



Province of Newfoundland and Labrador

FORTY-EIGHTH GENERAL ASSEMBLY  
OF  
NEWFOUNDLAND AND LABRADOR

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Volume XLVIII

THIRD SESSION

Number 54

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HANSARD

*Speaker: Honourable Perry Trimper, MHA*

Monday

March 11, 2019

The House met at 1:30 p.m.

**MR. SPEAKER (Trimper):** Admit strangers, please.

Order, please!

I'd like to welcome all the Members back to another week in the House of Assembly.

### Statements by Members

**MR. SPEAKER:** Today for Members' statements, we will hear from the hon. Members from the Districts of Fortune Bay - Cape La Hune, Conception Bay South, St. George's - Humber, St. John's Centre, and Baie Verte - Green Bay.

The hon. the Member for Fortune Bay - Cape La Hune.

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

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

I rise today to congratulate the local service district of Francois for winning the Cruise Vision award presented by Cruise Newfoundland and Labrador at the HNL gala earlier this year. The award was presented in recognition of Francois' commitment to the provincial cruise industry and their contribution to growth of the sector in our province.

Fran-sway, or Francois, a true gem on our sunny South Coast, is a frequent stop by many cruise ships and was one of only three stops in Newfoundland and Labrador by the C3 Exploration Cruise in celebration of Canada's 150 birthday. Passengers are provided guided tours and are more than delighted by the open-hearted traditional kitchen party alive with fabulous local musicians, delicious food and captivating storytelling.

Occupied since the 1700s, it is incredible how this community of about 70 residents come together to offer their visitors lasting memories of an enchanting voyage and a unique taste of Newfoundland and Labrador. Cruise passengers are certainly awed by the outport's 600-foot high waterfall in the community's centre and charming wooden walkways that are surpassed

only by the warmth and welcome of its residents.

I ask all Members to join me in congratulating Francois for its humongous success in this sector.

**MR. SPEAKER:** Thank you.

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

**MR. SPEAKER:** The Member's time has expired.

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

**MR. SPEAKER:** The hon. the Member for Conception Bay South.

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

On January 7, I had the pleasure to attend the opening ceremony of the new inclusive squash program in Conception Bay South.

Conception Bay South became the first town in Canada to adopt an inclusive squash program providing people with physical, emotional or intellectual disabilities the opportunity to play the sport. Organizers are calling this a global first.

This program was spearheaded by Squash Newfoundland's past-president and squash pioneer, Eric Hart, from Conception Bay South. Ms. Lolly Gillen, the former president of Squash Canada and now an international delegate for the game has been instrumental in helping Eric set up his inclusive squash program. She has reached out around the world to organizations from Hong Kong to Australia to learn that many countries thought about doing this, but none have done it to date.

This program has a long-term goal of taking this initiative across Canada. In addition to this, the US, Norway and Australia has asked for this inclusive squash program model. They are hopeful this program could one day be part of the Paralympic Games.

Mr. Speaker, I congratulate Eric Hart for his continued dedication and achievements and ask all hon. Members to join me in recognizing his

contribution to our community and also to the province.

Thank you.

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

**MR. SPEAKER:** Thank you.

The hon. the Member for St. George's - Humber.

**MR. REID:** Mr. Speaker, last fall I rose in this House to congratulate Mrs. Freda Gillis as she celebrated her 108th birthday. She was the oldest citizen of our province. Today, with sadness, I rise to inform the House of Mrs. Gillis's passing earlier this year.

Freda was born in Cartyville on the West Coast and has seen many changes and many historic events in her lifetime. She witnessed veterans returning from both World War I and World War II, as well as the Great Depression.

Mrs. Gillis also had many wonderful events in her own life. She married Tommy Gillis in 1931 and they had five children. In the 1950s, they started a business together which employed many people in the area she lived.

Over the last five years, I had a number of opportunities to speak with Freda and was always impressed by her active mind, her strong will and her sharp wit. Her legacy lives on in the impact she has had on members of her family and all those she came in contact with. She is truly an example of a life well lived.

I ask all Members of the House to join me in celebrating the life of Freda Gillis.

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

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

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

Megan Gail Coles has done it again. Her newest creation: *Small Game Hunting at the Local Coward Gun Club* has hit the bookstores to critical acclaim. Megan grew up in Savage Cove on the Great Northern Peninsula and makes St.

John's Centre her home. She dedicated her latest book to the beautiful, vicious island that makes and unmakes us, and warns, this might hurt a bit. Be brave.

And the bravery she speaks of is her own, as a courageous feminist writer who pushes us all to really see what is happening around us and to challenge the systems and attitudes that keep us down.

But make no mistake, nothing is keeping Megan Gail Coles down. Her star is rising and we get to ride along. Buy this book.

Brava Megan Gail Coles!

Thank you very much, Mr. Speaker.

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

**MR. SPEAKER:** The hon. the Member for Baie Verte - Green Bay.

**MR. WARR:** Mr. Speaker, I rise today to highlight an amazing young athlete from my district who has been turning the heads of hockey scouts.

At just 14, Abby Clarke from Springdale left home to pursue an education through hockey at Rothesay Netherwood School in New Brunswick. From there, a scholarship led her to Alberta's Warner Hockey School in the JWHL. She finished her graduating year playing for the Edge School for athletes in Calgary.

In 2014, Abby committed to an athletic scholarship at St. Thomas University in Fredericton. Named team MVP 2017-2018 and Academic All-Canadian the same year. At 21, she attended Team Canada Women's pre-Olympic camp; 2018-2019 has been a career year for the amazing goaltender being named university sports national athlete of the week in early January. Her numbers: goal against average 1.05, and save percentage of 0.961 are the best in the entire nation amongst CIS goalies with 10 or more appearances. She was named playoff MVP in the AUS and will compete later this week in university sports national.

I ask my hon. colleagues to join me in wishing Abby much success as she pursues her love of hockey.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** Thank you.

Statements by Ministers.

**Statements by Ministers**

**MR. SPEAKER:** The hon. the Minister of Justice and Public Safety.

**MR. A. PARSONS:** Mr. Speaker, I am pleased to stand here today to announce a program that uses the principles of restorative justice to give offenders an alternative to the traditional court process. The need for this type of program was identified by participants of justice summits held across the province over the last two years.

These forums brought together key players of the criminal justice system including representatives from every level of court, federal and provincial corrections, police, representatives across all divisions of the Department of Justice and Public Safety, members of the legal community, Indigenous groups and community organizations, who identified issues and suggested possible solutions for improvement. One of the top issues identified was the lack of alternatives, which will be addressed by the introduction of an adult diversion program.

Mr. Speaker, the goal of the program is to provide an effective and timely response to the offender's behaviour, encourage offenders to acknowledge and repair harm caused to the victim and provide an opportunity for the victim to participate in the process. Alternative measures can include counselling, a letter of apology, community service or even a charitable donation. The program has seen success in multiple jurisdictions across the country and is being piloted in this province through Provincial Courts in Stephenville and Corner Brook.

In addition to adult diversion, the department is working on other actions to address issues identified at the justice summits, which can be found in the action plan posted to the department's website.

Mr. Speaker, we recognize there is still work to be done, but I am proud of the initiatives that have been undertaken to improve and enhance the justice system in the province.

Thank you, Mr. Speaker.

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

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

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

I thank the minister for a copy of his statement. I think the minister would agree that the more people diverted from HMP, the better.

Last April, the House passed a resolution urging government to explore the benefits of adopting restorative justice practices in the province, in consultation with outside organizations and Indigenous groups. In recent justice summits around the province, participants expressed concern about the lack of diversion and restorative justice resources and programs. They called on the province to learn from restorative justice models used by Indigenous peoples.

For years, people have been calling for action and it's important to see this happening. We look forward to hearing positive reports.

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

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

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

I thank the minister. I applaud this initiative by the Ministry of Justice and Public Safety. Incarceration should be our last resort. Our goal should always be restorative justice and to keep people out of our correctional facilities as much as possible. And our priority should be rehabilitation and prevention.

In light of this, another huge hurdle our justice system must tackle is the growing number of people incarcerated who are on remand. It is time the minister consider and develop alternative measures to handle remands in the community. It is at a crisis point and it is the largest contributing factor to overcrowding in our prisons and our lock-ups.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** Further statements by ministers?

The hon. the Minister of Fisheries and Land Resources.

**MR. BYRNE:** Thank you very much, Mr. Speaker.

I would like to take this opportunity to talk about yet another way our government is supporting Newfoundland and Labrador's agricultural industry.

I think we can all very much agree that safety on the farm is very, very important. And while farming in and of itself can be dangerous, I'm very proud to say that all the farms that I have visited implement very strict measures to mitigate the risks.

Canadian Agricultural Safety Week, which is held from March 10 to 16 this year, is an annual public campaign focused on the importance of safe agriculture. The aim of the campaign is to empower farmers and the farming community to build, grow and lead the industry in safety and sustainability.

Mr. Speaker, empowering new and current farmers is important to this government. It's the reason we implemented the Agriculture Sector Work Plan and committed to increasing food self-sufficiency in Newfoundland and Labrador and employment in the agricultural sector through *The Way Forward*.

Through our Canadian Agricultural Partnership, funding is available to Newfoundland and Labrador farmers through the Mitigating Agricultural Risks Program to identify and

mitigate on-farm safety risks, including funding for farm safety and awareness and training.

Mr. Speaker, my department takes farm safety very seriously. We recognize the importance of ensuring agribusinesses are a safe workplace for farmers and their employees.

I want to congratulate Farm Credit Canada, the Canadian Agricultural Safety Association and the Canadian Federation of Agriculture, along with our homegrown institutions and organizations, for supporting this initiative which is supported by the Canadian Agricultural Partnership.

Thank you very much, Mr. Speaker.

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

**MR. SPEAKER:** The hon. the Member for Mount Pearl North.

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

I thank the minister for the advance copy of his statement. We, too, are pleased to acknowledge the importance of farm safety as we celebrate Canadian Agricultural Safety Week.

In supporting safe and strong farms across the province and across the country, it is most important that we realize it is too important to be politicized. This week serves as a valuable campaign to increase public awareness about the importance of farm safety and, in doing so, it also highlights the importance of farms themselves.

Farming is a dangerous occupation. Not only do farmers and their families have to work long hours, with various types of machinery and equipment, but they are also under more pressure as they work to compete globally. For all these reasons and more, it is important that farmers and their families manage risk and protect themselves from injury.

I would like to thank all those involved with this initiative and I would also like to thank the Newfoundland and Labrador Federation of Agriculture for all it does in promoting farm safety.

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

**MR. SPEAKER:** The hon. the Member for St. John's East - Quidi Vidi.

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

I thank the minister for the advance copy of his statement. It's good news that Newfoundland and Labrador farmers are taking advantage of the federal-provincial funding to mitigate risks. We know that the incidents of accidents on farms, especially family farms, are always a major concern.

It's important that we do everything to protect the people, especially our young people who are working on farms and looking at starting doing that, and to ensure that agriculture maintains a good safety reputation.

I'm glad the minister is recognizing all the associations on the national level. I look forward to government putting in place more concrete provincial assistance to help our agricultural sector grow.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** Thank you.

Further statements by ministers?

Oral Questions.

### Oral Questions

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

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

On August 31, 2016 the tax exemption on the export of hydropower from Churchill Falls to Quebec expired.

I would ask the Premier, how does he explain to the people of the province that while they groan under over 300 Liberal government imposed tax and fee increases, the power export to Quebec goes untaxed.

**MR. SPEAKER:** The hon. the Premier.

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

What we know, number one, the comment that's been made by the Tory leader there is when you talk about fees and so on, they were not new fees. The Tories keep talking about these things. It's really not the true story as what's been happening about that time, but what we do understand and what we do know, back in 2016, it was a much different province than it is today. We've been cleaning up a lot of the mess that we've been left with.

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

**PREMIER BALL:** Mr. Speaker, when you talk about taxation of hydro and the 2016 agreement, and when you look at rate mitigation, we will explore and continue to explore all options that are available to this province to keep electricity rates down.

This is not a copy-and-paste exercise or a cheap plan.

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

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

The hon. the Leader of the Official Opposition.

**MR. CROSBIE:** So, Mr. Speaker, I noticed in the answer nothing stated about the disappearance of the tax exemption and the opportunity that opens up.

The disappearance of this tax holiday for Quebec has opened enormous opportunity to leverage talks with Quebec, aimed at getting a fair and equitable return from the Upper Churchill resource.

What action has the Premier taken to grasp this opportunity?

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

**MR. SPEAKER:** The hon. the Premier.

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

Well, number one, what I will not do is actually fill in some more blanks that are glaringly absent from this Crosbie hydro electricity action plan, because it was a cheap plan. You paid for what you got, I can tell you that: nothing.

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

**PREMIER BALL:** It should have been just a copy-and-paste exercise from the PUB. As a matter of fact, Mr. Speaker, I would say if the PUB had not been kicked out, there would not have been a requirement for the Crosbie CHEAP plan that we put in place today.

Let's be very clear, the Leader of the Opposition got exactly what he paid for.

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

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

I do remind all Members to not address each other with the personal names. It's their titles and so on.

Thank you.

The hon. the Leader of the Official Opposition, please.

**MR. CROSBIE:** I notice, again, no reference or response being made to the expiry of the tax exemption on the export of power from the Upper Churchill.

Why hasn't the Premier educated the public on the disappearance of the Quebec tax holiday and the opportunity it represents?

**MR. SPEAKER:** The hon. the Premier.

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

Well, once again, as I said, that on behalf of residents of this province we're going to explore whatever options we have available to us.

It's ironic that just a few days ago the Tory Leader was up asking people – that we need to put the fight in Dwight or the bite in Dwight or something so that we can actually be doing what other former PC premiers have done and fight Quebec in areas today, talking about suggesting

that myself, as Premier, should be having discussions with Quebec.

So, Mr. Speaker, it's like walking on quicksand with this Tory Leader. We don't know where he's going. He takes his direction from which way the wind is blowing. Clearly, what we're seeing here now, for the first time in 25 or 26 sessions, we finally have a Tory Leader asking and concerned about electricity.

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

**MR. SPEAKER:** Thank you.

The hon. the Leader of the Official Opposition.

**MR. CROSBIE:** It has always been my philosophy to talk first and fight second.

I ask the hon. Premier: When did he first get a legal opinion on this issue?

**MR. SPEAKER:** The hon. the Premier.

**PREMIER BALL:** Mr. Speaker, there's a lot of work being done on rate mitigation.

As a matter of fact, we're the group that called in the PUB, the Public Utilities Board. As a matter of fact, I would say if you would have left the PUB in place seven years ago, you wouldn't need a CHEAP plan today. That plan would not have been required, but maybe at the time.

He could ask his colleagues – that he's telling me I should be mentoring myself from – did they actually talk to Quebec about bringing in cheap power from Hydro-Québec to solve the problem that they thought was going to be in Newfoundland and Labrador?

As I said, Mr. Speaker, working with the Department of Natural Resources, working with the PUB, we will not allow electricity rates and Muskrat Falls to be borne by ratepayers or taxpayers in this province, and I can assure you we will put a very credible plan in place to the electorate of this province.

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

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

**MR. CROSBIE:** Mr. Speaker, none of that answers the question, which was when was a legal opinion first obtained?

Since the Minister of Natural Resources has spoken to this this morning, I'm going to ask her for that.

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

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

I did note this morning that Crosbie CHEAP plan – that's the name of it, Mr. Speaker –

**MR. SPEAKER:** Again, I remind the Member please do not refer to –

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

**MS. COADY:** It is the name of the plan. So it is the name of the plan.

**MR. SPEAKER:** Well, I'll remind all Members, one cannot do indirectly what one is not permitted to do directly, regardless of the name of the plan, so.

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

I was merely using the name of the plan that the Opposition actually named the plan.

But I will say this, Mr. Speaker, I noted this morning that the Leader of the Opposition did stand and give credibility to what this government is doing. Everything that's in their plan is because of the work that we have done by this government to fix a problem of their making.

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

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

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

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

**MR. CROSBIE:** As is the common practice with this government –

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

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

**MR. CROSBIE:** – first the premier now the minister have not answered a simple question.

When was the first legal opinion requested?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

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

I could ask the Member opposite the very same question. He had a plan this morning where he raised this issue, Mr. Speaker, but I note he did not include it in his plan. I think that really speaks volumes for what he thinks this discovery can do.

Mr. Speaker, as with anything that I do in my Department of Natural Resources, we do seek legal opinion on a variety of issues, one of which, of course, would have been the changeover in August of 2016 of the rates that were charged from the Upper Churchill Project.

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

**MR. SPEAKER:** Thank you.

The hon. the Leader of the Official Opposition.

**MR. CROSBIE:** Again, the question was when the legal opinion was requested.

Mr. Speaker, it seems plain at this point that the government opposite has slept on our rights.

When the Premier had dinner with Premier Legault of Quebec last December: Did the subject of the expiry of the tax exemption for the Upper Churchill power come up? If not, why not?

**MR. SPEAKER:** The hon. the Premier.

**PREMIER BALL:** Mr. Speaker, we have a frustrated Tory Leader today it seems; very frustrated, I would say.

Mr. Speaker, we had a meeting with the Premier of Quebec. I think that was widely publicized.



We had a discussion about Quebec and Newfoundland and Labrador on things like mining, the transportation links and so on. It's been a productive meeting.

As a matter of fact, we've had productive meetings with the Atlantic Growth Strategy, just the Friday before last. I'm wondering why the Tory Leader has not even asked questions about that, how we fill in transmission gaps so that we can actually help other Atlantic provinces come off coal; therefore, increase the demand and lower the cost of Muskrat Falls.

Mr. Speaker, this government is leaving no stone unturned, doing whatever we can to keep rates down. We're just not relying on a copy-and-paste exercise from (inaudible).

**MR. SPEAKER:** Thank you very much.

Your time has expired.

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

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

**MR. CROSBIE:** The question had to do with whether the issue of the expiry of the tax exemption was discussed with the premier of Quebec. Again, no answer.

Quebec Hydro has enormous depth of knowledge and experience in hydro and in negotiating hydro deals.

Who has the Premier assembled to be on the correct team that we need to represent us in talks with one of the most formidable hydro energy companies in the world?

**MR. SPEAKER:** The hon. the Premier.

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

We've got a number of people who would work on behalf of our utilities within Newfoundland and Labrador, but right now, if you're thinking there is a conversation that's ongoing about megaprojects and so on, we will do whatever it takes to keep rates down, but only agreements that – we would never do an agreement where Newfoundland and Labrador is not the

beneficiary, Mr. Speaker. We will never put – and I say this to the Tory Leader right now. We will never expose people of Newfoundland and Labrador like the administration that you now lead, the PC administration exposed this province to.

Today, on *Open Line*, you were saying it has a bright future, but I can tell you, Newfoundland and Labrador does have a bright future but not as a result of the work of the PC government.

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

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

Order, please!

**MR. CROSBIE:** I try to follow the courtesies and rules of the House and address the Premier in the third person – not in the first person, not in the second person.

I ask the Premier, in view of the fact he has known since at least August last year that Muskrat Falls rate increases could be held to zero without new taxes: Why did he let the public live in fear instead of giving them a full explanation of how this mitigation could be performed?

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

**MR. SPEAKER:** The hon. the Premier.

**PREMIER BALL:** Mr. Speaker, we first stated talking about rates and the impact of Muskrat Falls on this province back in 2012 while the Leader of the PC Party was actually trying to do some work in theatre. We were working in this theatre on behalf of Newfoundlanders and Labradorians. As a matter of fact, the longest filibuster in the history of this province was held right here when I was sitting right there trying to stop this project and the impact that it would have on Newfoundlanders and Labradorians.

We did not support it; you're party did, I say, Mr. Speaker.

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

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

**MR. CROSBIE:** Again, no answer.

So I ask the Minister of Natural Resources; I ask her the same question: Why was an explanation not given to the public as to how the object of not affecting their power rates through the advent online of Muskrat Falls, given at least from last August?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

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

I find it troubling that the Member opposite does not know that this government has been out speaking about rate increases at Muskrat Falls for a number of years, talking about how we have a plan in place. It was in the budget, I believe, Mr. Speaker, of 2017 that we were going to put \$200 million toward rate management and rate mitigation. And then thereafter, on multiple occasions, I was speaking to the public about how it was serious, it was difficult, but it is not impossible for us to ensure that we keep rates as low as possible.

