



**PROVINCE OF NEWFOUNDLAND AND LABRADOR
HOUSE OF ASSEMBLY**

First Session
Fiftieth General Assembly

**Proceedings of the Standing Committee on
Resources**

April 7, 2022 - Issue 6

Department of Industry, Energy and Technology

Published under the authority of the Speaker of the House of Assembly
Honourable Derek Bennett, MHA

RESOURCE COMMITTEE

Department of Industry, Energy and Technology

Chair: Brian Warr, MHA

Vice-Chair: Jordan Brown, MHA

Members: Pleaman Forsey, MHA
Sherry Gambin-Walsh, MHA
Craig Pardy, MHA
Paul Pike, MHA
Lucy Stoyles, MHA

Clerk of the Committee: Kimberley Hammond

Appearing:

Department of Industry, Energy and Technology

Hon. Andrew Parsons, MHA, Minister
John Cowan, Deputy Minister
Craig Martin, Associate Deputy Minister
Alex Smith, Assistant Deputy Minister, Mineral Development
Gillian Skinner, Assistant Deputy Minister, Industry and Economic Development
Megan Nesbitt, Assistant Deputy Minister, Corporate and Strategic Services
Pierre Tobin, Assistant Deputy Minister, Energy
Susan Wilkins, Executive Director, Renewable Energy
Paul Carter, Executive Director, Mining
Tansy Mundon, Director of Communications
Phil Ivimey, Departmental Controller
Nicole Kieley, Executive Assistant to Minister

Also Present

Hon. John Abbott, MHA, Minister of Children, Seniors and Social Development
Hon. Pam Parsons, MHA, Minister Responsible for Women and Gender Equality
Lloyd Parrott, MHA, Terra Nova
Paul Lane, MHA, Mount Pearl - Southlands
Megan Winter, Political Researcher, Official Opposition
Steven Kent, Political Researcher, Third Party
Ben Pollard, Political Assistant, Government Members Caucus Office

Pursuant to Standing Order 68, Lloyd Parrott, MHA for Terra Nova, substitutes for Craig Pardy, MHA for Bonavista.

Pursuant to Standing Order 68, Pam Parsons, MHA for Harbour Grace - Port de Grave, substitutes for Paul Pike, MHA for Burin - Grand Bank.

Pursuant to Standing Order 68, John Abbott, MHA for St. John's East - Quidi Vidi, substitutes for Sherry Gambin-Walsh, MHA for Placentia - St. Mary's.

The Committee met at 5.30 p.m. in the Assembly Chamber.

CHAIR (Warr): Good evening, all.

Welcome to our first set of Estimates for the 2022 budget season. I certainly want to welcome the minister and his Department of Industry, Energy and Technology here this evening. As well as I would welcome the Members of the Committee here this evening.

And probably before we start, I'll ask the Members of the Committee to introduce themselves and just wait for your tally light to come and introduce your name and your district, please.

Starting here.

P. FORSEY: Pleaman Forsey, Exploits.

L. PARROTT: Lloyd Parrott, Terra Nova.

M. WINTER: Megan Winter, Researcher with the Official Opposition Caucus.

J. BROWN: Jordan Brown, Member for Labrador West.

S. KENT: Steven Kent, Political Sessional Support for the Third Party Caucus.

P. LANE: Paul Lane, MHA, Mount Pearl - Southlands.

J. ABBOTT: John Abbott, St. John's East - Quidi Vidi

CHAIR: Thank you, Committee.

If I could have the Members from the department to introduce themselves, starting to my immediate left?

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

A. PARSONS: Andrew Parsons, MHA, Burgeo - La Poile, and Minister of IET.

J. COWAN: John Cowan, Deputy Minister of IET.

C. MARTIN: Craig Martin, Associate Deputy Minister of Energy, IET.

A. SMITH: Alex Smith, Assistant Deputy Minister, Mining and Mineral Development.

S. WILKINS: Susan Wilkins, Executive Director for Renewable Energy.

P. TOBIN: Perry Tobin, Assistant Deputy Minister of Energy, IET.

M. NESBITT: Megan Nesbitt, Assistant Deputy Minister of Corporate and Strategic Services.

P. IVIMEY: Phil Ivimey, Departmental Controller.

B. POLLARD: Benjamin Pollard, Political Staffer.

N. KIELEY: Nicole Kieley, Executive Assistant with Minister Andrew Parsons.

T. MUNDON: Tansy Mundon, Director of Communications, IET.

P. CARTER: Paul Carter, Executive Director of Mining Innovation.

CHAIR: We have Kim Hammond at the Table tonight. My name is Brian Warr. I'm the MHA for Baie - Green Bay, and I'm happy to be your Chair this evening.

Before we get into the meat of it, I just want to announce the substitutions tonight. We have the Member for St. John's East - Quidi Vidi substituting for the Member for Placentia - St.

Mary's. We have the Member for Harbour Grace - Port de Grave substituting for the Member for Burin - Grand Bank. We have the Member for Terra Nova substituting for the Member for Bonavista.

I guess, with regard to the minutes, we need to adopt the minutes of our last meeting. If I could have a mover to those. Moved by MHA Parrott; seconded by MHA Brown.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

Thank you.

On motion, minutes adopted as circulated.

CHAIR: Okay, tonight we're considering the Estimates of the Department of Industry, Energy and Technology. Before we go ahead, I just want to make sure – we have obviously the Official Opposition and Third Party and we have MHA Lane as an independent tonight. The Committee have agreed to give MHA Lane some time at the end. He's going to be offered some time to ask some questions at the end.

We will move with asking the Clerk to call the first subhead.

CLERK (Hammond): 1.1.01 to 1.2.03 inclusive.

A. PARSONS: (Inaudible.)

CHAIR: I know you have a speech, and I'm going to give you some time, because I like you.

Could I have those subheads again, please?

CLERK: 1.1.01 to 1.2.03 inclusive.

CHAIR: Shall 1.1.01 to 1.2.03 inclusive carry?

The hon. the Minister of Industry, Energy and Technology for a few comments, please.

A. PARSONS: Thank you, Mr. Chair.

To everybody's delight, I do not have a speech prepared, and I'm probably giggling because it's a bit delirious; it's been a long day.

What I will say is happy to be here. I think Estimates is the best part of the budget process. I've said it a number of times. Really happy to be surrounded by the executive team of the department who I'm very proud to work with. We're missing one ADM, Jamie O'Dea of Business and Innovation; she's on vacation. I'm joking; she's actually ill, but we were giving her a hard time, saying we were going to say she's on vacation.

A couple new faces here that weren't on the team, I think, last year when we did Estimates, but happy to have them here. I will say, having this be my 11th Estimates on one side or the other, I've always prided myself on the fact that we've let it be sort of loose, not just line-by-line-driven. We've got to do line by line, but I like that fact that we can come out of it, hopefully being able to answer questions. Although I would be remiss if I didn't point out that last year, in one of those exchanges I made some jokes, said I was going to throw Siobhan Coady under the bus, and that may or may not have come up in Question Period the next day in the form of a question from the Opposition.

So what I will say is that I can be loose and goose and happy and everything else, or I can be Mr. Bad Cop going line by line. I will point out that the express purpose of this – there's going to be information that may or may not come out of this that's good fodder for Question Period. But I would hope that the fact that I carry on a bit and be silly is meant to show that this is not meant to be an adversarial process. It's meant to be an information-gathering process.

As a person who's sat here – and I'm not talking political stripe; I've seen people of multiple stripes get here and not treat this process the way they should. When I was in Opposition and since I've been in government, I'm lucky that the processes I've been involved, every single one on both sides has generally been a good process.

So I pride myself on that and hopefully people come out of it with the questions answered that they want. I'll say in advance now, prior to, that any information we do not have, we will

compile in a list that we provide to people after. There are some limitations with that, in the sense that we must wait for *Hansard* to be done first, prior to that.

But again, anything that one person asks for will be provided to everybody, including Mr. Lane for the independent; everybody that's here would be privy to that information. I will say that part of the reason that we have staff here is they really are the subject matter experts to this, so I'm looking forward to them being able to talk about the work they do and being able to be questioned on some of the stuff.

So on that note, let 'er go.

CHAIR: Thank you, Minister Parsons.

Just before we start, I know that the Clerk had spoken to the staff. So if the minister wants to recognize one of his staff members to take a question, identify yourself for the Broadcast Centre, wait until your tally light comes on and go ahead and speak. Again it's a to-and-fro.

Shall 1.1.01 to 1.2.03 carry?

MHA Parrott.

L. PARROTT: I'd be remiss if I didn't say you guys are very fortunate to have Minister Parsons at the head of your department. You should be very proud of what's happened in the last couple of days, and while he's the best minister in the House, he's the third-best MHA, next to the MHAs for Exploits and Terra Nova.

Listen, hats off to the full department, you guys should be extremely proud of the announcement yesterday. It means a prosperous future for the province for sure. I look forward to more announcements in the coming months, hopefully. So thank you very much for the hard work you've all done on that file. Minister Parsons has no doubt where my head is on it I'm sure.

A. PARSONS: Absolutely.

L. PARROTT: So just to start off with some general questions. I'm just wondering if we can have a copy of your briefing binder.

A. PARSONS: Yes, Phil? We have three here, so we should have one for I guess the three people – Pleaman, are you asking questions?

P. FORSEY: No.

A. PARSONS: Okay, so we do have the binders here, yeah.

L. PARROTT: Okay.

Could the minister please outline the department's attrition plan and how many positions have been removed through attrition in the last 12 months?

A. PARSONS: I'm going to say what I think the answer is and then Megan's going to jump in because she's going to make the answers right.

So we've already hit all of our attrition targets. There is no target right now. There has been no position lost to attrition this year. We've hit those targets, I think, in the previous year. In fact, I think you will see we've added a couple positions this year in terms of executive directors, which will come up in a certain part of the executive. I think it's maybe in the next slide or the slide after.

Did I hit that one right?

M. NESBITT: That is correct.

L. PARROTT: How many people currently employed in the department?

M. NESBITT: Two hundred and forty-nine active employees as of March 31, 2022.

L. PARROTT: And how many retirements over the last 12 months?

M. NESBITT: Retirements, there were seven in the past fiscal year.

L. PARROTT: How many vacancies are not currently filled by the department?

M. NESBITT: Fifty-four in total.

L. PARROTT: And have any positions been eliminated? If so, what are they?

M. NESBITT: Not aside from eight contractual PCNs that was done through the regular HRS audit of vacated contractual positions. Those PCNs aren't used for somebody else. They were the only ones that were eliminated in the last year.

L. PARROTT: Any layoffs in the last 12 months?

M. NESBITT: Just the one, which is usual. That is part of the geoscience publications team. It's a part-time position that's typically employed between around October or November to the end of March. For the past about 25 or 30 years or so that position is part-time to support extra publications work that's required from the geological survey field season.

L. PARROTT: And how long are they generally employed throughout the year?

M. NESBITT: About five or six months every year.

L. PARROTT: How many new hires took place in the last year?

M. NESBITT: Fourteen.

L. PARROTT: And contractual and short-term employees, how many are in the department, currently?

M. NESBITT: Ten contractual and two short term.

L. PARROTT: How many long-term vacancies do you currently have or positions that haven't been filled in the last six months?

M. NESBITT: I have the numbers for the last 12, it would be 54 and that would include a number of existing recruitment actions that are under way.

L. PARROTT: Did the department receive any money from the contingency fund? If so, what was it for?

A. PARSONS: None this year.

L. PARROTT: Perfect. All right.

We'll go to line items now, if that's okay?

A. PARSONS: Yes, Sir.

L. PARROTT: Line item 1.2.01, Executive Support.

Last year, Salaries went over budget, there was a total of \$1.9 million. This year, there is a budget increase to \$1.85 million. Can you provide some detail on why the jump and what the overture was?

A. PARSONS: What that comes down to is that there was a variance due to the fact that we have an acting ADM of Corporate Services, which is Ms. Nesbitt. We currently have an ADM of Corporate Services who is on secondment to the Health Accord NL, Tanya Noseworthy. So the way that works, we're still carrying that.

We have some newly appointed executive directors, I believe, that would also fall under that, which were not, I guess, contemplated. When it comes to the Estimates for this year, I think there are some salary adjustments that are coming in '22-'23 to support existing executive staff complement.

I don't know if Phil needs to jump in maybe to just give a little bit more clarity on the numbers.

P. IVIMEY: So as the minister noted, the revised for '21-'22 was due to that secondment of that ADM and carrying the cost of that as well as a newly appointed executive directors. So those costs carry forward into '22-'23, however it is anticipated that hopefully the secondment of the ADM would discontinue sometime within this fiscal year so we wouldn't carry those two costs again for the full year.

L. PARROTT: I'm sorry I haven't been saying my name so I'll start, Lloyd Parrott.

CHAIR: That's okay. And neither do you, they know who you are.

L. PARROTT: Under Transportation and Communications, can you outline how you achieved the savings from last year and is there an opportunity to find more savings this year?

A. PARSONS: So the variance is due to not travelling – cancellations. Plans to travel never happened. That is why you'll notice that the budget was put back to what it was supposed to be or anticipated to be, so back in the same range. We are actively planning on travelling to various conferences, shows, the things that you would normally do year to year.

Last year, you still had some virtual stuff that happened but there was no – I'm trying to think, I don't know if we went anywhere. There may have been some staff that went but there was no big conferences still.

L. PARROTT: Line item 1.2.02 under Corporate and Strategic Services, under Salaries, there's a salary savings of about \$245,000 for '21-'22. Is it a vacant position?

A. PARSONS: Vacancies. I am not sure who I would ask about the – Megan can talk about the various vacancies.

M. NESBITT: There was a number of vacancies throughout the year, some of those have been filled and we have a number of active recruitments ongoing as well to fill those vacancies.

L. PARROTT: Okay.

A. PARSONS: If I could make a general comment about vacancies, and this is not meant to – you're free to ask more questions.

One thing we've talked about is the fact that there is no position that we're not advertising for or not trying to fill. One thing I've noticed is in this department the positions that we have are very specialized. When we're talking about geologist I, geologist II, petroleum engineers, it's a pretty specific skill set required for a lot of these. So they are hard to fill.

We've had retirements but none of them are a case of we're delaying this or we're not trying to hire. We're trying to fill positions but it's difficult. The skill sets in many cases are either not there or they're gobbled up and it's on account of a lot of competition.

L. PARROTT: So would any of these vacancies be filled by, I guess, the

announcement that came out yesterday for the student recruitment? Is that one of the avenues you'd utilize?

A. PARSONS: Is that the executive program?

L. PARROTT: Yeah.

A. PARSONS: I'm not opposed to that. I'm a supporter of that idea. What I would say is it depends on the skill set and, again, I don't know the full, full on of what the Human Resource Secretariat is doing there. I'm not opposed to it but we're actively trying to get people to apply, but, like I say, sometimes it's difficult.

L. PARROTT: Just for general knowledge: Do we go outside the province? I mean, obviously, we try here first and –

A. PARSONS: When they're open, they're open to absolutely anybody. We have, in the past, hired people from outside. Obviously, we would prefer to have people within, but, at the same time, I think there's a plus to having people that want to return home and bring families with them.

So our biggest thing is fitting the skill set and retention is a big thing, too. You want to get people in, but, again, the competition with the feds, some of these specialized positions you've got to compete with them and we all know that challenge.

