead, what they could have been doing was lowering the small business tax, putting \$3 million back into small businesses so that they hire more people and get more taxes from the people who are hired. That is only reasonable to assume that government would get more income tax from somebody who is working rather than raising fees, tackling a small business, and taking them down at the knees. It is only reasonable to assume.

Government is looking at this Budget right now, the way I see it, they put their arm up to prevent the blow rather than to fight off what is happening. We see what government has been doing with its spending over the last couple of years, Mr. Chair. Just to start in, let us look at ferries; how many times have new ferries been announced in this Province? Last year, we saw another announcement when it came to two new ferries going to be built. Where are those new ferries? They were supposed to be out on the water for 2014, I say to the hon. Member for Humber West, but now they –

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

**MR. MURPHY:** There you go. Now, supposedly, they are going to be out to tender and they are going out on the water in 2016. That is two years on top of the new ferries that are there. The strategy already has gone two years behind.

Let us talk about schools that they announced. It is great, fine and dandy; they have announced new schools and everything. A new school, for example, let us talk about the new school in the west end. It is a good thing that it is happening, I say to the Member for Humber West, but there



is only one problem: We have been hearing about the possibility of a new school to go out in St. John's West now since 1997, if memory recollects. We have been hearing about that one forever.

The new Waterford Hospital that is supposed to be built – where is it? In the pre-design stage, I guess, as government likes to use the term, but we still do not see any concrete construction happening. We hear a lot about site preparation in Corner Brook, for example. How many years has the Corner Brook hospital been announced? We have the announcement for the re-announcement of the announcement. I think we can go back to 2006 with that one.

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

**CHAIR:** Order, please!

**MR. MURPHY:** That is seven years later and we are still talking about site preparation and pre-design phase.

When they hear of an announcement for something that is going to be done, they expect to see something concrete happening pretty much right away. If government is going to announce plans, let us talk about the evaluation processes that they use; \$1.446 million spent in this particular section, that line 5 item, for evaluation purposes when it comes to policy and evaluation capacity of government. I think that people need to see the plans that government are proposing when it comes to these sorts of things.

There is something wrong with policy when we have to sit back and wait that long to see things happen. I can talk about the CBS Highway. I used to live out there in CBS, out in Seal Cove. I do not know how many years we can talk about with different stages of the highway that they were going through and announcements and re-announcements of the announcements for the bridges that were going to be happening, spanning the last particular section between Legion Road and Seal Cove. How many years have we heard that? It has been several years. Let's get on with it. Let's get the job done, period.

I want to come back to Muskrat Falls because that has been brought up a couple of times, too. Government has been talking about our stand when it comes to Muskrat Falls and we said to government, we voted against it. You are darn right we voted against it, for three good reasons. The first reason, it was going to be environmentally sound. Mr. Chair, the evaluations are still out there somewhere when it comes to the levels of mercury. We still wonder about that. We wonder about the impact to wildlife and everything.

Here is the good one: if it was economically sound. I can talk about that one forever when it comes to how much of a state that the electricity markets are going to be in the States, if we are even going to have a market at the end of it. It is yet to be proven on the part of the Muskrat Falls Project if there is going to be an available market for it.

We know that we are going to sell it out there on the spot markets somewhere and that it going to be the gravy on the project. What are we going to sell it for? Who are we going to sell it to? Is there going to be a market left over for that? Where is the evaluation that has been done on that? We would certainly like to see that.

The last reason why we did not support it – and this Budget reflects it when we are talking \$563 million in the hole – we said to ourselves when we were basing it that unless you can prove that the social programs of this Province were not going to be affected we would not support it, and that was the end of it. This Budget said that obviously we were going to see cuts. We can talk about EAS. We can talk about ABE. How many other programs took the hit? How many people have been put out of work? There were teachers cut, programming cut, the possibility of losing music programs, and that sort of thing. I do not think we should have risked that, not by any stretch of the imagination.

That is where I am to with it. I struggle with that one every night, thinking about that one. What is going to happen, for example, with the price of oil in the future? What is going to happen with the price of oil in the future when it

comes to shale gas development? What is going to happen to provincial revenues in the future? Are we going to be forced to borrow, for example, in the future (inaudible) –

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

**CHAIR:** Order, please!

**MR. MURPHY:** – down from cash assets. I say to the government that there are already warnings out there about that.

I will say it to them right now. Mr. Chair, Standard & Poor's came out and gave this Province an excellent credit rating. Absolutely they did, I say to the Natural Resources Minister, but let me read you the caution that they also threw into it that the people of Newfoundland and Labrador need to hear.

While they are going on and talking about upgrading the Province's credit rating and everything, they say in the first note on this page from March of 2011, "The stable outlook reflects our expectation that Newfoundland will continue to achieve solid operating surpluses, and maintain a strong liquidity position." We are not going to be seeing surpluses in the next couple of years; that is the understanding from the Minister of Finance – I believe he got up and said we are going to be, in two or three years, in some troubles when it comes to the bottom line in the books.

The bottom lines from the Standard & Poor's release, and I will finish up with this one. It says, "Continued strong economic performance, improvement in the balance after capital accounts, and maintained liquidity could lead to a positive rating action", which is a good thing. This line is very important, "Conversely, sustained deterioration in economic performance, operating surpluses, or liquidity, or any cost overruns or other developments at Lower Churchill that add material risk to the province or Nalcor Energy Inc. could lead to a downgrade or an outlook revision to negative."

We are at a very important point in our history where we are talking about debt, deficits, and

the possibility of growing debt in the next little while and it is allotted there for government consider. I ask them again, we need to look at the numbers again a little bit more closely.

Thank you very much, Mr. Chair.

**CHAIR:** Order, please!

The hon. the Minister of Finance.

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

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

We have just heard a prime example of an MHA who stands in this House and blows out hot air without knowing anything that he is talking about. Let me explain why I say that, Mr. Chair.

First, he talks about the bond rating agencies. I met with all three of them last week in Toronto, on Thursday and Friday. I met with Standard & Poor's, I met with Moody's, and I met with Dominion Bond Rating agencies. Let me tell you, what they said to us is not reflective of anything that member says over there.

What they see is the way we are handling our finances, our liquidity position puts this Province in a strong fiscal position. We are in a position, Mr. Chair, that in a recent report they put out, they put us up there with Alberta and Saskatchewan in terms of resource-based economies that know what they are doing.

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

**MR. KENNEDY:** That is the first thing. The NDP have their universal everything programs. How are you going to pay for it? That is what we keep asking.

I have said to the Minister of Finance for a day, what would you do? I say to the Minister of Natural Resources for a day – because I guess that is where this member wants to go – what would you do? Do you know what they would do? They would not develop Muskrat Falls. They would not create those 2,000 to 3,000 high-paying union jobs. They will not look at

shale oil on the West Coast. What they will do is say, no, shale is not good, do not do it.

Now, we are looking for economic diversification. The Minister of Natural Resources and the Minister of Environment have not said they are for or against shale. They will wait. Let me tell you what they have done in the United States with shale oil. They have fracked right through the United States. They started out with the various basins. In the Bakken right now, I do not know how many hundreds of drill rigs are there. There are drill rigs in Saskatchewan. It is taking place in other parts of the world. It will be examined here and a decision will be made.

We do not take the position we are against it right away because we are reaching out to that small fringe group out there who do not want to develop anything. How are you going to pay for all your programs, I say to the Minister of Natural Resources for a day? What are you going to do?

Then we get to the price of oil, and this is the one I love. The Minister of Natural Resources for a day gets on CBC and says: Yes, well, I think the price of oil is a bit high. I think it could be \$95 to \$100. Well, see, we do not guess. We consult experts. We talk to experts. We meet with experts and we find out what it is they have to say because it is not my opinion that counts here. We are not looking at simply me as a minister or the former minister saying: Let's have this number.

If you look at the way we have done this, we have looked at GLJ and Sproule, we have looked at Consensus, and we have looked at PIRA. We hired Dr. Locke. They all gave us numbers. I can take out now the recent, I think it is either Barclays or one of them, and the consensus of twenty-five predictors across the world, forecasters, and what do they say? That is how we come up with the number. We do not haul things out of a hat, because that is what the member opposite would do. He would take it out of a hat.

Let's come back to what seems to be the theme of the night, what the Minister of Health and Community Services just said. You want all of these wonderful programs, and there is no one who disputes in theory these wonderful programs. We have heard the Minister of Tourism, Culture and Recreation talk about that. How are you going to pay for it? What is your plan?

Then we come back to the comments on April 26 on Open Line of the Leader of the NDP. Again, I am going to quote this because this is important. This is what the NDP is about and this is how they are going to pay for things. It is not going to be the \$100 fee on the restaurateur or the licence holder. What it is going to be is taxing middle-income earners in this Province who already pay enough, Mr. Chair. This is what the Leader of the NDP said. Now, maybe it is recorded wrong; maybe VOCM was not working that day.

What she said: But the thing is, what the have province status means, we now have the ability, because of our revenues, we have the ability to use our taxation system to start dealing with that, and I do not see the government doing that. They are not doing long-term planning and seeing how to use our taxation system because we do have the ability to tax. She goes on to state: You know we have the ability. That is what being a have province means.

So, being a have province means you tax middle-income earners. You tax families and you raise their income taxes. That is what being a have province means, according to the NDP.

Now, let me follow up on our theme of taxation. Let me just use, for an example, the \$500 million we have to reduce taxes. Where have we reduced these taxes, Mr. Chair? Personal income tax has been reduced by \$403 million, a lot of it to ensure that income earners of less than \$40,000 are insulated from paying taxes or they pay as little as possible because we recognize their need and that every dollar counts.

We brought in the Low Income Seniors' Benefit at a cost of \$21 million annually. We eliminated the Retail Sales Tax on insurance at \$75 million annually. We brought in the HST Residential Energy Rebate at \$38 million annually, Mr. Chair.

What we have done here is we have targeted those who need assistance. We have targeted seniors in trying to lower taxes. Again, I am hoping the Minister of Health will be able to get up and outline all of the senior's programs we have put in place.

Those are the kinds of things we have done. We have wasted money by building schools, hospitals, roads, recreation facilities, long-term care facilities. Apparently we have wasted money by reducing taxes for seniors and reducing taxes on low-income earners and also middle-income earners.

What we are going to do, according to the NDP, because we do not support the development – they do not even support looking at shale oil on the West Coast. They do not support Muskrat Falls, which I find astounding in itself. The member opposite had plenty of opportunity to debate with us his three points he put out there earlier. I do not remember too much debate in December coming from him on those points.

Where is the money going to come from for all of these wonderful programs they are promising? Where is it going to come from? There is only one area left, either you have to tax the big oil companies, the big enemies from which we have raised so much money, which have paid for our social programs, which pay for our \$149 million Poverty Reduction Strategy, which pays for our education, which pays for our health care to a great extent.

We are going to tax the mining companies in Labrador. We have to tax them more because we are not getting enough from them. We have to tax those who are employing people. Get beyond all of that; then we are going to tax families. That is what I find, Mr. Chair, most reprehensible of all in the NDP platform is that we are going to tax families in order to pay for

these programs that sound good, but are they practical when it comes to implementing?

Now, let me talk for a couple of minutes about – I have talked about our investments, I have talked about how we spent our money. Let's talk about our current economic situation. This year it is expected there will employment growth of 2.8 per cent. The average employment in the Province was \$230,500 in 2012, representing an increase of 8.8 per cent since 2003. There are more people working in this Province than at any other time in the Province's history.

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

**MR. KENNEDY:** The unemployment rate has declined by 3.9 percentage points. The unemployment rate, it is my understanding, is the lowest in thirty-seven years. We have had personal income growth of 7.3 per cent.

From 2003 to 2012 personal income increased by 61.3 per cent; disposable income growth of 7.1 per cent; retail sales growth of 4.2 per cent. You talk about small business, well I just saw a recent Canadian Federation of Independent Businesses which said the highest degree of confidence in the country is in Newfoundland and Labrador among small businesses. So obviously we are doing something right with small businesses.

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

**MR. KENNEDY:** Capital investment has grown by 17.4 per cent to \$11.8 billion, an increase of 170 per cent. Mineral shipments are expected to increase as a result of the deal we just reached with Vale. Through the Premier we just reached a deal with Vale that they will now go underground and extend the life of that mine in Voisey's Bay by many years.

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

**MR. KENNEDY:** Let's compare what has happened in this Province in the last five years compared to the rest of the country. Personal income has increased by 6.3 per cent in our Province; double that in Canada on average.

Labour income has increased by 7.6 per cent; more than double that in Canada on average.

Employment has increased by 1.3 per cent, almost double what has taken place in Canada. Retail sales have increased by 4.7 per cent; 2.5 per cent in Canada, 2.2 per cent higher. Capital investment has almost, I do not even know – what is five times? I know you have triple and quadruple. I do not even know what five is, but more than five times the growth, Mr. Chair, in the rest of the country.