Mr. Speaker, in comparison, the former PC administration, when they accepted the Muskrat Falls Project, told the people of this province they were going to owe 15 cents –

**MR. SPEAKER:** Thank you.

Your time is expired.

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

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

**MR. CROSBIE:** The Minister of Natural Resources told the press last week that the government would disclose their rate mitigation plan before the next election.

Why are you sitting on it?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**MS. COADY:** Mr. Speaker, this is very, very troubling, I can tell you. We're not sitting on any plan. We have been methodical, we have been diligent, first, in getting Muskrat Falls under control – something of which they were not able to do at all.

Secondly, Mr. Speaker, we've been very clear to the people of this province that we are working on a plan that will ensure that the rates of this province do not double, which it would have under the PC plan for Muskrat Falls.

I have said that there are three ways in which we are going to do it. We're going to raise revenue, we're going to lower cost and we're going to manage the mortgage, Mr. Speaker. I have given examples of each of those things under those headings. The people of the province know we have a plan, and they know we're going to get this right.

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

**MR. SPEAKER:** The hon. the Member for Mount Pearl North.

**MR. LESTER:** Well, I guess that's a pretty good admission there still is no plan.

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

**MR. LESTER:** Mr. Speaker, there has been much criticism of the government's decision last week to engage in further consultations on banning single-use plastic bags in the province.

Last month, the minister had said that a decision on the ban was coming within weeks. Today, Municipalities Newfoundland and Labrador is promoting a day of action to ban the bag.

Minister, why are you dragging your heels?

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

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

Nobody is dragging their heels. All we're doing is doing things right.

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

**MR. LETTO:** Which came out of the meeting last September, of which MNL was a part of and other stakeholders – one of the recommendations coming out of that meeting was to do more consultations, and we're doing just that, Mr. Speaker.

I tell you what we're hearing – I'm glad we did it because we're getting a lot of responses. The biggest response we've ever gotten from an online survey was the one that we put on last week on banning the bag.

So, Mr. Speaker, we're doing the right thing and before we make any decision, we'll make sure that we're going to have all the information that's needed.

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

**MR. SPEAKER:** The hon. the Member for Mount Pearl North.

**MR. LESTER:** I would probably suggest that the expression of interest is more of frustration in their online survey.

The members of MNL have voted overwhelming to support a ban on single-use plastic bags in two occasions in 2016. This group represents 275 municipalities and serves 89 per cent of the province's population.

When will your government show leadership and commit to introduce a provincially mandated ban on single-use bags?

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

**MR. LETTO:** Mr. Speaker, municipalities in this province have the authority today to ban the bag or to do anything else that we need to do around the environment. So, there's no reason why it can't be done.

We know that there are seven municipalities in this province that have gone that extra mile and put in bans. What MNL is asking for is a province-wide ban so that they would not have the responsibility of enforcing such a ban or putting in the measures.

What we're doing, Mr. Speaker, today, and we've done for the past week and we will do until March 27, is to gather that information and to see what we can do to help a province-wide ban.

Mr. Speaker, we're not going to do it until we get all the information.

**MR. SPEAKER:** Your time has expired.

Thank you, Sir.

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

**MR. SPEAKER:** The hon. the Member for Conception Bay South.

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

Mr. Speaker, last week the Member for Placentia West - Bellevue revealed that the deal had been struck between Paul Antle and Kiewit on the sale of the former Marystown Shipyard and that the province has agreed to take on the environmental liabilities.

Can the minister confirm this and provide an update?

**MR. SPEAKER:** The hon. the Premier.

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

**PREMIER BALL:** Mr. Speaker, I think this is an issue that really needs some clarification. Number one, this is not the province's shipyard to sell. So, the province is not selling a shipyard. This is a deal right now that we understand is being structured by two private entities within our province.

The environmental indemnity on the Marystown Shipyard goes back to the '60s when the shipyard was first built. That was owned by the province at the time. In 1997 when Friede Goldman took over the shipyard, then it was the province's liability and the indemnity got extended and eventually it takes us where we are today. There was over \$7.5 million spent on environmental cleanups by the province on that shipyard by many administrations, Mr. Speaker.

So, this is about a shipyard that is not under the ownership of this government that we're talking about.

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

**MR. SPEAKER:** The hon. the Member for Conception Bay South.

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

Mr. Speaker, on December 5, the minister confirmed in this House that he had received and was reviewing the consultant's environmental assessment report on the former shipyard. That was over three months ago. We still haven't seen the report and we're hearing the deal is done.

Minister, exactly what did the consultant's environmental assessment report on the former shipyard reveal?

**MR. SPEAKER:** The hon. the Premier.

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

The environmental assessment on this will be released. It was about \$241,000. The right thing to do was to prevent the Government of Newfoundland and Labrador exposure, like we've seen in the 2009 expropriation of Abitibi – we've learned a lesson from that, Mr. Speaker. So the ideal thing here was to actually establish what the liability – what the limits would be.

Mr. Speaker, the assessment that's been done by a group of GHD consultants shows that the environmental liability on that site right now is currently around \$1.5 million. The prudent thing to do is take the province off the hook for those liabilities as quickly as possible. There is \$7.5 million already spent on it; there's about \$1.5 million there.

Mr. Speaker, this is about creating jobs on the Burin Peninsula, supporting the aquaculture industry. This is what this government is all about.

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

**MR. SPEAKER:** The hon. the Member for Conception Bay South.

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

Mr. Speaker, in 2010 remediation of lead paint at this facility was costed at being over \$2 million, yet the Member for Placentia West - Bellevue and the Premier are now saying the current cleanup is about \$1.5 million.

Can you explain the discrepancy?

**MR. SPEAKER:** The hon. the Premier.

**PREMIER BALL:** Mr. Speaker, I already said there's been \$7.5 million that has been spent on environmental cleanups on this site now. In 2001-2002, that calendar year, there was about \$5 million spent. And in about 2009-2010 there was another \$2.5 million that was spent. That was on lead and asbestos abatement.

In 2002, it was on tank removals and so on, on that site. And now, for about \$400,000, this would remove the hazardous material on lead and asbestos abatement. Workers cannot go in that site until this lead and asbestos abatement has concluded. So no owner can go in there and operate that site without that \$400,000 being spent.

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

**MR. SPEAKER:** The hon. the Member for Conception Bay South.

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

Can the minister or the Premier confirm if this is the total environmental liability for the site? What is the total liability?

**MR. SPEAKER:** The hon. the Premier.

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

The analysis that's been done, as I said, Mr. Speaker, by GHD suggests – and this can be publicly released, this information should be publicly available – about \$1.5 million. This is on top of the \$7.5 million that was spent by the prior administration and then spent in 2002 by another administration.

So there's a considerable amount of work that's been done already. This would be about \$9

million in total, Mr. Speaker, when this work gets done.

Mr. Speaker, let's keep in mind, no one can go in there and work on this site until the environmental risk have been dealt with. There's about \$400,000 of lead and asbestos abatement that must be done as part of workplace health and safety. The rest would be in the soil removal that would have to be done as part of the liability.

**MR. SPEAKER:** Thank you.

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

**MR. SPEAKER:** The hon. the Member for Conception Bay South.

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

Mr. Speaker, can the Premier confirm if this remediation is required to be done immediately, prior to the sale and prior to the facility becoming operational?

**MR. SPEAKER:** The hon. the Premier.

**PREMIER BALL:** Mr. Speaker, the smart thing to do is to get rid of these liabilities as quickly as you can. We can work with the federal government on soil removal. The \$400,000 that would have to be spent on lead and asbestos abatement – these are lead paints and so on – that would have to be done before any workers can go in there. So this must be done anyway.

So right now, we would work with the federal government to actually support the removal of soil, get the site cleaned up, Mr. Speaker, put that shipyard and the workers on the Burin Peninsula back to work.

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

**PREMIER BALL:** The union supports this, Mr. Speaker. The aquaculture sector needs it. This is about creating jobs in Newfoundland and Labrador for people, especially those on the Burin Peninsula with the Marystown Shipyard.

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

**MR. SPEAKER:** The hon. the Member for Conception Bay South.

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

Mr. Speaker, this deal is between two private businesses. Other than taking on environmental liabilities, how else is government involved in this deal?

**MR. SPEAKER:** The hon. the Premier.

**PREMIER BALL:** We're not.

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

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

**MR. BRAZIL:** Mr. Speaker, one of the reasons cited for cancelling the ambulance service for Moores was unsafe and unwise scheduling of staff.

If scheduling is unsafe, why are we waiting until April 6 to end the contract?

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

**MR. HAGGIE:** Thank you very much, Mr. Speaker.

This issue that arose with Moores has been a long time in the making. I think it's a useful opportunity here just to reassure the people in the area served by Moores Ambulance that if they need an ambulance, they call 911 and one will arrive exactly the same way today as it did a month ago and exactly the same way as it will after April 6. There may simply be a different logo on the ambulance.

The money is there for the funding, the funding is secure and the service will continue to be delivered. With regard to the issues about scheduling, we have heard the concerns of the union and this was one of the reasons we elected to act and not wait.

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

**MR. SPEAKER:** The hon. the Member for Cape St. Francis.

**MR. K. PARSONS:** Thank you very much, Mr. Speaker.

Last week, the Minister of Fisheries said that they had tremendous success in dealing with the federal government.

I ask you again: Have you been able to get a commitment from the federal government that no surf clam will be removed from Grand Bank?

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

**MR. BYRNE:** Mr. Speaker, I think the objective should be to increase the amount of surf clams that comes into Grand Bank. What we've had is success in getting in place a \$100-million Atlantic Fisheries Fund.

There was a decision that was taken by the federal government on surf clams which, through prudent action on this side of the House, the federal government decided to withdraw the previous offer to those applicants to the surf clam. We've had decisions on sea cucumber which were reversed because there was some impact on the industry.

It is true, we do not always agree on fisheries issues with our federal counterparts, but what is abundantly clear and true is that we can speak with them and we can resolve our differences. We do not always agree, but we certainly can work together.

**MR. SPEAKER:** Thank you.

The hon. the Member for Cape St. Francis for a very quick question, please.

**MR. K. PARSONS:** So I ask you again: Do you have a commitment from the federal government that no surf clams will be removed from Grand Bank? Yes or no?

**MR. SPEAKER:** The hon. the Minister of Fisheries and Land Resources for a quick response, please.

**MR. BYRNE:** Mr. Speaker, the issue of surf clam reallocation and sharing of surf clams originated back when the PCs were in government.

The arrangement that we have been able to achieve is far superior than any arrangement they were able to achieve because they were able to achieve nothing.

So while we pay very –

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

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

**MR. BYRNE:** – close attention, we have written to the federal government, I've met the federal ministers responsible for this on several occasions.

What I can say is our position has been made more clear than their position, which they never even indicated they had a position until the dying days before the decision was reversed.

**MR. SPEAKER:** Thank you.

The Member's time has expired.

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

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

Today government, in forming the new Oil and Gas Corporation, has said Nalcor will continue to own existing oil production equity assets because the revenue streams from them were factored into Nalcor's long-term plans, but these assets are to be managed by the new corporation.

I ask the minister: If the equity revenue is being spent on Nalcor's long-term plans, where is the money coming from to run the new Oil and Gas Corporation and how much is it going to cost?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**AN HON. MEMBER:** Finally, a sensible question.

**MS. COADY:** Thank you, Mr. Speaker, and I think it's an important question.

As the Member opposite indicated, we are setting up a new oil and gas Crown corporation

to ensure that we're putting emphasis and development opportunities in growing our oil and gas opportunity in this province, and I think everyone in the province agrees that we have a great opportunity in offshore Newfoundland and Labrador.

The money from existing (inaudible) will remain within Nalcor, in a holding corporation, so that Nalcor could continue with its existing plans. Any new monies for its existing budget for the new Oil and Gas Corporation, of course, will come from government until such time as they have revenues coming from their new projects that they're undertaking.

Thank you.

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

**MR. SPEAKER:** Thank you.

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

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

That's a very interesting answer. Now, I'm asking the minister to tell us how much money government is going to have to put into it until it returns money to the people of the province.

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

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

Actually, this is getting to the heart of one of the reasons why we're separating out the Oil and Gas Corporation, so that you can have clarity and certainty and the people of the province understand what the revenue and the costs are of an oil and gas corporation.

As we all know in this House, there are monies being spent on seismic work so that we understand what our opportunity is offshore. There are about 30 people working with the Oil and Gas Corporation currently that will be transiting to the new Crown corporation.

So, all these expenses, Mr. Speaker, there is clarity and certainty around them and, as we

move into new projects, the new revenue from those projects will offset any cost of the new entity.

**MR. SPEAKER:** Thank you.

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

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

So all the costs are going to be now and, somewhere in the future, money is going to come in.

Will this minister be honest with the people and tell us right here and now: How much revenue are they projecting to come back to the people of this province somewhere down the road?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

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

I take exception to the word: honesty. I have been nothing if not honest and forthright about the cost of both Nalcor and the cost of the Oil and Gas Corporation. As I've said in this House, and this House, I understand, was fully supportive of *Advance 2030*, this is so we can focus on development of the oil and gas industry in this province, Mr. Speaker. I think it's in the best interest of everybody in this province.

As has been always, there has been an entity within Nalcor that was responsible for oil and gas, there have been investments made in offshore – equity investments and the new corporation will make an investment in the Equinor oil and gas investment. All that is clear and proven and pointed out to the people of this province.

**MR. SPEAKER:** Thank you.

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

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

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

So all the assets are staying with Nalcor, who used to spend money on Nalcor Oil and Gas. The assets are staying with Nalcor, so what exactly is Nalcor going to spend the people's money on, now that they're keeping those equity assets?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

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

One of the things likely would be rate mitigation, Mr. Speaker. We are keeping the equity investments that we have already made within the Oil and Gas Corporation for the ongoing operations of Nalcor and one of their commitments, which is on rate management.

We also know there is a \$200 million allocation within the budget that Nalcor needs to provide to ensure that we manage rates appropriately. We even know from the plan that the Opposition put forward this morning uses oil and gas revenues from the investments and equity offshore Newfoundland and Labrador.

So, Mr. Speaker, there's nothing mysterious here. This is the way the constructs of Muskrat Falls were developed from having it within Nalcor, and we're going to continue to have the revenues within Nalcor because of those obligations.

**MR. SPEAKER:** Thank you.

The Member's time has expired.

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

**MR. SPEAKER:** Oral Questions is over.

Thank you.

The time for Oral Questions is over.

Presenting Reports by Standing and Select Committees

Tabling of Documents.

#### **Tabling of Documents**

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

Subsection 18(9) of the *House of Assembly Accountability, Integrity and Administration Act* requires that: "In the second week of every session of the House of Assembly and as the need arises, the speaker shall inform the House of Assembly of the appointments made to the commission."

I am advising the House that the MHA for the District of Topsail - Paradise has been appointed to the Management Commission effective March 4, 2019.

Thank you.

Further tabling of documents?

Notices of Motion.

#### **Notices of Motion**

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

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

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

I move, seconded by the Member for Stephenville - Port au Port, the following private Member's resolution:

WHEREAS the United Nations has declared 2019 as International Year of Indigenous Languages; and

WHEREAS the Permanent Forum on Indigenous Issues has estimated that 40 per cent of languages spoken around the world are in danger of disappearing; and

WHEREAS there are more than 17 Indigenous languages across 12 language groups currently spoken in Canada and it is believed that 75 per cent of these languages are identified as endangered; and

WHEREAS Indigenous languages are a fundamental element of our culture and society and are essential in improving our Indigenous identity;

THEREFORE BE IT RESOLVED that the Government of Newfoundland and Labrador



officially recognize 2019 as the Year of Indigenous Languages.

**MR. SPEAKER:** Thank you.

Further notices of motion?

The hon. the Government House Leader.

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

Pursuant to Standing Order 63(3) the private Member's resolution just entered by the Member for Torngat Mountains shall be the one to be debated this Wednesday.

Further notices of motion; pursuant to Standing Order 11(1) I hereby give notice that the House do not adjourn at 5:30 p.m. on Tuesday, March 12.

**MR. SPEAKER:** Thank you.

Further notices of motion?

Answers to Questions for which Notice has been Given.

Petitions.

### Petitions

**MR. SPEAKER:** The hon. the Member for Conception Bay South.

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

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

WHEREAS many students within the province depend on school busing for transportation to and from school each day; and

WHEREAS there are many parents of school-aged children throughout our province who live inside the Newfoundland school district's 1.6 kilometre zone, therefore they're not qualified for busing; and

WHEREAS the policy cannot override the safety of our children;

WHEREUPON the undersigned, your petitioners, humbly pray and call upon the House of Assembly to urge government to eliminate the 1.6 kilometre policy for all elementary schools in the province and in junior and senior high schools where safety is a primary concern.

As in duty bound, your petitioners will ever pray.

Mr. Speaker, as usual, this is a petition that comes to the floor of this House quite often from our side – myself and my colleagues – and it's an issue that we keep the fight on for.

On this issue today, I'd like to highlight a specific situation in my own district. There's some media coverage on it today. It's a lady who has an autistic child who lives 1.5 kilometres from the school. There's a video that has been out on it. She was on *Open Line* or *VOCM* this morning talking about it. I've been aware of it since last week. Myself and the Education critic has been back and forth on this issue.

The bottom line is the policy needs to be revised. This policy – put whatever people did in the past, put that aside. Look at it here and now, today. This policy is outdated. It needs to be changed. Forget about what was and wasn't done in the past. We have to live in the present, Mr. Speaker. I keep saying that, and I'll say it again today.

You have an autistic child. This lady was really stressed about it, and rightfully so. It's a 25 minute walk. The roads have no sidewalks. You're down a main artery; the fifth busiest road in the province to get to school. It's not right. It's something not right. It's fundamentally wrong. And for people, whoever, whatever, to stand and defend this policy – there's no defending this. This is indefensible, Mr. Speaker.

Heaven forbid, if something were to ever happen to one of our children, it would be a different story. But we can only imply, we can lobby. Government has the power to make the change.

We're in Opposition, we have the ability to lobby government. It's exactly what we do on a day in, day out basis.

This policy is outdated. This lady has expressed a lot of concern, and rightfully so. What parent wouldn't? Outside of even that situation there, Mr. Speaker, all parents that are faced with this dilemma. There are other families with two children, one small, one pre-schooler, another one probably in grade 1. They have no vehicle. They're single parents. They are stressed with trying to get their child to school as well.

The measurement from the house, from the driveway to the entrance of school is wrong. I got a school, if you added on the distance into the school you'd eliminate a lot of the busing issues. Plus, these courtesy stops are not working in CBS, because every bus in CBS is at its maximum capacity because it's a growing area. We need more school buses.

This policy has to be revisited and redone for the safety of our children, not only today but into the future.

Thank you very much, Mr. Speaker.

**MR. SPEAKER:** Thank you.

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

**MR. SPEAKER:** The hon. the Minister of Education and Early Childhood Development for a response, please.

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

I'm going to try to refrain from going back and talking about what they didn't do and talk about the fact that we have made significant changes in policy.

Mr. Speaker, while I have every bit of empathy for individual cases, I cannot speak specifically of the case the Member opposite mentioned. However, I would like to tell you, Mr. Speaker, or inform you, that within the policy if there are children with special needs within the 1.6 kilometres, there is alternate busing available. I repeat that: Within the 1.6 kilometres, if there are students with special needs, alternate busing is made available.

So, Mr. Speaker, in these cases, we address them, we work with the principal, we work with school board, we work with the parent to ensure that these students get to school safely.

Thank you, Mr. Speaker.

**MR. SPEAKER:** Thank you.

Further petitions?

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

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

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

WHEREAS Newfoundland and Labrador has one of the lowest minimum wages in Canada and minimum wage workers earn poverty incomes; and

WHEREAS proposals to index the minimum wage to inflation will not address poverty if the wage is too low to start with, which it is; and

WHEREAS women and youth and service sector employees are particularly hurt by the low minimum wage; and

WHEREAS the minimum wage only rose 5 per cent between 2010 and 2016, while many food items rose more than 20 per cent; and

WHEREAS other Canadian jurisdictions are implementing or considering a \$15 minimum wage as a step towards a living wage;

WHEREUPON the undersigned, your petitioners, humbly pray and call upon the House of Assembly to urge government to legislate a gradual increase in the minimum wage to \$15 by 2021, with an annual adjustment thereafter to reflect provincial inflation.