L. PARROTT: Absolutely.

Under Transportation and Communications, again, in spite of having \$71,900 in savings last year, there's still \$85,000 budgeted again this year. I guess it's the same answer.

A. PARSONS: Same thing. No travel for various reasons, whether it's couldn't travel or things got cancelled or whatever, but the plan is – and, again, this would be a general point that I think would apply to all these headings throughout but feel free to ask at any point.

I guess on a general note, our plan is to attend. After two years off the field, I think there is a need for us to get out there, to get out in the different areas, whether it's in the oil and gas sector, whether it's in mining, renewables, to

establish face-to-face contact. There's a big plus to that.

Now, that doesn't mean to say that we don't take advantage of virtual – especially when it comes to within-province, I think there's a lot we can do there. My plan is I think we need to go out and sell in an increasingly competitive market, when you're talking about critical minerals and everything else.

So we want to get out there; that's our plan, and hopefully we will be able to do that, barring unforeseen lockdown circumstances, et cetera.

L. PARROTT: There's quite a significant variance under Purchased Services; can you explain, I guess, the variance and what was actually purchased?

A. PARSONS: Tell me if I'm wrong, Megan. I think that was mainly registration for trade shows?

M. NESBITT: Correct.

A. PARSONS: So these trade shows, some of them – like, I use OTC – come with pretty hefty price tags to go, and we had anticipated or budgeted for some. Again, you'll notice that what we budgeted for last year and what we're budgeting for are different because even last year, it wasn't up fully and running. This is what we're anticipating. Last year the plan was to go there, never got there, and the plan is to try to increase that.

L. PARROTT: Under Revenue - Federal, what's the \$11,000 anticipated? Where's it coming from?

A. PARSONS: That is money coming from the feds; we will be hosting the Energy and Mines Ministers Conference this summer, so there's a federal contribution. That will be held in St. John's in July.

L. PARROTT: Are you going to invite Opposition?

A. PARSONS: We can discuss that, actually.

L. PARROTT: All right.

Revenue - Provincial: Last year \$86,000 was expected, but only \$8,400 was received and this year it's \$166,000 anticipated. Where's the revenue coming from, and what accounts for the fluctuations?

A. PARSONS: That's where the OTC, Offshore Technical Conference, in Houston didn't happen, so we didn't get the revenue from within the province for people that attend. So that would explain what we budgeted, what we actually spent, and then why that should be going up this year.

You'll also note, though, that that revenue also includes registration for that mines meeting as well. I think that's pretty much the biggest chunk of that, it's about \$161 – there's \$5,000 there for smaller employee expenditures, refunds, credits, things like that.

L. PARROTT: I've just got a couple of general questions now, if you'll allow.

It's been mentioned to me about the *Mineral Act* and the *Mining Act* and the requirement for an update. I'm just wondering if that's something that the department is looking at and, if so, could you comment on what updates you think are coming.

A. PARSONS: Yeah.

What I'm going to do – and again, I'm lucky to have Alex Smith on the team. I think the best bet here instead of me just yammering on for five minutes, probably sort of half-cocked, and then he actually comes in with the answers, we'll let him go with the answers and then I'll do the half-cocked and yammering on after that.

L. PARROTT: Sounds good.

A. SMITH: I'll yammer on.

So the review is under way. I have a near-final version of the consultation plan. The idea is to have public consultations through the summer and fall and then bring it forward with the input, do the analysis and see where the legislation goes.

L. PARROTT: That's good news.

Last year in the budget there was an addition \$2.5 million for geoscience, and when we got to the Estimates meeting there was some confusion because it wasn't (inaudible).

A. PARSONS: That's the one we talked, yeah.

L. PARROTT: Yeah. I'm just wondering, it seems like it was a late budget decision and then it was done after it was made for printing. Did the department get the full \$2.5 million? Did they use it?

A. PARSONS: I'll let Alex talk about that. I will say it wasn't so much a late one, like made after the budget was printed, per se. I will say that given the fact – one thing I will point out, you'll remember last year we had a budget in I think the fall and then we had a budget in the spring, which was an unusual scenario. I think these things happen. The good news was that we actually made the case to get increased funding, which was pretty difficult sometimes. But maybe what I can do is Alex does have some information to put forward on that.

A. SMITH: Yeah, so that money is shown in the revised for the Geological Survey, 2.1.01. I don't know if you want to go into the details of it now or deal with it (inaudible).

L. PARROTT: Yeah, that's fine.

Geological field surveys for last year, can you just tell us a bit how it all played out and what's planned for this year?

A. SMITH: We undertook 15 projects last year with the Geological Survey. Four of them were desktop studies. There was a study testing out use of aerial photographs to map bedrock. There was an airborne geophysics survey under way, and I think there were 11 different areas where geologists got out boots on the ground.

L. PARROTT: Okay, good.

A. SMITH: This year we're still in the midst of planning, but it's expected to be a little bit more activity than there was this past year.

L. PARROTT: Last year the minister indicated that he wasn't opposed to purchasing equity in the mining industry. I guess the question is

simple there. Are there any projects now where equity is being considered and has the province approached or been approached by any proponents about equity stakes?

A. PARSONS: I'll jump in – correct me if I'm wrong – we are not actively in any kind of equity negotiation with anybody. Nor have we been asked at this point. I think I got that right, Alex?

CHAIR: I will remind the hon. Member that his speaking time has expired.

1.1.01 to 1.2.03, MHA Brown.

J. BROWN: Thank you.

Back to the *Mining Act*, I'm sure Alex (inaudible). Will this review also review the Javelin act and the Labrador iron royalty act?

A. SMITH: No, those acts are historic acts and they provide rights to certain operators that we wouldn't want to affect.

J. BROWN: Okay, perfect. That is good to know.

The Strange Lake deposit and the Javelin iron ore deposit that are currently held by the government, is there any activity going on there?

A. SMITH: Yes, there is some active review internally about the path forward on those two deposits, but there has been no decision made or direction determined.

J. BROWN: All right.

Can you provide a list of the current development activity? I know other than the Marathon Gold one there are also a couple of other projects released from environmental study. Can you provide any update on those ones?

A. SMITH: On the Island, Maritime Resources are released from EA and due to have the feasibility study out. They do have permitting to start clearing their site, but have yet to submit their development plans for the actual mine. Matador resources are still in EA and expected to submit an environmental impact statement this summer or early fall.

Vale has a project under EA for wind generation. Labrador Iron Mines, the Houston Project, went through EA several years ago and the release they got for that is still in effect. They are making noise about raising capital to start operations with the price of iron ore. The Kami project, Champion are undertaking a feasibility study to look at rescoping the project and updating the finances on that. I think that is due out in the next few months.

What else is out there?

J. BROWN: Century.

A. SMITH: Century. Joyce, they're in EA as well and they were required to submit an EIS. To my knowledge, I think that is at the point where the table of contents needs to be provided by Environment and Climate Change.

J. BROWN: Perfect. Thank you so much.

In the budget, it noted there was about a 20 per cent decrease in mining revenue. With all the activity, can you elaborate a bit why we're going to see a decrease in mining revenue this year compared to last year?

A. SMITH: I'm assuming you're talking about the revenue table in Estimates?

J. BROWN: Yes.

A. SMITH: So I did ask about that. Last year, 2021, was a record year for value of mineral shipments, \$6 billion. The taxation collected last year was very high. Some of the taxation reflected for '22-'23 includes cash contributions from last year's production. I'm told by Finance that the projection for 2022 taxation is actually about \$120 million, which is more in line with a good year as opposed to the phenomenal year we had last year because of commodity prices.

J. BROWN: Okay, it's just more of a conservative estimate, kind of.

CHAIR: Order, please!

I remind the Member that we're on Executive and Support Services, 1.1.01 to 1.2.03 for questioning.

J. BROWN: Yes, thank you, Chair.

I have a little bit of a passion for mining.

Under Geological Survey, currently what projects are upcoming with the Geological Survey this coming year?

A. SMITH: I certainly can provide more detail in writing.

J. BROWN: Yes, if you can provide it to me that would be great.

A. SMITH: I do have a brief listing here, though.

J. BROWN: Okay.

A. SMITH: There's some bedrock mapping planned for the northern part of the Labrador Trough; a continuation of mapping in Hopedale, Labrador, that's an ongoing project that's been going on for two or three years in conjunction with the Geological Survey of Canada; mapping in southern parts of Western and Northwestern Labrador as well. So that's bedrock mapping.

The mineral deposit section is looking at base metals and gold in the Northern Labrador Trough. The evaluation of rare-earth minerals and other critical minerals in the Flowers River water zone, that's St. Lewis search minerals area on a more regional context.

They're looking at gold and critical minerals in Central and Southwestern Newfoundland. That's the exploration boom that's going on.

The Terrain Sciences, geoscience data management section are looking at innovative surficial exploration methodology development and surficial mapping in Central and Western Newfoundland and till geochemistry and surficial mapping in Hopedale, in conjunction with the bedrock mapping section.

J. BROWN: Perfect, thank you.

Now, under this what supports are currently going to be – are they any supports going to be given to junior miners or anything like that's currently coming up with all this extra exploration and all this extra development? Are

there any supports coming from the department into junior miners?

A. SMITH: The Mineral Incentive Program was included in the budget again this year, that's \$1.7 million for exploration grants. That's broken down as \$1.3 million for junior exploration assistance; \$350,000 for prospector grants; and then another \$50,000 in support of prospectors in marketing their (inaudible).

J. BROWN: Okay, perfect. My next question was support for prospectors, but perfect there.

I can go to the line by line there now.

Under the Geological Survey, I noticed that there was a large increase in the Purchased Services.

CHAIR: I've got to stop the Member again. We're into Executive and Support Services, 1.1.01 to 1.2.03. You were actually into 2. –

J. BROWN: Oh, I (inaudible) sorry, my apologies there.

Well, I'm done there with that section then. I'm done with this section here.

CHAIR: Thank you.

Is the Committee ready for the question?

Shall 1.1.01 to 1.2.03 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 1.1.01 through 1.2.03 carried.

CHAIR: Can I get the Clerk to call the next set of subheads, please?

CLERK: 2.1.01 to 2.1.03 inclusive.

CHAIR: Shall 2.1.01 to 2.1.03 inclusive carry?

The hon. the Member for Terra Nova.

L. PARROTT: Just a quick general question. In conversations with Marathon Gold, I know they're having some issues with Victoria Bridge and I would say there's confusion over who's responsible, be it Forestry, Environment or – I'm certain it's not you guys, but have they approached you guys for help and is there help coming, I guess? I'm not asking about financial help. My understanding is they were willing to (inaudible).

A. PARSONS: So the background I can give on that is that in one of my meetings with them – and I apologize because the passage of time these days does not – I can't remember if this was – I think this was a before Christmas meeting. In fact, I think they may have even met with the Official Opposition –

L. PARROTT: Same day.

A. PARSONS: – so they had mentioned Victoria Bridge. Now, that would fall either under Minister Bragg's shop, I believe, but we did have that discussion and I did reach out to that department.

In the next, I do think that there's a letter that actually came from the Leader of the Official Opposition on that.

So I'm aware. I don't know, Alex might know if there's been something done, but we have an awareness. I'll leave it to Alex now.

A. SMITH: So part of the issue with the bridge was the fact that they were under environmental assessment and the project couldn't commence until they were released. The bridge and the road construction and upgrade was part of the project. So now that they're released I would assume that the issue can be dealt with quickly.

Marathon didn't have any issue with the expense of the bridge; it was just getting the work done.

L. PARROTT: Okay. I just know that they were having some troubles.

Listen, the end goal is for them to be mining gold and this is you guys, and if there is anything you can do to help them I –

A. PARSONS: I don't think they left our office thinking that there was any issue. There was nothing we could do and we certainly passed it over.

Again, going back to what Alex said about the environmental assessment may have been one of the hold ups. That hold up is not present. But, again, we have pretty regular contact with Jamie or Matt or whoever. So if they were to be in contact with you and there was still an issue, even if it's not our responsibility, I think we serve, sometimes, as a facilitator to help connect other departments to fix the issues.

L. PARROTT: Thank you very much.

Line 2.1.0, Geological Survey, under Salaries. Last year, Salaries savings was \$260,000. Again, I assume it was a vacant position.

A. PARSONS: Yes. So, Alex, you – I know we have some vacancies there. A reduced field season, I think, might have been one of the issues, but I'll maybe let you give a little more detail.

A. SMITH: It was simply routine vacancies. People would leave and then we would attempt to fill the positions as soon as we could.

L. PARROTT: And I'll just say you can answer yes or no or you can ramble on, but under Transportation and Communications, \$389,000 is the reduction. How is that going to be achieved?

A. PARSONS: Say that again.

L. PARROTT: Under Transportation and Communications –

A. PARSONS: Yeah.

L. PARROTT: – the budget is being reduced to \$389,900. It was \$413,000 the previous year. Can you outline how you are achieving those savings?

A. SMITH: Transportation and Communications includes helicopter time. The government's helicopter contract is quite complicated in that in the old days you just paid for hours of time. Now you pay for basing fees

plus hours of time and your basing fees are based on the last three or four years of helicopter use. So our use went down the last two years. My understanding is that is a big portion of that cost.

L. PARROTT: Under Supplies, last year's Supplies went over budget by \$70,000. This year the budget is being increased by \$142,000. Can you outline why and what supplies that are being purchased?

A. PARSONS: That's laboratory consumables, but I think Alex will get the actual specifics.

A. SMITH: Laboratory consumables are certainly part of it. Boron gas, for instance, was extremely expensive this past year because of supply issues related to the pandemic. The increase part of that is repurposing or reprofiling funds across different accounts to more appropriately reflect our historic overruns at the lab on consumables.

L. PARROTT: Do you guys contract any of your lab services out?

A. SMITH: Yes.

L. PARROTT: No, I ask that as a separate question.

A. SMITH: We do basic assay work. We don't do gold assays. There's some geochronology and other more specialized analysis that we send out.

L. PARROTT: And is that carried out in-province or is it sent out of province?

A. SMITH: It depends on where the speciality is. Some of it is done at MUN, but some have to go to England, I think.

L. PARROTT: Okay.

A. SMITH: Yeah.

L. PARROTT: Under Professional Services, there's what looks to be an unexpected expenditure of \$2.1 million. What was that for?

A. SMITH: So that's the special funds last year announced for the geological data.

L. PARROTT: Okay.

Purchased Services last year went over budget by \$252,800 and this year they're reducing the budget. How are you going to achieve the reduction? What was the overture?

A. SMITH: So some of those Purchased Services were also the additional funds, the \$2.5 million that was announced last year. The reduction from budget last year to budget this year, again, is trying to reprofile some of the division monies to where it's best utilized.

L. PARROTT: Yeah. Property, Furnishings and Equipment went over budget by \$89,500. I assume that wasn't for couches. Can you explain what it was for?

A. SMITH: Again, there was some equipment that was bought with the \$2.5 million – some of the \$2.5 million was used to buy equipment, analysers, some lab prep equipment, so that would fall in under that cost category.

L. PARROTT: Under Salaries, there was a savings of \$100,000, I assume that was just a vacant position or – 2.1.02, sorry, my fault.

A. SMITH: Yes, again, a series of vacancies that were filled as soon as we could.

L. PARROTT: And Purchased Services last year, same line item, went over budget \$141,500. Can you explain?

A. SMITH: Yeah, that's Moneris fees, so our mineral claims-staking system, any quarry application fees, all that's done with online payment.