That is what we are seeing here. What we are also seeing, and I am going to have a chance hopefully to talk about the Auditor General's report shortly. What the Auditor General pointed out that we have spent, that expenditures have grown from something like \$3.8 billion to \$7.8 billion.

Now, as the Minister of Finance pointed out – and I can tell you, anyone who thinks he spent any money on furniture or anything else when he was the Minister of Finance, walk over there. There has not been anything done since he was there. We are not spending it on ourselves. We are spending it on the people of this Province. That is what we are doing, Mr. Chair.

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

**CHAIR:** Order, please!

Shall 2.2.03 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, subhead 2.2.03 carried.

**CLERK:** Subheads 2.2.04 to 2.6.04 inclusive.

**CHAIR:** Shall 2.2.04 through 2.6.04 carry?

The hon. the Opposition House Leader.

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

I will ask a question. In line 01, under Economic and Social Policy Analysis, under Salaries there is an increase of \$141,700. Can we get an explanation?

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

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

What happened there is you will see in the revised there is savings of \$176,700 due to we deliberately delayed additional recruitment to assist in funding the existing positions. Then when you go up, you add that back in, and we should get very close to the \$836,000, but the \$35,000 decrease is the decision to hire an additional Cabinet Officer for only part of the year.

If you take the \$176,000 going back in, and then you add the \$35,000 because of a part-time Cabinet Officer, that should bring us back to the \$801,000.

**CHAIR:** The hon. the Opposition House Leader.

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

It is a part-time Cabinet Officer?

**MR. KENNEDY:** Yes, it is.

**MR. A. PARSONS:** Okay.

**CHAIR:** The hon. the Leader of the Third Party.

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

First of all, just for clarification. Could you repeat what you called? You called 2.2.04.

**CHAIR:** I called 2.2.04 up to and including the end of page 2.10, 2.6.04.

**MS MICHAEL:** That is fine.

**CHAIR:** Members can feel free to question any of those in that line.

**MS MICHAEL:** That is fine. That is what I wanted clarified because I have a lot of questions within that section. I wanted to make sure we were not being stopped from speaking to everything in that section. So we will be voting at the end of 2.6. We can speak to anything within that block now.

**CHAIR:** Exactly.

**MS MICHAEL:** That is fine. Thank you very much.

No, but I wanted to be clarify because it was being questioned by some people, why we were speaking now. That is why I wanted to get clarification.

I think the Member for Burgeo – La Poile asked a question on 2.2.04 that I was going to ask. I do want to make a couple of comments related to Economic and Social Policy Analysis. I talk about this every now and again. I find it interesting that government does have in Cabinet Secretariat the Economic and Social Policy together, because they do belong together.

Everything we do with regard to social programs, for example, is all part of economic planning. There is hardly ever a piece of work with regard to social programs that does not have economic implications, and not just because money has to go into the social program, but because very often social programs themselves are generators in the economy. This is something we always have to see.

For example, if a program, a social program, creates new employment, then the money that is going into the social program from government in actual fact makes money. We offer a service, but because new employment has been created, that means we have more people working in well-paid salaries because that is one of the benefits of public sector services. We have more people working in well-paid positions and working people add to the economy.

That is why, for example, when we talk about having a child care program, you do not look at the child care program only from the perspective of the money that goes into putting the child care program in place. You look at what that program does to build the economy. In a province like Quebec, for example, the analysis that was done after they brought in their universal child care program showed there was a 25 per cent improvement in the economy because of bringing in a universal child care program.

Of course, when we talk about the universal child care program in Quebec, and in other places too, but that is the one that is so well known, you are not saying the parents put no money at all into the program, they do. There is a small fee, but the program is affordable, and that is the whole idea. It is affordable, it is accessible, and it is universal.

Because of the fact that, number one, you increased the whole status of child care, and because of the fact the workers in child care became better trained and made better salaries, that was a piece of improving the economy. That you had better paid workers being able to, as consumers, put more money back into the system.

Also, which is the major piece around the child care program in Quebec and why it added so much to the economy of Quebec, was that so many more parents were able to work. So many more parents were able to earn money. Because more people were earning money, you had families who were able to spend more. That became a driver to the economy in Quebec as well.

I would hope it is that kind of discussion that goes on in the economic and social policy committees of Cabinet and of the Cabinet Secretariat. I get a sense it does not, because every time this government responds to points about social programs, they only see the social program as something that eats up money. So they do not do an analysis of how a social program also adds to the economy. Child care is a very clear one for helping us see that.

You could do the same type of analysis with home care. It has been done, how it helps the economy to have people being able to stay in their homes and being taken care of in their homes rather than having to create more and more institutional beds for people as they become elderly or become chronically ill. From the same perspective as well, the people who are working in the industry, more people are working, making better salaries because of the home care program being a publicly administered home care program. Also, the economy is being helped by the fact that down the road you have fewer beds that have to be created in institutions, which are very costly.

Some people have to be in institutions, there is absolutely no doubt about that, but there are many people in institutions who could be taken care of in their homes if there was a home care program. It is an economic benefit to the overall economy of having that kind of a program.

It is extremely important that economic and social policy analysis is done together, but I do not see this government doing that kind of analysis. They only seem to see anything around social programs as something that is a deficit. They do not see it as something that is an asset, and it is an asset, but it takes long-term analysis and long-term planning for that. That long-term analysis and planning is being done all the time by all kinds of people, but unfortunately we do not see it with this government.

The government keeps doing, when it comes to its various programs, patchwork things. We have seen that in home care, we have seen it in child care. I will keep using those two because that is where I see government coming up with little ideas which they say they are going to do and do not do anyway.

Like the promise they made with regard to helping people in their home, to pay people in families to take care of their own in their homes; which in and of itself, there are some times that is beneficial but only beneficial as part of a whole universal home care program. The

problem is the government still has not come up with plans for these two programs in particular.

That is the kind of thing that I would think, if government is going to spend \$819,300 a year on a division of the Cabinet Secretariat, under Economic and Social Policy Analysis, I would really like to see the benefit of that \$819,000 and see some better planning from this government when it comes to putting the economic and social analysis together. Because, I have to be quite frank, I do not see much proof of it.

Thank you very much, Mr. Chair.

**CHAIR:** The hon. the Member for Mount Pearl North.

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

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

I feel compelled to rise and speak in this debate on Estimates because I am frustrated by some of what I am hearing from across the floor.

Let me just give you a sense of what is going on in the House tonight, for those who may be tuned in. I will address some of the ludicrous comments by the Leader of the NDP and some of her party members. First, I want to address a comment I just read on Twitter by the Member for St. Barbe, just to give you a sense of how seriously some of the folks opposite take this debate.

On Twitter tonight, after he stood in this House and then took his seat, he referred to the Member for Conception Bay South as a clown, Mr. Chair. That is the kind of respect that certain members opposite have for decorum in this House.

**AN HON. MEMBER:** Shameful.

**MR. KENT:** It is shameful. I challenge him to stand and either attempt to defend such ludicrous behaviour. I hope he would do the right thing and stand and apologize, Mr. Chair, because it is completely disrespectful. There are important

issues that matter to the people of this Province that we need to debate here this evening.

I am glad I heard the Leader of the NDP talk about families. I am going to talk about families this evening. This Budget addresses families.

We had some tough decisions to make in this Budget. There is no doubt about that, Mr. Chair. We listened carefully to what people told us during the Budget consultations, and we delivered a Budget that reflected the priorities that people told us were important. Priorities that mattered to families; investments in education, investments in health care, investments in home care, and investments in child care. You do not hear the Leader of the NDP talking about that.

She suggests that we do not understand the link between social and economic development. For over a decade we have been delivering progressive policies. Some of the most progressive policies in this country that clearly demonstrate we understand that connection between social and economic development.

She suggests that social programs create jobs. That is true, but you will never hear any member of the NDP explain how they are going to pay for those jobs – never ever. You never ever hear them explain how they are going to pay for those social programs. Now, you will hear them talking about raising taxes for the same working families they claim to represent and speak for. There is incredible irony in that, Mr. Chair.

We continue to see the only policy that they have, the tax and spend policy. We continue to see over and over again the NDP talk about raising taxes for working families, and spending more and more money with no explanation as to how they are going to possibly ever balance a budget. Earlier this evening, we heard the Member for St. John's North talk about Nova Scotia.

**AN HON. MEMBER:** Quite eloquently.

**MR. KENT:** He argues eloquently, I argue otherwise. He suggested Nova Scotia is the

model that we should look to in terms of the economic progress that is being made in shipbuilding.

Let me tell you a little bit about what is going on in Nova Scotia, Mr. Chair. Recent Nova Scotia budget documents reveal that unemployment is expected to remain high in both 2013 and 2014, yet personal income taxes will grow by 6.8 per cent. That is how the Nova Scotia government is approaching the economy and meeting some of the needs the NDP talks about.

Unemployment will remain high and personal income taxes in the next two years will grow by 6.8 per cent in the Province of Nova Scotia. That is the NDP plan.

At the end of this current fiscal year, personal taxes for Nova Scotians will have increased 25 per cent in four years. In four years of NDP government, Mr. Chair, personal taxes in Nova Scotia have increased 25 per cent with a decreasing population. That is NDP policy. That is the tax-and-spend policy that is proposed by the New Democratic Party.

At the end of this fiscal year, Nova Scotians will have paid more HST than they paid four years ago. In fact, at the end of this fiscal year Nova Scotians will have paid 45 per cent more HST than they paid four years ago – 45 per cent more. That is the NDP philosophy. That is more than \$500 million more in HST in an economy that has been stagnated by the New Democratic Party. That is what the folks opposite hope is in store for Newfoundland and Labrador.

In each of the last four years of NDP government, 40 per cent or more of Nova Scotians have received no wage increase, but have seen their discretionary incomes shrink. At the same time in Newfoundland and Labrador, with economically and socially progressive policies, we have incomes that are higher than any point in our history. Yet in Nova Scotia, under NDP rule, 40 per cent or more of Nova Scotians have received no wage increase, but have seen their discretionary incomes shrink in each of the last four years.



We talk about corporate taxes. The NDP has been clear, that they would rip up agreements with industry, they would rip up agreements with oil companies, they would shut down development, and they would drive business out of our Province. Let's talk once again about what is going on in Nova Scotia.

They have a little huddle going on now to try to figure out how they are going to respond to this. Not only do they not have answers, tonight in Estimates they cannot even raise good questions.

They talk about raising corporate taxes. Let me tell you what is going on in Nova Scotia right now, Mr. Chair. Corporate taxes at the end of this fiscal year in Nova Scotia will have increased by more than 30 per cent while the economy has only grown about 1 per cent a year on average. Corporate taxes at the end of this fiscal year will have increased by more than 30 per cent. That is NDP fiscal policy.

The economy is shrinking, employment is shrinking, incomes are shrinking, HST is up, personal income taxes are up, and corporate taxes are up. That is what has happened for the last four years in Nova Scotia. That is what the folks propose. They do not have any policies of their own.

We have even seen a recent blog post describe the lack of policy, and the lack of new ideas. In fact, we have even proven in recent days, in recent weeks, and in recent months that some of the only policy ideas around wood pellets and shrimp shells are not original ideas. They are not coming from the Member for The Straits – White Bay North. Do you know where they are coming from, Mr. Chair? They are coming from Google. Not only is he simply stealing ideas off the Internet, he is not even citing his sources. That is what we are dealing with opposite.

We have the Member for St. Barbe who is referring to hon. members in this House as clowns, who resorts to name-calling in the middle of an Estimates debate. Then we have the real lack of substance coming from the New Democratic Party. All you have to do is look as far as Nova Scotia.

We heard members' talk earlier about working with industry. We are talking about a party that proposes to tear up contracts that are generating employment, generating wealth, and generating revenue in this economy. They want to work with industry to drive business out. They want to shut down industry.

They talk about the fishery, where we have done all kinds of innovative things to sustain rural communities throughout Newfoundland and Labrador. Yet, they propose no solutions whatsoever. We hear about shrimp shells, we hear about wood pellets and other ideas that members opposite have simply stolen off the Internet.

They talk about the lack of diversification. They do not support Muskrat Falls. They do not support further exploration of our offshore. One of the members opposite referred tonight to Muskrat Falls as an energy monopoly. Yet, we hear nothing constructive. We hear no expression of alternatives, no constructive ideas. We just hear more about shrimp shells and wood pellets.

When you look at our record on economic diversification, I think it speaks for itself. We have seen huge growth in tourism. We have seen huge growth in oceans technology. We have seen huge growth when it comes to small and medium-sized enterprises, not just in the urban centres in this Province, but in every corner of this Province. We have seen huge growth in the information communications technology sector as well. Economic diversification is happening. In this very budget, Mr. Chair, we have about \$200 million in this budget that is specifically directed towards driving economic growth.