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

So, Mr. Speaker, we've seen the raise; we will see a raise April 1 in our minimum wage to \$11.40. It will still be one of the lowest in the country. Minimum wages in Canada range right now from \$11.06 to \$15. Some provinces actually have reached \$15, but most of the provinces are higher than \$11.40.

Alberta's minimum wage is \$15, and look at their economy. They've really rebounded from a very tough few years. BC's is at \$13.85 with a plan to reach \$15 by 2021, which is what this petition is calling for, and Ontario's is \$14 an hour.

I'm not sure why this government believes that our people who are working in the service sector, our women and our youth, why they deserve poverty wages, why they deserve to work full-time and still live in poverty. If you're working full-time in the province, a minimum wage worker makes \$23,712. That's it, Mr. Speaker. And it's not much more than the low income cut-off of \$20,952 for St. John's.

In 2014, we tabled a motion in the House of Assembly to raise the minimum wage to make up for lost buying power between 2010 and 2014 when minimum wage remained at \$10. After this initial adjustment it could increase with inflation, but instead the government decided to only raise the rate every year with inflation and not make up the loss. So what we have, Mr. Speaker, is such a low, low original one, we will never catch up.

Thank you very much, Mr. Speaker.

**MR. SPEAKER:** Thank you.

Further petitions?

The hon. the Member for Mount Pearl - Southlands.

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

There have been numerous concerns raised by family members of seniors in long-term care throughout Newfoundland and Labrador, particularly those suffering from dementia, Alzheimer's disease and other cognitive debilitating conditions, whereby loved ones have experience injuries, have not been bathed

regularly, not received proper nutrition and/or have been left lying in their own waste for extended periods of time. We believe this is directly related to government's failure to ensure adequate staffing at those facilities.

THEREFORE we petition the hon. House of Assembly as follows: To urge the Government of Newfoundland and Labrador to instate legislation which includes the mandatory establishment of an adequate ratio of one staff to three residents in long-term care and other applicable regional health facilities housing persons with dementia, Alzheimer's disease and other cognitive debilitating conditions in order to ensure appropriate safety, protection from injuries, proper hygiene care and all other required care. This law would include the creation of a specific job position in this facilities for monitoring and intervention, as required, to ensure the safety of patients.

Mr. Speaker, I have presented this petition now on numerous times, will continue to do so on behalf of the Advocates for Senior Citizens' Rights in this province. Each time when I raise it, generally the Minister of Health and Community Services will stand up and he will talk about the fact that government has invested in new bricks and mortar. He will talk about the fact of how there are nutritious foods served at this facilities. He will congratulate the staff of all the health authorities and the nurses and doctors and say what a wonderful job you're doing and I support you. As if to infer somehow that the people who are writing this petition, and myself presenting this petition, don't believe that nurses and doctors and staff are not doing the best they can with what they have.

That's not what we're saying. This is not about bricks and mortar. This is not about whether nutritious food is prepared at these facilities. It's not about people not doing their job. It's about staffing ratios. It's about ensuring that there are enough people in these facilities at all times to ensure that seniors, particularly those suffering from Alzheimer's disease, dementia and so on, to ensure that they're being taken care of; to ensure that they're being fed; to ensure that they're not lying in their own waste for extended periods of time; to ensure that if they're on a ward, that there's someone there to watch them to make sure they don't hurt themselves or hurt

each other, because they can get confused and sometimes violent and so on.

That's what it's about, it's about staffing ratios and it's about ensuring that those staffing ratios are enshrined in legislation as opposed to regulation and policy, which can be changed at any given time by any given minister or the head of the health authority or a home. It's saying that these are minimum requirements. By law, you must have these staffing ratios at all time.

Thank you, Mr. Speaker.

**MR. SPEAKER:** Thank you.

Further petitions?

The hon. the Member for Mount Pearl North.

**MR. LESTER:** Mr. Speaker, safe and affordable housing is a human right. With a safe roof over their head, people are able to address other challenges; thus reducing financial burdens in health, justice and child welfare systems.

A rental subsidy of \$800 per month was enforced on September 8, 2008 to pay for modest apartments that housing was prepared to accept.

THEREFORE we petition the hon. House of Assembly as follows: We, the undersigned, call on the House of Assembly to urge the Government of Newfoundland and Labrador to make safe and affordable housing for those who are most in need a priority and increase the current rental subsidy from \$800 a month.

Mr. Speaker, basically, we're looking at a segment of our demographics of our society who are largely on fixed incomes. While every other segment of living has increased in cost due to natural inflation, this policy is not reflective of the inflation. We're looking at almost 10 years now without an increase and seniors, in particular, are most vulnerable. Everything else from our power bills to our grocery bills, all that has increased, yet they're still expected to maintain their rental subsidy and anything they would have to top up with it.

As I've said before in this House, many people had a little, tiny bit of a nest egg saved for a

rainy-day fund and that rainy-day fund is now gone under the past three or four years of increased taxes and fees; all those things are necessary for living, increased insurance costs, those things are part of daily living. Seniors and low-income people are now under stress.

While I stand to be corrected, as far as I know, the amount of subsidies given out is going to be less than what is budgeted for and there will be funds returning to general revenue. Why can't we give those seniors and low-income people a break and divide it out, with a little bit of an increase?

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

**MR. SPEAKER:** Thank you.

The hon. the Minister of Children, Seniors and Social Development for a response, please.

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

I just want to respond for a moment. I want to say to the people around the province that safe, stable and affordable housing, we believe, is fundamental to the social and economic well-being of the people of this province, Mr. Speaker.

There's a tremendous amount of work happening over in Newfoundland and Labrador Housing in that social entity, Mr. Speaker. Back in the springtime I, along with my provincial colleagues from across provinces and territories, endorsed a multilateral framework. We're just about ready to go, Mr. Speaker, on the bilateral. We've been two years negotiating that, want to get the best deal for the people of the province, Mr. Speaker, that includes things like rent supp, that includes things like provincial home repair, that includes things like the home heating expansion energy program, and all programs that seniors around this province are availing of.

What I will say to the hon. Member is we brought in a pilot project with portable rent supps, Mr. Speaker, that was in listening to the people and what they wanted. And, we will continue to roll out the programs that are best for the people that use these programs every day, Mr. Speaker.

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

**MR. SPEAKER:** Thank you.

Further petitions?

The hon. the Member for Conception Bay East - Bell Island.

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

The government now requires regional health authorities to strictly enforce a policy that requires all applicants being assessed to have a physical care need to qualify for admission to a personal care home. Seniors with issues such as anxiety, depression, fear of falling and loneliness are no longer eligible. Many seniors who would have qualified just months ago are now being denied access.

We, the undersigned, call upon the House of Assembly to urge the Government of Newfoundland and Labrador to revise the policy on personal care home access.

Mr. Speaker, we've gotten a number of petitions sent to us relevant to this particular issue and it's coming from seniors themselves, it's coming from organizations that represent seniors, it's coming from family members, but it's coming from community leaders also who see the value in not eliminating seniors making a choice. This choice is about where they would feel most comfortable, where they could be best cared for, where at the end of the day their anxieties would be eliminated, where the stresses on themselves, their family and their community would be lessened, where they could be provided 24-hour care but at a minimum cost in comparisons to the Home First program, which we all support.

For those seniors who have the ability from a health point of view, a mobility point of view, from a mental health point of view, and anxiety point of view to be able to stay in their homes and avail of the supports that government, or a regional health authority, or the department could support would be the ideal situation. But what we find, and we find in discussions, seniors don't flippantly make a decision that they want to leave the home they've been in for 75, 85, 90 years of life and raised their families and had all the great memories to leave to go into a personal

care home, in most cases with strangers, without analyzing what's in the best interest of them and their family from a safety, from a care point of view and from a physical and mental health point of view.

So, looking at the fact that seniors are not being able to be given a proper choice, and that's what this said. We've taken away senior's choice to access services that were in the best ability for them to be safe in their environment. As I noted, the Home First program is something that everybody supports but there also is a cost to it. It doesn't fit for everyone.

We take into account the wisdom of seniors and we see the value of them, but when we ask for something that they recommend, that would be enhancing health care and supports for themselves, we flippantly turn and say: no, policy doesn't allow for you unless you have a dramatic health issue. It's not about mental health in this. So we've made a decision here arbitrarily, that physical health is more important than mental health. I say, and the seniors who signed this and the families who support this are saying no, they're equal. You have to assess the impact it has on that particular individual and that family. So we can't put one above the other, but we do have a process here that should be open to all.

Mr. Speaker, I'll get to speak to this many times again, but we can't take away people's choice. We got to be able to offer this to the people here, Mr. Speaker.

Thank you.

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

**MR. SPEAKER:** Thank you.

Further petitions?

The hon. the Government House Leader.

**MR. A. PARSONS:** Yes, I call Orders of the Day, Mr. Speaker.

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

**Orders of the Day**

**MR. A. PARSONS:** Yes, Mr. Speaker.

I call from the Order Paper, Order 5, second reading of Bill 42.

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

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

I move, seconded by the Minister of Justice, that Bill 42, respecting the establishment of an Oil and Gas Corporation for the province, be now read a second time.

**MR. SPEAKER:** It is moved and seconded that Bill 42 entitled, An Act To Establish An Oil And Gas Corporation For The Province, be now read a second time.

Motion, second reading of a bill, “An Act To Establish An Oil And Gas Corporation For The Province.” (Bill 42)

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

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

I appreciate the opportunity to open the discussion on An Act to Establish an Oil and Gas Corporation for Newfoundland and Labrador.

This act will create a new Oil and Gas Corporation separate from Nalcor that will ensure the province maximizes the resource potential in our offshore. This act reflects the province’s commitment to our oil and gas industry and to *Advance 2030*, a plan of growth for Newfoundland and Labrador oil and gas industry.

The new Crown corporation would work directly with the Department of Natural Resources to accelerate growth and opportunities in our petroleum industry, returning significant value to the people and economy of Newfoundland and Labrador. The new corporation will drive exploration and will position this province as a globally-preferred location for oil and gas development.

Mr. Speaker, Newfoundland and Labrador has tremendous opportunities for growth in offshore oil and gas industry. In less than 7 per cent of our offshore, we have a combined resource potential of 49.2 billion barrels of oil and 193.8 trillion cubic feet of natural gas. This was analyzed by an independent firm and known to be true.

We have over 650 leads and prospects identified to date, eight new entrants in the past two years alone, and close to \$4 billion in recent exploration work commitments. This past November, the province received record bids for offshore exploration, totalling \$1.38 billion. And the record highest, single bid was worth \$621 million, which was from a new entrant, BHP Billiton. This act, and the establishment of a new Oil and Gas Corporation, will help our province build upon these successes.

Our government and oil and gas industry stakeholders are committed to positioning the province as an internationally-preferred location for oil and gas exploration and development. This past year, we released *Advance 2030 – A Plan for Growth in the Newfoundland and Labrador Oil and Gas Industry*. Work is progressing to implement the identified actions.

Mr. Speaker, I will say in the developing of the plan, *Advance 2030*, we engaged with over 150 stakeholders throughout Newfoundland and Labrador to determine how we can best grow the oil and gas industry. We know how important it is to Newfoundland and Labrador. How do we ensure we have the exploration undertaken? How do we ensure growth in our supply and service industry? How do we ensure our oil and gas industry evolves and grows into the future?

By 2030, Mr. Speaker, we envision over 100 new exploration wells drilled. And I can inform the people of the province, and indeed this House, there are many – there are, I think, five current applications before the Canada Environmental Assessment Agency to look at doing exploration offshore Newfoundland and Labrador.

We envision multiple basins, producing over 650,000 barrels of oil equivalent per day. Mr. Speaker, for the benefit of the people of the province, right now our four projects are in one

basin, the Jeanne d'Arc Basin. We've already announced there will be hopefully another – there'd be more work being done, another project in another basin called the Flemish Pass, Bay du Nord. We know that Equinor is looking at doing a project there in the Bay du Nord region; we announced that last year. So, multiple basins producing 650,000 barrels of oil equivalent per day.

Shorten time frames from prospectivity to production. Globally, we're seeing the opportunity from prospectivity, from understanding what the opportunity is offshore, to production is now being very much shortened. We're seeing that in Guyana, we're seeing that in Norway, we're seeing that in the UK. We, too, are working to shorten the time from prospectivity to production. I mean consider it was about 20 years for Hibernia to come on stream. We're really working to shorten that. We're seeing a shortened timeline now with regard to Equinor in the development of the Bay du Nord Project, but we need to get that even shorter, and that's to the benefit of the people of the province.

We're looking for direct employment of more than 7,500 people in the province in operations, and these are really well paying, very important jobs. We're looking to grow that industry, and of course that's direct jobs. I'm not talking about all the indirect jobs that the opportunity lies, and a robust innovative, global supply and service sector. We have a really good supply and service sector in the province, and now we're looking at growing that. We're also looking at things like outside of Newfoundland and Labrador and outside of Canada, even, with our most recent signing of a memorandum of understanding with Guyana, and of course we're hopeful for a commercial gas production.

Increased exploration, development and production will create new opportunities for growth in our economy, and this legislation really does focus our efforts on the oil and gas industry. It focuses what we're doing in terms of the development of the exploration, and it focuses really the intention of growing that industry.

Mr. Speaker, right now, the West White Rose Project is currently under construction,

providing substantial benefits to the province, and in particular in the Placentia - St. Mary's area and Argentia. It's incredible the amount of activity that's taking place there.

At the end of 2018, there were over 2,400 people working on the West White Rose Project in the province. Now that first oil is expected in 2022, and it provides an estimate of \$3 billion in royalties, equities and taxes over the life of the field.

I mentioned earlier about Equinor and the Flemish Pass development. A framework agreement with Equinor and its partner, Husky Energy, on the Bay du Nord Project will open up a new basin, the Flemish Pass, marking the first development in deepwater. And with first oil expected in 2025, this project will create an estimated 11,000 person-years of employment over the project's life span, generating \$3.5 billion in government revenues. That's a combination of royalty, of taxation and, of course, equity and \$14 billion in economic activity.

Newfoundland and Labrador's oil and gas industry is well positioned for long-term growth. If you consider our industry produces oil that is 30 per cent below the global average of greenhouse gas emissions at extraction. I'm going to say that again, Mr. Speaker, because a lot of people in the province don't realize that and it is pretty remarkable.

The oil that's produced offshore Newfoundland and Labrador, on average, has about 30 per cent below global average of greenhouse gas emissions. So, we have very low carbon per barrel offshore Newfoundland and Labrador. It has lower emission intensity than the world average and a barrel produced in our province emits, on average, 12 kilograms of CO<sub>2</sub> equivalent, compared to the world average of 18 kilograms per barrel.

The legislation before the House of Assembly today is to establish an oil and gas corporation with a mandate to support implementation of *Advance 2030: The Way Forward on Oil and Gas*. Reporting to the Minister of Natural Resources, the directly held Crown corporation will be responsible for managing the province's investments in offshore exploration, including

seismic and related geoscience activities, which are critical, Mr. Speaker, for our development offshore.

In support of local supply chain development, a priority area identified in *Advance 2030*, the corporation will also work with stakeholders on specific initiatives to enhance supply and services capabilities and pursue new business opportunities.

Mr. Speaker, this is an enhanced mandate, we feel it's very important and our discussions around *Advance 2030* certainly led us to ensuring that we enhance the opportunity for the supply and service industry.

Bull Arm Fabrication will become a subsidiary of the new corporation and will be responsible for identifying and leveraging new opportunities for the Bull Arm site. I hear my hon. colleague from the area giving support for the Bull Arm Fabrication site. It is indeed the largest fabrication site in Atlantic Canada, certainly a benefit to the people of the Province of Newfoundland and Labrador and we are working very hard, through the RFP process now, to look for new opportunities for that site. A key objective, of course, is to create an operating environment for that site that focuses on long-term employment and new supply service business opportunities in the area.

Nalcor Energy Oil and Gas Inc. will remain a subsidiary of Nalcor Energy, with equity interest in existing offshore projects, including Hebron at 4.9 per cent, the Hibernia southern extension at 10 per cent and West White Rose expansion at 5 per cent. This will become a holding corporation.

Existing staff of Nalcor Energy Oil and Gas Inc. will transition to the new corporation and will manage the province's existing equity interest under contract. Future investments in offshore projects, such as the 10 per cent interest in the Bay du Nord oil project announced in July 2018, will be held and managed by the new corporation.

A shared-services model – and I think this is important, Mr. Speaker; it will be the first time, I understand, that there will be a shared-services model, meaning government will provide

service to an entity – will also be implemented in support of *The Way Forward* commitment to be a more efficient public service.

I will now provide an overview of the bill, outlining the mandate, the corporate governance and the structure of the corporation. It gets a little dry, Mr. Speaker, but it is indeed an important aspect of the bill that we're debating. It is a rather robust bill, and I want to kind of go through it clause by clause so that people have a clear understanding of what we're trying to achieve here.

Section 1 of the bill refers to the naming of the *Oil and Gas Corporation Act*. It just refers to the naming and it's generic, not a trade name – meaning it's a generic name that'll be in the legislation and that any trade name that we may have, that may be used coming out of our deliberations, will be applicable but the act will remain, for the *Oil and Gas Corporation Act*, generic. Section 2 provides for the definitions of the act. These are common definitions found in other legislation.

Section 3 points out that the name of the corporation shall be determined by the Lieutenant-Governor in Council but, for the purposes of the act, the corporation may be referred to as the Oil and Gas Corporation of Newfoundland and Labrador. This section also specifies that the shares of the corporation will be held by the Crown, but that the corporation is not an agent of the Crown. In other words, it will operate at arm's-length from government with an independent board of directors.

As such, section 4 states that the Crown is not liable for the actions of the corporation except when a directive is issued. Sections 5 and 6 speak to the fact that the *Corporations Act* applies and outlines the legal capacity of the corporation.

Section 7 refers to the objects of the corporation. While broad in nature, the objects provide the flexibility to pursue opportunities identified in *Advance 2030* and required to grow the oil and gas industry for the benefit of the people of Newfoundland and Labrador. Section 8 stipulates the parameters whereby the Lieutenant-Governor in Council may issue a



directive. As shareholder of the corporation, this is a common shareholder power.

The general powers of the corporation are outlined in detail in section 9 as it relates to the business of the corporation, including commercial contracts and agreements with project partners in offshore projects, seismic companies and suppliers of specialized services. Other examples include any investments in Bull Arm Fabrication to maintain the site and related operations.

Sections 10 through 17 outline the provision for corporate governance and operations to the board of directors, the term of office, provisions for the chairperson and CEO, voting rights, bylaws and other provisions. This includes a provision for a minimum number of independent directors, in line with corporate governance best practice. The legislation stipulates the corporation must have seven to 11 directors, with three- to five-independent directors, depending on the total number of directors. The CEO may be appointed to the board as a non-voting member – I think that's important, Mr. Speaker. There's also a provision for the Lieutenant-Governor in Council to appoint a representative of government to the board as a non-voting member.

Mr. Speaker, I will say that I think it's very important to reiterate that the board of directors will be chosen through an independent appointments process, and we welcome application for that board from all over the province, and look forward to moving toward having that board established.

The new corporation reporting to the directly to the Minister of Natural Resources, both the new corporation – I'll call it Oil Co. – and the Bull Arm Fabrication Inc. will require separate boards of directors.

Section 18 provides the board with the authority to appoint staff, but specifically requires that the policies and guidelines established by Treasury Board apply to the terms of service and remuneration of employees in the new corporation. Section 19 refers to the duties of directors and officers, and section 20 provides details specific to board meetings.

Section 21 includes provisions specific to subsidiaries of the corporation, including the number of board members and independent directors. The legislation again stipulates subsidiaries must have five to seven directors with two to three independent directors, depending on the total number of directors.

It is our expectation that the CEO of the new corporation will also be the CEO of the Bull Arm Fabrication. This will reduce costs and assure stronger alignment with the mandate of the corporation. In legislation, the objects of the Bull Arm Fabrication will be the same as the new corporation, but Bull Arm Fabrication will have a more focused mandate inline with the current business activities.