L. PARROTT: Okay.

A. SMITH: So that \$225,000 leveraged about \$7.5 million of payments.

A. PARSONS: It's a double-edged sword; with so much business and so much interest, we had to pay more to the bank.

L. PARROTT: Okay.

Quick question on quarrying. I assume that you guys are responsible for the quarries for Transportation and Infrastructure?

A. PARSONS: I think so, yeah. We're responsible for quarries.

L. PARROTT: I'm talking about like for class A and whatever Transportation and Infrastructure uses.

I know in my previous life, I had six quarries and we used to – the word alludes me now, but we used to give someone a sub-quarry permit to come in on our quarries and work.

This year, I've been reached out to by several companies who've tried to go to Transportation and Infrastructure and get a sub-permit. In the past, I know they've always been able to do that, but this year it's been turned down on every turn. I believe it's Transportation and Infrastructure who's been turning them down. That permitting process should go through you guys, should it not?

A. SMITH: Yes, subordinate permit is a permit where a permit holder can allow – it requires the person who is looking for the material to apply for subordinate permit, but before we can issue that permit the company that actually owns the permit has to agree to it. If Transportation and Infrastructure are not amenable to someone coming into their quarry, then the subordinate permit can't be issued.

L. PARROTT: So do Transportation and Infrastructure pay royalties on their permits?

A. SMITH: Everybody pays royalties.

L. PARROTT: Okay.

Is it possible to get copies of the royalties that Transportation and Infrastructure pays on their quarries?

A. SMITH: We would have to generate a report. I certainly don't have that.

L. PARROTT: No, I know you wouldn't have it here, but is it possible to get it?

A. SMITH: Yes and all contracts that are done for Transportation and Infrastructure include royalty payments as well.

L. PARROTT: I guess my question is: If a general business is applying for a quarry permit, they have to renew on an annual basis and the quarries are all published, obviously, online. You can see where they are. Transportation and Infrastructure, are they held to the same standard? If they are, or aren't paying royalties, how do they turn down a private – as an example, a contractor who is paving roads coming through or if the quarry is abundant, how do we turn down an opportunity to save money or make money?

A. SMITH: The Quarry Materials Act is binding on the Crown. So they have to get permits.

L. PARROTT: I'm not saying they don't get permits. I'm saying Transportation and Infrastructure have turned down, as an example, paving companies, concrete companies, certainly that I'm aware of. In the past, that was never a practice but I have seen where it's happened in the last two years.

A. SMITH: It's never been brought to my attention, or anyone in the department that I'm aware of.

L. PARROTT: So what I'll do is I'll commit to sending you specific instances where Transportation and Infrastructure have turned down individual companies and then we can carry on the conversation after.

CHAIR: I remind the hon. Member that his speaking time has expired.

2.1.01 to 2.1.03, MHA Brown.

J. BROWN: Thank you, Chair.

Under Mineral Lands, Purchased Services, there was quite a spike in Purchased Services there. What was the reason for that and why are we budgeting lower than previously budgeted?

A. SMITH: That's the Moneris fees for online payments.

J. BROWN: Okay.

A. SMITH: And there's no way to predetermine the exact amount of activity will be.

J. BROWN: It's going to be always – okay.

A. SMITH: Yeah.

J. BROWN: That's fair.

Under 2.1.03, Mineral Development, we had a decrease in Salaries and then, obviously, an increase. Is that due to a recent vacancy?

A. SMITH: Mineral Development has one position that's difficult to fill. It's an open competition, mineral development engineer, mining engineer.

J. BROWN: Yeah.

A. SMITH: And then there were a couple of vacancies that we resulted in immediate competition to fill.

J. BROWN: Okay, perfect.

Under Professional Services there was an increase and we did budget it lower again this year. What were the professional services under Mineral Development?

A. SMITH: So Professional Services and Purchased Services were higher this year than budgeted. We did some dam repair work in Buchans: \$124,000 in Professional Services, \$535,000 in Purchased Services. There was an issue with the dams that were identified that needed repair.

J. BROWN: Okay, perfect. And that also carried over to Purchased Services, obviously.

A. SMITH: Yeah.

J. BROWN: All that work and everything, okay. So that was the dam in Buchans. Okay, perfect.

Under this there now, we're talking about Mineral Development and stuff like that. I noticed under a lot of Mineral Development stuff there's not much federal money available.

Is there any reason why the feds don't help compared to other industries right now, when it comes to Mineral Development?

I know, it's a tricky one, but I've always noticed that there's never much federal, only the Geological Survey last year, I think, you got some federal money, that was it.

A. SMITH: Yeah, so the Geological Survey does a lot of geoscience in collaboration with the Geological Survey of Canada. So they both have in-kind contributions to those projects. And there are – I don't know if I should be here defending the federal government, but there are supports available to companies with federal funding. IOC, for instance, is taking advantage of conversion of one of its boilers using federal funds that flowed through Environment and Climate Change.

J. BROWN: Yeah, I know. I noticed it was last year and this year there was not very much federal into the mining and surveys or anything like that but it is more of an in kind –

A. SMITH: It is more direct contributions to company.

J. BROWN: Okay.

A. SMITH: There is no money federally that flows through the province at this time for the mining industry.

J. BROWN: Another thing I had there was – I'm not sure, the Victoria bridge was kind of like one thing, but another questions there is: Do you get a lot of requests from junior miners, exploration stuff, for infrastructure development to get into certain sites or anything like that?

A. SMITH: Not directly. There are times when there may be a resource road that they are looking to having upgraded, but it is not something that we generally do. I mean, the resource roads are there; they're maintained by Fisheries, Forestry and Agriculture as the woodlands work goes through an area.

I think the mineral industry is happy to use what is there and until they get to a more advanced exploration stage, then they're not really looking for much of anything other than easy access.

J. BROWN: Perfect there.

Another one I would say is, as we move forward, are you getting a lot more requests from mining companies to work on putting in direct power instead of diesel generation? I know Century – I think you and I talked about this last year – didn't really want to go and build a diesel generator up in Iron Arm, but Menihek dam couldn't provide the power. I don't know if you're getting any more requests to have transmission lines or anything like that for these projects to go forward.

A. PARSONS: I can say that in my experience over the last year, I have had companies reach out when it comes to power issues. Generally, what we have done, though, is that I see that as a Newfoundland and Labrador Hydro issue. We direct them to them and they have to work that out and then it comes down to the costs. So it is an issue. Again, come back to the facilitation part where we –

J. BROWN: Yeah. You're (inaudible).

A. PARSONS: I specifically had one company where I set them up with the executive team at Hydro, they got in contact and they worked out the issue. I'm not aware of an increase, per se, or if it is a normal thing every year. But, like you say, I have had people bring it up perhaps more as a general thing, but it is not an issue that is preventing them from –

J. BROWN: No.

A. PARSONS: – moving forward.

It is the same thing I have seen in every front. I want power and I want it cheap.

J. BROWN: Yeah, exactly. I was just curious because I know I had this conversation with Century and they were like: We'd love to tap into Menihek dam, but they don't have the capacity. Now I have to buy a diesel generator, that kind of thing.

A. PARSONS: I can honestly say that I have never heard from them.

J. BROWN: Oh, okay. They have mentioned it to me but that was more of a chat, I guess.

A. PARSONS: Yeah, they have never mentioned it to me, so what I would put to you is that I haven't turned down an email yet from anybody.

J. BROWN: Okay.

A. PARSONS: Or a call, because again it comes back to that it's mutual wins. I mean success for them means success for the province. So happy to chat with them. It's not something I've been presented with yet, so it might one of those things where sometimes when we talk to constituents and companies, they bring up an issue, but probably not as serious that they felt that they needed to reach out to us, per se.

J. BROWN: Yeah, exactly. I was just curious if it's been –

A. PARSONS: Oh, sorry, Alex.

A. SMITH: I'd also point out that the department participates in several federal-provincial working groups. Canadian Minerals and Metals Plan is one of those. The issue of remote isolated sites and diesel generation in the day of climate change and greenhouse gas reduction and the desire for green metals; we're constantly raising that issue with the feds that it needs more than just a provincial solution.

J. BROWN: Oh, perfect. I really appreciate that.

For this section, I'm good there now.

Thank you so much.

CHAIR: Thank you.

2.1.01 to 2.1.03, MHA Parrott, do you have anything further?

L. PARROTT: Just one question, yes, and based on the last series there.

With the announcement for wind energy, C61 – Voisey's Bay's desire to put in wind turbines which is well known but that's for the elimination of diesel obviously – I think about Wabush Mines, IOC and other major players out there that do draw from the grid. I just wonder what happens from a cost standpoint for the

province if these larger industry businesses – I mean, listen, I know that you guys and Hydro are doing their best to supply power to whoever wants it, and that's what we have to do and we have to get green. But is there a concern that some of these companies may decide to come off of our electrical grid and go to wind or other sources? It's a huge loss –

A. PARSONS: I've got a bit of practice with this one, because it was literally the same question asked by the media today in the budget lock-in, and it is an issue. That's one of the policy pieces that we need to figure out going forward in terms of cannibalizing your system.

Again, you come back to the sort of the Catch-22, where we want to encourage people to get off diesel. We want to encourage people to build more capacity. We want to encourage people to get green. But, at the same time, we have to ensure that we have a grid that we must sustain and it's costing a lot. So that's one of the policy pieces. I can get into it now or we can wait until the renewable section.

L. PARROTT: No, that is good.

A. PARSONS: Absolutely, it's one of the things we're trying to figure out, but we're going to be willing – and again Susan has been dealing with this a lot as the executive director for Renewables, but it's an active policy conversation of where we want to do what's right, but it's not an easy answer.

L. PARROTT: Okay. No more questions for you.

A. PARSONS: And if I can, just one thing on the point that the Member made earlier on the quarries. I will say that I have had multiple Members, both sides – when it comes to quarries, if you have a constituent who has an issue, tell them to reach out or you reach out on their behalf to me because we get that a lot. I had no idea, prior to getting in this department, how big –

L. PARROTT: It's crazy.

A. PARSONS: – that issue was, how pervasive just people dealing with it is. I have had people

reach out independently. I've had MHAs of all over the place reach out. I think we have a pretty good track record of trying to figure it out and get back to people and work through it. In some cases, we're able to help them. In some cases people, once they reach out, we're able to educate them on maybe some of the issues that they've had. So I am happy to answer questions and, again, we go to Alex and his team to figure that out.

L. PARROTT: Sounds good.

CHAIR: Thank you.

Is the Committee ready for the question?

Shall 2.1.01 to 2.1.03 carry?

All those in favour?

SOME HON. MEMBERS: Aye.

CHAIR: Those against?

Carried.

On motion, subheads 2.1.01 through 2.1.03 carried.

CHAIR: Can I get the Clerk to call the next set of subheads, please?

CLERK: 3.1.01 to 3.1.09 inclusive.

CHAIR: Shall 3.1.01 to 3.1.09 inclusive carry?

Mr. Parrott, you still have time on the board.

L. PARROTT: Can you give me an update on what's happening in Bull Arm right now and what the plan is, I guess, going forward? Obviously, it all changed yesterday.

A. PARSONS: So maybe what I'll do on that one, I'm going to let Mr. Tobin talk about some of the activity we've seen in the last year and then maybe I can get into the future and sort of where we see things going.

P. TOBIN: So at Bull Arm in the past year, of course, we had the Terra Nova FPSO. The scope

of work required on that facility was completed at Bull Arm before it went to Spain.

At the site, right now, we have two semi-submersibles that are stacked there. One being the Henry Goodrich that's essentially cold-stacked and unlikely, perhaps, to come into service again. Now, the other being the West Aquarius, that is still certified for operation in Newfoundland and Labrador waters and could, in fact, be brought into service.

We do have Maersk, of course, a major offshore supply vessel operator here that uses the facility there for wharfage, dockage and those sorts of things.

Right now, the Bull Arm facility is being operated under a short-term lease with DF Barnes. DF Barnes is undertaking to bring additional work to the facility. That effort never ceases. Of course, when it comes to opportunity for Bull Arm we mentioned Equinor and Bay du Nord there earlier, that is by far the major opportunity on the horizon. We do know that some of the major potential contractors for the Bay du Nord Project have certainly been looking at Bull Arm. They visited the site, as you would contemplate they would. So there's interest there. But, of course, that is not firmed up yet.

That essentially summarizes what's gone on out there over the last 12 months or so and what the major opportunity for the facility is.

A. PARSONS: So I'll jump in here. A couple of things, just jumping ahead to 3.1.08 just for a second, that is the expenditure under OilCo that's related to Bull Arm.

So there will be money spent this year on various initiatives including – I think there's some, I don't know if it's safety lifts – there's safety money being spent there, because I remember we fought pretty hard to make sure that – so OilCo comes in with their ask for Bull Arm, which is always fun because everybody wants more and more and more. This was a pretty big ask, but we went to bat for it because we felt that we wanted to ensure that the money was spent on it to keep it viable, because we do anticipate that there would be more work.

Perry can probably give a little more detail.

L. PARROTT: Overhead crane in the module hall, is it?

P. TOBIN: As the minister pointed out, some of the major capital parts, expenditures coming up in Bull Arm – it's important to maintain roofs, of course, that's the lifeblood of any building, you want to make sure there's no water entering those buildings. So there's still significant roof work left to be done. As well, of course, the fall protection systems that are required in order for that roof work to be undertaken safely and for general access to roofs, there's money there as well. All the sprinkler systems at the facility, they need to be checked and recertified. That's certainly part of the fire protection piece mentioned by the minister.

A. PARSONS: So what I will say, whenever we're going through a budget process, there's always the pressure, no new ask or don't ask for too much, that's just how it goes. I will say that this was an ask that we went to bat for and I was happy to get because we felt it was necessary. We didn't like the argument of coming in here and saying that we didn't put the money into that, because, again, hopefully, we're going to see more bodies out there.

So a couple things. One: I've had people reach out to me unsolicited and through – your colleague from – I don't know Mr. Dwyer's district offhand.

L. PARROTT: Placentia West - Bellevue.

A. PARSONS: He talks about it all the time, brings it up, and it's great. So what I would say, some of the interest we've had, we've listened, we've looked, we've analyzed, OilCo's looked at it. I mean, they've gone out and done, you know, expressions of interest. Nothing has come in that has led us to believe that it would be a good investment for us to get it out of our hands.

It's one of those things where you have an asset and there's no doubt the asset has not had the usage that it should have, but does that mean you let the asset go for less than what it's worth and where do you end up later on?

In the positive way, we've bet on it. We've bet that we will see something there. Again, with yesterday, we feel that has increased the

possibilities of what goes on. We'll see where it goes. We can get into more questions when you get there after or if you have more follow-up.

L. PARROTT: Yes, I'm curious. For background, I've done a whole lot of work in Bull Arm, certainly structure big. We were the largest contractor during Kiewit.

Is there a tender process for any of this when you're going out to fix the roofs and do fall protection and do the things that you're doing? Is that going out to public tender or is it just being given to the proponent that's leasing? I'd like to understand that process.

P. TOBIN: That would have gone through the provincial public tender process, Sir.

L. PARROTT: Okay, perfect.

Terra Nova FPSO, the minister indicated in the House that we're expecting it to come back sometime this year. Do we have a timeline on when it's going to return to production?