They can continue to huddle and make excuses, and not contribute to the debate in a meaningful way by presenting any kind of new or innovative ideas, or even asking logical and reasonable questions in terms of the Estimates process, but it is frustrating, Mr. Chair. I felt compelled to rise and speak to it. I hope as the debate continues I will have more opportunity to do so.

Thank you.

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

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

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

I would like to ask a question on 2.2.05, line 05, on Professional Services. The budget had allocated \$280,000, and the revised amount was \$400,900. It seems like they have hired additional consultants and professionals in this situation for energy efficiency and emissions. I ask if the minister can clarify why they had over budgeted by \$120,900 in this situation.

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

**MR. KENNEDY:** Just to be clear, we are dealing with 2.2.05, Office of Climate Change, Energy Efficiency and Emissions Trading, Professional Services, the variance between the \$220,000 and \$400,000, or whatever the numbers are.

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

**MR. MITCHELMORE:** Okay, yes.

**CHAIR:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** Yes, Professional Services, \$400,900. That is made in support of delivering on commitments made in the 2011 Climate Change Action Plan, and the 2011 Energy Efficiency Action Plan.

Now, \$104,700 was used for the deployment of Turn Back the Tide, public awareness on climate change and energy efficiency, which was launched in September, 2012; \$84,800 was used to study greenhouse gas abatement opportunities in offshore oil, in iron ore mining industries; \$26,000 was used to develop detailed climate projections for the Province, and I might say, for the first time Labrador was included; \$11,800

was used for the development of the municipal carbon calculator to help municipalities in the Province understand their current carbon footprint and how they can make improvements.

Also, \$25,100 was used to develop a user-friendly guide for individuals, builders, and municipalities to explain the amendments to the National Building Code in December of 2012, which now make it a legal requirement to incorporate energy efficiency into the design of new homes; \$6,000 was used to renew the subscription to the International Institute of Sustainable Development. This IISD provides us, as a government, with access to a leading Canadian think tank that independently monitors the development of the individual sector greenhouse gas regulations in Canada, including the perspective of provinces on policy development.

The reason for the overrun, the federal government is advancing work on developing a greenhouse gas regulation for oil refining. Given the need for the Province to influence federal thinking, \$62,600 was used for a study and was commissioned to look at abatement opportunities and competitiveness implications.

Given the importance, ensuring buildings are built sustainable and the release of the new National Energy Code for Buildings in late 2011, \$79,900 was spent on assessing the cost and benefits of constructing commercial buildings that meet the new energy requirements and providing guidance on buildings to standards under the leadership of energy and environmental design which promotes best practice.

**CHAIR:** The Leader of the Third Party.

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

I want to thank the minister for that. I wonder could we have a copy later, Minister, of that whole list?

**MR. HEDDERSON:** Those are my notes, so I do not know.

**MS MICHAEL:** Would we be able to get one from your department? In Estimates we are used to asking for that kind of thing.

**MR. HEDDERSON:** Yes, because it is recorded in Hansard what I read off.

**MS MICHAEL:** Yes, but we do not get Hansard until months and months after Estimates.

**MR. HEDDERSON:** Yes, no problem.

**MS MICHAEL:** Okay, thank you very much. I am sure the Official Opposition would want that, too.

I have one more question on the Office of Climate Change. I notice that all of the jobs in the Office of Climate Change are not permanent, because nowhere in the Salary Details book is the Office of Climate Change – the details are not given. We just have the overall, and I think it is because the details are details of permanent employees. Is it that these are all contract, temporary, or part-time? Can you just give us an idea of the employees in the Office of Climate Change and is there anybody who is in a co-ordinating role? I am just trying to get an idea of the structure because there are no permanent positions listed.

**CHAIR:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** In response to the member's question across the way, I think we are looking at seven people who have been hired on to carry out this particular work. Of course, they are in the Cabinet Secretariat and I am not sure if they are listed as permanent or as contract.

In response to the member's question, they work in the Cabinet Secretariat, so obviously they are not in the mainstream. I am looking at seven employees. I am not absolutely sure if it is contact or if it is permanent. I beg to give me some time so I can check back through my notes. We can move on to another question and

hopefully, within the next few minutes, I will have a response to you.

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

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

Mr. Chair, the minister was just up and mentioned on this particular line item about emissions; I think it was from the offshore and from the mines. I just wonder if you can touch on that for a second, what it was that you were looking at there in that particular section when you were breaking down exactly what was happening there with the \$400,000.

**CHAIR:** The Minister of Environment and Conservation.

**MR. HEDDERSON:** First of all, there is a lot happening with regard to that office in trying to prepare for regulations that may come down from the federal government.

Just in a nutshell, I would say to the member, what we are looking at is working with industry, and we have looked at working with industry, trying to see ways in which we can work with industry to look at ways to cut down on greenhouse gas emission and so on and so forth.

What is going to happen – like with the coal industry, the federal government has already come down with regulations which are going to be imposed upon that industry. They are also looking at the offshore. They are also looking at other industry. We want to try to get ahead of that. Even though we are engaged in following what the feds are doing and answering any questions, we would like to be ahead so that we have a clear direction as to where we are going with our Province so when the federal government comes down with their regulations we would have regulations in place, perhaps, that would better protect ourselves and that particular industry.

It is the major industries, the mining, refinery, and the offshore, and so it is very, very important we get ahead of it. That is part of the job of the office, to make sure they are ahead,

working with the industry, and working with finding out ways in which we can better prepare for what is to come.

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

**MR. MITCHELMORE:** I wanted to ask a question on 2.2.06, the Protocol Office, because it seems like last year under Salaries the budget was \$263,500, yet what was actually spent was \$160,000. Were they short staffed during that time? Right now it is looking at \$200,200. Have you increased staff? Can you give us an outline as to how many people were actually working in 2012-2013 and how many are currently estimated at working this year in that office?

**MR. KENNEDY:** (Inaudible).

**CHAIR:** It is 2.2.06, Salaries, and the question was: Can you outline, Minister, the variance between 2012-2013 and 2013-2014 Estimates and what happened there?

The hon. the Minister of Finance.

**MR. KENNEDY:** The revised reflects savings of approximately \$103,500 due to delayed recruitment and additional savings under the attrition plan. Then what we have is when we get to the Salaries on the 2013-2014, there is actually a decrease of \$63,000 from the budget 2012-2013. That is as a result, again, of additional savings under the attrition plan and cost-savings initiatives.

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

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

I believe there is a Web site for the Office of Climate Change, Energy Efficiency and Emissions Trading. I just would ask if there are any statistics on the uptake on that Web site.

**CHAIR:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** I missed the first part of the question.

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

**MR. A. PARSONS:** There is a Web site for this Office of Climate Change. I am wondering if there are statistics to show the uptake on the Web site, the usage, number of hits, et cetera.

**CHAIR:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** With regard to our Web site, there are a number of different things on the Web site like our calculator, Turn Back the Tide, and so on. I will get you the exact number of hits on that site. I think that is what you are looking for. I do not have it right now, but I will tell you that there has been a tremendous uptake on it.

Part of what we are doing in the Office of Climate Change, Energy Efficiency and Emissions Trading is basically an awareness campaign. Obviously we look at ways in which we can get out through the media. The social media has been a fabulous way in which people have engaged, which shows that they are having some understanding. It gives us great feedback.

I will have the numbers. As well, just to get back to the question from the Leader of the Third Party, they are all under contract. No permanent, all under contract.

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

**MR. A. PARSONS:** Yes, thank you, Mr. Chair.

I am not sure if this was asked previously. If so, pleased disregard. There was a Climate Change Action Plan released in 2005. I am just wondering: Have all action items been acted on? If not, which ones have we not acted on yet?

**CHAIR:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** In response to the member's question – I am just looking down through my notes. I do know that there was basically a good uptake on it, in the sense of the number that we put forward. I am just trying to find out what it is here.

While I am going through – on the hits, I found that one and then maybe I will sit down. When we look at Turn Back the Tide, for example, there have been over 25,000 visits to the Web site. We have reached an audience of around 72,000. That should give you some indication of it.

Just give me a minute and I will get the response to the second question.

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

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

I have one last question I will ask the minister. I appreciate that he has to go through the notes. Can we tell what our current greenhouse gas emissions are in this Province? Is there a comparison per capita to the rest of Canada?

**CHAIR:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** Basically when we look at the greenhouse gas emissions, we look at it in terms of a whole different lot of sectors. Perhaps the best way to do it would be to give you a printout of not only the total amount, but the areas in which we would have to look at. If that would be acceptable to you – and, of course, whatever I share with the Opposition, I would certainly share with the Third Party.

You can realize when you look at Holyrood, the three worst ones would probably be Holyrood, the refinery, you are looking offshore – I think it would be better served, rather than me just to give an overall one, that I should give you the breakdown of it. I do not have it here. As well, my notes and that sort of thing that the Leader of the Third Party has asked, I will put that together

as a package and I will get it to your offices as early in the morning as I possibly can.

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

**MS MICHAEL:** Just one more thing then for the minister, it has to do, Minister, with the emissions trading. Which industries are taking part in that program? If you wanted to add that to the package, I am fine with that, unless you have that there right now.

**CHAIR:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** Just to back up, your member had already asked about the industries and the emission trading. There are a couple of options that we can do with regard to looking at how we can combat greenhouse gas emissions and how we can put some responsibilities on our industries, on our companies, to responsibly try to control it.

If you look across the Nation, you will see different methods of doing that. Of course, we have not yet come to an area where we can say this is definitively what we are doing because we are working with industry, we are doing the consulting, and we also looking across. Yes, it would be better served again if I just indicated to you the progress that we have made to date and give you a clear indication of where we hope to be going because we want to try and make a solution that is unique to Newfoundland and Labrador.

We cannot look at the offshore in the same way that we look at the Tar Sands out in Alberta. The two are totally different. The fear is that the regulations that may come down from the federal government may be more leaning towards the Alberta side rather than offshore. Just in offshore, for example, we know that their generation for electricity comes from natural gas and there is no other way. They cannot hook up to anything else but that. As well if we are going to do some trading off, we have to look at making sure that any trading off is for the benefit of Newfoundland and Labrador. We are

working there, and I would be only too glad to give you an update on where we are and where we are going.

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

**MR. MITCHELMORE:** I would like to further follow up on a question I asked the Minister of Finance on 2.2.06, Protocol, the Salaries section which says \$200,200. The minister had talked about somebody leaving through attrition for the variance, but I am wondering if there maybe would have been an additional person. The Salary Details lists a Director of Protocol at \$98,872 and a Clerk Stenographer III at \$35,890, which would be about \$135,000. There is about a \$65,000 variance in the Estimates and what the Salary Details booklet is.

I am wondering: Is this position vacant and will it be filled?

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

**MR. KENNEDY:** There are two positions, as you outlined, in the Salary Details book and then that adds up – you are right – about \$135,000. The other \$65,000 – it is my understanding – is from temporary, other employees, overtime, other adjustments and earnings. That is what I can tell you on that. I do not have any detail as to who the employees would be. There are two permanent employees and then, you are right on that, it was \$65,000.

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

**MR. MITCHELMORE:** I would like to ask the minister on the Public Service Development, 2.2.07, the numbers that were there in the budget are the same as there for the revision. It is the same numbers there for Estimates – I mean, these are small sums of money, but can he explain why there is absolutely no variance in any of these numbers? It seems that these costs should be at least somewhat changing or there were no efficiencies to be found in Public Service Development.

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

**MR. KENNEDY:** Thank you.

The \$100 is obviously just a small amount that is there for covering travel and communications. The \$1,000 is standard because that is for the Public Service Awards of Excellence, so that would remain the same. Then the \$28,000, again, is dealing with the Public Service Awards of Excellence, the meeting room, the equipment rentals, the award items, and the cost for the ceremony.

What you see here is this whole item, this whole head, the expenditures deal with the public service awards. For example, the \$28,000 can be broken down further into advertising, entertainment, flowers, framing, engraving, audio visual rental, room rental, which is about 12,000 in itself, printing and then to the year end. That is the Public Service Awards of Excellence.

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

**MR. MITCHELMORE:** Thank you.

That clarifies there because I would have thought some of these things would have fallen under the Purchased Services of the Protocol Office, to be purchasing awards and things for the public service and the different dignitaries that they host.

Under Communications and Consultation, 2.3.01, under the branch, I wanted to ask about the Salaries line as to the number of employees who are actually in this year's budget who are permanent and also temporary. Can we have an outline as to who is actually employed in these positions?

**CHAIR:** The hon. the Minister of Finance, on 2.3.01.01, Salaries.

**MR. KENNEDY:** To the member, I missed that last comment. I heard up to the line, the Salary Details –

**CHAIR:** The number of employees.

**MR. KENNEDY:** The number of employees – if that is question – outlined in the Salary Details book is ten. There are ten permanent positions and some temporary assistants. The salaries, in the salaries book, add up to \$673,294.

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

**MS MICHAEL:** Could the minister then tell us, because that leaves about another almost \$600,000 not covered that are not permanent – are they all temporary, contract or part-time?