Section 21 also stipulates that Lieutenant-Governor in Council approval is needed for any share transactions involving a subsidiary. So any share transactions will require approval by the Lieutenant-Governor in Council. That means the government would have to approve any share transactions at all.

Section 22 permits the corporation to enter into agreements that relate to its objects with other state owned oil and gas companies, such as Equinor which is 67 per cent state owned. So it permits the corporation to enter into those agreements because, as we know, Equinor is partially state owned.

Section 23 speaks to the provisions for records of commercially sensitive information. Additional rights to protect commercial information are required given the commercial nature of the contracts the corporation requires to conduct its business. Oil and gas companies would not enter into agreements with a Crown corporation if there is a possibility that their commercial information was going to be disclosed.

If you recall, Mr. Speaker – and I'm sure you do – Chief Justice Wells even made that comment when he brought into effect the ATIPPA legislation. This section outlines the procedures to be followed as it relates to the *Access to Information and Protection of Privacy Act*, the *Auditor General Act*, and the *Citizens' Representative Act*.

The corporation will be subject to reporting by the Auditor General as identified in section 24.

Section 25 identifies the financial year of the corporation as a calendar year, which is consistent with the private companies the corporation has commercial agreements with and who also report financials on that basis.

Sections 26 through 31, outline the reporting requirement of the corporation including an annual budget, annual reports, financial statements and audit provisions. We want to make sure that there is transparency and accountability for this corporation.

Provisions for borrowing, loan guarantees, repayment and related provisions are in sections 32 to 40. Prior approval of the Lieutenant-Governor in Council would be required for any borrowing. In other words, government will have a view as to when the corporation can borrow for any investments.

Section 41 includes provisions specific to establishing a fund for the receipt of revenues in conducting its business. Financial provisions that apply are outlined in section 42.

Section 43 speaks to the requirement to pay dividends as determined by the Lieutenant-Governor in Council. And for the sake of those listening, the Lieutenant-Governor in Council really refers to government. The application of relevant acts, such as the *Labour Relations Act*, is referenced in section 44.

Exemptions to the *Public Procurement Act* in section 45 are limited to energy and energy products, where the corporation or a subsidiary is acting in strategic partnership, joint venture or equity; investment with other public bodies or private sector entities or for the purpose of meeting the requirements of a benefit arrangement.

So broader oil activities like training will not be subject to public procurement. That is normal in these types of circumstances, Mr. Speaker. Benefits arrangements are not in the *Public Procurement Act*, so we would have to have that exemption. We need to acknowledge that. This provision was also in the *Energy Corporation Act*.

Section 46 through section 48 relate to actions, liabilities and offences. Any required consequential amendments are outlined in sections 49 through section 52, which are required to ensure they apply to the corporation. This includes schedule A of the *Access to Information and Protection of Privacy Act*, 2015, the schedule to the *Independent Appointments Commission Act*, *Public Bodies Reporting Act*, *Public Procurement Act* and the *Public Sector Compensation Transparency Act*.

The Oil and Gas Corporation Act comes into force on the day of proclamation by the Lieutenant-Governor in Council as per section 54. Overall, this corporation will play a lead role in supporting specific priorities identified in *Advance 2030*; most specifically, driving exploration and, of course, enhancing the local supply chain. Both are critical to accelerating growth in our offshore oil and gas industry for the benefit of the people of the province.

This means continuing to invest in seismic and geoscience research to attract global investment in exploration drilling offshore Newfoundland and Labrador. It also means working with stakeholders to pursue opportunities to enhance our supply and service capabilities, which creates jobs and business opportunities in our economy.

These are exciting times in the oil and gas industry, Mr. Speaker, because of the opportunity offshore Newfoundland and Labrador. Our government, as committed in *Advance 2030*, will leave no stone unturned, no action not taken, no effort undone to achieve the success of the industry.

Mr. Speaker, I'd like to, as I conclude, just tell the people of the province some of the things we have been very successful in doing over the last number of years under the Liberal government. I mentioned some of them in my speaking notes but I would like to talk a little bit about a lot of the exploration activity that's been happening.

We've had, as I said in my notes, a 2018 record call for bids with a new entrant. This is helping to drive exploration offshore Newfoundland and Labrador. As I said earlier, 650 leads and prospects. Imagine, Mr. Speaker, when we drill and make discoveries and can grow our

offshore; \$3.9 billion, almost \$4 billion, has been committed for exploration; \$4 billion will be spent over the next little while, really looking at what discoveries can be made offshore Newfoundland and Labrador. There are five operators currently in environmental assessment with the Canadian Environmental Assessment Agency to conduct exploration drilling.

We have *Advance 2030*; and I said earlier, we had 150 stakeholders from all around the province and all around the industry from – I’m going to call it from labour, from education, from supply and service industries, from people who are doing the exploration, from people who are involved in production, all came together to help ensure that we have a solid opportunity in our oil and gas industry.

I mentioned Bay du Nord and I mentioned things that are happening at West White Rose. There is a lot of opportunity just in those two projects as we move to production. West White Rose and the Placentia - St. Mary’s area is really – the work that’s being carried out is incredible. I only wish that everybody could see some of the absolute incredible work that the people, that the workforce is doing.

As you know, Mr. Speaker, we have about 2,400 people currently involved onsite and they’re doing some incredible work, world-class work to develop that project. We also know that comes on stream, I think, in 2022. We know right behind that will be the Bay du Nord production in 2025, but sanctioning will be in 2020.

I mentioned the Independent Resource Assessment. This year, we identified 11.7 billion barrels of oil and sixty trillion cubic feet of gas potential in one area of offshore. I mentioned previously about another – you know, combined resource in another area of 49.2 billion barrels, and that was in less than 7 per cent of our offshore – less than 7 per cent of our offshore. Through independent assessment, it looks like there is about 49 billion barrels. I remind the people of the province that we’ve only extracted 1.8 billion barrels to date.

Imagine, Mr. Speaker, the opportunity in our oil and gas industry when that oil is actually discovered. We know through seismic that it looks like it’s there. We’ve had an independent

assessment of that and now people are starting to drill to see if that’s available.

We know that new 3D seismic data, coupled with seabed cores collected by Nalcor and its partners in the Orphan Basin, has provided scientific evidence of active petroleum systems in these bed areas, and there will be multiple drilling activities over the next number of years. We look forward to the results of those and look forward to continuing to grow our oil and gas sector. We believe there is great opportunity there.

As I said, it is lower carbon per barrel than other jurisdiction around the world. We think there’s great benefit to the people of the province, a great opportunity for same and the development of this Oil and Gas Corporation really does lead us to ensuring that we have the tools in place to greatly maximize the benefits to the people of the province.

Thank you and I look forward to my colleagues in the House debating this important legislation, to asking the questions they need to ask to ensure that we are moving forward in the right direction and doing all that we can to maximize the opportunity for Newfoundland and Labrador

Thank you very much, Mr. Speaker.

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

**MR. SPEAKER (Warr):** The hon. the Opposition House Leader.

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

I’m glad to rise today to speak to this bill, Bill 42. The minister has taken some time to go through it and give some indication of the general intent of the bill in regard to the changes to Nalcor, taking the oil and gas sector, which now sits within Nalcor – my understanding is, physically, it’s not there, under their main office, but does still report to and into the parent company of Nalcor as a separate entity. Now, what we’re proposing here, is breaking it down and taking it out.

I guess one of the things with that and some of the discussions I’ve had is the question of why – what is the benefit in doing it? We had a briefing

a little while ago – and I'll go through some of those points and what we learned in that. As we know, and the minister has alluded to, we look at 6 or 7 per cent of our offshore from an oil perspective and what we're looking at developing and where we are with it from exploration, and the reserves are vast indeed.

Within Nalcor right now you have the Oil and Gas division which certainly oversees that, is run by the VP, has its own legislation which exists now that it currently functions under, and all of that exists today. So, the question becomes, as we go through this, why Bill 42 and why is there a necessity for a requirement to change the current structure.

When we went through the briefing, the general consensus was to help realize our potential in offshore oil and gas development and to support *Advance 2030*, which is the current government of the day initiative, I guess, directed to the offshore and oil and gas development, and look at increasing the amount of activity in our offshore from an exploration point of view and from a production point of view, which everybody agrees, certainly, that's quite needed.

In 2007, we had released an energy plan which looked at, from a very extensive point of view, the whole facets and assets that are related to our energy in this province and how it will be handled. Oil and gas was certainly one of those and, out of that, grew the creation of Nalcor to have our non-renewable resources and our renewable resources connected in that entity, while yet separated through different corporate identities, would flow up to the main frame of Nalcor and, within that, hold the assets, hold the revenues, hold the investment collectively for those renewable and non-renewable resources. And, from that, we would draw down the wealth that would be generated from it.

What we're asked today in Bill 42 is to look at, and I guess the reasons given by the Department of Natural Resources, as I said, to supposedly realize our potential in offshore oil and gas development, support the government's initiative of *Advance 2030* and, in doing that, it would be directly tied to the Department of Natural Resources to accelerate the growth and opportunity of our petroleum industry returning

significant value to the people and economy of Newfoundland and Labrador.

Currently, as it's set up, with that Oil and Gas division under Nalcor with the team of, we assume – I know some experience I had – pretty professional people, well educated, appropriate across the board of certain professional and human resources that are required, and they've been functioning there. There's a VP that certainly operates there. I assume, as we go through, the minister will give us some overview in terms of – because they're talking about efficiency and doing it better so the first time when you hear about doing it better, I guess you have to ask is it being done the best it can be done now under the current arrangement. Because if you're changing it, there would be some indication that maybe we're not meeting our true potential or meeting the directions that were laid out to achieve our oil and gas success that we want to achieve.

It will be interesting to hear, as we go through debate, from the minister about what's not being achieved and how making this change is going to ensure that we can meet possibly new milestones or directions that are being laid out now by the current administration and how this is going to meet those objectives.

The second component, any time you're increasing a structure or introducing more individuals in terms of the regulatory framework there's always the question of cost. What's this going to cost? Where is that cost coming from?

In the briefing, and I think the minister alluded going through some of the legislation, talked about having to implement a board of directors, a CEO, and the set-up would require the installations of those positions as well, which obviously in some degree has some cost. As well you look at branding, it's a new Oil and Gas Corporation and what that involves as well.

We would be interested to hear, as we go through, what that cost will be and how new objectives or the objectives of *Advance 2030* have a greater opportunity to be met, that supposedly is not being met today, and this corporation somehow would allow that to happen. So we'll be interested to hear discussion on that and how that will evolve.

The other point currently in terms of Nalcor and the corporate entities that now exist under that, this entity, the Oil and Gas Corporation, which we're doing under Bill 42, will now work directly with the Department of Natural Resources. There will be a direct line to the department. It's not going to be a line department is my understanding that we traditionally see in government or the public service, but there will be a direct line. There was reference made to a Crown corporation or an agent of the Crown. We'll have discussion as we go through in regard to that and how that's going to improve deficiencies that may possibly exist by creating this Oil and Gas Corporation to this piece of legislation.

Again, there's going to be a direct line to the Department of Natural Resources, yet we're still going to retain a CEO or there will be a requirement for the hiring of a CEO. There will be a board of directors that will operate and the support to go with the board of directors and what's needed. There will be reporting requirement. All of that enhances the activity and new activity, once you take this venue out of the current structure and set it up under this new legislation we're talking about today.

We talked about direct oversight as the Crown corporation reports to the Minister of Natural Resources. Other reasoning given was alignment with government policy, including Treasury Board policy and guidelines. That was talked to us in the briefing we had talked about.

So then it becomes the question of expenditures, and I know the legislation gets in and talks about the approval mechanisms for borrowing, for operations, the reporting requirements. All of those are laid out in the legislation, and we'll get into that a little later.

When you're referencing Treasury Board policies and guidelines, is there a requirement – as we go through – for Treasury Board approval and what that Treasury Board approval is going to be in regard to those policies and guidelines. We'll have to discuss that and have some questions when we get into Committee.

We were also told that reduced cost with the Government of Newfoundland and Labrador is a service provider and it supports *The Way*

*Forward* commitment to a more efficient public sector. Some of the things I've talked about already in terms of a more efficient public sector – I guess we'll have to see on that one when we look at the extra cost that's going to be involved with the structure that's set up here and how that's going to be more efficient, and how exactly it will work from what it does today and how greater efficiency or greater return will be received under this proposed set up.

Another one, it said it enables Nalcor to focus on its core business. That would leave one to believe that right now Nalcor is not able to focus on its core business, but the core business of Nalcor to be set up was the focus on renewable and non-renewable. It would be regulated and unregulated activity.

So to say to focus on its core business, we'll certainly have questions on what is perceived by the government is their core business and what is it they can't do today that setting up this new corporation is going to allow them to do to make sure Nalcor Energy can focus on its core business. Because there seems to be a deficiency somewhere that they're not able to do that. There are problems and issues, and this entity is going to help correct it. So we'll be looking in Committee to see exactly – an explanation on that.

As well, when we were briefed on this by the officials in the Department of Natural Resources, and as well from Finance, to identify and leverage opportunities for growth in Newfoundland and Labrador's offshore oil and gas industries for exploration, equity, collaboration, promotion and development, all key elements that we've seen to date, certainly in the oil and gas sector in this province – well, the oil sector – and what we've seen in terms of development through exploration and promotion of exploration to things like seismic work.

That was started a number of years ago under Nalcor, putting – I think initially it was \$25 million, then \$50 million in to drive that data, that seismic work, which allows when we go to land sales and prior to that for the offshore, that those large players, or all players in the industry that want to invest can see first-hand what the opportunities are and why would they want to come here off our shore and invest and drive

economic opportunities here. So that's important from the exploration point of view, that that work continues.

As I say, that work is going on today. Even the minister speaks to the prospectivity and what we've been able to achieve from that. Over the last couple of years we've had significant land sales. One in particular, almost a billion dollars, if I believe correctly. That's a couple of billion dollars now that's built up from land sales that the exploration needs to be carried out over the next number of years.

I would assume that has worked, in terms of the current set-up for the Oil and Gas division within Nalcor. Some great work, and it has been recognized by all sides of the House that entity that's set up within Nalcor has done well and has really driven exploration.

Now, we do have some challenges with some of the legislative changes in Bill C-69 that's being talked about in Ottawa and what that could do to our exploration. So it's great to be talking about it here and the success we have to date, but we really have to ensure that some of the changes – and I think Bill C-69 is in the Senate now and it's been – there's a Senate Committee that's hearing representation on it. I think the minister and the Premier has appeared before that Committee.

If we're going to drive this and look at the return in our oil and gas sector, we need to make sure – we don't need more regulation. We need regulations that provide the appropriate risk mitigation, provide the atmosphere, provide the policy and regulatory framework that to the very best we can protect that environment and protect the industry and protect those that are involved in it.

We also made sure that it doesn't get to such an extreme that it discourages investment. We're competing in this environment and this industry around the world. It comes down to, where is that investment dollar going to be? And what we're hearing from industry, those involved in the oil and gas sector, the companies, the supply companies and all these organization groups, they're concerned.

They're concerned about Bill C-69 and some of the changes which could realistically take away environmental assessment work that needs to be done for approving things like exploration licences; traditionally done with the C-NLOPB here in Newfoundland and Labrador which traces back to the Atlantic Accord, and a fundamental principle of that Accord is that it would be shared jurisdiction. And shared jurisdiction – we went to the Supreme Court. People know many years ago the federal government took us to court. We wanted sole ownership of our offshore resources. It went to Supreme Court: no, couldn't have that. We didn't bring that into – apparently, bring it into Confederation in 1949.

What did happen is through the Atlantic Accord it was agreed to, at the time, that we could have shared jurisdiction as if those resources were on land, and out of that grew the Atlantic Accord. Some of the fundamental principles in that Accord relate to the C-NLOPB and what we're talking about here today in regard to Bill 42, and making sure the regulatory framework is conducive to further development and exploration of all those resources we have offshore.

That's where any legislative change with Bill C-69 – we need to be very careful and advocate very loudly that that authority be left to the C-NLOPB in regard to a regional assessment agency and not get wound into a big centralized service of the Canadian Environmental Assessment Agency where the local control is lost from our region and from the good work that's done here, and has been done with the offshore petroleum board. So important, and that needs to be recognized because that goes fundamental to the exploration content of what we're referencing here today. That was one of the important points we talked about when we got the briefing done in regard to maximizing what we're doing.

Equity was another thing that was talked about in Bill 42. When I go through the bill, or reference the bill later, we'll look at how that actual equity exists today. In the current structure that's set up, the equity will remain within that and all the investments to date will be in sort of a holding company or shell company, and a second – the newer corporate

entity will be set up and that will hold all future equity investments or collaborations for any new entities that are set up in the oil and gas.

We talked about collaboration, working with all those in the industry to be successful. Certainly, promotion and development is such a key as well, and that's part of this bill as well I'm sure; this new corporation to allow us to maximize our opportunity through promotion and development of what we have here off our coast and how we're competitive and how we're open for investment, and this is the place that those with the capital who want to invest to drive our oil and, hopefully, gas sector in the near future.

So fundamental principles of the mandate of this new corporation act, we're told, is to maximize value through investment, equity and assets that maximize returns from our offshore oil and gas resources. That's going on today, I understand, under Nalcor. If it's different, I guess we'll hear about it later in debate.

Driving resource development, opportunities through leadership, geoscience research, data acquisition and promotion of exploration opportunities – all of that leads to production and that leads to royalties and returns either through the royalties, taxation and, certainly, we take a return on our equity we have in these particular projects.

We're also told: encouraging industry development through collaboration, strategic initiatives to identify and enhance supply and service business opportunities. That's key to our supply chain in the oil and gas sector, and this bill apparently will help facilitate that.

We have heard from industry and from those companies that support this industry that they have seen over the last little while somewhat of a fall-off in regard to their ability to get the majority or get a higher level of spinoff from the oil and gas industry that has happened in prior years – especially when we've seen a downturn in regard to some of the activity in this sector.

Some of the larger companies do seem to bring others in from around the world and, oftentimes, it could be of negative consequence to employees and companies who provide those services here in this province. It's something as

well we need to be very vigilant of and it gets back again to the Atlantic Accord and being the principal beneficiary of that Accord. It's important that we have those service companies that do get access to the work and do it well. We also have global contractors that often come in and, if we're not careful, they get a bit too much of the work that's not supplied here by local contractors.

The final one in terms of the mandate: will support government policy and proprieties in the oil and gas through this, and it also talked about implementation of *Advanced 2030* in support of business investment, industry growth and economic development. All things that we believe are happening today, yet we're going to take this division out and set up a different corporation which, from all we've seen, would involve extra expense and we haven't seen yet what the return on that would be, but maybe through Committee, in discussions, we will see that.

Currently, the legislation, the Oil and Gas corporation of Newfoundland and Labrador, the corporation is to invest in and engage in and carry out activities in the province and elsewhere, looking at things like exploration for the development, production, refining, marketing and transportation of hydrocarbons and products from hydrocarbons and certainly important research and development.

Now, we would assume all of this is going on today and is being carried out. If there are new ways that this is going to be enhanced through the setting up of this entity, I guess we'll hear when we go through debate. There has been some great work done, continues to be done and we have significant reserves out there. A lot of the work has been done in terms of land sales, as I said, have proved very positive.

In those last couple of land sales, we've had some very big oil and gas companies from around the world, new entrants, which gives an indication when things have slowed a bit that those new entrants are coming here and see what the possibilities are for development and they're willing to invest here. So that's important. That's gone on even with the current structure and, from all we can tell, has performed well.

The corporation as well may engage in those other activities that the Lieutenant-Governor in Council may approve. I guess that's related to maybe gas or other entities but something we can talk about when we get to Committee.

The legislation itself, as I said earlier, is not an agent of the Crown. It will follow Newfoundland and Labrador Treasury Board policies and guidelines. The *Corporations Act* will apply. The Bull Arm Fabrication site, which exists now under its own corporate entity under Nalcor, I understand, will be a subsidiary of this new corporation. Again, it calls into question what's the set-up, what's the cost to do that and what's the return on that investment to do this and to make that change.