P. TOBIN: I guess the FPSO is expected back here later this year, with the understanding that, I guess, the plan that it would go back in production late this fall.

L. PARROTT: So when she comes back, she's ready to go. There's no more work to be done on her? Everything will be done over there?

C. MARTIN: Yes, that's our understanding. The FPSO will be back, I believe it's later on now this summer. Refit work should be done at that point in time. That is their plan. So it will have to be restocked, everything made available. The plan is that it will be back out on station the latter part of September, early October.

L. PARROTT: Will the subsea work be completed before she comes back? Any work overs on the wellheads or any stuff that had to be carried out?

C. MARTIN: Yes, it's our understanding, based on their project execution, that work will be starting now, literally, this spring in order that that work will be complete, basically when it goes out the latter part of September to hook up at that point in time.

L. PARROTT: Okay.

CHAIR: I remind the Member that his speaking time has expired.

3.1.01 to 3.1.09, MHA Brown.

J. BROWN: Thank you, Mr. Chair.

3.1.01, Energy Policy, under Salaries there, you had your budgeted, then you had your actuals, which was similar, but we have an increase in this current budget. Are new positions being added to that?

A. PARSONS: So this is to ensure the new position as it relates to Renewable Energy. So that would be Susan Wilkins and I believe we have two other positions under Susan related to Renewable Energy. So it is new creation due to the fact we're expediting work on that front.

J. BROWN: Oh, perfect. Thank you.

Under Professional Services, we didn't use all that was budgeted. Is there anything that we didn't choose to do but we budgeted again? Is there something coming down that pipe?

A. PARSONS: That would have been Professional Services that were anticipated but that had been delayed.

J. BROWN: Okay.

A. PARSONS: So the plan is to still do them but it didn't happen last year for multiple reasons. I'll say it was a difficult year at various points for various reason. You think about last year, between supply chains in some cases, we dealt with an election last year; we dealt with the lockdown starting later on and then what's going on in other centres. So the plan is to keep it at the same level.

J. BROWN: Okay. Perfect.

Under Grants and Subsidies, we budgeted \$2.2 million but we did \$2.5 million. What was the reason for the overage and what were the grants and subsidies?

C. MARTIN: The increase on the Grants and Subsidies has to do with the Northern Strategic

Plan, the cost associated with the diesel subsidy were higher that year. They were about \$200,000 higher than what was originally anticipated.

J. BROWN: Okay. That's part of that. All right, that's where that's to. All right, prefect. Thank you so much there.

Just to follow up on MHA Parrott's comments on Bull Arm. Have we ever been approached, even before we dropped the moratorium on wind power and stuff, by any developer to use any of our offshore facilities for wind development or construction of offshore wind?

A. PARSONS: Not a conversation; we've had lots of conversations as it relates to wind but none as it relates to Bull Arm of any substance whatsoever or any of our facilities.

J. BROWN: Okay. That was just out of curiosity more than anything else.

3.1.02, Petroleum Development, Salaries and everything seems to be fine.

I noticed there under Purchased Services, we didn't use up all of what we budgeted or anything like that. Is there any reason why there's just –?

A. PARSONS: There's a variance due to less than anticipated purchased service expenditures due to training costs for well-controlled training for staff being covered by the Centre for Learning and Development. I think that's right, isn't it, Purchased Services? I have to make sure I have my lines correct here.

The other one, if you were talking about Professional, that was just less than anticipated professional service requirements.

J. BROWN: Just day-to-day stuff?

A. PARSONS: Yes.

J. BROWN: 3.1.04, Royalties and Benefits, I notice that the Salaries are significantly down between budgeted and revised and then we're budgeting for less again. Any reason for that?

A. PARSONS: The same thing for less; it's the vacancy issue. Same thing it is with all of them. It's trying to get these positions filled, difficulties throughout the year, maintaining and keeping them. The new figure there is just a variance due to the salary adjustments to reflect what's needed operationally.

I will point out that sometimes the difference when you have somebody that leaves at a higher salary bracket and then you get someone new to come in, you need less. It's not a lesser position, we'll say; it's just different requirements.

J. BROWN: Okay. It makes sense there.

I notice under Professional Services and Purchased Services, what was budgeted wasn't used. Is it the same as the other department or other section?

A. PARSONS: So we didn't need any professional service requirements associated with royalty administration during the year; it would be under Professional. Under the Purchased, less than anticipated purchased service expenditures for staff who worked from home. Work from home brought savings on. Like when you look at printing and things like that, we saw a big difference.

As you can see, we would anticipate that going back to normal now that, right now, everybody is essentially back to work, or on the way back, still working through some of that throughout government. But we anticipate, in a perfect world, that we'll be back to some semblance of normalcy.

J. BROWN: Absolutely. This department is bit more hands-on I guess than a lot of other things.

Question now on (inaudible). I know in the media, and you mentioned it and I know we've had chats about it before, you did mention upgrades to Bay d'Espoir, Churchill Falls and I think Bishop's Falls. Are those projects that are currently talked about on the books or to be some sort of release or anything on?

A. PARSONS: So, right now, there's a pretty significant conversation that is going about power and what do we do in terms of upgrades, the possibilities. There is Churchill; there is

Gull. It's always a conversation that comes up. In terms of priority, I mean, Bay d'Espoir, Churchill are the big ones that we hear about, especially when we met with Jennifer Williams the other night and her team. Those are the main ones that we talk about. There have been no decisions made.

What I would say – and again, in a roundabout way here – we know there's demand especially in Labrador. We know that once you make a decision then you're going to have two, three, four, like however many years in order to develop that. We are at the stage now where there are pretty intense conversations on what do we do, what do we need to do and what does it require. Then, in terms of, okay, if you have industrial consumers that require upgrades, what's their role in this in terms of transmission? What's their role in paying for this?

Then you get into conversations about, you know, the current power rates and what's the new one going to cost. What do they want to bear? So it's one of those things I can tell you there's no decision made, but I can tell you we're at a point where – and you would know this because a lot of them are in your district – they want more. We've got to figure out that. There is a willingness to pay. They want the greener product. And they know that there's a premium to be paid on that, so I think they're willing to make that investment.

We had to figure out what's the best one for us to take. At the same time, we're dealing with Muskrat which is so, so close but at the same time, not quite there.

John has probably forgotten more about this stuff than I'll ever know, but I don't know if there is anything you would add for colour or I think I covered it all.

J. BROWN: So you're saying I'm not getting my power line this year.

A. PARSONS: No. Again, a little bit of a good run-through this morning. Just to give you some information. I don't think this is – I mentioned it to media today. We constantly – and you know this – get people coming in saying I want this; I want that. Whether it's data centres, whether it's mining, whether it's you name it. So Hydro went

out and did a survey and added it up and it was 8,000 megawatts, and right now our grid – just ballpark – is 2,000. Right? Might be actually (inaudible).

J. BROWN: (Inaudible.)

A. PARSONS: Yeah, so we know that is not real. Then you've got to trim that down. So they went back out again and they came back and it was more in the range of 2,000 but, again, that's double what our grid is right now.

So we have to figure what's real, what's not real. So we are at the point now of going back again and now letting people know this is what we anticipate – not we, but Hydro. This is what the anticipated cost is going to be moving into that range.

So it's moving to that high level, but it's going to require some pretty big policy conversations among Hydro, among government and amongst stakeholders about what is the best way forward here. We know we need it. We know there's the desire. But how do you pay for it? And who bears the cost? Who bears the burden?

J. BROWN: Yeah, that's right. And then to go back to the ratepayers, that's a hard thing to go back to.

I will just segue into that. Any further conversations with the Atlantic Loop? I know that all of the Atlantic provinces were supposed to release their report and it still hasn't been publicly released yet. Are there any more conversations on the Atlantic Loop?

A. PARSONS: Yeah. So there's always an ongoing conversation on the Atlantic Loop. Quebec has been a part of that too, in the sense that obviously they have a role to play here. So they've been invited to be a part of that on the other end. I've had contact with my counterparts; I'll point out that the deputy minister has had contact with his counterparts.

One of the big things I will say is we love the idea. Why wouldn't we? We have the battery here, and we know that the feds are really pushing this. But what I would say to our friends in the feds is, if you want it, you're going to have pony up.

So that's one of the things that we keep saying to them; we want to get Nova Scotia off coal. In my conversations with their Energy minister, like, they're so interested in what's going on here. But like I say, we know they're going to have to be off coal by 2030. I think New Brunswick actually tried to extend that. I don't think that's going to happen. The clock is ticking.

Coming back to the first part of the conversation we just had about development, that's one of these things also that when we talk about the future – so it's an ongoing thing. It's frustrating at times because you know, when you have so many jurisdictions, sometimes that can be difficult, everybody's dealing with their own day to day, then when you have the feds involved.

It's an active topic. I don't know, John, if there's any other colour. There's no definition here. I do think, given that there's been a federal Emissions Reduction Plan that has been put out, given the fact that they've put out some other guidance on other things, I think you'll see more of – and the other thing too, just think about it though. We had a federal election that chewed up a lot of time. We've had a provincial election that chewed up time. We've had other provinces go through elections, which have chewed up time.

So now that everybody is in that place, like Nova Scotia themselves now have stability there. They went through their election. So part of it too is these premiers' meetings that they have, this is probably one of the big topics that's on every agenda for them. I know it is. It's being discussed at every one of those meetings. I think you'll see it ramp up, but there's always logistical issues to that.

But we like where we are on it, and the fact that we can contribute to the need to help the two next provinces, New Brunswick and Nova Scotia, move from their non-renewables, there we are.

J. BROWN: All right, thanks.

CHAIR: Actually, the minister mentioned that the clock is ticking, and your clock has ticked to zero, so your time is expired and I'll pass it to MHA Parrott.

L. PARROTT: I'm not asking you to disclose any numbers. I'll start with that.

A. PARSONS: Okay.

L. PARROTT: The Greene report, obviously, recommended to sell off our interest in the offshore and Bull Arm. And obviously, I'm just making an assumption that the Rothschild report did an evaluation on both of those assets. I guess my question is, has the Rothschild report changed government's look at Bull Arm and our equity stake in the offshore?

A. PARSONS: So if I were to go back to my days in law, I would call that a leading question.

L. PARROTT: But my preamble change to leading.

A. PARSONS: Listen, I have respect for that.

So what I can say, what I will say, is that – like this is just me sort of talking – the Greene report comes out and you don't mean to disregard anything of what they've said. I know they've put a hell of a lot of time in. You look at the capabilities of these people, same with Rothschild. They came in and did their work. Obviously, Greene is out. Again, I know Minister Coady has talked about it. I'll put out there: As much as if I was in the Opposition, I would ask the same exact question.

I don't think it's in our best business interest to disclose certain things because it's going to shag up our bargaining position. Now, when you say that, the next assumption is well, hang on a second, you're bargaining. But it's a figure of speech. What I would say is nothing has changed for me. Again, it sounds kind of blunt when I say this, and not blunt to you but blunt when I get asked about it. They say, well, Dame Greene said this. I say, yes, it's good, she's not elected, I am. You're elected; our colleagues are elected. We have to make the decisions and every one of us, we hear from average Joe, or we hear from really qualified people with these reports.

All of it forms, I think, a part of a conversation we have. Again, the reality is me sitting in this chair. I'm the first one to say – I say it in every meeting I'm in – I'm usually the least

knowledgeable person in most of these meetings I have when I'm sitting down talking about oil production. This is just how it goes.

But if I hear all these points of view, if I hear the evidence and the information, the financials, I'd like to think that, along with the team, I can figure out what's the best thing to do.

So coming back to it, I don't have any new direction to add, nor do I have any direction to say will things be sold or will they not. What I would say, what I think I'm willing to say is that if you're going to sell anything in your life, you want to figure out evaluation. Is it better to sell now? Take it or do we wait? What's the evaluation going to be later on? Is the market right for this now or not right?

So, I mean, at any point, government or anybody who owns anything can say, yeah, we're going to sell or not sell or look into it. I mean, even if you want to put your house on the market, you might not want to sell it, but you want to know it is there in case you want to make that decision.

That's the best I put – sort of a rambling answer. But it's funny; I've chafed a bit at times because the Greene report or any report as good as they are, it's a guiding factor in a decision that we have to make as legislators.

L. PARROTT: Fair.

The recent delay for the offshore call for land bids. I am just wondering if you can offer any insight as to what the delay is. Why it was delayed and what the process is going forward?

A. PARSONS: So what I can say there is I cannot offer from the federal point of view why the federal minister felt – as per his right under the legislation – the need for that. I would assume that it forms a part of bigger conversations that they're having as it relates to this industry. I mean, I don't think that is a surprise or secret to anyone what is going on up in Ottawa.

What I will say, again, is when, given the opportunity by the C-NLOPB, we went right away and said we want this. We are not agreeing to a delay. We don't want a delay. You have your right to do what you have to do. So we

have done our part and then they have taken their prerogative and in the 90 days – and again, some question, well, why don't you just go and do what you got to do. Well, there is process, too. The process has to be followed. I think it is all going to be good because with security of supply, I guess the hammer comes back down to us. We get to call this shot and I can already tell you where that shot is going to go.

In the grand scheme of things, I think we end up in the same place, which is where I know you want and I want. I don't think that is going to be delayed even with this sort of holding pattern. Can I tell you whether it is going to go the full 90? I don't – I thought there was a possibility Bay du Nord went until mid-April; they went early. Could this happen? I don't know. But I would assume there is possibly a review going on up there and who knows what other kind of philosophical conversations they're having.

L. PARROTT: Sure.

So when seismic was suspended, I guess part of the conversation was it was suspended partially due to the amount of seismic data that had to be analyzed. So can you give us some idea how much data is left to be analyzed and if there is a possibility of –

A. PARSONS: So I'll give it more as a general and then I don't know if Perry or Craig can jump in maybe with a little bit more in terms of what's there, 2-D, 3-D, what's left to do.

Generally speaking – and I still stick by this – it is a pause. I will say, full disclosure, since that time, I have had people come at me and say: Why are you doing this? You guys ask these questions and that's what you're supposed to do. I've had people in the industry that disagreed with it. I have had people in the industry come to me and support it. The biggest thing I have said to everyone is, look, it is paused. Part of that was fiscal and part of that is based on the fact that we have, I think, a surplus of data that can be considered right now going into this bid round.

Maybe get a little bit more detail or colour, we'll go to Perry or Craig or whoever wants to jump in.

P. TOBIN: Without getting into the specific metrics in terms of kilometres of 3-D or 2-D or whatever the case may be, essentially the seismic that was collected in 2021, so in the summer of 2021, is the seismic that needs further interpretation, resource assessment performed on it to make it valuable, ready for the planned 2022 call for bids.

That is the main body of work that needs to be carried out. There are three or four aspects to it. There is resource assessment. There's the actual interpretation of cells. There's electromagnetics. There are a number of different aspects, but that is the main part of it.

L. PARROTT: Okay.

Are you ready to continue?

Natural gas, anyone able to give me some insight as to where we are with developing natural gas in the province? Has there been any discussion on a royalty regime if we move forward? What work is left to be done, I guess, from a regulatory perspective?