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

**MR. KENNEDY:** We have \$673,294 in permanent positions, then there are other salaries temporary and other employees, overtime, other earnings and adjustments of \$621,000, which should add up to the amount that we are talking about there, or very close to it.

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

**MS MICHAEL:** Thank you.

Minister, under the same section, but 05, Professional Services, last year the budget for Professional Services was \$800,000, it was revised down significantly to \$168,000, and now this year the estimate is \$654,000 approximately. That is a huge variance there. What would be causing that variance?

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

**MR. KENNEDY:** Yes, what we see between the budget and the revised is that there was a transition of the marketing department from the Department of Business to the Communications Branch. As that was proceeding there were some activities on hold. That is the \$632,000 variance.

Then the \$654,000, there is a decrease in the budget of \$145,000. There are some one-time savings; there are some permanent cost savings.

That is going to be achieved by using internal staff as opposed to using external consultants for various marketing and advertising activities, so that you get a centralization of the marketing and graphic design services within the Communications Branch. When you put all of that together, then it should end up with the \$654,000 estimate.

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

**MR. MITCHELMORE:** Under the Salary line under 2.3.01. Communications and Consultation Branch, I would just like some clarification. The revised amount was \$1,148,000 and the estimated salaries are about \$700,000. Can the minister highlight in last year's Budget how much of this time was actually used in overtime?

**MR. KENNEDY:** Was used in?

**MR. MITCHELMORE:** Overtime.

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

**MR. KENNEDY:** If I understand correctly, there is approximately a \$140,000 variance between the budget and the revised. Is that the question in terms of overtime?

**CHAIR:** How much of that was overtime Minister.

**MR. KENNEDY:** Okay. No, I do not have that. I have other issues in terms of Purchased Services, and Supplies. I do not have the amount of overtime. That is something though that I am certain we can find.

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

**MR. BENNETT:** Minister, under section 2.3.01, last year the Salaries dropped from \$1,285,000 to \$1,148,000 which is a \$137,000 saving or reduction. What was the reason for that?

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

**MR. KENNEDY:** Yes. The savings of \$137,300 were in relation to the realignment of some positions. I am not quite certain whether or not that is as a result of the marketing branch coming into Communications or simply realignment within the branch itself, but that is the explanation for that.

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

**MR. BENNETT:** Minister, in that case, this current Budget being a Budget of restraint, would it not have made sense to hold the line at the \$1,148,000 instead of going back up to last year's Budget? If last year's Budget was not used, why would we not save \$137,000 simply by holding the line this year?

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

**MR. KENNEDY:** The Salary Details show the significant part of it. About half of the money is in actual permanent positions. Then as I outlined, there was the overtime, temporary and other employees. I do understand that the overtime is very small, although we can get the exact figure.

In terms of the realignment of why we would stay at the \$1.148 million as opposed to the \$1.285 million, it is simply a matter of going back to the previous year. This is the budget that existed and the budget that was felt was required to run this division.

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

**MR. MITCHELMORE:** Moving on to 2.6.01 under the Minister's Office –

**CHAIR:** 2.6.01?

**MR. MITCHELMORE:** Yes, this would be Intergovernmental and Aboriginal Affairs Secretariat. There are appropriations provided for operating costs. The amount was \$275,000, and this amount last year had a revised amount up to \$345,000. Now, it is my understanding the Budget had eliminated the Intergovernmental Affairs Department and that ministerial position.

So I am questioning why the salaries of the minister and the associated costs would still be located here in the Budget as normal? Is this going to be extra money to be utilized by the Executive Council as play money, basically, is what I would like to ask.

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Thank you, Mr. Chair.

The hon. member is correct, Mr. Chair. The Budget did indicate that the Intergovernmental and Aboriginal Affairs Secretariat would be restructured sometime this year. No set date was given and no set date has yet been determined, but it will occur sometime during this calendar year. Mr. Chair, in the meantime, the Estimates reflect the whole year's expenditures because no set date has been determined for the restructuring of the department.

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

**MR. MITCHELMORE:** I believe when the release and the Budget was made that it said June 1, which is quickly approaching.

Mr. Chair, under Labrador Affairs Office 2.5.01, line 10 Grants and Subsidies, last year there was \$856,500 budgeted. There is a variance of almost \$200,000. I would like to ask the Minister of Finance or the Minister Responsible for Labrador Affairs if they could provide a detailed list, a breakdown, as to where the money went.

This year there is also a reduced amount in the Estimates, if we could find out where that money is apportioned to go, if it has already been allocated.

Thank you.

**CHAIR:** The hon. the Minister of Labrador Affairs.

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



I can give you a breakdown of the list. I will read it out for you, but I can pass it on to you. You have the Air Food Lift Subsidy, the Labrador Snowmobile Trail Grooming Subsidy program, funding for the youth delegates to attend the annual Youth Council convention, Combined Councils of Labrador operating grant. There were miscellaneous grants and funding to construct groomer shed for the North West River projected to year-end. That is the breakdown of what the grants were.

In the revised, what is reflected there is savings of \$170,000 due to the federal government's new Nutrition North Canada program, which was subsidizing up to and over 100 per cent of the food subsidies there for freight costs. You have heard me talk about that in the House with our Air Food Lift Subsidy. So we saved money there.

What is reflected in the Estimates is a decrease of \$270,000 from the 2012-2013 Budget. That is comprised of \$120,000 for the removal of the one-time funding allocated to construct the groomer shed for North West River; \$150,000 cost-savings initiative to rightsize the Air Food Lift Subsidy budget. Basically, what that amounted to was the subsidy was sitting there. With Nutrition North, it was not necessary so we fixed it.

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

I have a feeling we are going backwards.

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

We are going backwards. I just wanted to look at 2.3.01, Communications and Consultations, under line 05 Professional Services. I do not know if this was asked. If it was, you can disregard it.

This year it says we are going to spend \$654,000 on professional services, which is a significant amount more, about \$400,000 more than was spent last year. I am wondering what the professional services are?

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

**MR. KENNEDY:** Communications and Consultation Branch, the Professional Services, 05.

**MR. A. PARSONS:** You spent \$168,000 –

**MR. KENNEDY:** Right.

**CHAIR:** The hon. the Member for Burgeo – La Poile; I am sorry.

**MR. A. PARSONS:** – and it is going up to \$654,000.

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

**MR. KENNEDY:** I did explain that earlier. There have been savings in the revised budget, you would see in 2012-2013, that was \$632,000 due to the transition of the marketing division from the Department of Business to the Communications Branch, so some activities were put on hold. Then in the Estimates there is a decrease of \$145,000 from budget 2012-2013 because there are some one-time savings, and then there are some permanent cost savings.

Some of the savings will result from using internal staff as opposed to external consultants for various marketing and advertising activities. When you put all of this together, it works out then to that \$654,000. It allows for the increase, in terms of the transfer of the marketing division, and is less than the budget. That is the explanation there.

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

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

I am going to move forward to 2.5.01, which is Labrador Affairs.

**CHAIR:** 2.5.01, Labrador Affairs.

**MR. A. PARSONS:** My question for the minister is: What is the total operating cost of the Labrador West office of Labrador Affairs?

**CHAIR:** The hon. the Minister of Labrador Affairs.

**MR. MCGRATH:** The total cost with salaries and the office itself is about \$180,000.

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

**MR. A. PARSONS:** I would ask the minister, how much money has been budgeted for the 2014 Cain's Quest race up in Labrador?

**CHAIR:** The hon. the Minister of Labrador Affairs.

**MR. MCGRATH:** (Inaudible).

**CHAIR:** How much was budgeted for Cain's Quest, Minister?

**MR. MCGRATH:** That is a Tourism, Culture and Recreation budget. I will find it out for you and I will pass it on.

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

**MR. A. PARSONS:** Yes, if I could just put on the record if I could get that information from the Tourism department over there.

I am just wondering now, how much money was spent in the Air Food Lift Subsidy for 2013-2014?

**CHAIR:** The hon. the Minister of Labrador Affairs.

**MR. MCGRATH:** Budgeted or what we spent?

**MR. A. PARSONS:** Budgeted.

**MR. MCGRATH:** Okay. Budgeted in the full year was \$230,000. The revised, we had spent \$36,000, and the Estimates are back to \$80,000. We have right-sized (inaudible) and just to give you a little bit of background on that, what happened there with the Nutrition North Canada Program now we will not over subsidize. The Nutrition North Canada Program, which is a

federal program, is subsidizing up to 100 per cent on certain items. Anything that is not subsidized at 100 per cent, what we will do is bring the subsidy up to 100 per cent. The uptake on that was only \$36,000 last year. We have right-sized the budget.

While I am up, in answer to your question concerning Cain's Quest 2014, as you know, there is no Cain's Quest race in 2013, they have gone bi-annually, so the budgeting is not done for 2014 yet.

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

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

I am going to move forward to 2.6.01, Intergovernmental and Aboriginal Affairs Secretariat. I just have to ask a question, I guess, as a supplementary to the question from the member when we talk about the restructuring. I have heard in the media – I think the Premier actually said June 1 was the date. Can you confirm if this is still the case or, as you said, there is no date in time?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, the actual news release indicated that the restructuring would take place in this calendar year. The date of June 1 came up somewhere in the conversation with the media, but in the official release it was sometime during this calendar year. No firm date has been set for the restructuring.

When the transition is done and the files are completed and passed on – nothing has been done, as you can imagine while the House has been open. So when the House closes and the files get transitioned, then a date will be set for the restructuring. At this stage, there is no firm date set.

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

**MR. A. PARSONS:** Okay.

You can excuse our misunderstanding there. When the Premier says June 1, we thought it was June 1.

How much money is actually being saved by eliminating the office and this change? How much are we going to save?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, the savings of the restructuring which will depend, of course, of what time the restructuring takes place, to start with, and any savings will be reflected in next year's Estimates.

The savings there will be in terms of the minister's salary, minister's assistant – I think in terms of salaries, there is a minister, an executive assistant, a departmental secretary, and some of these will be moved to other departments. The savings, as I understand it, will be somewhere in the vicinity of what is suggested there in the minister's salaries, under 2.6.01.

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

**MR. A. PARSONS:** Just to confirm, there is actually no idea what the savings will be this calendar year.

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Since the date has not been set for the actual restructuring, it is difficult to tell what the exact savings will be.

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

**MR. MITCHELMORE:** Under 2.6.02, Executive Support, the budget has a significant variance under Salaries. It was \$720,800 budgeted and there was \$1,145,000 that was expended. Can the minister explain this significant increase of over \$425,000 almost?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, the bulk of that overrun was payout to a retired long-term executive employee of the government, a long-standing public servant, who, at the end of his tenure, would have been entitled to a significant amount of benefits, and that is what reflects the figure from the revised budget of 2012-2013.

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

**MR. MITCHELMORE:** Mr. Chair, is the minister saying that one individual received \$425,000 as a retirement from the Executive Support office; and, if so, would he be able to clarify the position and the years of tenure to be able to receive that type of payout?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, this was, as a mentioned, a long-term public servant, an ex-deputy minister who had spent in excess of I think thirty-five years in the department and later went on to become the Director or Secretary of the Council of Atlantic Premiers' Secretariat. Upon his retirement, Mr. Chair, he would have been eligible for a number of benefits, between paid leave, pension benefits, severance, and so on. The total amount was accrued to be the difference between the \$720,000 there and the \$1,145,000.

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

**MR. MITCHELMORE:** The Salaries this year at \$671,000, is that reflective of the individual leaving as well as another position vacant? I would just like to know how many people are actually working in Intergovernmental and Aboriginal Affairs, and what the breakdown would be in the number of layoffs in permanent, part-time, and contractual staff in your department, Minister?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, with regard to Salaries under Executive Support, the difference between the 2012-2013 budget is \$720,800 and \$671,000 is the Estimates for the coming year, that reflects a decrease of \$49,800. That is due to the elimination of a vacant public relations specialist position. With respect to the number of employees in the Secretariat, I think there is a total of – I am not sure if it is twenty-nine or thirty.

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

**MR. BENNETT:** To the Minister of Finance, section 2.2.07, Public Service Development, which is –

**CHAIR:** Excuse me, the Minister of Finance is not available right now, to the hon. member.

**MR. BENNETT:** I am at 2.2; you guys are way ahead of me. You are three pages ahead of me. Maybe somebody else can answer it.

**CHAIR:** Okay, ask the question.

**MR. BENNETT:** It is 2.2.07, Purchased Services. It says \$28,000 was budgeted, \$28,000 was the revised amount, and \$28,000 is the new Estimate. Is that a fixed, flat term, flat rate contract? Is it the same number? Is that why it is recurring all the time? The number is Purchased Services under 2.2.07, line 06, \$28,000.