The legislation also strives to ensure protection of commercially sensitive information; that's outlined in the legislation. As well, the Government of Newfoundland as shareholder will direct a dividend policy through the Lieutenant-Governor in Council in regard to what's drawn down in this entity at any particular time.

Now, there are some reporting requirements that are a little bit different. I do believe the fiscal statements are on a calendar year, but there is some interesting reference to the fact of making projections available to the Minister of Finance early in the fall. I think it's September, as opposed to current Nalcor not being required to do that. So those are some of the items that are a little different in regard to this particular *Corporations Act* and what the requirements are under Nalcor and what the requirements will be under this division of the Oil and Gas Corporation.

I mentioned before about the current structure the way it exists. There are boards of directors and all those types of things. Under this proposal that we're debating here, the Oil and Gas Corporation will have a new board of directors which need to be established, which will be paid per diems or resources or whatever's needed for them. A seven- to 11-member board will be appointed through the Independent Appointments Commission, with independent directors up to a five-year term, so this is all new.

As well, there would be, for the subsidiary, a five- to seven-member board with independent directors up to a five-year term; that would be new. CEO and directors of both may be the same but independent directors must be different. Government may appoint a representative to the board which is non-voting. So I guess that's where it's tied back to the minister in terms of reporting structure that would provide possibly some feedback to the department.

But that brings the question, if this entity now is going to be different than the current Nalcor structure, which would report to a board, and the board would oversee the CEO and the executive, this entity we're talking about here is going to have to implement a new board of directors and have a CEO, but the direct line is going to be to the Department of Natural Resources and the minister, which kind of conflicts with the current set-up of Nalcor and how that particularly works. I guess we'll see, as well, what the advantages will be of that and how that operation will make it more efficient, more collaborative and hit those milestones and agendas that we heard about in the briefing.

I mentioned earlier with regard to the corporate structure, Nalcor Energy Oil and Gas Inc., the existing investments that are done to date in our various offshore installations and operations; 4.9 per cent in Hebron, 10 per cent in Hibernia South extension and 5 per cent in West White Rose extension will remain with Nalcor Oil and Gas. That's when I mentioned earlier – the minister mentioned as well, I do believe – they will operate and manage existing equity assets of Nalcor Energy Oil and Gas Inc.

So everything to date will stay there. I assume, at the end of the day, the wealth that will be generated from these investments would be held here and then – I guess we'll find out in Committee – flow overall to Nalcor, and then at some point there'll be a decision made of what dividends will be paid out from that and paid back to the provincial Treasury.

Second to that, which we're talking about here, the Oil and Gas Corporation which will be new, and that's the one that's set up when I talked about the CEO, the board of directors, brand new entity, which reports to the Minister of



Natural Resources. The Bull Arm Fabrication, which now exists today, will become a subsidiary of this new entity, the Oil and Gas Corporation. The Oil and Gas Inc. employees and responsibility for seismic exploration activities will transition to the new corporation. So we don't know if there's new hiring, but current staff that now exist will be transferred into, we were told, this new Oil and Gas Corporation with those in the particular fields, in the area of seismic exploration activities, those types of things. Certainly it is very important to driving the industry and making it a success.

The new corporation as well will hold and manage future acquisitions. We're heard before Bay du Nord and any projects that are moving towards sanction, any investment done in those, I assume, would come into this new corporate entity and would be held there and the oversight there for them and the returns as well. As I said, the Bull Arm Fabrication will become a subsidiary of this new corporation we're debating.

We're advised some of the things that had to occur as we move forward with this particular bill were: name of the corporation; CEO and interim board to be announced at a later date – there was no date given for that – implementation of a shared-services model. Shared-services model is an interesting one because when you're setting up a new entity – I'm not really sure on the shared-services model that should already exist within Nalcor itself I guess in the various corporate entities. So maybe we should do that already before building or putting in place a new corporation.

Transition of employees to the new corporation – that will be the numbers that have to be decided on all those expertise and the functions of this new corporate entity, what will need to be transferred over to this new corporation. As well, mentioned about appointments made. The CEO needs to be appointed and any other appointments to the new board being set up – the two particular boards because I think there's a Bull Arm Fabrication board and there's also a board for the new corporation. So all of that will need to be done and I guess it's being done through the Independent Appointments process.

The minister went through some of the actual bill and the sections. I just want to touch on a couple. This is at a high level and we'll get a chance to dig into these as we go through Committee. We talked about the holdings, how the holdings that are currently in place would be maintained in a holding company and, going forward, any new investments would be overseen. The biggest question going through, as I said before, is the amount of savings, where they're coming from and why the establishment of this corporate entity is required.

In the briefing, we were told that the savings would be the result of alignment with government policies, I guess, human resource policy, they talked about Treasury Board policy and shared services as I mentioned just previously. If you can certainly demonstrate it, all things are certainly worth considering and we'll see as we go through how that is explained.

In regard to the bill itself, there are an interesting couple of components to it. It talks about the property of the corporation is not the property of the Crown. Maybe that's got something to do with the Crown and agency of the Crown and how it's particularly set up, the reporting requirements with Nalcor today with the CEO and board of directors, and how this is going to perform with, again, the CEO and a board of directors, yet reports into the Department of Natural Resources.

Property of the corporation is not property of the Crown. If you look at the *Energy Corporations Act*, the property of the corporation is the property of the Crown, so there's a difference here in where that's vested and the name of the corporation. So, it'll be interesting to see when we go through discussion on that of some questions, what that means, how that's a better fit in terms of what we're trying to achieve, and the mandate of the 2030, as this current administration has outlined in regard to oil and gas development and what's that going to mean in terms of equity investments, where the equity investments come from, are they accessible no matter where they're to in Nalcor. Certainly, dividends is a question from the current structure of Nalcor to this new corporate entity, are they going to change and is there any difference in how those dividends can be drawn down. We

talked about, too, the property of the *Corporations Act* is not the property of the Crown, as I mentioned, and that's going to be a question we can talk about in Committee.

There's a section 8 that talks about the *Corporations Act*, the Lieutenant-Governor in Council and those types of things and what's been done. So, there are questions about the power and authority of the board of directors because ultimately decisions are made by the Lieutenant-Governor in Council and there's also reference in the legislation to the Finance Minister and to the Minister of Natural Resources.

So, if a decision is made by this new board of directors of this new corporation, what's their authority to make those decisions and can they make them without the direction of the Minister of Finance and the Minister of Natural Resources? So how does that flow in terms of the decision-making matrix for that corporate entity when this gets up and running?

That goes to the authority and directives that are allowed to be given. The term directive is used in the legislation, and the minister having full authority over the corporation, how that differs from today and how that's going to give us a different result in some of the things we talked about earlier on why we're here discussing this bill and what we intended to do in regard to changing some of the efficiencies and how the operations take place.

There's also reference in the bill related to, in addition to the directors, the Lieutenant-Governor in Council or Cabinet can appoint a representative to be a non-voting member of the board. I'd like to get some discussion in regard to what that is and the rationale behind it. Can the minister indicate why there is specification for these independent directors in the bill and what's hoped to be achieved in regard to that?

We also have in there about a subsidiary and setting up a subsidiary. There's reference in the act to talk about – these are not contained, in my understanding, in the *Energy Corporation Act* – Lieutenant-Governor in Council approval to set up a subsidiary. So in terms of why that's required here, it is certainly a change from the

current legislation that operates, why that would be so. It would be interesting to hear that.

These are some areas that when we look at the bill going through, some of the questions that would pop up and we've had interest in Committee of going through that.

I mentioned earlier about some of the reporting requirements and how that would work. There's reference in the bill about the Oil and Gas Corporation, the one we're talking about here under Bill 42, deals with budget preparations and those types of things in that the budget must be provided to the minister by September 30 of any given year. Currently, under Nalcor and the current operations of this division, I think it would need to be done by November 30. So I am curious again on why that change and what's the intent here and what are we trying to achieve.

We talked about the management of the corporation and the assets of Nalcor Energy Oil and Gas, why would they not have the same date in preparation for the yearly budget?

There's also reference there in the legislation of the proposed bill to implement multi-year budgeting for the new corporation. I'm not sure and I don't think that currently exists under the current legislation that the Oil and Gas division sits under, which would be the *Energy Corporation Act*. So this seems to be changing the activities and the requirements required for this entity, Oil and Gas, to produce multi-year budgeting under this new corporation where, to the best of my knowledge, it's not required under the current act which governs this activity. We'll ask the question, I guess, is that something that's being pursued or being required and maybe amendments coming to the *Energy Corporation Act* in regard to that?

There is also reference to annual reporting of the corporation. As we know, all corporations or statutory offices of the House, at some point, need to report here in terms of their financial management and what they're doing in that regard. So that's similar to this bill. They would have to do that here as well.

The *Energy Corporation Act*, which now governs this activity, contains a section which allows the minister to direct a corporation to

provide additional detail. I'm not sure why there's not a similar provision within this legislation to do that. Maybe it's there, but we'll certainly be eager to see if that's there, and if not, why not?

There are also sections that talk about borrowing funds, which are so important because this is about our oil and gas sector. We've taken equity, I think, in four different fields. You look at the return on that equity and long-term planning and what it does for the province in getting that back and having a revenue stream for future years.

This particular bill, as I said, talks about borrowing funds. The language in those sections, I think, is the same in many respects to the *Energy Corporation Act*; however, in one particular section, when we start dealing with it, it talks about: which allows the Government of Newfoundland and Labrador to lend a corporation funds.

A similar section contained is not in the Oil and Gas Corporation Act. As we go through, we'll certainly talk about it, because that gets back to the point of equity and how we get equity if we're going to – as we've done in the past – look at investing, partnership and collaboration with oil companies and putting in their share. How does that work, and what's the line between getting that equity into that particular new corporation?

We've known in here in the budget process over the past decade, we often come in here with the Estimates, and we look at the Finance Department or Natural Resources and look at monies that are allocated to go into particular activities at Nalcor, the umbrella company, and some of that may include equity. So that's outlined. So, I guess, the process as we go through with this new corporation, what's the role for that and how will that be done? That's an important one when we look at equity and what we're doing.

We understand – or I guess we don't really understand yet – the need for this entity to be set up. We heard early on in our briefing about what the intent is here and what they're trying to achieve in regard to this. Again, I get back to the old saying: if it's not broken, where's the fix needed.

So, I guess as we go through the minister will outline what the concerns are with the current set up, why we're not achieving the milestones or the areas of success we should be achieving. This will be a greater means to facilitate that and to enhance greater exploration, to enhance greater production, to enhance a key component which is R&D, research and development, which is applied research development, which is so important to this industry.

We saw a lot of that under the Research & Development Corporation, which no longer exists. That was wiped out by the current administration, but we used to partner with the private sector to be able to extract greater private dollars and less public dollars to drive applied research in industry which is so different. I'm interested to hear, too, as we go through how that is going to improve from the research and development point of view to drive our industry.

Collectively, I do agree with the minister that it's a bright future in terms of this industry. We have to manage it well, but we don't need more regulation or more bureaucracy if it's not required. We need to be efficient. If there are changes we can make, I think on this side we'll certainly support those, but they need to be changes that are done for the good of the industry, for the good of those involved with it, and, at the end of the day, for the people of our province to ensure we get the maximum return most efficiently and as beneficially as we can for all our sakes.

So, with that, Mr. Speaker, I'll conclude my remarks on Bill 42. I certainly look forward to further debate and then we move into Committee and have some questions.

Thank you very much.

**MR. SPEAKER:** Thank you.

The hon. the Member for Placentia West - Bellevue.

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

It's certainly my pleasure to rise and hear my district name being referred to correctly. Burin - Placentia West is something of a bygone era. So it's good to be referenced as Placentia West –

Bellevue, but I'm always here to help educate, Mr. Speaker.

I won't digress. I just want to pass some comments, Mr. Speaker. Of course, the minister has spoken at length to this piece of legislation, as has the Opposition critic, but I do want to speak specifically with respect to Bull Arm which falls under the District of Placentia West - Bellevue.

There is so much oil and gas activity happening in Placentia West - Bellevue, Mr. Speaker, from the Bull Arm Fabrication site to the North Atlantic refinery, to the Cow Head facility with Kiewit constructing living quarters for the Husky project. So this is certainly a very big issue for my district. I believe the separation of the Oil and Gas Corporation and division from Nalcor will be a positive step for the people of Placentia West - Bellevue, and the province as a whole, and for creating employment and business opportunities across Newfoundland and Labrador.

Mr. Speaker, Bull Arm is Atlantic Canada's largest industrial fabrication site and strategically located to service the offshore oil and gas industry. The site was constructed in part as a strategic initiative to foster growth in Newfoundland and Labrador's oil and gas industry and has played host to multiple oil and gas projects over the last 20 years. Of course, we would all know the Hibernia project that was constructed there, the Hebron project that was constructed there, and, of course, other smaller jobs have been done there, just as is currently being done now.

The site spans over 6,300 acres and has significant infrastructure to support fabrication and assembly in its three key project areas: fabrication yard, the marine facility and the deepwater site.

In December of 2018, I was very pleased, Mr. Speaker, to inform my constituents that DF Barnes had successfully been awarded a contract by Seadrill, which brought the West Aquarius ultra-deepwater semi-submersible drilling rig to Bull Arm. The Bull Arm Fabrication Inc. then signed a short-term agreement with DF Barnes for the fabrication yard and associated pier to complete that work which is ongoing.

The site infrastructure and location offer a unique opportunity for a wide range of potential uses including fabrication, the supply and service requirements of exploration drilling programs and other opportunities related to industry diversification. It is a government-owned asset which supports these fabrication capabilities and potential growth in the oil and gas industry. As a subsidiary of the new corporation, Bull Arm Fabrication Inc. will also support the implementation of *Advance 2030* and the Oil and Gas Corporation's broader mandate to enhance supply and service business opportunities.

Mr. Speaker, as we embark on *Advance 2030*, which is our ambitious plan for the year 2030, it is very important – I believe Bull Arm will be a key facet of this, which is why I'm glad to see it is being included in what is being removed from Nalcor Energy as it stands now, because I think it's fair to say that Nalcor has had its hands full with other files over the last number of years. This will finally, I firmly believe, give it the attention it truly deserves.

In 2015, Mr. Speaker, resource assessment of an area of Newfoundland and Labrador offshore spurred renewed optimism for the long-term future of the province's oil and gas sector.

In December of 2016, our government established the Oil and Gas Industry Development Council under the leadership of the Minister of Natural Resources to support the positioning of our province as a globally preferred location for oil and gas development. We then made a commitment, and the Council made a commitment, to create a long-term vision of the province's oil and gas industry with a focus on promoting development, competitiveness and sustainability.

In the past 18 months, government has announced over \$18 billion of investments in mining and oil and gas projects in our province, and people say: Well, is there mining in Placentia West - Bellevue? Of course, Mr. Speaker; we're home to the Long Harbour nickel processing plant, which will see even more longevity now that Vale has announced it's going underground – terrific, terrific news.

To conclude, when we talk about *Advance 2030*, it is our plan that we will have over 100 new exploration wells drilled, multiple basins producing over 650,000 barrels of oil equivalent per day, shortened time from prospectivity to production, direct employment of more than 7,500 people in operations, and a robust, innovative global supply and service sector and commercial gas production. By creating a stand-alone Crown corporation that is dedicated to advancing our oil and gas industry, we are taking the appropriate steps forward to succeed in our government's vision.

I will conclude by saying that I'm very pleased with these developments. Bull Arm and its future has been an important component of our government's thinking for the future in our oil and gas industry. The Minister of Natural Resources and I have visited Bull Arm several times over this term. We, just a month ago, went out and met with the local councils of Sunnyside and Come By Chance and Arnold's Cove, Southern Harbour and Chance Cove to discuss the future of Bull Arm and get their input. It's very important because those are the communities that surround this top-notch facility.

We're very confident that there will be a bright future. I'm very confident that there can be a future where there is work, where people can gain employment there and service those communities, because the business community that surrounds it relies so heavily on it, and it's so positive when things are happening at Bull Arm. Even people who are renting homes, all of that benefits when Bull Arm is in full swing, and that's what our objective is and that's why we started the RFP process and the EOI process through Nalcor back in the spring of 2018, so we're working through those processes. It's important, though, to get the decision done and the decision done right. That's why the minister and I have been working closely with those communities to consult with them on the future.

But today is a step in the right direction. Bull Arm shouldn't be jumbled up with everything else that's happening at Nalcor with respect to Hydro and other projects. It should be part of a stand-alone Oil and Gas Corporation, and I fully support this bill and I thank the minister for introducing it.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The hon. the Member for St. John's East - Quidi Vidi.

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

Glad to get a chance to speak to Bill 42. It's hard to know what to say, really, because I'm not really sure what government is about and why they're doing what they're doing. I want to thank the minister for the briefing that we had and certainly the people from the department were able to present the legislation to us very, very well. But I find that today here in the House of Assembly we really have not heard from the minister why this action is being taken, as has been explained by the minister and spoken to by a couple of my colleagues already, especially the critic from the Official Opposition.

This new corporation is not a body that's doing new work. It's a body that will be doing exactly the same work that Nalcor Oil and Gas performs. So what we don't have from this government is an answer to the question why. Why are they taking Nalcor Oil and Gas out of Nalcor as an active body and creating this new entity? We were led to believe by government that there's going to be nothing different, that there will be nothing different in terms of personnel. Nalcor Oil and Gas is already physical; it's a physical entity that exists. The offices are on Hebron Way. You'll have the same people doing the same work.

Government says nothing's going to change, except we did find out in Question Period that it is going to cost money initially, that this company, initially coming out from under Nalcor doesn't have any revenue. It will not have any revenue from Nalcor, because that link will be broken with this company now standing on its own as a Crown corporation and not an agent of government. So we found out in Question Period that, yeah, it's going to take money from government to help this new company stand on its own two feet. We don't know how long that's going to take before it brings the benefit to the people of the province that the minister is so convinced that it's going to do.

I do know that Nalcor Oil and Gas has done good work and certainly, in the area of exploration, that's been the star of Nalcor Oil and Gas is the exploration and the seismic exploration. Now, I do have questions about seismic exploration; that's a whole different issue. And it does bother me that we are so much into seismic exploration without there really being a study by government, and I mean on both levels, federal and provincial. I think the C-NLOPB should be into this, looking at the impact of seismic exploration on our fishing industry, the impact of seismic exploration on fish stock and on the life of the ocean.

There is lots of research around that indicate we just shouldn't take it for granted. We shouldn't think that seismic exploration does not affect fish stock and other life that exists on the ocean bed and within the waters. That's another whole issue. Seismic exploration has discovered – there's no doubt – wonderful resources of both oil and gas; we know that. I have heard of at least one company that has said publicly that it came here because of the seismic work that was done and the knowledge of what resources are out there.

So, I have to say that I have mixed thoughts when it comes to the whole thing of exploration. I know oil and gas is a tremendous resource for our province. I know that it's certainly a tremendous resource also for the companies that are out there, but the further away we get, the more we get into deepwater, the more we get to where we know that there are big resources, the more I'm concerned from the perspective of occupational safety, from the perspective of environmental safety.

We have a lot of issues to deal with, and I'd like to use this opportunity to say that if we think it is so important to create a new company as a Crown corporation to deal with the issues of exploration, and more than exploration – I know that there's more than that in the objects of the company – if we believe that, that it's so important, why is government not also looking at having an independent agency in our province with the federal government dealing with the issues around occupational health, safety and environmental good? I think that also is important.

I think we should have an arm, a separate arm, an arm separate from government, an arm totally independent that's dealing with that issue. And the more we get into exploration, the more we get into what the minister is hoping this company is going to accomplish, the more we need to do the other as well.

The minister has said that government is pulling out the oil and gas component of Nalcor, making it directly responsible to the Department of Natural Resources and that that will accelerate the growth and opportunity of our petroleum industry returning significant value to the province. Now, I would like to see from government the proof that that is going to happen. There is no doubt that the work in seismic exploration has been very helpful. I really recognize that, but I am not sure that this company will accelerate the growth and opportunity of our petroleum industry.

One of the things that does concern me is after everything we've been through with Muskrat Falls, after everything we have been hearing and continue to hear from the inquiry with regard to our being in an area where we did not have people with expertise involved in decision making, where we got into an area where we tried to become the actors in the industry, as it were, without the expertise, it concerns me that we now are taking Nalcor oil and gas, taking it out from Nalcor, setting it up separately with great expectations about what its role is going to be as we continue in oil and gas.