A. PARSONS: So the good news is that, I think, for the first time, possibly ever, natural gas is an actual live conversation here in the province. I will say that the reason it's taken so long is because back in the day the administration made a very clear choice, no, we're not doing this. That's not where we want to go. They put their eggs in other baskets. Plus, the operators themselves I don't think really put too much sort of credence into this, everything else was going well.

So a couple of things that have changed from my perspective. Number one: the operators – especially in the last two years with everything going sideways – are saying that maybe this is a revenue stream we need to consider. Number two: to take something sadly positive out of tragedy, which is you see what's going on in Europe, you see what's going on with energy volatility and essentially the hostage taking of nations to Russia, that's increased that conversation.

So for the first time we do have – and one of them is well known – Newfoundland LNG or LNG Newfoundland, have got a project – you're

aware of it. I think they've met with everybody, as they should. They're drumming up support. They've got Indigenous backing. In fact, to the point where I actually attended a natural gas summit, myself and the deputy this year, in Toronto. They were there as presenters, and the fact that the province actually attended a natural gas summit, which was pretty high-level stuff, hearing from investors, hearing from – actually BC spoke about their experiences politically from it.

So, right now, they have to raise capital. There is a lot they have to go through. There's going to be EA. Whether it's Crown lands, whatever part they're dealing with. We are actively working on a royalty regime for natural gas. So that is being worked on, which is also one of the things that they need to know going forward.

We are seeing renewed interest on this globally. I will say people are reaching out. There's other renewed interest in production. Conversations going in with producers or, I guess, owners of the fields. That's a conversation they have got to have. We can't really get into this. That's their resource. What we're saying is we'll develop the royalty regime. We'll work with you on that. So that's the best I can say.

It's still some time away, but for the first time it really is like a live conversation that's going on. Does it succeed? I don't know. So I'll point out that natural gas summit I was at, Minister Wilkinson spoke virtually at it and talked about the need for Canada to fill the LNG void that exists there. We have a product right now that can be used elsewhere. We need to step up on that – the same way they talked about we need to step up on the oil front.

I know that Leo and Chief Joe were saying – again, it gives you some support behind, can this happen or not? So they are still a ways off. They even say that themselves in their presentation. But I still think there's going to be demand even in the coming years.

CHAIR: I'd like to remind the Member that his speaking time has expired.

Still on 3.1.01 to 3.1.09, did you have anything further?

J. BROWN: Thank you, Chair.

I guess going from natural gas – the hydrogen front. I know that that's another big new market and stuff like that. My question is: Are we having conversations both about water-based electrolysis hydrogen and petroleum-based hydrogen? Are we doing both or are we just talking about one or the other?

A. PARSONS: What I can say is that there may be petroleum-based conversations on the go. It's not really where our head is. Our head is very much on green – on water-based or wind-based hydrogen. Again, coming back to that conversation that we talked about, like the big thing that the feds are going to want to see is carbon density.

He almost joked about it. We talk about green and blue and turquoise and pink. We use these colours. They want to talk about carbon density.

J. BROWN: Yeah.

A. PARSONS: So there is an extremely, extremely active conversation – multiple conversations on multiple fronts going on on hydrogen to the point, again, the last year that Susan has come on and she and Christine Boland and other people in the department where they were the leaders behind getting our renewable policy done, meeting with anyone and we're pretty open for business. I've had people reach out on LinkedIn and say, hey, we want to have a chat. And it's like, well, here's our email, get a hold of us and we'll talk to everybody.

J. BROWN: Well, that's good.

A. PARSONS: We will absolutely listen to anybody, and then of course you have to decipher whether it's some tinfoil-hat stuff, or there's something real there.

J. BROWN: Yeah. That's right.

A. PARSONS: What I will say is that we have some real players, globally known capital to back them, and the desire to do it, whether it's hydrogen – we're talking wind for grid, we're talking wind into hydrogen to go to Europe, they're in conversations with – especially the

Germans, the Germans are the lead in Europe, in terms of that conversation.

The Germans are saying yup, we're going to have that demand; we're expediting our need to advance what we're doing in the long-haul trucking and everything else. So it's really interesting and exciting, and again coming back to the point that, that's why we've got positions created and a team to run it, which is pretty exciting. Because this is the first time we've ever had it, so we're taking it serious.

CHAIR: MHA Brown, if I could just steal a couple of seconds from you, I just want to remind the Committee and the department that after MHA Brown is done, we'll break for 10 minutes.

J. BROWN: Perfect, thank you, Chair.

CHAIR: Thank you.

J. BROWN: I know that IOC's parent company, Rio Tinto, has been exploring the idea of using hydrogen to actually make iron ingot, and I know that that's a big thing there now, but they're kind of, do I do it in Quebec, do I do it in this province. I don't know, have you had that conversation with them about their plans with secondary processing and the use of hydrogen in their – basically it's going to be a first-in-the-world kind of mill.

A. PARSONS: I'm just going to look for sure; I don't know if that's been a conversation. I haven't had that conversation; they haven't reached out to us, but we do know that when it comes to Labrador they are interested in increased power and what can be done to, I guess, just make the operation more efficient and greener. I've had conversations recently on the possibilities of hydrogen at Come By Chance, so –

J. BROWN: Yeah. Okay, that's a lot of work.

A. PARSONS: It's going, and I mean there's a bunch of different parts. A lot of people – it's extremely capital-intensive, and while there's lots of capital around, people need to acquire it. The feds themselves have the Infrastructure Bank. They have the Indigenous Clean Fuels Fund. They've got a bunch of different that

people are applying to, so that will help drive some of this conversation too.

We've been supportive of people even when they come in. Like we can't pick you, you, and you or not you, but we're saying to everybody, we're supportive of anybody getting federal funding to help with these initiatives, because we're going to see the benefit down here. But we're certainly not picking sides or anything. We want to see anybody who can get through that scrutiny that will entail when you're looking for hundreds of millions of dollars.

J. BROWN: Absolutely.

This is actually very fascinating, and really interesting that it's from, I guess, when you took this office that we had a conversation about it and it was very minuscule, but it's almost like taking off extremely fast in the world right now.

A. PARSONS: It's one of those things; it's the flipside of the oil and gas conversation. It's funny; I've spent a lot of time – and this is just sort of – you spend some time, when you talk about that, you almost have a fear that the non-renewable people thought you were giving up, and you're like no, we have everything. Like we're one of the only jurisdictions, we have renewable and non-renewable, and I don't think we have to bet on one or the other. We can bet on all.

But absolutely, one of the driving factors on the renewable side is obviously not just the Canadian demand, but the American demand and the global demand for renewables, which has been expedited for multiple factors including the geopolitical, just a whole number of things.

So that's why we've been trying to ramp up to keep up with that, and we're actually going to be doing our part as a department to get out there and little things, like going to places. Coming back has been hard because you can have all the Zooms you want, but we need to get ourselves on site. We're competing with Quebec who have consulates in (inaudible) Washington. Alberta has their people on the ground there. Obviously, we can't afford to do that, so we need to make sure that we are present there, but we've had these meetings. We talk about the US when it comes to critical minerals, actually.

J. BROWN: Yes.

A. PARSONS: I mean, so we're getting out there. We need to put ourselves in the market. I think as well known as we think it is, there's still an awareness that we need to create as a province of the resources that are here. Truly, it sounds cliché, but it's a global market now that we're playing ball in. The thing that's going to save us is that we have regulatory stability. We have the ethical standards that you want. I mean, you know what you're dealing with here in terms of a stable government, as opposed to other jurisdictions where you don't know what you're getting into.

J. BROWN: Yes.

A. PARSONS: Then when you look at the quality of the resource, it really is second to none.

J. BROWN: That's right.

Switching gears a touch there, I know there is a current policy in government about nuclear energy. I know that the feds have been doing a lot of research and, I guess, shopping around with different provinces about the reactors and small-scale reactors. Have your department had any conversations about any of the nuclear reactors or anything like that?

A. PARSONS: No. I can tell you – it's funny – my colleague or counterpart in Ontario is every second day on Twitter talking about nuclear. They bet big on that. That's not where our heads have been. One of the things you talk about is like you can't also do everything.

J. BROWN: That's right.

A. PARSONS: So for us, I mean, I'm sure we could get in that field if we wanted but I think it would dilute our ability to do better in the other ones that I think we have more strength in. So nuclear is not really a conversation we've been having. We've been concentrating on the other things that we have mentioned here.

J. BROWN: Okay, perfect. I just thought I'd ask.

3.1.05, Oil and Gas Industry Supports, I noticed that we budgeted \$325 million but we only spent \$183 million and then we are planning on spending \$168 million. What is the reasoning for that?

A. PARSONS: This is the \$320-million fund.

J. BROWN: Okay.

A. PARSONS: The general answer is that some of it had to be carried over because trying to get it out the door.

J. BROWN: Okay.

A. PARSONS: One of the issues we had is getting the funding, dealing with the feds and then we went into the world's longest election. That delayed everything. The other thing is that the interest in it was ridiculous. The amount of work that people like Nena Abundo and all her team did throughout the department to go – and, again, it ranged because there was not just – I'd say about \$35 million we spent on the supply and service side. Just the amount of interest in the \$35 million that went to the supply and service sector, you had umpteen proposals, but they ranged the gambit. Every one was different so there was a huge amount of scrutiny.

Long story short, some of the money is pushed and will have to be spent later on.

Craig might be able to have a – I don't know if you want me to go further than that.

J. BROWN: No.

A. PARSONS: The \$320 million is going to be spent; it's just that we couldn't get it all out in the fiscal.

J. BROWN: More of an administrative –

A. PARSONS: Yeah.

J. BROWN: – trying to get it out there.

So it is all spoken for, entirely, at this point?

A. PARSONS: Yes. Everything is spoken for. We used the entire fund.

The other thing, too, is that some of the contracts we had to extend them, so I think they have gone further on than we originally anticipated, going back to the same delays we had.

J. BROWN: Okay. So at this point in time, once this is all spent, this section now will be folded, I guess, per se.

A. PARSONS: I would say maybe there is a placeholder.

J. BROWN: Okay.

A. PARSONS: Right.

J. BROWN: For future.

A. PARSONS: Or is it? Phil, Craig, John.

J. BROWN: Somebody.

A. PARSONS: Perry.

C. MARTIN: Right now, the \$320-million fund was parked in here, so it is a combination, as the minister said, of projects coming and then projects take time for people to complete, cash flows for projects, so it is going on into this fiscal year. The expectation is the full \$320 million will be expended in this fiscal year.

But also parked in there as well is the \$6-million IBDF. That also exists in there so that will be continuing after this years. Also this year, there is \$30 million in there for the Offshore Exploration Initiative.

J. BROWN: Okay. So it is a multi-use fund. At this time, this is holding that money. Okay, perfect.

Thank you.

CHAIR: Okay. I just want to remind the Member that his time has expired.

J. BROWN: Thank you, Chair.

CHAIR: And we will break for 10 minutes. So if we could be back around 7:15 p.m. or so.

Thank you.

Recess

CHAIR: Okay, if we can have Members back in the seats, please, of both the Committee and the department, we'll get under way.

We're going to continue with 3.1.01 to 3.1.09 inclusive. I'll turn it over back over to MHA Parrott.

L. PARROTT: Thank you.

3.1.03, C-NLOPB: Cost of the C-NLOPB is billed back to industry. Now that C-NLOPB will regulate offshore energy and wind, who will pay for the regulation of wind?

A. PARSONS: Good question; yet to be figured out. Probably don't want it to be us.

I mean that's one of the things is that there's work left to be done. There were conversations. I think I can say that when you talk about offshore getting to that whole jurisdictional thing, we have a desire to have full control of our offshore renewables.

L. PARROTT: Happy to hear that.

A. PARSONS: That's our goal. But, at the same time, setting up a full, new functioning board and everything else that we have to do with it may not be a timely way to start. So this a way of going in starting off with them, and I think there's going to be an opportunity to look at it after a couple of years.

As for paying that, that's one of the things we'll have to figure out, but I will say again it's not coming out of us. That's the big thing, I think.

L. PARROTT: 3.1.06, Oil and Gas Corporation: Under Grants and Subsidies, this year, OilCo is asking for \$19 million. Do they have other revenues coming in, or how do they determine the \$19 million?

A. PARSONS: This is the seismic.

L. PARROTT: Right, okay.

A. PARSONS: The biggest part of that – and again, I will defer to Craig or Perry – you'll see there that encompasses the decrease in funding

required for seismic. Other than that, I don't know what the other changes are. There is no less requirement for them, except what went into that.

L. PARROTT: So I would assume that's a decrease for seismic, specifically for vessel rental and offshore operations.

A. PARSONS: I think it's PGS and TGS or whatever.

L. PARROTT: So I guess with the amount of data being that there was so much data that we delayed our seismic, then we probably needed more money for individuals to analyze that data. Have there been more people hired?

A. PARSONS: I don't know. Go ahead, Perry.

P. TOBIN: No, there haven't been any more people hired. This is the existing geotechnical staff at the OilCo.

L. PARROTT: I guess my question is: Over the previous years we've managed to analyze that data and never had to suspend the program again. So do we have the sufficient staff to analyze the data or were there delays, extra data, what's ...?

A. PARSONS: So part of this decision is not just the surplus of data. We feel we are in a good spot data and we feel we are in a good spot analysis. But part of this pause was the fiscal realities that we are in. So we made a decision based on putting it all together with we got enough. We've got the ability to analyze. We certainly weren't going to have OilCo hire more people.

And, again, there's going to have to be a reassessment done moving forward.

L. PARROTT: Okay.

The Labrador-Island Link is still experiencing trouble. I believe under the previous premier was when we first started having trouble with the software and there was a backup software option being considered at that time. Are you able to provide any insight on that and was there another backup type option other than what GE

had considered? And are there other options under consideration?

A. PARSONS: I'm going to throw this one over to John because he's got more of this on the brain than anybody.

J. COWAN: Hydro continues to work with GE. GE is the vendor that they've chosen and they continue to work on it, so that's really it.

A. PARSONS: I think they have had conversations but the cost of going elsewhere and going with another option may not actually be a good option to go with. The cost, actually, may be more. Then you have to deal with getting rid of one contractor even if you don't like that contractor – getting rid of one, bringing in someone new – where does that leave you?

Look, it's been a pretty big conversation and it comes down to you have to trust in the fact that we have this company and it needs to iron this out. Going elsewhere, you might think that it might fix it, but the reality – if we've learned anything about the entirety of the project is that nothing goes to plan.

L. PARROTT: Is Emera using the same software while putting power across the Gulf?

J. COWAN: No, they are not using the same software. I mean GE, this is a purpose-built for the Labrador-Island Link so it wouldn't be the same software used for the Maritime Link.

L. PARROTT: We'll continue here to talk about developing our renewable resources like wind. Can you give some information on what needs to happen from a legislative and regulatory perspective before we can start up the industry? Will there be a provincial royalty collected on wind? Will on-land wind be different than offshore? Will there be a land sale process? And last part of that, is there already wind rights assigned in the province for our offshore?

A. PARSONS: So I'll start off, but I will toss it over to – perhaps Susan can jump in after.

So the first thing in terms of wind rights already assigned – I just want to make sure – that is not something that I'm aware of. Here's what I

would toss out: We've got onshore, offshore. Onshore, much easier in the sense that it's purely our jurisdiction; we don't have to worry about it. Offshore, we're getting into the joint management and all the fun that comes with that. Onshore, we're dealing with Crown lands, and so that is a policy decision that we have to make.