**CHAIR:** Line 2.2.07, the Public Service Awards, is that where we are, hon. member?

**MR. BENNETT:** Public Service Development.

**CHAIR:** Yes, and under 06?

**MR. BENNETT:** Line 06, Purchased Services.

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

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

Sometimes in the budgeting process, a number is put in the next year based on what was spent in the previous year. I can tell you that the Purchased Services expenditure for the 2012-2013 Public Service Awards was \$28,000. Whether or not it would be exactly that amount this year, I cannot tell you that; but it is generally expected that the budgeting process would look at previous years and there could be an actual amount budgeted. The \$28,000 is certainly what was spent last year and what is expected to be spent this year.

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

**MR. BENNETT:** The next category down is Communications and Consultation, line 03, Transportation and Communications. There is also \$55,300 budgeted last year, \$55,300 was spent, and \$55,300 is budgeted again.

**CHAIR:** That is 2.3.01.03, Transportation and Communications?

**MR. BENNETT:** That is correct.

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

**MR. KENNEDY:** Again, a similar process would have been utilized in terms of what I see in the budgeting process. There was \$55,300 spent during the 2012-2013 year. They would have looked at other years in terms of increases, potential increases. Then in terms of coming up with an amount for this year, the \$55,300 was put in there. It could be less, depending on – for example, I am looking here, that a number of iPads had to be purchased, and cellphones. Well, that may not happen this year so the amount will be there.

It is there in the budget in case it is needed, but it certainly could be less. The basis of utilizing that figure in the budget, again, you are estimating what you are going to need for the next year. One of the ways is to look at what was spent in the previous year or years.

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

**MR. BENNETT:** Under Financial Administration, 2.4.01 –

**CHAIR:** Line 2.4.01.

**MR. BENNETT:** Financial Administration.

**CHAIR:** Yes.

**MR. BENNETT:** Is this the category where amounts would be spent to order transcripts of media stories?

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

**MR. KENNEDY:** This relates to the Executive Council and the running of the budgets in Executive Council, the salaries, benefits, et cetera. When I look at the Salary Details, there are seven employees. There is a Departmental Controller, a Manager of Finance, Budgeting and General Operations, a Financial Officer, an Administrative Officer, and an Accounting Clerk. This deals specifically with the budgets in the headings under Executive Council.

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

**MR. BENNETT:** Is there a category under the Office of the Executive Council generally that deals with amounts spent on ordering transcripts of media stories?

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

**MR. KENNEDY:** That would come under the Communications and Consultation Branch. I read this earlier, I say to the Member for St. Barbe; I do not know if it is media consulting, but there is a figure – yes, there is a number, an amount of money spent, on monitoring the media, for lack of a better term.

**CHAIR:** The Member for St. Barbe, on a follow up.

**MR. BENNETT:** Does this include areas where polling would be expensed?

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

**MR. KENNEDY:** No, what I am talking about here, some of it could be obtaining transcripts of TV shows, CBC and Open Line; there are certain transcripts that are requested. That is my understanding of what I am talking about there. In terms of the polls, no, I am not aware of any money there going towards polls. Are you talking about surveying?

**MR. BENNETT:** It could be surveying.

**MR. KENNEDY:** For example, if there is a particular issue – then again that will come under Communications and Consultation Branch, under the Professional Services, in terms of the utilizing of a firm to conduct a phone survey. Whether it happens all the time – I do know it happens occasionally, yes.

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

**MR. BENNETT:** Can you say how much was spent on polls last year?

**CHAIR:** How much was spent on polls, Minister.

The hon. the Minister of Finance.

**MR. KENNEDY:** I can give you an example, I say to the member; I cannot tell you whether or not it is a poll or what it is, but there was, for example, \$12,000 spent on conducting a survey. Now, what that was, I cannot tell you exactly.

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

**MR. BENNETT:** Can the minister supply a copy of the survey and the survey results?

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

**MR. KENNEDY:** I can certainly pass on the request. Whether or not there are any privacy issues or other issues, I am not aware of that, but certainly the request can be passed on and Cabinet Secretariat can deal with that.

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

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

I have a question for the Minister of Intergovernmental and Aboriginal Affairs Secretariat, under Executive Support, after finding out the deputy minister had been paid out \$425,000. Looking at the Salary Details of permanent employees for the upcoming year, it still lists the deputy minister. Were there are two deputy minister positions?

I would like some clarification on the current staff complement that fall under this \$671,000 because the Salary Details, including the deputy minister position, amount to \$631,179. If I remove the deputy minister position, I am far less than \$500,000. I would like the Minister of Intergovernmental Affairs to explain this.

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, when I referenced the deputy minister, I was not referring to the Deputy Minister of Intergovernmental and Aboriginal Affairs. I was talking about the departure of a long-term public servant who at one time in this department had been a deputy minister, and been a deputy minister for many years, but not in Intergovernmental Affairs.

In connection with Intergovernmental Affairs at the time, his departure was that he was the Secretary of the Council of Atlantic Premiers Secretariat, and that is why he is (inaudible). He was a long-term member of this government, or this public service, but he was not the deputy minister. There is still a Deputy Minister of Aboriginal Affairs but a different individual all together. We are not talking about the same person.

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

**MR. MITCHELMORE:** Okay. So there is still a Deputy Minister position, Assistant Deputy Minister, Director of Communications, Secretary to the Deputy Minister, Secretary to

the Assistant Deputy Minister, but the Salary Details do not add up to the salary line that is there, so I would like some clarification.

In the news release that came down with the Budget, it said under the restructuring that this would be run by an assistant deputy minister. Are they looking at eliminating the deputy minister position or other positions within Intergovernmental and Aboriginal Affairs Secretariat?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, in the restructuring of the Secretariat, what would be eliminated is the minister's position and the minister's support staff, as I mentioned earlier. The deputy minister's position will also be eliminated.

The Intergovernmental Affairs division of the department, the rest of the personnel will remain the same. They will report directly, in a different direction, to the Premier. The Aboriginal Affairs group, the personnel will remain the same, with assistant deputy ministers in each, and they will report to Labrador Affairs.

I do not know if that answers your question or not, but the elimination of the minister's position would also, naturally, eliminate the deputy minister position.

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

**MR. MITCHELMORE:** Under line 10 under Executive Support, the Grants and Subsidies line was \$35,700 last year. Can the minister explain where this lump sum of money had gone? Was it dispersed to a variety of individuals or organizations? Can you provide some details on that?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, the Secretariat makes contributions to the operations of the

Council of Atlantic Premiers Secretariat, as well as the Council of the Federation Secretariat. Reviews were conducted during the past year of both those secretariats, and it was found that savings could be found in both.

With respect to the Grants and Subsidies, in this case the Province's contribution to the operation of the Canadian Intergovernmental Conference Secretariat has been reduced by \$13,700. The Estimates reflect that decrease.

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

**MR. BENNETT:** To the Minister of Finance, is there any amount for surveys contained in this year's Budget?

**CHAIR:** Is there any amount contained in this year's Budget for surveys?

The hon. the Minister of Finance.

**MR. KENNEDY:** Not that I am aware of. What we have is a situation where if a department wants a transcript, I think the department actually requests it itself. I think I was mistaken when I said that would come under the Communications Branch. Each department pays for their own.

As for surveys, other than the one I referred you to, I am not aware of any surveys being done or of anyone being hired. I am just thinking. I am trying to think whether or not there are any examples. I cannot come up with it, Sir. I am not saying it is not done, but I am not aware of it. I am not aware of any money being set aside for that.

When we went through the Budget process, there was no one, I do not think, who came in looking for money to do polling or surveys. I do not remember that.

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

**MR. BENNETT:** Minister, I think you indicated communications for the business department was taken over by this branch. I am wondering why it would not be taken over by

IBRD, because I think the business department rolled into IBRD.

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

**MR. KENNEDY:** Yes, I think it was felt it would be better to have it all under the one roof with the Communications Branch because what had happened – again, the way it was explained to me was that IBRD had a specific focus or function, whereas the Communications Branch would have a wider function that would look at issues that affected the Province as a whole and not a particular department, especially in relation to the branding of the Province. That is my understanding of why it was brought under this division.

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

**MR. BENNETT:** Minister, I think an offer was made to individuals who were approaching retirement that they could retire early.

**MR. KENNEDY:** Yes.

**MR. BENNETT:** Can you tell us if any employees employed with the Executive Council accepted this offer?

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

**MR. KENNEDY:** No. What I can tell you is that there are approximately 190 people who availed of the offer. I think the cost was around – \$4 million was budgeted for that but I cannot tell you, for example, from which departments they came or who accepted the retirement package. I do not have a list of those people.

**CHAIR:** The hon. the Member for St. Barbe on a follow-up.

**MR. BENNETT:** Minister, when we look at the bottom line on Communications and Consultations, last year the overall budget was \$2,548,200 and what was actually used was \$1,735,000, which is a significant amount less. The budget this year is gone back up to \$2.4 million. Wouldn't this have been a good place to have saved some money?

From time to time we hear: Where would you save the money? Here it was an underutilization of about \$800,000 but the budget has gone back up to almost where it was. Was there any effort made to keep the numbers down to where they were last year?

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

**MR. KENNEDY:** In this particular case, what we have though is a situation where the function of the Communication and Consultations Branch had actually expanded. With the marketing and the branding coming under the Communications Branch there would be more work and more people required.

I should point out that the business attraction then did stay with IBRD. The budget is actually less than the 2012-2013 Budget. This is the normal – again, when I say normal expenditure for this area when you are trying to look at a budget or project a budget, you look at the spending one year, you look at what can be saved, if anything, you then look at previous years.

What I can tell you is that the Executive Council went through the same process that other departments did in terms of reviewing their functions, reviewing the delivery of services, and at the end of it all they came forward with a \$2.4 million budget which, from my perspective as the Minister of Finance, is more than \$100,000 savings. So, that would have been seen as a positive development, especially where they were taking on more work.

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

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

I have a question for the Minister of Aboriginal Affairs. It is not so much a line item, but just a departmental – will the department be playing any role in helping the Qalipu Mi'kmaq First Nation settle membership issues?

**CHAIR:** The hon. the Minister for Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Thank you, Mr. Chair.

Mr. Chair, as was pointed out in this House I think in a question to one of the hon. members some time ago, the question of certification of Qalipu applicants is strictly within the purview of the federal government. It is a matter between the Band and the federal government.

This government has indeed helped to expedite the process. In some cases, we have made information available to perspective applicants. We have directed them how to get forms, how to complete the forms. We have also – through the Minister of Service Newfoundland – expedited the processing of birth certificates and whatnot to assist in the application process.

In regard to the actual certification of applicants, we have no role to play in that and we have not been approached by the Band in any way for any compensation.

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

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

I ask the minister: What interaction does the department have with NunatuKavut in helping them achieve Aboriginal recognition?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Again, Mr. Chair, the certification of a land claim or treaty rights is strictly federal jurisdiction. I understand NunatuKavut, for some time now, had their claim before the federal government. I understand the federal government, at first blush, has looked at their claim and said they do not need the legal test for claims.

They have gone back to the NunatuKavut Community Council to provide extra information. I believe the Justice lawyers are looking at that. When the federal government makes a decision, Mr. Chair, then the Province steps in and examines the proposals themselves.



At this stage, it is strictly in the purview of the federal government.

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

**MS MICHAEL:** Thank you.

I just have about three quick line items under Aboriginal Affairs. The first one is 2.6.04, and down to the bottom, the Amount to be Voted, 02, Revenue – Provincial. There was no money expected from the Province in the Estimates, but there is \$94,700 there. What was that, Mr. Minister, please?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

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

**CHAIR:** It is 2.6.04, Minister, 02, Revenue – Provincial.

**MR. F. COLLINS:** Mr. Chair, there are two components to that particular issue. One is the development of the Regional Land Use Plan for Nunatsiavut Settlement Area. We were involved in the up-front payment for that and some of the recovery of that money is included in that fund.

As well, Mr. Chair, the rest of it is monies that have been forthcoming to the department through the Heating Oil Tank Storage Replacement Assistance Program. In that program, people who have less than a salary of I think it was \$35,000 had to pay \$1,800 for the instalment of their tanks and they made some deposits. That money has been coming back to the department. Anybody over \$35,000 would get a loan from Newfoundland and Labrador Housing. That money came to us to pay for the expenses. That is the rebate from these two funds coming to us.

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

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

What I want to ask about looked familiar to another one, but it is not the same one. So 2.6.02, again, the Executive Support under the Intergovernmental and Aboriginal Affairs Secretariat, looking at the Salaries line, Minister, quite a variance –

**MR. MITCHELMORE:** I asked that.

**MS MICHAEL:** No, I thought that. I thought it had been asked. That is the one you were explaining. That is the \$425,000.

I want to come down here as well to the Revenue – Provincial, down at the bottom, so it is Amount to be Voted, 02, Revenue – Provincial. Again, we have \$76,500. What was that revenue?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Thank you, Mr. Chair.