If we look at the objects of the company, which are no different than the objects actually of the current company that exists – I just want to get it so I can quote directly from the objects. Section 7; the objects of the corporation as in section 7. “The corporation is responsible for investing in, engaging in and carrying out the following activities in the province and elsewhere,” – not just in the province – “and elsewhere, in accordance with the priorities of the government of the province: (a) the exploration for, development, production, refining, marketing and transportation of hydrocarbons and products from hydrocarbons; and (b) research and development.”

Now, that's the same. Those objects are the same as the company that already exists. So

knowing that we already have a company with those objects, knowing that basically – except for some small changes – what exists in this act is what is in the energy act, what is it we’re doing here?

Government has said, and the minister has said – and I think maybe the Premier as well when talking about Muskrat Falls – that after Muskrat Falls starts producing power in 2021 that government is going to be looking at the dismantling of Nalcor. So maybe this is the first step; maybe this is the first step in the dismantling of Nalcor.

The minister hasn’t said that. Maybe she’ll say that before she’s finished, because we really don’t know why all this energy is going into, and no pun intended – why all this energy is going into the creation of a new entity that is going to need government assistance initially. It’s actually going to need government money. It’s going to need revenue from government because it will not have – initially, it will not have any revenue of its own; yet, somehow by carrying out its objects, apparently there’s an expectation that this company is going to have major revenue.

We know they’re going to be able to invest. We know they’re going to be able to get loans, et cetera. It’s very interesting actually, that even though it is not an agent of the government and even though because of that government has no responsibility for its liabilities that may occur with this new company, it’s very interesting to note that the bill allows for performance guarantee. What that has to do with is the provincial government guaranteeing the performance of the company.

I’m going to read this section because it’s very interesting. Here is a company that’s not an agent of government. Government will not carry its liabilities, except it will if it becomes a guarantor. The bill says: “Subject to the prior approval of the Lieutenant-Governor in Council, the Minister of Finance acting on behalf of the Crown may guarantee the performance by the corporation or a subsidiary of an obligation of the corporation or a subsidiary contracted by it with a person (a) to pay money or an instalment; or (b) to perform, fulfil or observe a covenant, obligation or provision of an agreement, deed,

bond, promissory note or other document or instrument.”

Section 40 goes on to say: “A payment or advance that the Crown may approve in the exercise of a power conferred by this Act or be required to make under this Act shall be paid by the Minister of Finance out of the Consolidated Revenue Fund or, where the payment is to be made in performance of a guarantee, it may be paid out of funds provided in a manner prescribed in section 55 of the *Financial Administration Act*.”

So this company has nothing to fear, does it? This company, which is being set up as a Crown corporation that is not an agent of government, that doesn’t come under government, it is responsible and accountable to the minister but stands on its own, and supposedly whatever they do is not a liability. Their liabilities are not a liability of government. However, if they fail in a performance to meet the requirements of contracts that they are under, and they may not be able to maintain their own responsibilities, financial responsibilities, government will step in and government will take care of that out of the Consolidated Revenue Fund, or out of public money, period.

This company hasn’t got to worry about anything. Initially, all its revenue is going to come from government. If somewhere along the line they really fail badly, money will come from government to bail them out because government will be their guarantor. So I really and truly have concerns. I mean it’s no different – the company they’re setting up is no different than what exists at the moment. We know that. So why do it? And why do it when it’s going to cost government money?

Now, we got another answer today in Question Period from the minister, too, when she talked about what will happen to the money that comes from the equity shares we hold. The answer is that will be used to mitigate the electricity rates from Muskrat Falls. So that money which is coming in from equity in oil and gas will go towards the mitigation of expenses related to Muskrat Falls, and government will spend more money to go towards this oil company that they are setting up.

I'm hoping that before we're finished the debate I may have a clearer answer as to why government is doing this. One would think it's so that there will be a financial benefit for the people of the province, and that's what the minister has said, but I haven't been given the proof to show that that will happen. As I said, there's one area in particular where the government has been proactive through this company, and that is in seismic exploration. But when it comes to everything else that I read out, I'm saying, really – really and truly, is this company going to be involved in exploration for development, production, refining, marketing and transportation of hydrocarbons and products from hydrocarbons – really and truly? What other research and development is it going to get involved in besides the seismic exploration? Where is the money going to come from for them to go in the direction that the bill is suggesting?

I want to know if government is looking at, down the road, there being no Nalcor, where is this company going to stand? I want to know that. I know it's going to stand outside of Nalcor, but where is it going to stand when it comes to being fiscally solid? I don't see where that's going to happen. I can't see where that's going to happen, and I would very much like government and the minister to tell us where all her optimism comes from. Where does all that optimism come from, and why put all this energy into setting up the new company?

I look forward to hearing some answers with regard to that, Mr. Speaker. As I said earlier, the minister has said there were changes coming to Nalcor when Muskrat Falls is online, and perhaps this is the first big change. So what's ahead, I ask the minister, when she continues in debate with us? What's ahead, the sale of the rest of Nalcor's operations? Muskrat Falls being sold to the private sector? Newfoundland and Labrador Hydro going? I certainly hope not. These are not things that I want to happen.

Has this division been taken out and made to stand alone because government has no plans of selling it, but does have plans of privatizing Nalcor's hydro line of business? These are questions that come to mind as we search for an answer as to why government is setting up this company the way it's setting up.

As I said earlier, I think much of what's in this bill is identical to the clauses found in the 2007 *Energy Corporation Act* which established Nalcor. The main difference is the removal of references to Muskrat Falls or hydro development and transmission, because, of course, the act covering this new company will not be dealing with Muskrat Falls or hydro development and transmission. But everything else that's in is just about identical to what's in the *Energy Corporation Act*.

The thing that concerns, of course, is that once again we're going to have a Crown corporation that has total protection when it comes to commercially sensitive information. I'll make more reference to that in Committee because I have questions on it, but I have to question why this company is going to be – as Nalcor is – totally protected when it comes to ATIPP requests, people looking for information, when it comes to what is identified as commercially sensitive information.

If somebody appeals to the Privacy Commissioner – if a request is made and they don't get the information, this company, all it has to say to the Commissioner is we have done a study of the request and we are telling you we've done it and that there is commercially sensitive information that's stopping us from sharing what the requester is looking for.

They do not have to prove to the Commissioner the facts that they used to determine that. They will be totally protected and if they don't get an answer, the same thing that happens with anybody looking for it from Nalcor, if they don't get an answer and they want to appeal what's happened, then they would have to go to court.

This total protection, another Crown corporation, when it comes to commercially sensitive information getting more protection than any other public body – all other public bodies are under ATIPP but this company will continue to not be under ATIPP and will have that complete protection.

So these are the comments for now, Mr. Speaker, and I look forward to getting at details in debate.

Thank you.



**MR. SPEAKER:** Thank you.

The hon. the Member for Conception Bay South.

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

It's a pleasure to get up and speak on Bill 42. I won't take that much time, I don't think, but I'll just speak about a few issues on the bill to establish an oil and gas corporation. As has been stated, it's going to be separate from the Nalcor Energy and, as we are aware, we're not sure what it's going to be called.

Mr. Speaker, speaking of this, I guess the question comes to mind when I listen to the commentary and different speakers is why – why is this being done? There can be many reasons why. I know there has been lots of reasons, I suppose, given or rationales, but I guess the question comes up to why are we – we have a Nalcor Energy Oil and Gas Inc. with existing equity interests of Hebron, 4.9 percent; 10 per cent, Hibernia South extension; 5 per cent, West White Rose. They'll remain with the Nalcor Oil and Gas, but any new acquisitions, possibly the Bay du Nord as well, will go with this new Oil and Gas Corporation.

I know maybe it has to do with cash flows or to have investment monies, but why not keep it all under the one – because we're talking about the same thing. You're separating one group of equity investments with another group. I guess going through some of the speaking on it and listening to speakers ahead of me and reading the notes myself, that's something that I questioned. I think it will be in Committee and I suppose we'll hear that eventually and it's probably been said, but I'm not so sure if we are reducing any of the red tape, unless there are extra layers of bureaucracy within government.

We all know, and we speak about it many times and it's been said, red tape commentary has been used on many levels of government for many years and it's always an effort for red tape reduction initiatives. For some reason, it gets more and more and more red tape.

I come back to the day when they invented the computers; we were going to have less paper. I think we have way more paper than we ever had in the computer age. So, the same thing with

governments, I guess, and sometimes these decisions are made within government and it makes a lot of sense and they make a good business case and you can see the rationale.

Some of this is kind of a duplication of services, I guess, is one way of putting it. The necessity of having two different businesses doing the same thing, basically. Under the Oil and Gas Corporation they're going to have the Bull Arm Fabrication site as part of this Oil and Gas Corp. But, right now, the way it stands, the previous speaker had mentioned: Isn't it working? Isn't what we have there now working? So why we're changing are some questions that we'll get to in debate.

We're going to have a new CEO. We're going to have a new board structure. There's a cost associated with all this, Mr. Speaker, and that cost will be provided in future times but, right now, it will cost money. It will cost extra money and what are we going to get different? What's going to be different? At the end of the day, we're going to have two different businesses doing the same thing.

So, I guess, if the current structure is working, why would we change it? That's one question I'd have, and the cost of a new board. As I said, current equity investments remaining with the Oil and Gas Inc. and Bull Arm and future acquisitions will fall under the Oil and Gas Corporation, but why the separation?

As has already been stated, that's – I don't understand the separation, why we're doing that separation. When you go in and you read into government and try to follow your way through government departments and people on the outside try to figure out the lines of business and what we do and where to go, it's not an easy process for most people. It takes a bit of manoeuvring around. Even us people here in the Legislature, our day-to-day jobs looking after our constituencies requires us to know our way through government, that's pretty challenging. I've been at it for a lot of years, even before I was elected, and I'm still stumped most every other day on where to turn next.

So, if these two lines of business, the corporation and the Oil and Gas Inc., were doing something different and clearly streamlining

something, I get that, but I don't see any streamlining here. I see this as being the same business being split into two with extra costs, like I said, for board, CEO and now we're splitting up our equity. It don't make sense on the surface, but there may be some good, sound reasons that we have not, or I'm not aware of, or I don't have my head around yet, but I have yet to see it. I've read all the documents, the deck that was provided through the briefing. So, I guess, time will tell with that one, Mr. Speaker.

As I've said, I don't have a whole lot more to say. I guess that was really where my concerns were after listening to the other speakers is, I guess, to sum it up is we have two businesses, basically, going to be doing the same thing with extra costs, more duplication, probably more layers, more red tape, and my simple question to all that is, I don't understand why. I look forward, possibly, in Committee that we may find more answers.

On that note, I look forward to Committee.

Thank you very much, Mr. Speaker.

**MR. SPEAKER:** Thank you.

The hon. the Member for Mount Pearl - Southlands.

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

Glad to stand and speak to Bill 42. I will say that while I have questions like everybody else does and we'll certainly get to those in Committee, and perhaps I'll be asking some of those questions or perhaps my colleagues in the Official Opposition will probably have most of the questions asked and the minister will have most of the questions answered before it gets to me, but we'll see what happens.

I will say that, in principle, I don't have a problem supporting this bill. I just heard my colleague talk about: Why do the split? I've heard a question about: Why is the money that's coming in from our existing oil fields and projects which are up and running, why is that money continuing to flow to Nalcor, as opposed to go to the Oil and Gas Corporation?

I would think – and this even goes back to Muskrat Falls, when Muskrat Falls, prior to sanction, it was said that oil and gas could – I heard former Premier Williams say it – be used to help supplement rates and so on. I'm assuming that a lot of the oil and gas royalties and equity shares and so on, from what we actually have up and running, that some of that money is going to go to help subsidize electricity rates, along with some of the other things that are being proposed.

The minister can answer that question, but that would be my take on at least one reason why we might be doing that and if we need to generate revenue somewhere, I mean, when we're talking about electricity rates and keeping them down, we're talking about generating revenue. Well, revenue has to come from something. So, if it doesn't come from oil and gas, it has to come from taxpayers. We're told it's not going to come from taxpayers. So, it would seem logical to me that some of this oil and gas revenue from existing projects is going to be going towards mitigating electricity rate. That would seem logical to me.

I see the minister nodding her head, so maybe I'm on the right track with that assumption but we'll see and, again, I wouldn't have problem with that.

I've heard it said: Well, there's going to be duplication. I don't know if I necessarily see that as duplication because if you're only taking someone from under the umbrella of Nalcor now, albeit in a physically different building, and they're here today and they're going to be here tomorrow, I don't know where the duplication is. It's not like we're going to keep the people here and call them Nalcor and create a new entity and call them oil and gas, now we have two players doing oil and gas. It's only one. It's the same people; it's just under a different entity. So I don't see duplication.

If anything, I can see an opportunity as we go down the road – and, again, the minister can comment or not comment as she sees fit. But I suspect when Muskrat Falls is complete, there's going to be an awful lot of people that are currently engaged with Nalcor, whether as employees or embedded contractors or whatever, who will no longer be, and really

we're going to have the oil and gas and we're going to have Newfoundland and Labrador Hydro primarily, to my mind. I'm not sure what else there would be.

So, I could see at some point in time an opportunity to clean house, if you will – I'll use that term, and I don't mind using that term because I'm very, very frustrated; I think there needs to be major house cleaning. But I could see where, why do we need to have then Newfoundland and Labrador Hydro and Nalcor? Why do we need to be paying a CEO of Nalcor \$650,000 a year plus benefits and everything else to oversee Newfoundland and Labrador Hydro, particularly if oil and gas is on its own? I don't see that; I don't see all the staff and two lots of communications staffing it.

I can see where we can find an awful lot of efficiencies in Nalcor, because that second, larger entity is not going to be needed, I don't believe. That would be my thought, and I think maybe that's where we're headed, but maybe I'm wrong.

Bigger is not always better, Mr. Speaker. We saw that with the English School District. We saw that when we brought all the school districts together and we were going to save \$2 million at the time. We were going to save a pile of money. We actually spent more money, I believe. And then, of course, we seen the incident that happened not too long ago, that unfortunate incident with procurement with the English School District and the wheelbarrows and all this outrageous stuff, and at the time the CEO said that it was so large and trying to manage everything that I couldn't really manage it or get a handle on everything and things got out of control. So, bigger is not necessarily better. Having two entities in this case makes sense to me as well. While there will be obviously questions about it, I think in principle I don't have a problem with it.

Now, I will agree with my colleagues over here when they say, you know, if you're saying that government is saying they're doing this because they want to place more focus on oil and gas, I don't know if I necessarily buy into the focus on oil and gas because, to my mind, the people who are under the current umbrella in oil and gas as part of Nalcor, they're already supposed to be

focused. If they're not focused then we got a problem, we got a human resources problem, because they should be focused in any case. I'm not sure how this makes them more focused than they should already be focused.

I understand having a board of directors. Now that kind of makes a bit of sense to me, because if they were going to report to a board of directors whose sole focus is on oil and gas as opposed to oil and gas and electricity and wind power and everything else, I can see at the board level – I could see an issue with focus, but on the staff level they should be focused already, but on the board level I could see placing that focus.

I support what we're doing with our oil and gas industry, and it's growing and we've seen record land sales and so on. We have a bright future in terms of oil and gas. I don't think anybody denies that.

I went to a briefing a while back at the Natural Resource's building. I'm going to say two or three months ago, you lose track of time, but it was when we had the latest announcement. I think I was told the actual discoveries that we have now only represent about 7 or 8 per cent or something of what is believed to be there. So we're only at the tip of the iceberg when it comes to oil and gas and opportunity for our province. There is no doubt the future will be bright in that regard, I really believe that.

I certainly support the notion of being more aggressive and, as we say, very focused on our oil and gas. Having a board doing that, that's solely focused on that, on the board level that would make sense to me. On the staff level, well, they should already be focused. But on a board level it does make sense.

Now, obviously, we need to ensure – unlike what we've heard in the Muskrat Falls Inquiry, on the electricity side of things we need to ensure that people who are on this board have the expertise. Because what we've learned through the inquiry on Muskrat Falls is that there were people on the board who did not have expertise. As a matter of fact, there was a period of time when they said there was only like two board members or something there, which you wonder why everything was out of whack and

went out of control and everything else. There's an answer for you there.

If we're going to have this new board, we need to make sure we always have everybody in place and we have to make sure that the people who are on that board are actually qualified and have the expertise in the various aspects of the oil and gas business to make sure they're making the right decisions for the people of this province.

I just say to the minister, and I'm sure – she's nodding her head. I think that's only common sense stuff, but when I say it is common sense stuff, you would have thought that when we were talking about the Muskrat Falls Project and the Nalcor board of directors, you would have thought that that was in place too. I certainly did, but what a surprise we all got – a \$12.7 billion surprise. So I would make that point.

The only other thing I want to raise at this point in time that I am a little troubled about, have a concern about, is when it comes to the legislation which will be governing this, it would seem to me, from what I gathered at the briefing, that we're in a very similar boat as we are with Nalcor – if not the exact same boat – around access to information and so on. That was the impression. The minister is nodding her head no. So she can answer that when we get to committee, I appreciate that, or when she gets up to speak to close debate.

Clearly, the impression I got – maybe the people that were doing the briefing were not necessarily up on that aspect to the level they should have, you know, they would have been, but the impression I get is we're in a very similar boat. So I think unlike Nalcor, this entity you should be able to go through a regular ATIPP request like any other government department and let the Privacy Commissioner, not somebody at the Oil and Gas Corporation, like right now someone at Nalcor – not someone at the Oil and Gas Corporation, but you could appeal to the Privacy Commissioner to say, I asked for this information, and let the Privacy Commissioner determine whether or not he or she – because I'm not sure if we filled that position yet – but let the Privacy Commissioner decide whether or not that information should be released; not some CEO or vice president or whatever at the oil and gas corporation. It's not their decision.

The Privacy Commissioner on an appeal, because we've seen too much hidden information at Nalcor. If we're going to start with a fresh slate, a clean slate, let's do it right. I understand the need for commercial sensitivity. So does the Privacy Commissioner by the way. The Privacy Commissioner understands the need for commercially sensitive information to be protected. That person's job, expertise, is to adjudicate that request, make that determination.

Let's have the Privacy Commissioner do it, not the CEO or VP or something of the Oil and Gas Corporation. I would say to the minister, if that's not what's in place, if you're envisioning doing the same as we've done with Nalcor under the *Energy Corporation Act*, let them hide whatever they want, we're not off to a very good start if we're going to continue on with that practice. So I would certainly hope, and I would have questions around that aspect of the legislation.

The other thing I want to raise as it relates to oil and gas in this, not necessarily contained in this bill but it is covered in the bill, it's related, is the whole concept of – because we talk about getting equity stakes, that this organization could enter into equity stakes and negotiate royalties and benefits and so on. One of the key things we need to ensure, which a lot of people would argue has not always been done to the degree in which they would like, at least, is ensuring local benefits agreements for our oil and gas, and a stronger focus on local benefits.

A lot of people would say, you know, I can't eat GDP, and they're right. I can't pay my bills with GDP. They say: oh, well, the GDP is after growing, so what? I need a job. I need a good paying job. So every opportunity for every single job related to oil and gas for Newfoundlanders and Labradorians, that's what we need to ensure.

I've heard from people in the oil and gas industry working on supply vessels and so on, who've told me, rightly or wrongly, but have told me – I've written the minister about this – there are a lot of jobs that should be going to Newfoundlanders and Labradorians, that at some point were, but is not necessarily the case now; that there are a lot of people from all over the world working on these supply vessels and so on.

It might be a Newfoundland company, it could be a Newfoundland company that got the work, but then they find a loophole to hire a bunch of people under a Newfoundland company name, and hire a bunch of people from all over the world, everyone except Newfoundlanders; which is not in the spirit of these agreements. The C-NLOPB are not doing a very good job in enforcing these benefits agreements. That's what's been said to me.

Now, I have no documented proof, but I have gotten calls from time to time from people in that industry who have told me there are definitely jobs that should go to Newfoundlanders, and where the spirit and intent was to go to Newfoundlanders offshore, and those rules have been circumvented and so on through loopholes by our own people, our own Newfoundlanders, basically shafting our own people out of jobs by finding a loophole to hire people from other countries to come and work on their vessels or whatever instead of hiring local Newfoundlanders and Labradorians to do it.