I don't think that it's going to require legislative change, but you get into this conversation where okay, first-come first-served, is that the way you want to go? Does that give us the best value? The Member for Terra Nova comes in, says I'm first, hijacks all the land, but you might have a plan that doesn't give us the best benefit, where you come in second and you're not as fast, but quicker might not be better. So that's a fundamental conversation we're having. The policy work got to be done not just here; we have to rely on Minister Bragg's department to work on that, too. That's one of the ongoing pieces which we expect done – I'm going to toss out four to six months.

And going back for a second – I explained this to the media earlier – half of this was getting out there. It's no different than, I'll give you an example, reading *allNewfoundlandLabrador* the other day they talked about Pizza Huts opening. Pizza Hut doesn't open and say we're open today. They've got it out there now; they're going to open in three months. Word of mouth builds up, the costs aren't there, everything else – they've got time to get at it.

So we felt the same way when it came to this industry; even though we've got people coming in, people talking to us, the reality is that number one, if we wait for every piece of policy and legislation and everything else to be done perfectly, we're putting ourselves later in the year. And not only that, we're stopping ourselves from having parallel or adjacent conversations with companies that want to come in here and do some of the work. So that's the thing.

And in fairness, nobody's really questioned that, which is good, because I think it makes all the sense in the world. That's one of the pieces. Then we get into the EPCA and does that have to be amended. I don't think it has to be

amended; I mean, when you get into Bill 60, what does that entail?

So Hydro is still going to be the domestic supplier; we're going to have to work with them. Again, it comes down to what's your game? Do you want to get into power purchase agreement? Do you want to get into selling to the grid? Do you want to go into transporting offshore? Do you want to get into powering yourself, as you mentioned earlier? And then the policy we already mentioned there, about how do we deal with the self-production in terms of reducing your own current. Is it a case of, well okay, you're already at 500 megawatts, you want an extra 200, we can work with you on that, but you can't use less than that.

I mean, that's a consideration – no decisions made at this point. Again, we are doing the jurisdictional scans to look elsewhere. I will say, looking at an article over in Scotland, this is sort of an offshore thing. They're making more on their offshore-wind sales now on the land, than they make on their oil.

That's another thing; we have to figure out how does the offshore bid process work. To me the guiding factor is what makes sense? What has been done elsewhere? What gets us best value?

Royalties is another conversation that is being had. How do you apply that? How does it work?

So lots of different moving parts. The good news being we're not the first place to ever do it. We've got the wind that we've already done here in the province.

Before I finish, I don't know if Susan wants a crack at it or if I've missed anything.

S. WILKINS: No, Minister, you definitely haven't missed anything.

I just want to mention that one of our focus areas in the Renewable Energy Plan is regulatory framework. There are a number of actions this year. There are two: the wind moratorium was the first one. The second one is to look at the EPCA. Then we actually have multiple actions from years two to five under the regulatory framework, if you wanted to look at the plan.

L. PARROTT: Okay, thank you.

Last year in Estimates, the minister indicated that there were no conversations about selling off transmission assets. However, we know that the Greene report suggested that as a method of raising capital. Obviously, I would assume that the recent Rothschild report took into consideration some of –

A. PARSONS: There you go with them leading questions again.

L. PARROTT: So a couple of questions: Have you seen the Rothschild report? I know you're not going to tell me. I guess, is there any commentary, any change in the plan for –?

A. PARSONS: No, no change in my answers since last year, no.

L. PARROTT: Okay, perfect.

CHAIR: I remind the hon. Member that his speaking time has expired.

3.1.01 to 3.1.09, MHA Brown.

J. BROWN: Thank you so much.

I know last year the provincial Renewable Energy Plan was released. So far, where are we to on that? With our actions and everything like that, where are we to on that one?

A. PARSONS: Well, this is a great opportunity for Susan, who I have to give a shout out. She's a very modest person so she'll probably going to be extremely embarrassed. But the amount of work that she and her team put into this to get it out, because we said very clearly – I think you might have asked the question in the House, when we talked about the Renewable Energy Plan, I said it's coming out in 2021; 2021 got delayed for all kinds of reasons, but they still got it out on time, which was awesome.

J. BROWN: Yes.

A. PARSONS: She would be best suited to perhaps talk about the plan for this year and some of the targets that were there and targets that have been hit.

S. WILKINS: Thanks for the question.

We're making headway with the plan. We are almost finished with our implementation plan where we've engaged with a lot of our stakeholders. The number one thing was the wind moratorium, which was announced this week. As the minister mentioned, there is some follow-up policy that needs to be done over the next few months. I can't remember how many actions are in the first year but we are on target. I think there are around 22 but we have also added in three from years two to three. As the plan moves forward, we are realizing that there are a few that we need to do sooner rather than later.

J. BROWN: Good.

S. WILKINS: As the minister mentioned, we do have a team now in place so they're coming up to speed.

J. BROWN: Perfect. Thank you.

I guess leading off that, congratulations on beating you own targets. Will the plan be updated yearly or is it going to be more like a live document in the sense that of your own internal targets?

S. WILKINS: We committed to providing an update by mid-December. At that point, if we feel it needs to be updated, we will do so.

J. BROWN: Perfect.

S. WILKINS: And every year after that we will provide an update as well.

J. BROWN: Perfect.

A. PARSONS: If I could just give it a little bit of colour. When we did the announcement, which I think was down at the Emera Innovation Exchange. What did it used to be called?

OFFICIAL: The Battery Hotel.

A. PARSONS: The Battery, there you go, which makes sense. I never even put that together. The Battery, that's awesome.

What I would say is that when we did the interview the media was: Well, you just got this plan here, what's with it? We tried to explain to them, it really is a framework. And they were like: What substance is it? So I would point out that I am really pleased that four months in we've already moved forward to this substance.

The other side though, as Susan mentioned, this industry is changing rapidly. I have no doubt that when December comes we will be moved forward, but there is no doubt that we may have to reconsider different things that were not there in December 2021. The other thing is that we have to adapt, not just to what the province wants but we need to be ready to change to what the market is going to want and what the options are in terms of globally and everything else. It is probably going to continue on in some kind of form, but it is absolutely a living document.

J. BROWN: Perfect. That was all my questions for this.

Thank you so much.

CHAIR: Thank you.

MHA Parrott, anything left in 3.1.01 to 3.1.09?

L. PARROTT: Yes.

CHAIR: Okay. Thank you.

L. PARROTT: 3.1.08, Grants and Subsidies.

Can you please outline what the \$4.3 million was for and what the \$3.9 million was for?

P. TOBIN: Most of that money, by far, is for capital works at Bull Arm. So I mentioned earlier that there was roof work and fire suppression. As well as, I guess, access work for roofs and so on and so forth.

So that certainly makes up the bulk, but there's also a small portion of that that's used for hardware and software by OilCo itself.

L. PARROTT: 3.1.09 under Energy Initiatives.

Loans: Nalcor was looking for \$250 million last years and there was \$250 million in revenue

provincial to offset this. But the \$250 million was not received. Why not?

C. MARTIN: So that \$250 million had to do with anticipated revenues once the Labrador-Island Link is completed. So, obviously, based on what everybody is aware of is it's been put out through the Liberty reports, that hasn't happened to date. As a result, that revenue wasn't collected last year.

L. PARROTT: I've just got one more question. We're back to 3.1.08. The tendering process for the roofs and all that good stuff, does that go through Transportation and Infrastructure or is it going directly through the department?

P. TOBIN: It goes through public tender.

L. PARROTT: Through Transportation and Infrastructure, though, or through Nalcor?

P. TOBIN: No, it actually goes through – it went through the public tendering process from the province. Where OilCo is owned directly by the province instead of Nalcor, it goes directly through the public tendering process.

L. PARROTT: Okay. Thank you.

I'm good. No more questions.

CHAIR: Okay. Is the Committee ready for the question?

Shall 3.1.01 to 3.1.09 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 3.1.01 through 3.1.09 carried.

CHAIR: I'll ask the Clerk to call the next set of subheads, please.

CLERK: 4.1.01 to 4.3.01 inclusive.

CHAIR: Shall 4.1.01 to 4.3.01 inclusive carry?

MHA Parrott, you still have seven minutes on the clock.

L. PARROTT: Thank you.

I guess of note, there's been some recent announcements with the federal government about increasing the availability of cellular and broadband Internet throughout the province.

What's the current coverage rate of cellular in the province? What's the current availability of broadband in the province? Is there a yearly plan available in terms of who will receive these services and when?

A. PARSONS: So I have the stats here, but I know they're burned into Gillian's brain, so Gillian can talk about what the current access – because there's a difference between selling broadband. I'm just thinking now highway cell coverage is like in the 65 per cent range. Community cellphone coverage is up in high 90 per cent and 50-10 broadband. I know the goal is to be 99 per cent by 2026. Did I get that right?

G. SKINNER: Yes.

A. PARSONS: Okay.

As for year by year, or the game plan, there is still work that has to be done. I think the feds are figuring out – am I right? When it comes to that announcement that was just made, they're still working, I think, on finalizing the numbers with the providers.

There's some information we don't have because where they're still engaged in negotiations to put out anything – if they say we're going to spend X dollars, then we're going – so the good thing, in our opinion, is last year we put \$25 million into it. So we leveraged the \$20 million into \$136 million from the feds which was awesome.

I don't know if I missed anything, Gillian?

G. SKINNER: You were pretty right on with your numbers there, Minister.

In terms of broadband coverage, the 50-10 is what we've often talked about before. That's about 73.9 per cent from the most recent CRTC data. That's about a year, a year and half out in terms of numbers, but the coverage rate ultimately from the federal-provincial collaboration is 100 per cent – that's what the federal target is – by 2030 and 98 per cent by 2026. That collaboration is trying to achieve 100 per cent of households in rural areas.

L. PARROTT: Just one note on that. When the announcement was made, the minister, I'm pretty sure, used the number 60,000 households in Newfoundland without Internet. That amount seems staggering to me. If you take two people per household, that's 120,000.

A. PARSONS: Full disclosure, I wasn't at the announcement. I don't doubt the number you're saying but Gillian, again, will probably have a little more insight.

G. SKINNER: The idea of 50-10 is right now, if you look at the province, some form of connectivity, it's actually pretty close to 99 per cent, if it's satellite. Some people still have DSL, that kind of thing. So when you're looking at 50-10 high-speed access, that figure of 60,000 households is something – we work with the federal government and their department has technical expertise that does a lot of the mapping and engineering. So there's a map actually, a public map, that you can go in and see the different households at the granular level. That's an estimate that they've put on that.

A. PARSONS: If you'll indulge me, MHA Parrott, so one of the things – this is just sort of a general comment. Again, it's funny, because I sat on that side and I can remember there were multiple ministers back – I mean, there was ITRD and IBRD; they've always changed over the years. I did my job of like cell service, Burgeo Road, cell service, all that stuff, and now that I'm in the shop – and again, I know my colleagues over there have heard me say this on multiple occasions. The frustrating part is that I think we did a really good job of making Newfoundlanders and Labradorians believe that it's a provincial issue.

L. PARROTT: I agree.

A. PARSONS: And the fact is that it's a federal issue, but it's one of those federal issues where we can't sit back and say no, no, it's yours, not ours. We know that we have a role to play, but when you talk about the CRTC, when you talk about this issue, it truly is fed mandated. Plus, the other side is you cannot force these big telecoms – who I don't really have a lot of love for – can't force them to do certain things.

It's the age-old frustrating conversation that each one of us got, because you get the one pocket on one road where somebody's call gets dropped, they say well when are we going to get that coverage? It's like well, there is no realistic business case in the world that says do that there. When we look at the sheer size of our province, the actual cost I think to provide this cell service that I think our constituents would want, ranges into the hundreds and hundreds of millions. It's one of those things where I don't blame people for complaining, because I've done my share of it, and I still do my share of it. But the frustrating part is that it's completely outside our ability.

The good news is – and I've said this to Minister Hutchings – I'm glad to see the broadband, it's necessary and we all know that with COVID, especially we've all had students who were having a hard time going to MUN, CNA, doing whatever. But the cell service to me too is probably the one I get more complaints about than the broadband.

L. PARROTT: 4.1.01 Accelerated Growth: Last year there was a salary savings of \$220,000. I just assume, again, that's a vacancy that wasn't put over?

A. PARSONS: Yes, that one is a variance due to vacancies, and then the change this year, which is actually very similar to the year before, I think there's a small \$200,000 change there for like a routine salary adjustment.

L. PARROTT: Okay.

Purchased Services: Savings of \$69,000. How is it achieved?

A. PARSONS: So right here – and I think this would apply to both. There's a small drop in Professional. There is a bigger drop in

Purchased. Both of them are budgeted at the same this year. This was Atlantic Trade and Investment Growth Agreement missions lined up; never got to do them; never got to do our trade shows; the client-site visit numbers dropped. So the plan is to resume that.

L. PARROTT: Okay.

4.1.02, Investment Attraction Fund: Last year it was generally \$8 million annually but only \$6.8 million got out the door last year. Is there any particular reason why money was left on the table?

A. PARSONS: It's not so much a case of it left on the table. We can't control sometimes the disbursement of it or the collection of it or when companies want to move forward. So we've got that \$8 million, we'd be happy to put the \$8 million out, and in fact I'd love the day where I've got to come in begging for \$9 million. But a lot of this is outside the control of us, and we have to deal with clients.

L. PARROTT: Okay.

Under Revenue - Provincial, there's \$5.4 million. Where did that money come from?

A. PARSONS: So it says here in my notes, variance due to loan repayments received during the year, but I don't know if there's a little more detail or insight. Maybe, I don't know if Phil ...

P. IVIMEY: Yes, so that revenue is related, as the minister alluded to, to various loan payments that were received during the year, so that would be any repayments coming back into the department from any other loans that were disbursed under that program in previous years.

CHAIR: I remind the Member that his speaking time is expired.

4.1.01 to 4.3.01, MHA Brown.

J. BROWN: Thank you, Chair.

Speaking of cell coverage, and I know it's one of those weird places where we're actually investing into it but it's a federal jurisdiction. Is there any talk of maybe leaning more towards

more homegrown telecom companies than the big telecos?

A. PARSONS: So I would take a shot at this first and then Gillian will probably come in with the right answer. I'm willing to work with anybody, but I will say that when you're going into competitive processes, using procurement rules, it's extremely difficult because sometimes there's just not that competition, which when we talk about fair and free market, it's hard to compete with the big dogs, even if you don't want to. But you also do see an actual, significant difference in what the end cost is to provide the service.

I empathize with what you're saying. I have a lot of disdain towards the bigger ones, but that's the nature of it, is that they have the capital to take out the smaller ones; they have the capital to outbid. That doesn't mean that – again, we go back to our small cell work that we've done; we've done multiple projects over the last number of years. I'll point out – I mean, Eddie Joyce got me drove nuts, because we've done one out in York Harbour and one here and there. He's like, they're delayed, they're delayed, and it's because the provider is not getting the work done.

But then you have the philosophical conversation, well, what do you do? You can't put a penalty on it. Well, you don't give it to them next time. Well, there's not a whole lot of people in that space that are doing it.

J. BROWN: My other reasoning is, obviously, the cost in this province for cell service is much more expensive than any other province right now. When you see them put up a tower that has provincial and federal funding and then you go and look at your bill. It's a massive amount of bill and you stop and go, we're giving them money to put up the towers but they're charging us an arm and a leg. It's just got me and my constituents drove absolutely nuts.