Mr. Chair, the Province cost shares with the other three Atlantic Provinces the cost of the secretary to the Council of Atlantic Premiers. Each province pays a part of that share and it pays it in quarterly instalments. In this case, the person in that position retired from the position before the year was finished, so we got a rebate from the other provinces to this amount.

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

**MS MICHAEL:** Thank you.

I actually had the wrong section in my hand, so two or three questions then on 2.6.04.

**CHAIR:** 2.6.04.

**MS MICHAEL:** Right; these are my last line questions.

Line 01, Salaries, the Estimates was \$836,000 and the revised was \$720,000. That is over a \$100,000 variance between the Estimates and the revision last year. This year it is just up slightly from the revision, so if we could just

have an explanation of the difference between, especially the budgeted and the revised.

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Thank you, Mr. Chair.

The revised Estimates do show \$116,000 of a variance. That was due to position vacancies that were not filled during the year, not full-time vacancies but overlaps in vacancies and whatnot, for a total of \$116,000.

I do not have the exact details of what positions or how long the positions were vacant. They were position vacancies that occurred during the year. I can try my best to get that information for you if that is important.

With respect to the Estimates for the coming year, the savings there relate to two things: one is a vacant cartographic position that has not been filled and the elimination of that position; and secondly, the person in the clerical position has been used to be an assistant in another position. That is savings that comes from that position not being used for a total of \$79,500 which accounts for the difference in this year's Estimates.

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

**MR. MITCHELMORE:** Mr. Chair, in one of the annual reports and previously – I do not see anything reflected here in the line items – the government had closed down the Ottawa office as part of the Department of Intergovernmental Affairs. I am just wondering since that closure if the minister could provide us, based on Transportation and Communications line, as to how often he has been to Ottawa since he has been the minister, and if he could provide us with any details of other travel with other provincial departments that he has made since he has been the Minister of Intergovernmental Affairs?

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair (inaudible) the member's question. The office in Ottawa has been closed down for some time so I would not have used that office. It closed down I think long before I became minister.

With regard to my travel, I have attended at least two – I have attended an Aboriginal summit shortly after coming into my position, and recently I attended a meeting of Ministers' of Aboriginal Affairs, Intergovernmental Affairs, and a number of trips to Labrador.

With regard to the Ottawa office, I have not been involved with that office whatsoever.

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

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

I guess the point I was making, where we do not have that presence in Ottawa, that office to actually facilitate some of these federal issues that the Member for Burgeo – La Poile had made around Aboriginal issues, and also intergovernmental affairs issues we have with the federal government to be able to liaise and have that presence, it would certainly be important without that office to have frequent travel, I guess, meeting with other ministers and to have that presence on the capital. That was the point I was making.

In terms of 2.6.04, line 06 Purchased Services, the amount that was budgeted was \$16,100 and it was nearly triple that amount, with \$43,500. I ask the minister to clarify what he actually purchased under Aboriginal Affairs that would have stepped up the budget, because this year it is estimated to go back down to the \$16,100.

**CHAIR:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Mr. Chair, the revision reflects an overrun of \$27,400. That was due mainly to costs for the bronze plaques for the memorial at Nutak which is a very significant

event in an Aboriginal community in Labrador, and the anticipated needs to go along with that.

The bulk of that cost, Mr. Chair, was for that particular issue. It was a very significant issue in the history of the Aboriginal peoples of Labrador. The Premier was there and the Minister of – at that time – Labrador Affairs was there, and a very significant event. Bronze plaques were placed, and the cost was approximately \$27,000.

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

**MR. BENNETT:** I ask the Minister of Finance, if he could communicate with Executive Council and get a list of all polls and survey costs for the past year?

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

**MR. KENNEDY:** Yes, I will take it into account.

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

**MR. BENNETT:** Under the Labrador Affairs Office, the Transportation and Communications budget last year was for \$172,500, actually \$213,000 was spent, and this year \$250,500 is budgeted. I ask the minister, why has the budget increased so much?

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

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

(Inaudible) a budget of \$172,500 and the revision put in went in at \$213,000. This reflects an overrun of \$40,500 and that was due to an anticipated telephone cost and unexpected staff travel; travel for a groom trail inspector, Churchill Falls meetings that happened in the fall of 2012, negotiations for travel for Executive Director of Labrador West when we opened the new office, setting up.

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

**MR. BENNETT:** What was budgeted last year in 2012-2013 was 6.7 per cent of the total budget. What is budgeted for this year is 11.5 per cent of the total budget.

The total of the overall budget last year for the Labrador Affairs office was \$2.5 million; Transportation and Communications 6.7 per cent. Now this year, even though the overall budget has gone down by \$400,000, the budget for Transportation and Communications has gone up by \$75,000. Transportation and Communications is now using up 11.5 per cent of the total budget, whereas last year it only used up 6.7 per cent. What can be the justification for such an escalation in the budget?

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

**MR. MCGRATH:** The difference there was an addition to the offices in Labrador West, and that adds to an extra amount of travel. Also, there was funding of \$35,000 that was transferred to IGAS to allow for a travel budget for the minister within the Labrador Affairs office.

**CHAIR:** Shall 2.2.04 through 2.6.04 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, subheads 2.2.04 through 2.6.04 carried.

**CLERK:** Subheads 2.8.01 to 3.1.09 inclusive.

**CHAIR:** Shall 2.8.01 through 3.1.09 carry?

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

**MR. MITCHELMORE:** I would like to ask a question on the Office of Public Engagement. On the Minister's Office in 2.8.01 there was no

amount there previously, and the Salaries there are for \$71,700. What is the position actually doing in that actual category?

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

**MR. HUTCHINGS:** That is related to the Parliamentary Secretary and, as well, the Constituency Assistant.

**CHAIR:** Shall 2.8.01 through 3.1.09 carry?

The hon. the Opposition House Leader.

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

Under 2.8.02 Voluntary and Non-Profit Secretariat, under line 05 Professional Services, \$5,000 was budgeted but \$51,700 was spent. What were the professional services?

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

**MR. HUTCHINGS:** That reflects a transfer of funds from Purchased Services to allow for volunteer awards and recognition of the URock 2013. Through that, there were expenditures of \$51,700.

**CHAIR:** The hon. the Opposition House Leader.

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

Under 2.8.05 Strategic Partnership, the budgeted and revised amount from last year, \$226,400, has been cut to \$117,800. I am wondering, how many positions were eliminated?

**MR. HUTCHINGS:** (Inaudible) the Salaries line, you are referring to?

**MR. A. PARSONS:** (Inaudible).

**MR. HUTCHINGS:** There was one permanent position there which has been removed.

**MR. A. PARSONS:** What was the title of the position?

**CHAIR (Verge):** The Opposition House Leader.

**MR. A. PARSONS:** Subhead 3.1.01, Executive Support, 01, Salaries, there is a drop there from a revised amount last year of just over \$1 million to \$772,000. How many positions were eliminated?

**MR. HUTCHINGS:** (Inaudible) I missed that in terms of the line.

**MR. A. PARSONS:** It is at 3.1.01, Executive Support, 01, Salaries.

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

It is on page 2.15, Minister.

**MR. HUTCHINGS:** That is not me. That is gone over to the Human Resource Secretariat.

**MR. A. PARSONS:** My apologies there. I thought it was (inaudible).

**CHAIR:** The Opposition House Leader.

**MR. A. PARSONS:** Under Human Resource Secretariat, 3.1.01, Executive Support, the Salaries have gone from just over \$1 million to \$772,000. I am just wondering how many positions this was.

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

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

In Executive Support there are nine positions; a total of \$954,000 is listed. There is a reduction because of the elimination of an executive position. There was a retirement cost and there were some other aspects of rightsizing the budget. The elimination of an executive position was \$120,000 taken out. The removal of a one-time funding was \$223,000 and then there was another \$50,000, for \$393,000. You take off that and we should have our \$772,000, or close to it.

**CHAIR:** The Opposition House Leader.

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

Moving forward to 3.1.08, Strategic Staffing, and under line 01, Salaries, there is a drop there of \$450,000-ish. I am wondering just how many positions were eliminated?

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

**MR. KENNEDY:** Yes, Strategic Staffing; this used to be the Public Service Commission when they did the hiring, but the hiring was moved. I know the Leader of the NDP was here when we did the Public Service Commission and the Director of the Public Service Commission – I cannot remember if you were here or not – indicated the Public Service Commission now do the auditing of the hiring, but the hiring is actually done within Human Resource Secretariat. This is the area that does the hiring.

That transfer only took place I think in probably November or something like that. There are salary costs of twenty-two positions. There were two permanent positions eliminated, a manager and a clerk, for savings of \$125,000. There was removal of some temporary positions and funding provided one time for \$420,000. That adds up to the \$547,000, the variance between the Budget 2012-2013 and the Estimates.

**CHAIR:** The Opposition House Leader.

**MR. A. PARSONS:** In the same section, 3.1.08, if we look down at Purchased Services on line 06, we went from spending \$240,000 to \$683,000. I notice in the description of the department it talks about talent acquisition and outreach, and marketing and advertising. So were these purchased services advertising? What was it spent on last year and why the increase this year?

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

**MR. KENNEDY:** The explanation again, and I think this did come up during the Public Service Commission hearing, is that there were leased premises on Mundy Pond Road; but now because they would be using less space and

human resources, this staffing area, was in there, there would be an increase in the using of the Public Service Commission space. In other words, there is a shared lease. That results, then, in the increase of the purchased services.

I do not have the exact amount, but I understand that is a significant component of the increase from \$240,000 to \$683,000.

**CHAIR:** The Opposition House Leader.

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

I have one remaining question just on Salaries. This is for 3.1.09 on Opening Doors. Salaries have been reduced from just over \$4 million to about \$3.75 million. I am just wondering how many positions.

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

**MR. KENNEDY:** There were four positions eliminated: one analyst and three clerks. There are still eighty-eight permanent positions and temporary assistants there.

**CHAIR:** The Leader of the Third Party.

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

Just some line items, back to 3.1.02, looking at 05, Professional Services; last year the budget was \$315,400, it was revised down to \$284,400, and now this year it is down further to \$175,000. Was this a natural progression downward or has there been a deliberate decision to stop getting a certain professional service, because that is quite a drop down?

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

**MR. KENNEDY:** These professional services deal with the arbitration and negotiation conciliation. For example, there are a number of people here who are listed – some of them are lawyers; I do not think they all are. The \$284,000 you see, that is actually monies that were either paid out or there for this process.

There were reduced needs for services last year, so the budget this year has been reduced to \$175,000 based again on previous years and the reduction we saw last year. There has been no intentional reduction because obviously if there are conciliation or negotiation, or arbitration board hearings then we have to appoint people. This would be government's share of the cost.

**CHAIR:** The Leader of the Third Party.

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

If this has been asked before, tell me; I may have missed it. It is 3.1.03, Human Resource Policy and Planning. I am looking at 06, again, Purchased Services. Here the budget was basically \$822,000, revised down to \$369,600, and now this year it is up to \$1.2 million. There are a lot of variances there. If you could explain them, Minister, please.

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

**MR. KENNEDY:** The savings of \$452,000 between the budget and the revised relate to the postponement of the printing of the fall quarterly magazine and onboarding handbooks, in addition to the suspension of new entrants into the Public Sector Leadership and Management Development Program during 2012-2013. Those were some savings there.

We then take the budget for 2012-2013, and there will be a net increase of approximately \$422,000. There are some expenditure reductions. There is funding from Strategic Human Resource Management, which I understand were brought under Human Resource Secretariat, and some further adjustments. When you put it all together, it ends up the base budget for 2013-2013 and additional spending of \$422,000 leading to the \$1,244,000.

**CHAIR:** The hon. the Leader of the Third Party.

**MS MICHAEL:** Just to get clarification, there was some restructuring, there were some things that were brought into the department. That is a large amount of money, the \$422,000. I did not quite get what the restructuring was in.

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

**MR. KENNEDY:** I actually had a note prepared. I tried to get some information on that and I cannot find it. Human resource management was set up I think in six or seven different departments, Strategic Human Resource Management, SHRMs. It is my understanding – I may have to clarify this for you, I say to the member – they were brought in under Human Resource Secretariat and brought under one roof.

With that, there was a transfer of \$727,000 into the Human Resource Policy and Planning Division. Then when you add the other figures that I talked about, it does add up for an increase, that net increase of \$422,000. I think the Strategic Human Resource Management would have been assigned departments, it is my understanding. You could have one apply to a couple of different departments and now they are brought under one roof.

**CHAIR:** The hon. the Leader of the Third Party.

**MS MICHAEL:** Right, that fits some of the information I have. My understanding is that there were going to be four branches with about 200 employees. Do you know if that is the restructuring that happened?

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

**MR. KENNEDY:** No, I will have to check on that. I do not have the answer to that.

**CHAIR:** The hon. the Leader of the Third Party.

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

It would be helpful then, Minister, not tonight but afterwards, if we could get maybe a picture of what the whole new thing looks like in terms of the branches, how it is divided, et cetera, a flow chart of some kind.