That's the allegation that's been made to me on at least three occasions by different people. I can't say for sure it's true, but I do put it out there. We need to make sure with oil and gas, and everything for that matter, but we're talking about oil and gas, that if we're going to negotiate benefits agreements offshore and so on, we maximize for our people for jobs and we make sure that those agreements are reviewed regularly and ensure that the C-NLOPB are doing their due diligence to make sure that they are being followed to the letter of the law and the intent and the spirit to make sure that the jobs are going to Newfoundlanders and Labradorians, as much as is possible.

Same thing when it comes to onshore jobs. I think about the issue with the gates in Argentina and so on, and other things where there are people saying we don't have the facilities for this, we don't have the facilities for that. The laydown yard can't come here because we don't have anywhere developed enough to allow it, or we don't have the equipment that's needed on this site to allow for this type of work or that type of work.

Part of the thinking and the long-term thinking for this oil and gas work has to be if we don't have capacity, we need to start investing in capacity, or part of the agreements has to be, you need to invest in this or you need to invest in that so that when the next project comes around, we do have capacity as well as expertise.

These are the important things. It's simply putting out more licences, drilling more oil and more royalty checks – that's fine for the provincial coffers, God knows we need it. But the average person, in order to support their family, needs a job.

I hear my colleague all the time from St. John's Centre talking about put up the minimum wage, put up the minimum wage. I would argue that our focus should be on creating good jobs that we don't need to worry about the minimum wage and leave the jobs in the service industry and so on for students to make some pocket money or to help with their education and let's create good jobs so that the average person trying to raise a family is not dependent on minimum wage jobs, there are actually good-paying jobs for them. That's the answer, to my mind at least.

Mr. Speaker, I see I'm running out of time. Again, I would say that while I have some questions, as everyone does, about this, I can see an opportunity for more focus through a board of directors that's focused on that. I really don't see any big, additional expenses that are going to come from this. It's basically a transfer of a different name, a different entity. And I do see a big opportunity, not in this particular move, but I do see a bigger opportunity, once we take this out to look at it and say, now, what's left, and do we need Nalcor and Newfoundland and Labrador Hydro. Do we need the two of them? I say, no, we don't. I hope that that's where this is heading. I think that's where it needs to go.

Thank you, Mr. Speaker.

**MR. SPEAKER:** Thank you.

If the hon. the Minister of Natural Resources speaks now, she will close debate.

The hon. the Minister of Natural Resources.

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

I want to thank my hon. colleagues for what I thought was a good discussion this afternoon. Specifically, I want to call out the MHAs for Ferryland, for Conception Bay South, for Placentia West - Bellevue, for St. John's East - Quidi Vidi and, of course, Mount Pearl - Southlands. I thought there were a lot of points made this afternoon, good discussion points. I'm going to try and in a very short period of time, because I'd love to get to questions, try and answer some of what the questions were this afternoon.

But first I want to quote someone this afternoon who is very much involved in the oceans industries, in oil and gas, and that's Charlene Johnson, as CEO of NOIA. And she said this afternoon: For me, sole focus on industry is critical for the province and having sole focus on oil and gas is very positive. So she sees this and I know that members of the Canadian Association of Petroleum Producers and NOIA was present today, members of the oil council were present today, and they were speaking in favour of this, what I'm going to call, renewed, really good focus and ensuring that we have, what I'm going to call, is the opportunity now to continue to grow our industry.

I would like to say – one of the first questions was why. Why are we doing this? So allow me to give you five reasons. And there are more, but I'll give you five.

First of all, I see the big benefit of doing this is it really does focus on what 150 stakeholders in our province involved in the oil and gas industry said, that we could advance our offshore oil industry, we can develop it further, we can focus on exploration, focus on – and I give kudos to the Member for Mount Pearl - Southlands when he talks about the focus being on growth of the supply and service industry, he talked about that, and he talked about what the opportunity is here.

I'm going to say, so the *Advance 2030*, that 150 stakeholders in the oil and gas industry said with more effort, with more energy – and I use that term looking at more opportunity here for advancement in the oil and gas industry, looking at how we can enhance supply and service

development, how can we enhance exploration, how can we enhance many, many other aspects of our industry to grow our industry, and to do exactly what the Member for Mount Pearl - Southlands said, which is create opportunity for Newfoundlanders and Labradorians. That's one.

Two: expanding the operational mandate. We're looking at expanding the operational mandate to include, as the last speaker said, as the Member for Mount Pearl - Southlands did say, he talked about growing the capacity, developing supply and service, ensuring opportunity for Newfoundlanders and Labradorians. Well, what better way to do that than a real focus on *Advance 2030*?

So we've expanded the mandate to ensure that the corporation could help work with and drive by identifying the opportunities. They're speaking with oil and gas companies around the world, they're speaking with their colleagues, because remember, they are working with the operators all the time because we have equity positions, so that's a second big thing.

I'm going to say the third big thing – and some Members talked about this – is really direct oversight. So right now we have a corporation within a corporation that speaks to the minister. We have a board of directors that speaks to a board of directors very focused on a project in utilities that speaks to the minister. By taking it out, there are no additional costs. As a matter of fact I would argue, and we'll prove this over time, that because of shared services there's going to be less cost.

So there are no additional costs. There are no additional burdens here. The employees of Nalcor, OilCo right now, will be transitioning to the new corporation. There will be enhanced opportunity for shared services. That's things like human resource development, things like finances, things like IT will now be provided by government.

Here's a template that says we can save money by doing this. We all talk about getting rid of some of the duplication that we have out there, trying to really focus our efforts and using the expertise that we have. So why are we creating all these pots of expertise around, why aren't we

focusing on them? This is an opportunity to do just that.

The fourth thing I wrote down is, again, besides the direct oversight that now reports directly into the Minister of Natural Resources, into the department, aligning all of our efforts so we know that the new oil corporation will be working with seismic information, going out there looking at new entrants positioning us, but the department also works on those things. So co-ordinating and collaborating on those things, working with the oil council to align what we're doing, and really to drive that success.

I talked about reducing costs as the fourth one. I'm going to say this, Nalcor's Energy focus – and I want them to be focused. I think everybody in this province wants them to be focused on finishing the Muskrat Falls Project. We are getting very close, Mr. Speaker.

In the last couple of years this government, and with the great leadership of Stan Marshall, who is probably one of the best utility people in the – I would argue – the world. He knows what he's talking about when it comes to utilities, he's been involved in it for a long time. But it now allows Nalcor to focus solely on getting the project finished on providing the utility service, on focusing on utilities. The Member for Mount Pearl - Southlands did talk about what the Public Utilities Board has said. We want to start looking at the duplication within hydro and within Nalcor, and we're doing that, Mr. Speaker.

So I give five good reasons. I could go on, but in the interest of time, because I want to get to questions, those are the top five reasons.

I also want to say, Mr. Speaker, we did have some conversation about independent appointments. The Member opposite, the Member for Mount Pearl - Southlands raised, we need good, qualified members on the board of directors, and I completely support. I am an accredited Institute of Corporate Directors director, so I would speak highly to having those qualifications on the board.

Mr. Speaker, I will say we have an independent appointments process, and this board will go through that process. They will look at merit-

based appointments and make sure we have the right people helping us make the right decisions around oil and gas.

I want to talk about the decision around subsidiaries. I believe my colleague from Ferryland mentioned about the change around the decision around subsidiaries. I will point out that it's the same in both the *Energy Corporation Act*, as well as this act under section 21.3. They mirror each other. So there is no difference in what we were doing with subsidiaries in the *Energy Corporation Act* or in this particular one.

I want to talk about Bill C-69; my colleague from Ferryland raised about some of the concerns around the environmental assessment process that is emerging to become an impact assessment process within our country. We all support and agree that impact assessment and environmental assessment is essential – essential, Mr. Speaker. But we have been speaking with the federal government over the last number of years, and continued up until last week, with the Senate on how important it is for exploration to not go on what they call the designated Project List.

So, if you go back to 2010 or 2012, Mr. Speaker – it was finally finalized in 2012, started discussions in 2010 – there was a change. The responsible authority for environmental assessment was moved, taken away from C-NLOPB. Remember the date: 2012; taken away from C-NLOPB and placed with the Canadian Environmental Assessment Act.

Now, Mr. Speaker, it has taken multiple years for offshore operators to get the clearances they need in order to do a 30- to 60-day well; 30- to 60-day well is taking some two years. So we have been focused very much on ensuring that exploration is managed by the C-NLOPB on behalf of the people of Newfoundland and Labrador through a regional environmental assessment. We're going to do a regional environmental assessment along the coast of Newfoundland and Labrador, find out what the impacts are, especially around exploration, and then make sure that operators follow the guidelines and requirements.

I say to the Member opposite, I think that will help us to drive exploration, to ensure the environmental process there, to streamline and to – I'm going to say ameliorate but probably that's too strong of a word – to lessen the impact of the change that occurred in 2012. There are other things around Bill C-69 I could talk about, in the interest of time, if there are questions, because I want to deal with our oil and gas company legislation in particular.

Benefits; I know the Member opposite talked about the focus on local benefits. I completely support him. We are very focused on benefits. If there are any instances that you are aware – that anybody in this House are aware of where benefits to the people of Newfoundland and Labrador does not seem to be accruing, certainly the details will be helpful to us because we will investigate through the C-NLOPB. The more details we have the more we are able to determine if there was a breach in the protocols required around benefits, but this new legislation does help us to focus on filling the capacity we require to grow that robust oil and gas supply and service industry that we require.

ATIPPA; ATIPPA does apply in this legislation, I will say that. There is – as, I guess, Chief Justice Wells had said back when the Energy Corporation was first introduced, he did acknowledge there was some competitive information from operations that must be kept confidential or else one of the private sector commercial entities which is in a significant part of its commercially competitive activity requires that it not be disclosed.

So I will quote Chief Justice Wells, who acknowledged there are competitive activities that – privacy and confidentiality are required or else we wouldn't get the information in order to make informed decisions. But ATIPPA does apply except for those commercially sensitive areas, and, of course, court process is always there if there is a challenge to that.

Okay, the Member for – I want to just make sure – St. John's East - Quidi Vidi, I always think Signal Hill, but St. John's East - Quidi Vidi did talk about the funds required. Now, the funds required – so there's no net impact that we see at all, especially for 2020, and as we move towards finalizing the budgets, but we don't see any net

impact. The funds will be there from Nalcor, obviously, as we move forward to ensure the new Oil and Gas Corporation is being set up.

When we were talking in Question Period today, there was a question about future revenues that will be gleaned from, for example, Equinor, as that project progresses. That will help fund the operations, of course, going forward but we don't see any budgetary impact of this change. We actually see an improvement over time, of course, with the shared services model.

So to clue up before I sit and allow questions to be had, we see this as a positive benefit to the province. We see this as focusing the efforts and growing our oil and gas industry to ensuring that we have a focus on developing the capacity of the oil and gas industry, to ensuring costs are contained, to ensuring that we are delivering on all that we can be in *Advance 2030*, and many of the stakeholders in the industry say exactly the same thing.

Thank you. Mr. Speaker.

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

**MR. SPEAKER:** Is the House ready for the question?

The motion is that Bill 42 be now read a second time.

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.'

Carried.

**CLERK (Barnes):** A bill, An Act To Establish An Oil And Gas Corporation For The Province. (Bill 42)

**MR. SPEAKER:** This bill has now been read a second time.

When shall the bill be referred to a Committee of the Whole?



**MR. A. PARSONS:** Now.

**MR. SPEAKER:** Now.

Motion, a bill, "An Act To Establish An Oil And Gas Corporation For The Province," read a second time, ordered referred to a Committee of the Whole House presently, by leave. (Bill 42)

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

**MR. A. PARSONS:** Mr. Speaker, I move, seconded by the Minister of Natural Resources that the House resolve itself into a Committee of the Whole to consider Bill 42.

**MR. SPEAKER:** It is moved and second that I do now leave the Chair for the House to resolve itself into a 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.'

Carried.

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

#### **Committee of the Whole**

**CHAIR (P. Parsons):** Order, please!

We are now considering Bill 42, An Act To Establish An Oil And Gas Corporation For The Province.

A bill, "An Act To Establish An Oil And Gas Corporation For The Province." (Bill 42)

**CLERK:** Clause 1.

**CHAIR:** Shall clause 1 carry?

The Chair recognizes the hon. the Member for Ferryland.

**MR. HUTCHINGS:** Thank you, Madam Chair.

Just a general question to the minister: In her closing comments for second reading, she indicated cost savings; I wonder if the minister could give us an indication of what the cost savings would be, particularly in regard to the transition.

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

**MS. COADY:** Thank you.

I certainly appreciate the question. The cost savings that we are looking at would be around the shared services in terms of the shared services being now delivered by government and in human resources, in financing, in finances, in providing finances, in IT, would be provided by government and we have existing resources, obviously, within government in order to be able to do that.

Over time, we see a change in some ways, or an improvement in some ways with regard to Treasury Board oversight and authority being applied to the corporation. So, as the Member opposite knows, we believe all of the employees will be transitioning over to the new corporation. Of course, their salaries, their wages are protected, because they are very, very, very highly skilled and highly technical people.

As we move through the processes of the Treasury Board approvals and Treasury Board review, of course some of the like-minded positions within the new corporation would be more in line with the like-minded positions of government.

Thank you.

**CHAIR:** The Chair recognizes the hon. the Member for Ferryland.

**MR. HUTCHINGS:** Thank you, Madam Chair.

So the shared services you speak of, is that under efficiencies going to be found between the line department and Natural Resources and the new corporate entity, or is it Nalcor and the new corporate entity?

Where are the new shared services mix going to be?

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

**MS. COADY:** Thank you.

I think the question is: Who's providing the shared services? It will be provided by Government of Newfoundland and Labrador. We believe that over time, because the shared services are being done within government, because we have controls over those costs and because we have opportunity to provide those services at no additional cost, there will be cost savings.

**CHAIR:** The Chair recognizes the hon. the Member for Ferryland.

**MR. HUTCHINGS:** Thank you.

My understanding in the briefing there was discussion about a new CEO would need to be appointed. There's a current VP, I guess, that heads up this particular division.

What's the salary structure, and has that been determined for this new position? Is there anticipation this would be higher and competitive with other positions in similar jurisdictions?

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

**MS. COADY:** Thank you.

As I indicated earlier, it is understood that all employees will be transitioning to the new corporation. Of course, the CEO position is a Lieutenant-Governor in Council appointment, but I can say that we are satisfied with the existing management within the Nalcor Oil and Gas company.

I will say that as we move forward, positions will be reviewed under the Human Resources Secretariat of government to ensure that any positions that are in line with government can be aligned, or they're highly technical, of course, if they're highly specialized, they would be

considered as requiring perhaps additional resources or additional review.

Thank you.

**CHAIR:** The Chair recognizes the hon. the Member for St. John's East - Quidi Vidi.

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

This is a follow-up question, Minister, from my colleague from Ferryland. I have a particular concern, talking about the chairperson and the CEO, with regard to the contracts. We've just been through a real mess, I think, with Nalcor and people are really shocked by the information of the richness of contracts that existed, and certainly the inquiry is bringing out other stuff as well.

So what will be the expectation or what can we expect and what can the people expect with regard to the knowledge of what will be in the contracts, especially for the chairperson and CEO?

**CHAIR:** The Chair recognizes the Minister of Natural Resources.

**MS. COADY:** Thank you.

Well, the chairperson will be the chair of the board of directors and we only see – I understand that there's a specific section, so when we come to that section, we can talk about the board of directors and remuneration. So, there's very limited remuneration. Obviously, there is an opportunity for per diems, but that's not currently the practice.

I'll leave the board of directors; however, on the CEO, as I said, the existing team at Nalcor Oil and Gas company will be transitioning and then the Human Resources Secretariat will review, of course, all positions, make sure that they are aligned with both government policy and make sure that anybody that is in a highly specialized or technical position gets the remuneration they see.

There is a specific condition – and we will come to that section in the act – but, as I recall, that the Lieutenant-Governor in Council will see the

contract. In some cases, that wasn't required, but there is a requirement in this act to see the contract.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Mount Pearl - Southlands.

**MR. LANE:** Thank you, Madam Chair.

Minister, I'm just wondering if you can give brief explanation as to what the reporting and oversight would look like in comparison, or in contrast, to what we currently see with Nalcor. I ask that question obviously because in following the Muskrat Falls Inquiry, we've heard testimonies from ministers of Natural Resources and so on who allegedly were not given information and it didn't seem like there was a whole lot of oversight that was occurring.

I'm just wondering how you would see this working and how it would differ from that scenario that was just painted.

**CHAIR:** Thank you.

The Chair recognizes the hon. Minister of Natural Resources.

**MS. COADY:** Thank you.

It's a very interesting question, especially with all the information coming out of the inquiry and I can appreciate why the question is being asked. I can tell you that I believe that oversight is very important by the Department of Natural Resources and I meet on a regular basis, of course, with any Crown corporation that reports to me, and Nalcor is one, and now this Oil and Gas Corporation will be the second one. I think it's important to ensure that you review the budget, you have ongoing discussions with the chair and the CEO, that you ensure you have oversight and view their strategic plans. Indeed, we have a financial oversight as well.

I think what you can see within the Department of Natural Resources is that hands-on oversight. But there are opportunities within the legislation where the Lieutenant-Governor in Council reserves the right for that oversight. And I can tell you my colleague, as Minister of Finance

and President of Treasury Board, will be very interested in the financial constructs around this entity. I can tell you he's very keen on Nalcor's financial constructs as well. And we'll be ensuring that they are reviewed as well.

**CHAIR:** The Chair recognizes the hon. the Member for Mount Pearl - Southlands.

**MR. LANE:** I thank the minister for the answer and I do appreciate that's how you personally feel about these things, glad to hear that, and of the Minister of Finance. But we all know that times can change, people can change and everything else.

I'm just wondering, more specifically, if there are going to be any, I'm going to call them policies, protocols, whatever the case might be, that would go beyond saying, well, this particular minister likes to review this – will there be something in place to say, for example, that the deputy minister has to meet with them on a regular basis, that they have to review certain reports, that there has to be certain protocols followed, as opposed to just basing it on whether or not the individual who happens to be sitting in a chair on any particular time decides that they would like to be diligent or not diligent on these matters?

Again, I obviously ask that question given the fact that we're looking down the barrel of \$12.7 billion-plus and we've heard testimony in the inquiry that obviously oversight wasn't occurring.

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

**MS. COADY:** Thank you.

I think the Member opposite could take some comfort that throughout the legislation, you'll see the Lieutenant-Governor in Council has oversight. So it's Lieutenant-Governor in Council, meaning government has oversight.

For example, I spoke a moment ago to the Member for St. John's East - Quidi Vidi who talked about appointments and contracts. In this particular case, the Lieutenant-Governor in Council will set the terms and conditions of appointments. And that differs from what is

active in the *Energy Corporation Act*. So what you're seeing is more of an active role of the Lieutenant-Governor in Council in Council in this entity than you saw in the *Energy Corporation Act*.

**CHAIR:** The Chair recognizes the hon. Member for Mount Pearl - Southlands.

**MR. LANE:** I thank the minister for the answer. I do appreciate where you're coming from, and when we're talking Lieutenant-Governor in Council we're talking about the Cabinet, of course. But again, it's dependent on who are sitting in those chairs at any given time and so on.

So, I would just say more as comment, I suppose, than a question because, obviously, you haven't drilled down to that level, but certainly for the record I believe, given the experience that has just occurred, I think for this particular entity, who again will be dealing in billions of dollars in terms of royalties and projects and everything else, over time, that I think it's very critical that we make sure that oversight is not just a buzz word.

It's not just that the Cabinet has oversight, but that there would indeed be established policies and protocols that would be put in place, almost a checklist, if you will. There would be officials within the department that it would be part of their job description on a regular basis that there would be certain checks and balances, certain meetings, certain reports that would have to be, not if you feel like it or would be due diligence, but has to be done and signed off on to show that there was indeed proper oversight occurring. I just throw that out there.