A. PARSONS: So totally preaching to the choir. I can give you an analogy. It's like when we put subsidies into oil companies and then you look at what's going on there, right. It's the same thing. It's impossible to avoid. It's ultimately maddening, frustrating and it's one of the things

that nobody likes it, but I don't know if there's a really solid alternative.

I don't like what Bell charges. Every one of us sees these bills we're getting, they're crazy, but what do you do? Unless we want to set up a state-run system and then I don't know, man, that's a –

J. BROWN: I know it's between a rock and a hard place, I understand that. It's just that –

A. PARSONS: We'll see if we can Ed Martin to run Newfoundland –

J. BROWN: Out of all of it, it's just really maddening. We're giving money to these large telecom companies and they're taking our money, giving us a service that we kind of paid for through subsidies and then they turn around and take the other half of our money.

It's just that I wonder if there is any internal talk in your shop to say maybe we should starting talking to more home grown to see if there is a possibility to add competition in this market?

A. PARSONS: So I'll give you a change of phrase that might make you feel better. So we're not actually giving the money to them for their bottom line. We are giving them the money to put the hardware in place so that people can get the service up to that point, or, but for that, they would not have. Then they bill the hell out of you and that's the part that none of us like.

Again, I would come back to, I would love to work with Newfoundland and Labrador company A, that small, independent group, but there are legislation requirements that we have to abide by. Then it comes down to what are we getting? Then the other side, you get into sole sourcing, too. There are a whole bunch of considerations there that you get dinged on. Then you get into, but what are we getting out of that?

It's no different than the one that was just announced and people said, well, what about Starlink? How come we can't use Starlink? Well, one of the issues there is that the upfront cost to get the equipment is getting into the \$600, \$700, \$800 range, which people cannot afford.

Again, it's funny; I had people message me privately on Twitter about it. To the credit of the department, I'd said: Good question, I don't know the answer. I go to Gillian and Gillian gets the information and I go back to these people, which is one of the benefits, if there is any of Twitter, is that sometimes you can get a question and an answer, even if it has to be done in a direct messages as opposed to out there with the rest of the bots and trolls.

J. BROWN: Perfect. I appreciate it.

I think we had this exact conversation last year, but I have to keep bringing it up. It is maddening to see and a lot of people do come back and say to me: Why are we doing this? Why aren't we – everyone is upset with the big three. Everyone is upset with how much they charge and I guess they just want to know when we give out funding and applications are we considering alternatives, more or less.

Anyway, thank you. I appreciate that.

Another question I do have right now is has anyone come through business and innovation about wind or any alternative sources looking for grants or subsidies to develop anything in-house in this province through wind or any other renewable power sources, like tidal or anything like that?

A. PARSONS: Again, Gillian would definitely have some insight on this, but a couple things. We have had people come to us looking for that. They have to be careful because when you're talking about multiple competing interests and putting money in a grant or into a company. Right now, I will say when it comes to wind, there are too many to name. Right now, we haven't put a whole lot of money into them in terms of an investment or infrastructure because the reality is that there was no market for that up until now with the moratorium.

J. BROWN: Fair.

A. PARSONS: So you can't really do that.

We have seen – and especially the feds have played ball here – I look up in, I think it is Mary's Harbour, the feds invested in renewable

energy up there. Small-scale renewable, I think it was through the Nunatsiavut.

J. BROWN: Yeah.

A. PARSONS: I think they did the project up there. In fact, I think they did high-efficiency wood stove. So they're willing to do that. I know that is a bit different but still they are willing to partner there. I don't know what else.

J. BROWN: Good. All right.

Now –

A. PARSONS: Oh, sorry. If I could jump in and say there are local Newfoundland and Labrador companies that have come to us. We have invested a ridiculous amount of money into MUN and CNA in terms of science research development, on that side.

J. BROWN: Yeah. That is my next question.

A. PARSONS: So that part we have gone pretty heavy in. Some of it through that \$35 million under the \$320 million. That was for emissions reductions – well, not really emission reductions, more jobs and it had to fit a certain criteria. Growler Energy is just one example that got money and that is the field that they want to be in.

J. BROWN: Perfect. That is my last question for this section.

Thank you so much.

CHAIR: Okay.

Thank you.

So 4.1.01 to 4.3.0, MHA Parrott.

L. PARROTT: 4.2.01, Business Analysis, under Salaries. Last year, \$1.5 million was budgeted, a little less than \$1.3 spent. Again, I assume it's –

A. PARSONS: Same as before. Variants due to vacancies, you'll see the budget amounts in the same ballpark with the difference being routine salary adjustment.

L. PARROTT: Under Purchased Services there was a \$313,200 savings. How was that obtained?

A. PARSONS: Let me see now. There was a variance there. I think it was Investment Attraction funding that was not spent due to COVID-19 or COVID-19 issues.

L. PARROTT: I assume the \$200,000 that was spent was spent on Investment Attraction?

A. PARSONS: Yes. I don't know if you have any details on that, Gillian.

What I will point out here, the ADM responsible for this is the one I mentioned that is off due to illness. So I'd be more than happy, if there are details required, to get those and provide a little more, I guess, context to that.

So no problem getting that.

L. PARROTT: Yeah. That's good. That's fine.

4.3.01, Innovation and Business Investment, Grants and Subsidies. Last year, it was \$44.8 million. Can you give some detail as to where that money was spent?

A. PARSONS: Yeah. So that was where you saw all of the COVID funding programs that we did – the Small Business recovery fund and the Tourism and Hospitality Support Program. So even though that's a program over in Steve Crocker's department, our department administered and distributed the money.

So I think the Small Business Assistance was \$13 million and Tourism and Hospitality Support was \$15 million. So that \$28 million sort of puts you up in that range. That's where that money went and then you'll see that we're back down to normal levels. Right now, I will say, we are doing the finalization. Where year-end just happened, there's still some work being done on finalizing everything but it shouldn't be huge numbers or any discrepancies, we'll say.

L. PARROTT: Okay. I've got no more questions.

Thank you.

CHAIR: Thank you.

Is the Committee ready for the question?

Shall 4.1.01 to 4.3.01 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 4.1.01 through 4.3.01 carried.

CHAIR: Can I have the Clerk call the final set of subheads, please?

CLERK: 5.1.01 to 5.3.01 inclusive

CHAIR: Shall 5.1.01 to 5.3.01 inclusive carry?

MHA Parrott.

L. PARROTT: Thank you.

5.1.01, Sector Diversification: Last year, under Transportation and Communications, there was substantial savings in the line item; how was it achieved and can we expect savings again this year?

A. PARSONS: Hopefully we cannot expect savings. That one would be a travel one as well.

L. PARROTT: Okay.

Purchased Services: Last year, Purchased Services spent \$1.29 million and it looks like there was an unexpected expenditure again. Can you please provide (inaudible)?

A. PARSONS: It's an annual unexpected expenditure. That's the Atlantic Cable Facility.

L. PARROTT: Okay.

A. PARSONS: Every year we don't expect it.

L. PARROTT: Got you – no, I got you.

Revenue, under federal, can you please explain where the \$46,000 came from?

A. PARSONS: So this one was a variance for Canadian Safety and Security Program that was budgeted for 2021, but not received in '21-'22. Is that right? So it's a small amount there under the CSSP.

L. PARROTT: Okay.

5.2.01, Salaries: Again, \$4.1 million was budgeted and \$3.2 million spent; this one seems to have a little bit more of variance than some of the other ones. Is that –?

A. PARSONS: Oh, so the Regional Economic – the Salaries?

L. PARROTT: Yeah, under Salaries, 5.2.01.

A. PARSONS: So it actually is the same thing, but I will say this one: This is our EDOs, I believe, across the province.

L. PARROTT: Okay.

A. PARSONS: And so even though there is – tell me if I'm wrong – active conversation in Port Saunders, active one going on in Labrador, active one about to be posted in Placentia, it's turnover.

L. PARROTT: Okay.

Under Transportation and Communications, same thing, \$243,000, only \$85,000, but I assume that's lack of travel.

A. PARSONS: EDO travel mainly.

L. PARROTT: Okay.

Purchased Services, the budget was \$140,100 and only \$60,000 spent. How was the savings found and can we anticipate savings again this year?

A. PARSONS: That's the work-from-home issue again. That's the supplies that are not being –

L. PARROTT: So do you anticipate – do you have anybody working from home now or is it – ?

A. PARSONS: John might be able to answer you better. I think the policy was everybody had to come back. I believe there have been some accommodations possibly granted. John might be able to –

J. COWAN: Just to reiterate what you said, yes, so we've asked employees to return back to the workplace in our department. There are a few accommodations, but not very many.

A. PARSONS: Now I'm sort speaking off the cuff here. Again, this may have no relevance or standing. If there is anything COVID taught is that we could do things differently, and some of it was positive. So I do think that we will see conversations going on, but it's not just our department, it has to be government wide. There are people that are more productive home. There are people that need to work home. I think it helps us in terms – I don't want to use work-life balance, but I do want to say, when it comes to parenting, every situation is different, so when we talk about retention, one of the things we should look at is that.

But that's a conversation perhaps above me. What I would say, I don't know what's going to happen going forward, but I mean, do we need to have everybody there? No, personally I don't think so. I think a lot of people have been getting a lot of good work done from home, whereas we have a number of staff who have small children, who are not getting anything done –

L. PARROTT: I agree, yeah.

A. PARSONS: – which is an ongoing joke within the department.

And I'm one of them. I can't do anything at home.

L. PARROTT: I'm the same, and I mean for many different reasons, some people need to go to work because of the social aspect of it, and just from a mental health standpoint they can't be at home.

A. PARSONS: Absolutely.

L. PARROTT: There are lots of reasons.

5.3.01, Comprehensive Economic Development, Grants and Subsidies: Can you please outline where this grant money goes?

A. PARSONS: Yeah. So this was money that we had put forward for broadband initiative, so I think what it is – if I get this right – so there’s a \$5 million variance there where we had the money but it was carried forward. We were going to spend \$20 million, pushed forward the \$5 million. When you look forward to the Estimates this year back up to \$20 million, so \$10 million is part of the \$25 million to improve cell and broadband over the next three years, and there’s a \$10 million base, which is comprehensive economic development funding.

So I guess the long and short of it, if I got it right, is we usually have \$10 million, and then we had the \$5 million there which was part of the sale, it got pushed forward, and then you’ve got the \$10 million going to go out the door this year, above the usual \$10 million.

L. PARROTT: Okay.

Schedule 1 from page v of the budget outlines the net income of government business enterprises and partnerships. It outlines \$574 million in revenue from Nalcor Energy for ’22-’23. Is this oil equity investment revenue, or other revenue? Can you please provide some insight?

A. PARSONS: Just trying to make sure I’m on the right page here. Where’s Schedule 1 in my binder?

L. PARROTT: It’s in your Budget Speech; it came from the Budget Speech Schedule 1 is in.

A. PARSONS: Is that our department?

L. PARROTT: Yeah, Nalcor. I would hope.

C. MARTIN: I don’t have the detailed breakdown with us in terms of the revenue stream, but from a Nalcor perspective, the primary lines of business, it would have the inclusion from the oil equity, so that would be revenues there from that perspective. It would also include potential revenues from Muskrat Falls, from them, from Hydro, from their entire base of operations would make that up.

Again, to get the details of the breakdown, that would have to be a takeaway.

L. PARROTT: Is that information we can get? It’s a lot of money.

A. PARSONS: What I would say to you is if it’s accessible, I don’t see why we wouldn’t provide it.

L. PARROTT: All right.

No more questions.

CHAIR: Thank you.

5.1.01 to 5.3.01, MHA Brown.

J. BROWN: Thank you.

The only question I have for this section is when we talk about sector diversification, how many projects are funded or utilized through this current program right now in new opportunities for new industries?

G. SKINNER: This particular division here, this is largely the staff that are delivering the programming around business, innovation, R & D. So under our business development, for example, we would have had probably 150 specific projects last year. Under our Regional Development Fund, we had about 80 projects. Some of these would vary. Under Research and Development, we usually come in around anywhere from 30 to 40 to 50, but they’re larger projects, commercial and non-commercial. That’s where you see a lot of the private sector and our public institutions or private training institutions as well.

Together, the whole investment in business development programming is really where you’re seeing the diversity of the investments.

J. BROWN: Perfect, that’s it.

Thank you so much for everything.

CHAIR: Thank you.

Is the Committee ready for the question?

Shall 5.1.01 to 5.3.01 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, subheads 5.1.01 through 5.3.01 carried.

CHAIR: I'll ask the Clerk to call the totals.

CLERK: Total.

CHAIR: Shall the totals carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

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

P. LANE: Mr. Chair, (inaudible)?

CHAIR: Yes, you do.

P. LANE: Okay.

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

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

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

CHAIR: I certainly want to say thank you to MHA Paul Lane for being here this evening and for his patience in standing by. We will give MHA Lane a series of questions, with the time on the board.

P. LANE: Thank you, Mr. Chair.

Some of these questions have been asked so that's good. I have all general questions. I'm not going to ask anything on the lines. The boys did all that. That's perfect.

The first one I'm wondering about is the contract with GE, with Muskrat Falls and so on. So, obviously, the longer the project has continued to get delayed and delay over delay over delay and it's not up and operating, it's costing us more money, I guess, ultimately. So in terms of this contract, is GE just on the hook to get their part of the work done or are they on the hook in the sense that if I signed up a contract for you to do something for me and you're supposed to do it and then you don't get the work done, it gets delayed and delayed, shouldn't you be on the hook for all the delay costs or are they just simply, okay, well you've got to keep on working at it until you get it done? But if that takes you the next five years and we're out all this money, well, that's our problem, not yours.

A. PARSONS: So I'm going to toss it to Mr. Carter, even though he's doing some work in critical minerals and mining now, he's been heavily involved in Muskrat over the last number of years, especially, with the Oversight Committee. So maybe you could give Paul a solid answer to a good question.

P. CARTER: As the minister alluded to, while I'm in a new capacity, as well, at the Department of Industry, Energy and Technology, I am also the chair of the Muskrat Falls Oversight Committee, which currently, of course, is a function through Cabinet Secretariat in terms of my duties there.

With respect to the contract, as you're aware, it's been very challenging. There have been significant delays in terms of the delivery of the software, but, certainly, the company, Newfoundland and Labrador Hydro, is working actively with GE in terms of keeping them working on the project and to deliver under the contract.

Certainly, the contract itself has certain requirements and deliverables, but, ultimately, at the end of the day, if the deliverables are not delivered, there are certain actions that can be taken by Nalcor. But the plan right now and the

course that they're on is clearly one of working cooperatively with GE to ensure progress – progress that is measurable. We're seeing improvements in the software, while it has been delayed, but staying on that particular path at this point in time.

P. LANE: I thank you for the answer, but I still never got at the root of exactly what I'm trying to get at here. I guess what I am trying to understand is, I understand what you're saying. You're going to work with them and get it done, but the point I'm trying to make here is that if I had a contract and it says that the work has to be done, just random date, it has to be done January 1, 2022, that is the deal. Now, it takes them two years to do what they're supposed to do.

It is fine to say that we're going to hold them to account, you're not getting off the hook until it is done, but the fact that it took you two years extra to do it just cost us a pile of money. So my question is: Are they on the hook for that or are we on the hook for that?