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

**MR. KENNEDY:** Yes, I just remind the member though, because I am not going to have

extensive notes and we have talked to your other members here in the House. If you want to send us something in writing just to clarify exactly what you are looking for, we will see what we can do.

**MS MICHAEL:** Sure, okay.

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

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

It is a pleasure to be able to speak to this. Subhead 2.8.04, Youth Engagement, that would be on page 2.13. I wanted to go to line item 10, Grants and Subsidies, because overall I see a reduction of what is being portioned to youth engagement. I would like to question why we are seeing such a reduction for reaching out to our youth. The Grants and Subsidies section was \$3,666,100 and this year it is going down to \$3.3 million.

Could the minister explain to me what the grants and subsidies were portioned to last year, and why the \$360,000 cut?

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

**MR. HUTCHINGS:** This would be related to the CYN network and funding for that being transferred for Advanced Education and Skills to the new Office of Public Engagement. As well, I think approximately \$690,000 for grants to youth organizations that were transferred as well to the Office of Public Engagement.

In regard to our budgetary review and cost-saving initiatives, there were reductions and those reductions you see in the comparison from 2012-2013 to 2013-2014.

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

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

We spent some late nights in the House actually on 2.8.06, Access to Information and Protection of Privacy. I would like to ask a question of why we are seeing significant reduction in salaries in this category from \$438,400 what was budgeted. We saw last year that there was only \$381,500 spent in this category and now we are spending even less in salaries. Were there positions cut in that department, that section?

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

**MR. HUTCHINGS:** There was an elimination of a permanent position. As well, the numbers there reflects the saving of \$56,900 related to a vacant analyst position which is subsequently not there any more.

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

**MR. MITCHELMORE:** I have a question under 3.1.09, Opening Doors; that is 2.19. I acknowledge the Member for Burgeo – La Poile had asked a question on this, but sitting on the Public Accounts Committee, one of the things that had come up in the Auditor General's report when we had reviewed Service Newfoundland and Labrador is that there was an Opening Door's position that had been vacant for a very long time in licensed auditing and that position was never filled. I am not sure the position is filled now.

Despite having permanent positions listed, as we saw in Budget 2012-2013, of \$4 million and seeing the cut, I would ask the minister if they could determine of the eighty-eight positions that are still there, how many of them are actually filled?

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

**MR. KENNEDY:** Yes, I saw this earlier today. Of the positions, I cannot remember if they would amount to eighty-eight but they were certainly a lengthy list.

I can tell the member opposite that one of the issues we are looking at, or I am looking at as

the minister, is the functioning of the Opening Doors policy to ensure it is achieving the results that it is meant to achieve. We also have to look at whether or not it is properly in the Human Resource Secretariat or should it be elsewhere in government? This is something that, as the minister, we will be looking at. This is a very important program and it offers opportunities for people to get into the public service. We want to make sure it is working right.

I did, earlier today, look at the issue of whether agencies, boards, and commissions were availing of the opportunity to utilize people through the Opening Doors program. I can tell you, I was not satisfied with what I saw there today. I am not satisfied when agencies, boards, and commissions simply seem to take one person as almost, well, we have to do that. That is not the way this is going to work.

This is a program that has a lot of money. There are opportunities for people to get into the workforce. That is a review that will be ongoing both at the ministerial level and I expect at the Treasury Board level. In fact, at the last Treasury Board meeting we asked to have a presentation on Opening Doors to ensure it is working properly, effectively, and that the money is being utilized wisely.

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

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

I am very, very excited to hear the response from the minister and his commitment to this program. It is absolutely beneficial to so many people and there is lots of opportunity to fully utilize it because there certainly would be vacancies there.

My final question that I have would be under the Grants and Subsidies section. I would just like to get an understanding as to what would have been spent under Grants and Subsidies. Would this be of supports in nature or if there is a list for the \$175,000; and if so, if these are things

that would be of supports, why there would be a cut down to \$125,000?

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

**MR. KENNEDY:** Yes, what we have here, these are actually, the grants and subsidies here, are where Opening Doors is paying for positions out in agencies, boards, and commissions. For example, I think there is at least one employee at Nalcor, the Housing Corporation, the Newfoundland Liquor Corporation, and the Municipal Assessment Agency. So the monies would be paid or some of their salaries would be offset as we try to, in my understanding, put them in a position where they can obtain meaningful employment.

There is a savings of \$25,000 in the revised budget because the long-term positions were not evolving as planned. That is, again, an issue we are going to be looking at with the agencies, boards, and commissions. Are they fulfilling the role or the mandate we expect they should in terms of working with Opening Doors?

Then we have a decrease of \$80,000. This is to the expenditure reduction, but more importantly based on the uptake from the outside agencies, which we have to look at and determine if as many people are employed out there as they should. My understanding is we have 120 agencies, boards, and commissions, and when I only see four listed here that have someone from the Opening Doors program, that is something we are going to be looking at. It does not seem to me to be striking the right balance.

**CHAIR:** The Opposition House Leader.

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

I have a few remaining questions for the Minister of Finance under the HR Secretariat. If they have already been answered, I apologize.

Under 3.1.03, HR Policy and Planning, line 06, which is Purchased Services. Under this line there was about \$370,000 spent last year, and we have budgeted just over \$1.2 million. Now, I do not know if that has to do with the



reconfiguration or not. What is that increase for?

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

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

As I indicated earlier, there had been the postponement of the printing of certain magazines and handbooks, and the suspension of new entrants into the Public Sector Leadership and Management Development Program during 2012-2013.

We then get into the purchased services. For example, there was money spent on professional training. There was some on advertising, very little, but copy charges, photocopy maintenance, advertising, equipment rental, and printing; \$56,000, for example, for room rentals and meeting expenses. So that is where the purchased services come up to the \$369,000.

Then we take the base Budget in 2012-2013 and add in the \$422,000 because of the funding transferred from the Strategic Human Resource Management, which is a significant figure of \$727,000. By the time you put all of these figures together that is how we get our Estimate this year of \$1.244 million.

**CHAIR:** The Opposition House Leader.

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

I have a couple of questions for the Minister of Finance and they are very general and probably involve fluid numbers. So, I understand if you do not have them there, and if we could just get them provided after.

What we would like to have is an update on the percentage, as well as the numbers, of public servants who may be eligible for retirement by 2014-2015. I understand if the minister does not have the numbers there.

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

**MR. KENNEDY:** No, I can tell you that as we looked at the issue of the eligibility for

retirements in the core public service that for now, or at this point, there was approximately 520 or 530, but that a significant number of police officers and the RNC. They were excluded in the early retirement package.

The number for the next year, I could certainly find. It should be fairly easily accessible. To give you an idea, the 8,900 employees in core departments, there were approximately 500 eligible for retirement when we checked in February or March.

**CHAIR:** The Opposition House Leader.

**MR. A. PARSONS:** Thank you.

The minister's answers leads into my next question. Again, I understand the numbers are fluid, we will take your latest number, and you can let us know the date.

What is the current number of employees working in government, using your latest figures, including part-time, temporary, contractual, et cetera? At some point – I know that this is an ongoing process and that you have to compile these and that they will be done as a certain date and it might change. If you do not have them there, I understand. If we could get a list based on X date, whether that be, say, May 1 and what the number of employees are and their categories, if that is possible.

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

**MR. KENNEDY:** During the Budget process – and again I am using the figure 8,900, it could be 9,000 or 9,100, but I think 8,900 sticks with me – there were 485 layoffs in the core public service that took place over that month period.

Then we had the retirements of approximately 190 people who availed of the retirements. There were 246 funded vacant positions eliminated. Some of the retirement positions may or may not be filled. We will see as we move along, so that any new hiring or lifting of the hiring freeze is not replacing any of those jobs that have been eliminated.

The PCN, and I cannot remember exactly what it stands for, but that is the number that attaches to every permanent position in the public service. Those numbers were eliminated and cannot be filled so that the layoffs and the funded vacant positions – by the time you mix all of that in, there will be a number that will certainly be over 8,000, probably closer to 8,300 or 8,400. When we get that number, when it is all finalized, that is a number that we can provide to you.

That is the core public service; it does not include the regional health authorities, does not include – and I think the regional health authorities could be close to 20,000 employees with 13,000 in Eastern Health, and then there are 6,000 teachers, so there is approximately 45,000 in all.

**CHAIR:** The Opposition House Leader.

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

I just have a question for the minister dealing with the Office of Public Engagement. I wanted to ask: Since Bill 29 has been brought under the Office of Public Engagement, has there been, since last year, an increase or decrease in fees for requests?

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

**MR. HUTCHINGS:** Increase in our actual fee structure? No, what was outlined in Bill 29 in terms of the fee structure.

**CHAIR:** The Opposition House Leader.

**MR. A. PARSONS:** Has there been an increase in the number of requests, a decrease, any numbers generated within the department?

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

**MR. HUTCHINGS:** (Inaudible) pretty consistent. I am speaking off the top here now, but I think it is about 600. There would be 400-plus that would be, we will call, third party and 200 would be (inaudible) for personal

information, people who wanted access to personal information, but I can get you that number.

**CHAIR:** The Opposition House Leader.

**MR. A. PARSONS:** Just to clarify, so that is 600 from June until now or what is the –

**MR. HUTCHINGS:** (Inaudible) look at and that seems like that is on track again this year. Again, I can get you those numbers, exactly what they are.

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

**MR. BENNETT:** Minister, I am looking at 2.14, Strategic Partnership. What is the strategic partnership?

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

**MR. HUTCHINGS:** Strategic partnership was created in 2002-2003. It brings together government, business and labour, tripartite engagement, basically to look at public policy, identify issues of concern for the parties concerned, also identify things that government are doing and be a sounding board and a feedback mechanism for any department or government overall.

**MR. BENNETT:** How many individuals are covered under the salaries?

**CHAIR:** Order, please!

I would ask speakers if they would wait for the Chair to recognize them so that Hansard will turn on your light.

The hon. the Member for St. Barbe.

**MR. BENNETT:** How many employees are covered under this salary amount?

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

I have to be quick.

**MR. HUTCHINGS:** There would be two permanent positions.

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

**MR. BENNETT:** Is there an office?

**MR. HUTCHINGS:** Pardon me?

**MR. BENNETT:** Do they have an office?

**MR. HUTCHINGS:** No, they would be incorporated in the overall Office of Public Engagement now. So, all of those staff would be pretty well in the same area in our building.

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

**MR. BENNETT:** Under 2.8.06, Access to Information and Protection of Privacy, can you tell me what amount was spent on legal challenges?

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

**MR. HUTCHINGS:** Legal challenges from the ATIPP office?

**MR. BENNETT:** Yes, I understand the commissioner has, from time to time, taken matters to court to get information.

**MR. HUTCHINGS:** Yes.

**MR. BENNETT:** I do not know if there is a budget here for this amount, or if it is under Justice or where it might be.

**MR. HUTCHINGS:** (Inaudible) but I will take your question under advisement and see what information I could find out for you. I am not sure if we would –

**MR. KING:** (Inaudible).

**MR. HUTCHINGS:** Yes. So I will certainly take a look and see what information I can get you.

**MR. BENNETT:** The amount that has been spent –

**MR. HUTCHINGS:** There is no amount here, as far as I am concerned (inaudible).

**MR. KING:** It answers to the House of Assembly Management Commission, not to him. That is not here (inaudible) these Estimates.

**MR. HUTCHINGS:** Yes, but he is asking about whether we have engaged any legal –

**CHAIR:** Order, please!

The Member for St. Barbe, if you could take your seat for a minute.

So that the Broadcast Centre picks up what is being said, if you could stand, ask your question, wait to be recognized, and then sit. Then I will recognize the appropriate minister to answer it, because we need Hansard to be able to pick up this.

The hon. the Member for St. Barbe.

**MR. BENNETT:** The question is not what the Privacy Commissioner spends; it is what the government spends trying to deny access to information.

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

**MR. HUTCHINGS:** I do not know if we would spend anything trying to deny access. We spend money to try and reflect what our obligation is under the legislation.

The question you asked would fall under Justice. Any costs incurred would be under the Justice Department.

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

**MR. BENNETT:** Under Human Resource Secretariat, 3.1.01, Executive Support. “Appropriations provide for senior level advice

on human resource matters to the Treasury Board Committee of Cabinet...”

Generally, what type of human resource advice is this?

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

**MR. KENNEDY:** (Inaudible).

**CHAIR:** The hon. the Member for St. Barbe, could you repeat your question please?

**MR. BENNETT:** Under the Human Resource Secretariat, there is a whole category with \$800,000 or so. It says, “Appropriations provide for senior level advice on human resource matters to the Treasury Board Committee of Cabinet...”

I am asking: What type of HR advice? Is it hiring, firing, or discussions?

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

**MR. KENNEDY:** Is there a heading here? I am missing the heading, Mr. Chair.

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

Is there a heading you are referring to there?