I have a question as it relates to the ATIPPA. Minister, you said that ATIPPA applies but then you talked about commercially sensitive information and you talked about the fact that you could go to court. I guess to me, again, that's where it sounds – sounds at least – the same as what we're experiencing with Nalcor. Because what happened when we were looking – when the premier, actually, not we were looking, the premier even went looking for embedded contractor information and was told no, b'y, I can't give it to you – the premier of the province – commercially sensitive.

We've heard so many people saying every time you went to Nalcor looking for anything, everything was – they didn't even think about it: No, commercially sensitive. Under the *Energy Corporation Act*, unlike ATIPPA, they don't have to give any explanation whatsoever as to why it's commercially sensitive, why they're not giving it to you, and then they can say: B'y, if you don't like it, go to court. Whereas, under ATIPPA in a government department, there is a requirement to say: Here's why I can't give it to you, and then if you disagree you can at least appeal to the Privacy Commissioner.

I'm wondering in this corporation is the Privacy Commissioner step in there, like it would be in a core government department, or is it the same as Nalcor that they say no, commercially sensitive, if you don't like it, go to court?

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

**MS. COADY:** Thank you very much, Madam Chair.

To the Member's first point, allow me to say this, as a business person, I recall in my corporations I always had a statutory checklist. I note you use those terms, but the statutory applications were signed off by the CEO, so that I could present to my board of directors at any given time that the statutory requirements of the corporation are being fulfilled.

I think what you're suggesting is that might be a good practice. I'll certainly bring that forward because I think that is something that is of good practice to make sure that you have that details and that information signed off. I liked what the Member opposite said in terms of making sure that we have those kinds of checklists done, so good point.

This is now, just so that the people of the province understand, under section 2(d) of the legislation and it does talk commercially sensitive information. I understand the dilemma around this, because, of course, we all know that there was a lot of information that was not able to be had from Nalcor and so there's some frustration there around this.

The Oil and Gas company, as a subsidiary of Nalcor, this was under the *Energy Corporation Act* as well and it was really put in there because of that commercially sensitive information from the Oil and Gas company. That was one of the reasons why it was in the *Energy Corporation Act*. I do know that Chief Justice Wells who is reviewing ATIPPA legislation did say and did recognize that commercially sensitive information is required or you wouldn't be able to have the information required to make informed decisions that are essential, especially under oil and gas.

I will say that ATIPPA does apply to the Oil and Gas Corporation; however, there is a section on commercially sensitive information that does prevail. So I will say that it is very similar to what is in the *Energy Corporation Act*, recognizing what Chief Justice Wells who wrote the ATIPPA legislation and who did give his considered opinion that – and I can quote here: It requires to keep certain aspects of its operation's information confidential from competitors. If it did not, it could run the risk of failure with the potential for massive, adverse financial consequences to the people of the province. As well, it partners with one or more private sector commercial entities and the significant part of its commercially competitive activity. Those commercial partners would not be prepared to disclose sufficient information – unquote.

That was from Chief Justice Wells in the day. So he recognized that there is a requirement and I will say that I believe that there has been limited cause for concern – I don't know of any – but limited cause for concern about the oil and gas company.

I will also point out for the Members opposite, that this section does include information relating to independent contractors because, as you remember, we made a legislative change to the *Energy Corporation Act* to make sure that independent contractors were now captured, and this legislation does capture it as well.

Thank you.

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

**MR. HUTCHINGS:** Thank you, Madam Chair.

The minister spoke earlier about the mandate, we needed to expand the mandate, sole focus in regard to meeting the mandate of 2030. So taking that at face value, what are the deficiencies right now that you recognize with this unit within Nalcor that requires you to take it out and apply it at focus? What deficiencies have you found?

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

**MS. COADY:** Opportunity lost if we don't do so. I'll say that, if I can. I believe there is an opportunity here to make sure this is a stand-alone corporation that is very focused on oil and gas development. That when it's within an entity that is very focused on utility matters and it reports to another board – so that we have a board reporting to another board that is very focused on utility matters, maybe we could enhance the focus.

As I said earlier, we have expanded the mandate to include that capacity building that was spoke of earlier. We want to really focus some of the Lieutenant-Governor in Council opportunities and really streamline and ensure that we have the correct Treasury Board oversight here and the opportunity to do same is in this new corporation. I will say that it does – we believe, overall – reduce cost because, of course, the shared services model.

So I say to the Member opposite with all sincerity, this gives us more than what we have currently. It is not what is not deficient, but what we can do better. Opportunities gained versus opportunities lost.

Thank you.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Opposition House Leader.

**MR. HUTCHINGS:** Okay. So, respectfully, I'd have to submit that there are no deficiencies found today and we're looking at new opportunities that may or could exist. You're hoping, through this, you're able to take advantage of them. If that's not correct, she can correct it for me.

I have a question. In the briefing, the new Oil and Gas Corporation will not be an agent of the Crown, but Nalcor is an agent of the Crown.

Can the minister explain why there are two different labels now for the two different entities and what that really means? Crown agencies (inaudible) an agent of the Crown.

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

**MS. COADY:** Oh, sorry, I was waiting for my light to come on.

I thank the Member opposite for the question.

I don't think there's – I think I'd rather say we have an enhanced ability with this new corporation. I don't want to say there's a deficiency, but I'll say there is an enhanced ability with the new corporation.

When organizations are very focused on other activities within their organization, sometimes it doesn't – it means that they're not as focused on some of the other requirements. The people of the province know that we did ask for special, I guess – I don't want to use the word request. I will say that we did ask Nalcor Oil and Gas last year to go back to investing in seismic because the board of directors, because of some of the other requirements within Nalcor, were moving away from that. So I will point out that this gives us the focus that is needed to grow our oil and gas industry.

Crown corporation; I'm going to help the people of the province understand what a Crown agent is versus not being a Crown agent, because sometimes that gets confused. A Crown corporation that is a Crown agent operates under close direction from the Crown. Its acts bind the Crown; its liabilities are government's liabilities. So that's a Crown corporation that is a Crown agent.

A corporation that is not a Crown agent, while still being owned by the Crown, operates more arm's length from government, makes separate operational decisions, its acts do not bind the Crown in that any legal liabilities do not automatically flow back to the Crown. So

there's this degree of financial separation, if I can use that term.

Thank you.

**CHAIR:** Thank you.

The hon. the Opposition House Leader.

**MR. HUTCHINGS:** So just on that point, recognizing the difference of the two, would this new corporation – will there be any change to the consolidated revenue statements of the province in regard to what may show on those statements?

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

**MS. COADY:** Not that I'm aware, but I will turn and ask the Minister of Finance and President of Treasury Board to answer that question. Were there any changes to the –

**MR. HUTCHINGS:** Consolidated revenues.

**MS. COADY:** – consolidated revenues. Not that I'm aware of, but I'll allow that to my –

**MR. HUTCHINGS:** Yeah, the question was related to a (inaudible) agency as opposed to an agency of the Crown. The minister indicated, in terms of allocation of revenues and financial activities, it differs.

So I'm asking, based on this, in pulling this office out of Nalcor and how liabilities are recorded, whether in the entity of Nalcor or on the provincial ledger, is there a change in regard to how those liabilities and/or revenues are recorded in the Consolidated Revenue Fund?

**CHAIR:** The Chair recognizes the hon. the Minister of Finance and President of Treasury Board.

**MR. OSBORNE:** Not to the best of my knowledge, we haven't made any changes.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Opposition House Leader.

**MR. HUTCHINGS:** I wonder, before we get through, could we have that checked to see if there's any difference in the financial reporting because of this change, if we could?

Minister, in section 8 it talks about Lieutenant-Governor in Council or Cabinet issue a directive to the board respecting the management of business and affairs and other matters that the Lieutenant-Governor in Council determines necessary.

You just indicated a second ago, last year there was an issue in regard to seismic work, and you were looking for cost-cutting measures in ABCs. I think Nalcor decided to cut seismic work, and you said you gave a directive to have it replaced.

When we're looking at this new corporation and the authority under these directives, can you give us some insight into – is that something you're referring to, and what other types of directives would you be looking for as Cabinet and/or minister to give to this new corporation?

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

**MS. COADY:** Thank you.

In 8.1, the Government of Newfoundland and Labrador through the Lieutenant-Governor in Council – and these are strange words, I know, for those that are listening, but that is the mechanism – has the ability to issue a shareholder directive; and, of course, that is within most corporations, I believe all corporations. It is adopted from section 245(1) of the *Corporations Act*, and it also applies to both Nalcor and Hydro as well, to allow a shareholder to give a directive to a corporation.

So I don't see it as a requirement in normal state of affairs where you would make a directive to the corporation. It is when extenuating circumstances apply, where the board of directors may be taking a decision that you would want them to take an alternate decision. As you said, we had been asking for some paring back of expenses in some of our Crown corporations and the board of directors made a decision to move in this particular direction where the government felt, and I'd say industry

as in the stakeholders felt, that it was very important to do seismic activity.

I believe everybody in this House would feel the same. That would be an example of one shareholder directive, but it's not an everyday occurrence where you would give a shareholder directive regarding something.

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

**MR. HUTCHINGS:** Thank you, Madam Chair.

Just to clarify, under this section it's just directives, it's not specifically shareholder directives. In defining directives, it says: "the management of the business and affairs of the corporation and its subsidiaries."

So that, to me, is pretty significant. It's pretty far reaching. So I guess I was just looking at – you sort of indicate that's not day-to-day operations, but it does say that management of the business and affairs of the operation, so where it's tied back to you as minister and the department, I'm just getting some idea of what's intended by that reference in the bill.

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

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

I see this is very much the same as in the *Corporations Act*. This is under section 245(8) of the *Corporations Act*. So it allows the ability of a corporation, for its shareholders to give direction. To me, it's a normal state of affairs, but I will check with counsel to make sure that I'm not saying anything other than that. But to me, under the *Corporation Act* this is a provision that allows for shareholder directives.

**CHAIR:** The Chair recognizes the hon. Member for St. John's East - Quidi Vidi.

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

As the Minister of Finance and head of Treasury Board is looking for answers there, I want to be a bit more specific because in the briefing it's my understanding we were told that while the

whole financial stuff will still be sort of on government's books, you won't find it in one spot. That it will be found in line-by-line places. I think that's what's specifically I'm looking for an answer to, because that's what we were told in the briefing.

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

**MS. COADY:** I'll take that under advisement and get back to you as quickly as possible.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Opposition House Leader.

**MR. HUTCHINGS:** To my colleague, just to reference that, we were advised that the reporting requirements would be different once the Oil and Gas was brought out under its own corporate entity. It may not be consolidated. It may be broken out in various areas in terms of accounting for the finances of that new corporate entity.

I just had a question for the minister in regard to the employees of the new corporation. From what you said earlier, just understanding that those employees that now sit within the division would be referred out to the corporate entity and there'd be no requirement for new staffing because you think the expertise and requirements for the operations of the new corporation are available and would be transferred out to that corporation and that would be it in regard to staffing.

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

**MS. COADY:** That is correct. We understand that the employees will be transitioning to the new corporation. We don't have any requests for additional staffing.

Thank you.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Opposition House Leader.

**MR. HUTCHINGS:** Thank you, Madam Chair.

Sections 3(7) of the bill reads: "Property of the corporation is not property of Crown."

Furthermore, the corresponding section of the *Energy Corporation Act* reads: "Property of the corporation is the property of the Crown, but title to it is vested in the name of the corporation."

So I'm just wondering if the minister could give us some indication and explain why the property of the two corporations will be treated differently. Is that where it's related, tied back to the department directly? I'm just wondering how that – and I guess why we're looking at that is how will it impact in the future of the province's shares in current oil- and gas-producing projects versus future projects, because we need equity to submit the future projects and would that be available? What would be the difference?

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

**MS. COADY:** Thank you.

Now that we've gotten to the subsections, allow me to say that subsection 3(7), it's common to enable legislation to clarify whether property of the corporation is also property of the Crown or not. The new corporation is not an agent of the Crown and will be responsible for its own activities, liabilities and assets. This is different than 3(7) of the *Energy Corporation Act* and 3(6) of the *Hydro Corporation Act*. Note, in these acts, the property of the corporation is the property of the Crown.

So, the rationale here is that the new corporation is not an agent of the Crown and I've gone through why it's not an agent of the Crown already and will be responsible for its own activities, liabilities and assets.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Opposition House Leader.

**MR. HUTCHINGS:** Thank you.

And just to that point, so that would have no bearing on obtaining equity or where that equity



would come from in regard to investing in future oil and gas fields or anything like that. If there were revenues there that were generated and a government of the day decided they would use some of that maybe for investment that would still be available for investment in either case.

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

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

That is, as I understand it. I would also, if I may, go back to something that I was asked earlier and this is around how is this a little bit different. I was talking about the Lieutenant-Governor in Council and the fact that we can now request documents, we can request more information and we can ask for more available documentation. There is a provision in this act under section 28, under Request for documents, that does broaden out the information that we can glean from the organization.

So, I think it speaks to – the Member opposite from Mount Pearl - Southlands asked a question about how we can ensure we're getting the information, the details that we require, and I think that speaks to that.

And, as to your question, the Member for Ferryland, I believe I've directed that under 3(7).

Thank you.

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

**MR. HUTCHINGS:** Yes, just a quick question for the minister, I spoke to section 8 in regard to directives. If the board of directors that's appointed for the new corporate entity and if they make decisions or direction and flows down to CEO from an operation or business perspective –

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

**MR. HUTCHINGS:** Madam Chair?

It's kind of hard to hear here, Madam Chair.

**CHAIR:** Order, please!

**MR. HUTCHINGS:** Section 8, we referenced earlier, speaks to directives. In this particular case, with the new corporate entity, if the board of directors gave direction to the new corporation, does the minister directive – would you be able to override that? Is that purpose of the directive?

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

**MS. COADY:** Thank you, Madam Chair.

This is common language in the *Corporations Act*. I will point out to the Member opposite again it is common language within the *Corporations Act*. A shareholder can provide a direction to the board of directors on a particular decision. They can say to the board of directors who may have taken a decision that they would like an alternate decision taken, and the board of directors would rely on that directive to make that decision.

**CHAIR:** The Chair recognizes the hon. the Member for St. John's East - Quidi Vidi.

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

I have another general question, Minister. You talked earlier that there are no changes, that you haven't had any requests for additional staff, that the service sharing is going to save money, et cetera; but, at the same time, you did say today that where the company initially will have no revenue, the revenue was going to have to come from government.

So, in the present, how can you say those two things and say that there isn't a cost at this moment?

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

**MS. COADY:** Madam Chair, the funds required for operation – and again, we're finalizing the budget. The Government of Newfoundland and Labrador is finalizing its budget. The funds required for operations can come from within Nalcor at this point in time, and then as we move forward – and that, to me, is the people's money, even though it may not shift hands, it still is the

people's money and that's to what I was referring today.

**CHAIR:** The Chair recognizes the hon. the Member for St. John's East - Quidi Vidi.

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

I just want to get clarification to make sure that we fully understand what's just been said.

So I do understand that right now this company is within Nalcor as a subsidiary, and I do understand the financial link between Nalcor and the company. So that's one of the reasons why we've questioned how, when the new company is set up, the equity assets that exist at the moment are going to stay with Nalcor, so none of that money will flow to this company.

I'd like the minister to be clear with me about – no matter where it comes from. If it comes from Nalcor it's coming because of revenues they have, I realize that, but are you saying there will never be a point at which money will have to come out of the consolidated revenue maybe, to pay them when – instead of from the assets that Nalcor has? That isn't clear to me.

**CHAIR:** The hon. the Minister of Finance and President of Treasury Board.

**MR. OSBORNE:** The funding for salaries and for the space that the oil company occupy, and their photocopying machines and the paper, the cost of operating that entity as it exists today, that funding will come from Nalcor.

Currently, those individuals are not housed inside of Nalcor's building. They have their own location. So everything in terms of their operating, that funding comes out of Nalcor now. That will not change.

**MS. MICHAEL:** (Inaudible.)

**MR. OSBORNE:** Well, the budget allotment to allow them to operate will transfer from Nalcor to that entity. So to say that it won't change ever is a rabbit hole, because if they have less people through attrition, well then they need less money. If they hire more people at some point down the road, they'll need more money. But

the block of funding that they currently operate under will move from Nalcor to their entity.

At some point, five years down the road if they need to hire somebody that specializes in doing the geoscience, then that's something we can't anticipate today, but the block of funding they currently use will be transferred from Nalcor to them.

**CHAIR:** The Chair recognizes the hon. the Member for St. John's East - Quidi Vidi.

**MS. MICHAEL:** Just one clarification. I'm not questioning the amount of money within the block. You're saying a block – I don't care how much is in it – a block will move with them.

I'm asking: Will it always be a block from Nalcor that's covering it? That's what I was asking.

**CHAIR:** The hon. the Minister of Finance and President of Treasury Board.

**MR. OSBORNE:** The current block of funding that they require to operate is moving from Nalcor to them. As that company may evolve, they may have different requirements. There will be equity earned through Equinor, we know that, and as that equity is earned through Equinor that goes into the new entity.

So as they grow, as there is more exploration and more fields found, new deals, those deals will go to the new company, or the equity for those will go to the new company. If they need to hire world-class specialists at some point, they've broken away from Nalcor. Once they break away from Nalcor, we can't anticipate if they – next year or the year after – may need to hire somebody who specializes in geoscience or seismic work. That may be the case, I don't know, and that's as honest as I can be at this particular stage.

They may need to hire very specialized people, and at that particular point whether their budget increases or whether they've got their own revenue at that particular point to cover it, the block of funding they currently use is being carved away from Nalcor.

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

**MR. HUTCHINGS:** Thank you, Madam Chair.

Just to be clear. What the minister said, the current operations of Nalcor and the funding allotment for this group, now that's internal, that that will be transferred to the new corporate entity, but it will have to be a recurring transfer every year to meet that staffing requirement and expenses of the new corporation. So it would have to be a recurring referral every year to be shown in Nalcor's budget that this amount is being sent to the corporation for the corporation to operate, because if there's no cash going into the corporation they can't operate.

Second to that; at some point, as my colleague pointed out, you would expect the Oil and Gas Corporation, the new entity, to be generating revenue. At that point, I can see the recurring transfer would stop and they'd become self-sufficient and they could operate, but that's kind of not what we're hearing.

So what I've just expressed, is that your intent of where we expect to be?

**CHAIR:** The hon. the Minister of Finance and President of Treasury Board.

**MR. OSBORNE:** Yeah. I mean once the new entity becomes self-sufficient, we'll no longer need to carve the funding on an annual basis away from Nalcor.

I'm not sure if that answers your question.

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

**MR. HUTCHINGS:** We're getting to where we need to get to. It's going to be recurring until the new entity becomes self-sufficient in generating revenue that it can operate and can carry on the functions they need to carry on. To that point, leading up to the point of – well, I guess we're winding down.

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

**MR. A. PARSONS:** As much as I don't want to intervene, because it's actually I think a good, productive debate, I would move that the Committee rise, report progress and ask leave to sit again.

**CHAIR:** The motion is that the Committee rise, report progress and ask leave to sit again.

Shall the motion carry?

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, the Speaker returned to the Chair.

**MR. SPEAKER (Trimper):** The hon. the Member for Harbour Grace - Port de Grave and Deputy Chair of the Committee of the Whole.

**MS. P. PARSONS:** Thank you, Mr. Speaker.

The Committee of the Whole have considered the matters to them referred and have directed me to report progress and ask leave to sit again.

**MR. SPEAKER:** The Chair of the Committee of the Whole reports that the Committee have considered the matters to them referred and have directed her to report progress and ask leave to sit again.

When shall the report be received?

**MR. A. PARSONS:** Now.

**MR. SPEAKER:** Now.

When shall the Committee have leave to sit again?

**MR. A. PARSONS:** Tomorrow.

**MR. SPEAKER:** Tomorrow.

On motion, report received and adopted. Committee ordered to sit again on tomorrow.

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

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

I move, seconded by the Member for Fogo Island - Cape Freels, that the House do now adjourn.

**MR. SPEAKER:** It has been moved and seconded that this House do now adjourn.

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.'

This House stands adjourned until tomorrow at 1:30 o'clock.

Thank you very much.

On motion, the House at its rising adjourned until tomorrow, Tuesday, at 1:30 p.m.