P. CARTER: Certainly, it's a bit early at this point in time to determine what actual outcomes might be as a result of this contract. There are certain commercially sensitive items that we're talking about at this particular time. But, ultimately, it is well recognized that as there are delays, there are incremental costs, which are accruing and accruing in terms of carrying costs associated with the Labrador-Island Transmission Link. So these are all active items that will have to be evaluated in terms of an actual final contract closeout in dealing with the software developer.

P. LANE: The minister is going to add some. Thank you.

A. PARSONS: Perhaps what I'll do is I'll give a general, more political, answer.

It is extremely frustrating to inherit this issue. It is frustrating for all of us. I'm probably not going to give you the answer you want now. What I will say is that fixing it is like trying to change the transmission while the car is moving forward.

I think, right now, in order to change direction, as I mentioned earlier in the question, it brings

with it huge potential issue that may put us further back than even what we are now. What I will say is when this is all said and done that, yes, me and you are of like mind in that we have been saddled with this situation. I can guarantee you, we will do everything within our ability and within the law to ensure that as little of it rests on our shoulders as possible. That is probably the best that I can say right now.

P. LANE: Okay. I am kind of reading between the lines so I am not necessarily – not with you but I am not liking what the implications seem to be in my mind here.

We still have issues as well with the synchronous condensers and so on, so the same question, I suppose, is that something that, again, if you contract somebody out, I'm assuming it was contracted out to whoever to do it and they do it wrong, or it's faulty parts, or faulty engineering, or whatever the case might be, are there safeguards that any costs that are delaying everything and costing us money is on them, not on us? Or did we fail to have that in the contracts to protect consumers?

P. CARTER: So, certainly, there were challenges identified with respect to vibration associated with the various synchronous condensers. You would have heard lots of public information about that challenge. The company that was working, of course, was GE on the synchronous condensers, but a different company than GE working on software. So the company did propose a solution to deal with the vibration issues and remediation, and that solution has been deployed in terms of doing the work with the synchronous condensers.

Certainly, in terms of contracts related to the synchronous condensers, there are performance guarantees, overhauls and maintenance activities that are associated with the condensers. So, certainly, there are provisions that, if, for some reason, the elliptical bearing design does not prove to be a satisfactory outcome in terms of the performance of the synchronous condensers, there are avenues in which GE has to deal with ensuring performance under that arrangement.

P. LANE: So the solutions that you're saying that they have for the synchronous condenser, they've had to do extra work and all that, all that

extra work, though, we're not paying them extra money to do that extra work, are we?

P. CARTER: No, so the costs associated with issues with respect to synchronous condensers and remediation are costs that were borne by the contractor.

P. LANE: Okay. Thank you, I appreciate that.

Sticking to, I guess, Muskrat Falls implications, backup at Holyrood, or Holyrood being a backup I suppose, where are we to on that? I mean, one of the big selling features at the time that we were all told was that we're going to get rid of Holyrood. Now, that's very questionable, or at least that's my interpretation, that it's very questionable.

And, of course, now there's been some points raised, and again you hear stuff on social media, in the media, so to some degree you don't know what to believe and what not to believe to be honest with you. But questions about the transmission lines and were they built to the proper standard to handle the ice load and so on and everything else. What happens if they fail? Are we all going to be left in darkness or are we going to need to continue to have Holyrood?

The question is: Will we need to continue to have Holyrood? If the answer is yes, is the plan to continue to burn Bunker C, or is that going to have be something we're going to have to look at doing something different?

A. PARSONS: So again, when you talk about the gift that keeps on giving, Holyrood right now is still necessary. I think it's up to 2024. Although I think in one of the plans that they put forward, the year "2030" was even in the mix there. I think that's what was brought up.

So the reality is, with the LIL not being reliable yet, you need that or else we put ourselves in a DarkNL situation. It defeats the whole purpose of what me and you spent a hell of a lot of time in this House debating, which was going to shut that down, get off Holyrood and everything is great and wonderful. The reality is that's not happening any time in the next couple of years because of all the issues you brought up in your first couple of questions, amongst more, and just the line itself.

Number one, no, the plan is not to keep it any longer than is absolutely necessary. But I don't think there's a desire amongst anybody to trade that off and risk reliability that it brings with it. Having been through DarkNL, I don't think there's a desire for anybody to risk that again. That's one of the issues, even when we talk about – this is an issue we're dealing with up in Labrador, when you talk about the South Coast and the diesel and all that conversation, was let's do it all renewable. Well, reliability is an issue there, too. That's one of the things we have to worry about is do we want to – yeah, let's all be green and renewable, but what's the good of any of it if you can't afford it and it doesn't stand up to the pressures?

So coming back to the next part, I don't know if a refurb of Holyrood, changing from Bunker C is in the cards. I think that would be probably a ridiculous, ridiculous cost. Perhaps I'm wrong. Right now it has to remain status quo, defeating the purpose of the original scheme in the first place. Did I miss anything there?

P. LANE: Sounds about right to me, Minister.

So, Minister, I'm just wondering on that point, what is the backup plan then? I know you're saying we have to have more confidence in the Labrador-Island Link with synchronous condensers, and all that stuff, GE, all got to do – assume that all gets worked out. Is there a concern – because we were told originally don't worry, the lines are going to hold up and so on, but I've certainly heard things saying that maybe the lines that were supposed to be built at a certain capacity and strength may not be top-notch the way it was supposed to be. There were at different levels, I guess, and they didn't go with the very highest standard; they went with maybe a bit of a lower standard.

So if we got all this figured out, shut down Holyrood and, for argument's sake, a bunch of the poles all crack off and so on with ice and whatever – is that a reality, or are we confident that's not going to happen. And if it did happen, what would we do for power? What would be the backup? Or is there any backup?

A. PARSONS: So as John mentioned, this is something that's being considered by the resource adequacy study that's before the PUB.

All this is stuff that the PUB as a regulator is tasked with looking at and determining whether something – can it stand up to the rigours of it?

I don't know what else to say there except that's something that's ongoing work right now.

J. COWAN: Absolutely. I mean the full system is being reviewed, the PUB, the Consumer Advocate, all the people who normally intervene. As the minister said, he's spot on pretty well with everything that he said in terms of Holyrood and reliability and determining that what's going to come across the LIL, how much power is going to come across the LIL, how much do we need Holyrood, are there other sources of power that we need, is it Bay d'Espoir, so all that's going to be – and if there's less power coming across the line and there's less losses on the line so there's more power in Labrador. So all this stuff is all in this great big cake, and I guess the PUB hopefully is going to bake it and we'll get something good out of it.

P. LANE: I hope so.

CHAIR: Minister, if you just want to finish it off there now, please.

A. PARSONS: Yeah, just to sort of follow up on that, if there's something that gives me comfort, it's that we do have an oversight committee of non-partisan individuals looking at this – regular reports, scrutiny. You've got someone like Dennis Browne, a known critic of the project serving as Consumer Advocate. Say what you want about him, but he knows the stuff and he speaks up about it, and we're listening.

I mean, we all know that this kind of scrutiny wasn't there when the thing was concocted. Now it's a situation of we're trying to deal with what was left, but I'd like to think that there's more openness to all these possible issues as opposed to before, which was, no, it's all going to be fine – it's all going to be fine.

I hope there's not a situation where we've got cracked-off poles and this and that. But it's not for lack of people that are examining it and trying to come up with the best system possible, dealing with all these continuing, recurring and concurrent issues.

CHAIR: Thank you, Minister. Just going to turn it back over to MHA Parrott for some closing remarks.

A. PARSONS: If I could jump in?

CHAIR: Yes.

A. PARSONS: Given that you waited 2½ hours, did you have a closing question or anything, Paul? Is there anything else? I can't believe I'm asking this.

P. LANE: No, I don't. I can't believe you are either.

A. PARSONS: It's just like at the end of Question Period; are you guys done? Sure.

P. LANE: I'll give you one more question. There's a lot, I guess, I could ask. But I'm just wondering in general sense, I suppose, about the issue of the Atlantic Accord and just some commentary on that, in the sense that I was of the belief, and I think a lot of Newfoundlanders and Labradorians were of the belief that under the Atlantic Accord we basically had sole rights to be the sole beneficiaries of our resources, our oil resources and so on, that are out there. We went through an environmental assessment process, which is required, on the Bay du Nord Project.

Even when that came back, that it would have no – I can't remember the exact words, but no major impact on the environment, I'll put it that way, for lack of the exact terms. Still ended up having to go to Ottawa. There were still all these delays and everything else. I guess I'm just wondering and a lot of people were wondering has the Atlantic Accord in any way been compromised with the negotiation that happened there, I don't know about a year or so ago, when we got the Hibernia shares, and they were talking about there's a committee making some tweaks to the Accord – do we still have those same rights?

If we have another oil discovery tomorrow, can the feds do the same thing and we're going to be here holding our breath and hoping that, even if it's the best project in the world, and it meets all the standards like Bay du Nord did, that we're still going to be at the whim of some federal

minister from some other province, who may be a Sierra Club member, whatever he is, he goes home every night and he hugs a seal or whatever he does – are we going to be at their whim forever or does the Atlantic Accord, in your view, should that protect us? If they so no, could we challenge it and say I don't care what you say we're doing it anyway?

A. PARSONS: So again this is –

P. LANE: A mouthful I know.

A. PARSONS: – more of a general answer. What I would say is that I've heard the same thing: compromised, everything else. My answer is I don't think it has but the only way – when you talk about the Atlantic Accord, it's like any piece of legislation in that if a party feels aggrieved by the other party to the contract, you have the ability under legislation to take action for that. Thankfully, in this situation, because again if the wrong decision came, there's a speculation or a hypothetical conversation we might be into right now, but I get your point. The reality is that we're always going to be in, as we deal with federal partners, regardless of stripe here and regardless of stripe there, conversations where people have different interpretations of how things apply and how they should apply.

What I would say is that for all those that want to go to court and fight it out and everything else, sometimes there is a time to be practical and pragmatic and diplomatic. I do think that is what happened here. The conditions that came with it – and again, this is not a defence of the federal government, this is just my take on it.

P. LANE: I understand, yeah.

A. PARSONS: The conditions are fine, no different than when Marathon got out of the environmental assessment here. They have conditions that they must abide by, which is how part of that works.

I think the bigger thing here is that there is a philosophical conversation going on up there based on this particular government's views and that's always going to change. If the federal NDP get in charge, if the federal Bloc get in charge, if the federal Conservatives get in

charge, we may face different issues on different legislation that affects us negatively or some that will affect us positively. So it comes down to that working relationship.

In this case, it worked out well; everything is great. That doesn't mean things are peachy keen. I mean, I am ticked off that we had to wait four months for this.

P. LANE: It would be nice to have certainty, Minister. I guess my point is that it would be nice to have certainty. We know the rules of the game and as long as the standards are met, then we move on.

A. PARSONS: I would say it's hard to find certainty in an uncertain world. The reality is that there is too much change here when we talk about humans and personalities and ideology and thought process. We're never going to get certainty and I don't think that is ever going to change. If anything, I think it will get more exasperated as we move forward in an increasingly polarizing world of nobody can be in the middle anymore: You're this or you're that.

P. LANE: It's true.

A. PARSONS: You're left or you're right: Republican, Democrat.

Now, we're getting into a conversation where we should have a few beer, but you get what I'm saying.

P. LANE: I'm up for that, too.

CHAIR: Thank you, Minister, and thank you, MHA Lane.

I'll just turn it back over for some closing remarks from MHA Parrott.

L. PARROTT: Thank you, Mr. Chair.

I'd like to highlight that I learned a couple things here today. One of the first things is that I would much sooner sit across from the crowd that is here tonight than the crowd that was here this morning. I say that in a very complimentary way.

Before I came in here this morning, I was on *Open Line* and I was talking about competencies of a minister. I believe he's a very competent minister and he's doing a very good job. I said that very openly to Paddy.

I'll say this is my third or fourth time in this particular set of Estimates because I have attended them all in the past and second time with the minister. What I did learn here tonight is that a lot of his core competencies comes from the group that is in this room and you are all to be commended for it. You guys did a spectacular job and your knowledge and your ability to communicate shone through here tonight. I really appreciate your candor and how you address the issues. So hats off to all of you.

I'd also like to thank everyone from the Resource Committee and certainly the staff and the people that showed up here tonight. This is my passion and while he didn't think it was his passion a few months ago when he switched portfolios, he does now. I can guarantee you that.

I look forward to working with you guys in the future. I thank you again for everything that you put forth tonight.

CHAIR: Thank you, MHA Parrott.

MHA Brown.

J. BROWN: Thank you, Chair.

I agree with my colleague there. I'm very pleased with all of the outcomes and stuff there. I'm really pleased with everyone that's over there and all of the great answers and indulging me in a few things. I really appreciate your time and your dedication to your roles and stuff. You all seem very passionate, each about your own portfolios. Even a side conversation I had with some of the people there when we took a break, it was very enlightening. I do thank you all for that.

I do thank Minister Parsons for – you know, he seems to really enjoy a lot of stuff that's going on right now. So I agree with him there and I do thank him. It's nice to see that a lot of our resources and stuff are moving in the right direction now. So I do thank you and I

appreciate each one of you over there. I can't wait for next Estimates, next year.

CHAIR: Minister, would you like to have a final word?

A. PARSONS: Yes, please.

Just thank you to everybody in the room. I've been through enough of these to know that some of them are extremely dry, boring, really painful, especially for the people sitting in the back that got to watch. I'd like to think that what you heard from the team around me tonight was of interest. This Estimates could have went really sideways if we stuck to line by line because it's not that much meat there, but it's the public policy conversation that is really interesting.

You guys get to see it tonight. I get to see it every day. I mean, the depth of questions you went into. Do you think I'm going to answer some of this stuff on all of these subjects? It's because I'm surrounded by awesomeness. I'll say, if I have a strength it's that I fully believe that to know when to sit back and let them talk about something that I'll never know as much about as they have put into it.

That leads to a better outcome for everybody here. It leads to people asking better questions; people having better ideas of where we stand on things. So it's a great process. I hate the rest of the budget because it's a lot of foolishness.

SOME HON. MEMBERS: Oh, oh!

A. PARSONS: Well, it is, but this is a good, good thing here for everybody.

So thanks to my team for sitting here on a Thursday night. Thanks to you guys for sitting here on a Thursday night. We could all be doing other things, but I think this is a really good move. Thanks to the Table staff. Thanks to our sergeant.

On this note guys, look, after these Estimates, it all goes downhill, sorry John, sorry Pam.

CHAIR: Thank you, Minister.

Anyway, I, too, want to just take an opportunity to thank the Resource Committee and thank the

Department of Industry, Energy and Technology, and all the staff here as well.

My partner here tonight is Kim Hammond. She's put a lot of time into just the prep work to get the Estimates under way. I want to thank her. If the rest of them go as smooth as what this has gone tonight, I'll be quite happy.

So with that, we'll say that our next meeting of the Resource Committee is on Tuesday, April 12, at 9 a.m., where we will entertain the Estimates of Tourism, Culture, Arts and Recreation.

With that, I would ask for a motion to adjourn.

L. STOYLES: So moved.

CHAIR: So moved by Lucy.

Meeting adjourned.

Thank you.

On motion, the Committee adjourned.