**MR. BENNETT:** Yes, Mr. Chair, page 2.15, at the top of the page, Human Resource Secretariat, Current, 3.1.01, Executive Support.

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

**MR. KENNEDY:** The member is referring to somewhere it says giving advice to Cabinet or, again, is that the question?

**CHAIR:** The hon. the Member for St. Barbe to clarify, please.

**MR. BENNETT:** Minister, the description under Executive Support says, “Appropriations provide for senior level advice on human resource matters to the Treasury Board Committee of Cabinet, and include the senior

planning and direction of the Human Resource Secretariat.”

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

**MR. KENNEDY:** Thank you.

The Treasury Board Committee is the third committee that deals with issues before they make their way to Cabinet. On the Treasury Board Committee, we have essentially two components of advice given, one by the Human Resource Secretariat and one by the Department of Finance.

For example, we will oftentimes see policy changes or there could be policies in relation to staffing, overtime, retirement, filling of vacancies, hiring policies, people who change location, those kinds of policies. They would come to Treasury Board. They would be prepared by the Human Resource Secretariat and come to Treasury Board. Those are examples in terms of policy aspects that relate to the employees of government.

Then the collective bargaining, for example, goes through the Human Resource Secretariat so that the collective bargaining that is currently ongoing, that is again advice that will be given to the minister in terms of an update. That is handled through the Human Resource Secretariat.

In terms of the planning and direction, it was called the Public Service Secretariat; it became the Human Resource Secretariat. There have been a significant number of changes in reorganization, that if we have anything to do in relation to hiring or policies in relation to employees, they come from the Human Resource Secretariat and they would work their way to Treasury Board.

I am trying to think whether or not they would go through social policy, generally not, or economic policy. They are more in relation to the policies that govern employees from severance to overtime. So that is the kind of thing, in terms of all personnel issues is the best way I can describe it.

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

**MR. BENNETT:** Under the same heading, the second 02, Revenue – Provincial is \$26,000 revenue. Where would the revenue come from?

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

**MR. KENNEDY:** I do not have an answer to that. I apologize to the member. I do not have an answer to that right off but it is certainly something we can find out. It is a small amount. It could be coming back from fees being paid for conferences, but I will get the answer for you on that.

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

**MR. BENNETT:** (Inaudible) revenue reappears in practically every subheading thereafter. The next one is \$88,500, the one after that is \$7,500.

There is one under French Language Services \$430,000, \$345,000, that seems to be self-explanatory and there are others. Would you be prepared to provide a list? Rather than ask one by one, just provide a list of what these revenue sources are?

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

**MR. KENNEDY:** (Inaudible) earlier today, the \$26,000 that you referred to came from fees from the Public Service Commissioner's Conference that was held in St. John's. In terms of when I am looking at revenues under the heading Executive Support or under that, that is the only one I see there. Are there other particular revenues?

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

**MR. BENNETT:** Minister, in the next subheading, Employee Relations, the revenue is \$88,500 on the same page.

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

**MR. KENNEDY:** Yes, that is the anticipated revenue from conference fees associated with the Canadian Educational Negotiators and the

inter-jurisdictional relations, classification and compensation conferences. There are two conferences. We show the money here I think as a purchased service or professional service, and then when it is collected through the conference fees themselves. That is what the \$88,500 relates to.

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

**MR. BENNETT:** Minister, on the next page 2.16, the subheading, French Language Services.

**CHAIR:** Order, please!

The subheading, French Language Services, has already been referred out and voted on.

**MR. BENNETT:** Oh I am sorry; it appears it is already voted.

**CHAIR:** The Member for St. Barbe, do you have further questions?

**MR. BENNETT:** No further questions.

**CHAIR:** No further questions.

Are there any other questions on Executive Council?

The Member for St. Barbe.

**MR. BENNETT:** On page 2.18, under Benefits Administration, at the top, 3.1.07 it says, "Appropriations provide for the administration of the five Provincial Pension Plans and the Group Insurance Program and related services." Isn't the group insurance plan administered by Desjardins Financial? If so, why would it require more administration?

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

**MR. KENNEDY:** Under which heading, Sir?

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

**MR. BENNETT:** Benefits Administration, near the top, subhead 3.1.07.

**MR. KENNEDY:** Yes, okay.

**MR. BENNETT:** It says, "...the five Provincial Pension Plans and the Group Insurance Program and related services."

**MR. KENNEDY:** What we have here, this is simply the administration of the group insurance and the pensions, and the administration aspect, not the investment. When people come in with questions in relation to their pensions and insurance, it goes to this particular section.

There are a lot of questions actually on the Benefits Administration. I asked the same question today: Why do we have this particular section? Then, when you go to the Benefits Administration, if I can find the Salary Details here – if you see Benefits Administration there are thirty-six people employed in this division.

There is a Director of Government Insurance, a Manager of Pension Benefits and Systems, and then it goes down through there – for example, ten Administrative Officers, three Clerks, ten Word Processing Operators. There is quite a number of staff there, but they deal with the administration of these plans, the administration of the five Provincial Pension Plans, the Group Insurance Program and related services, but not the investment side of any of it.

**CHAIR:** No further questions?

We have been voting the Estimates of Executive Council in several different places and some of these have actually been referred out, but to ensure that we actually cover everything I am going to vote from 1.1.01 through to 4.1.07. I am just checking with the Table to make sure that is okay. I just want to make sure we did not miss anything.

Shall 1.1.01 through 4.1.07 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

On motion, subheads 1.1.01 through 4.1.07 carried.

**CLERK:** The total.

**CHAIR:** Shall the total carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, total carried.

**CHAIR:** Shall I report the Estimates of Executive Council carried without amendment?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

On motion, Estimates of Executive Council carried without amendment.

**CHAIR:** The Consolidated Fund Services.

We will now debating Consolidated Funds Services.

**CLERK:** Subhead 1.1.01.

**CHAIR:** Shall 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:** Subheads 1.1.02 to 2.1.03 inclusive.

**CHAIR:** Shall 1.1.02 through 2.1.03 carry?

All those in favour, 'aye'.

The Leader of the Third Party.

**MS MICHAEL:** I guess I am looking for clarification on what we are doing. We understood coming into tonight we had seventy-five hours, of course, of Estimates discussions. Could we just know how much time, where we are in the time, please?

**CHAIR:** It is currently 12:48 o'clock.

**MS MICHAEL:** No, with the seventy-five hours. We had six-and-a-half hours to discuss.

**CHAIR:** I understood your question, I say to the Leader of the Third Party, but you asked me how much time was remaining. I was saying it is currently 12:49 o'clock now. At 1:16 o'clock is when we would have had to stop. The time would expire for the Estimates for the Executive Council, the Consolidated Fund Services, and the Legislature combined. So that leaves twenty-seven minutes.

**MS MICHAEL:** We had an agreement that we were just going to finish the section we were doing, finish the rest of it next week, and do Bill 4 tonight. Is that still happening?

**CHAIR:** I cannot speak to that, I say to the Leader of the Third Party.

If I may, the Consolidated –

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

**CHAIR:** Order, please!

The Estimates for the Consolidated Fund Services, Executive Council, and also the Estimates for the Legislature were referred to Committee of the Whole earlier this evening. We just voted the Estimates for Executive Council and we are now voting the Estimates of the Consolidated Fund Services. As Chair of the Committee, I will carry on with the business of the Committee, unless the Government House Leader asks for the Committee to rise.

I would ask the Clerk to call the subheads again for the Consolidated Fund Services.

**CLERK:** Starting at the beginning?

**CHAIR:** Just inclusively, because we did not get to vote there.

**CLERK:** We usually carry 1.1.01 first.

**CHAIR:** We will start again.

**CLERK:** Subhead 1.1.01.

**CHAIR:** Shall 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:** Subheads 1.1.02 to 2.1.03 inclusive.

**CHAIR:** Shall 1.1.02 through 2.1.03 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, subheads 1.1.02 through 2.1.03 carried.

**CLERK:** The total.

**CHAIR:** Shall the total carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, total carried.

**CHAIR:** Shall I report the Estimates of the Consolidated Fund Services carried without amendment?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, Estimates of the Consolidated Fund Services carried without amendment.

**CHAIR:** We will now debate the Estimates of the Legislature.

**CLERK:** 1.1.01.

**CHAIR:** Shall 1.1.01 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

**MR. MITCHELMORE:** I just take a moment here to pull up the Legislature. I would like to see some clarification on the Administrative Support, under Salaries, that there is nearly \$200,000 less in salaries for the Administrative Support of the House of Assembly, under 1.1.01. 01. I am just wondering how many people were lost in this and what the positions were.

**CHAIR:** Order, please!

Shall 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:** Subheads 1.1.02 to 6.1.01 inclusive.

**CHAIR:** Shall 1.1.02 through 6.1.01 carry?

The hon. the Member for St. Barbe.

**MR. BENNETT:** (Inaudible) the minister, on page 7.3, Salaries, the amount that was budgeted was \$735,100. The actual amount spent was \$729,500. There is \$115,000 less budgeted this year, how can it be so much less when that would look like a consistent amount?

**CHAIR:** Order, please!

It is my understanding, as Chair of the Committee, that questions of the Legislature should be put to the Management Commission and there would be nobody here to answer those questions. Members can still question if they want, but I do not think you will be getting answers tonight. The questions will be noted for the Management Commission.

Further questions?

Shall 1.1.02 through to 6.1.01 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, subheads 1.1.02 through 6.1.01 carried.

**CLERK:** The total.

**CHAIR:** Shall the total carry?

All those in favour, 'aye'.



**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, total carried.

**CHAIR:** Shall I report the Estimates of the Legislature carried without amendment?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, Estimates of the Legislature carried without amendment.

**CHAIR:** The hon. the Government House Leader.

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

I move that the Committee rise and report having passed these Estimates without amendment.

**CHAIR:** The motion is that the Committee rise and report the Estimates of the Legislature, the Estimates of the Executive Council, and the Estimates of the Consolidated Fund Services carried without amendment.

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 (Wiseman):** Order, please!

The hon. the Member for Lewisporte.

**MR. VERGE:** (Inaudible) the Committee of Supply have considered the matters to them referred and have directed me to report the Estimates of the Executive Council, the Estimates of the Consolidated Fund Services, and the Estimates of the Legislature carried without amendment.

**MR. SPEAKER:** The Chair of Committee of Supply reports that the Committee have considered the matters to them referred and have directed him to report that they have passed without amendment the Estimates for the Legislature, the Executive Council, and the Consolidated Fund Services.

When shall the report be received?

**MR. KING:** Now.

**MR. SPEAKER:** Now.

On motion, report received and adopted.

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

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

Mr. Speaker, I move, seconded by the Minister of Finance and President of Treasury Board, that the House resolve itself into a Committee of the Whole to consider Bill 4, An Act To Amend The Revenue Administration Act No. 2.

**MR. SPEAKER:** It is moved and seconded that I do now leave the Chair for the House to resolve itself into Committee of the Whole to consider the said bill.

Is it the pleasure of the House to adopt the motion?

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 consider Bill 4.

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

**CLERK:** Clause 1.

**CHAIR:** Shall clause 1 carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, clause 1 carried.

**CLERK:** Clauses 2 to 4 inclusive.

**CHAIR:** Shall clauses 2 to 4 inclusive carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, clauses 2 through 4 carried.

**CLERK:** Be it enacted by the Lieutenant-Governor and House of Assembly in Legislative Session convened, as follows.

**CHAIR:** Shall the enacting clause carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, enacting clause carried.

**CLERK:** A bill, An Act To Amend The Revenue Administration Act No. 2.

**CHAIR:** Shall the title carry?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, title carried.

**CHAIR:** Shall I report the bill without amendment?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Carried.

Motion, that the Committee report having passed the bill without amendment, carried.

**CHAIR:** The hon. the Government House Leader.

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

Mr. Chair, I move that the Committee rise and report Bill 4.

**CHAIR:** The motion is that the Committee rise and report Bill 4.

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 (Wiseman):** Order, please!

The hon. the Member for The District of Lewisporte.

**MR. VERGE:** Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report Bill 4 carried without amendment.

**MR. SPEAKER:** The Chair of the Committee of the Whole reports that the Committee have considered the matters to them referred and has directed him to report Bill 4 without amendment.

When shall the report be received?

**MR. KING:** Now.

**MR. SPEAKER:** Now.

When shall the bill be read a third time?

**MR. KING:** Tomorrow.

On motion, report received and adopted. Bill ordered read a third time on tomorrow.

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

**MR. KING:** Thank you.

Mr. Speaker, I move, seconded by the Minister of Finance and President of Treasury Board, that the House do now adjourn.

**MR. SPEAKER:** It has been moved and seconded that the House do now adjourn.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

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

Motion carried.

This House stands adjourned until 1:30 p.m. on Monday.

On motion, the House at its rising adjourned until tomorrow, Monday, at 1:30 p.m.