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Resources**

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Department of Fisheries and Land Resources

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RESOURCE COMMITTEE

Department of Fisheries and Land Resources

Chair: Scott Reid, MHA

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Kevin Parsons, MHA
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Appearing:

Department of Fisheries and Land Resources

Hon. Gerry Byrne, MHA, Minister
Lori Anne Companion, Deputy Minister
Stephen Balsom, Assistant Deputy Minister, Forestry and Wildlife
Keith Deering, Assistant Deputy Minister, Agriculture and Lands
Tony Grace, Assistant Deputy Minister, Enforcement and Resource Services
Philip Ivimey, Departmental Controller
Gordon MacGowan, Executive Assistant
John Tompkins, Director of Communications
Rosalind Walsh, Assistant Deputy Minister, Fisheries and Aquaculture

Also Present

James Dinn, MHA
Pleaman Forsey, MHA
Hon. Carol Anne Haley, MHA, Minister Responsible for Status of Women
Hon. Brian Warr, MHA, Minister of Education and Early Childhood Development
Paul Lane, MHA
Malcolm Coady, Researcher, Official Opposition Office
Laurie Bonia, Research Analyst, Official Opposition Office
Ivan Morgan, Researcher, Third Party Office

Pursuant to Standing Order 68, James Dinn, MHA for St. John's Centre, substitutes for Alison Coffin, MHA for St. John's East - Quidi Vidi.

Pursuant to Standing Order 68, Pleaman Forsey, MHA for Exploits, substitutes for Lloyd Parrott, MHA for Terra Nova.

Pursuant to Standing Order 68, Carol Anne Haley, MHA for Burin - Grand Bank, substitutes for Derrick Bragg, MHA for Fogo Island - Cape Freels.

Pursuant to Standing Order 68, Brian Warr, MHA for Baie Verte - Green Bay, substitutes for Scott Reid, MHA for St. George's - Humber.

The Committee met at 5:35 p.m. in the Assembly Chamber.

CHAIR (Stoodley): Is everyone ready? Okay.

It's very exciting, everybody, it's Wednesday night for Fisheries and Land Resources Estimates. I'm very excited. I hope you are as well. I'm Sarah, your new Chair for tonight.

Should we do some introductions first? We've been doing that every Estimates. I guess we can start with the minister, and then we'll go around.

MR. BYRNE: Madam Chair, congratulations, and recognizing that, while you're a rookie Member, you are now the Chair of Resource Committee dealing with Estimates on Fisheries and Land Resources, so congratulations to you. It's quite an accomplishment at such a fast pace.

I am Gerry Byrne. I am the Minister of Fisheries and Land Resources and the MHA for Corner Brook. Joined with me are staff from the Department of Fisheries and Land Resources, my executive team, who I will ask to move through the table so that everyone can hear the sound of their voices and recognize them as we speak.

MS. COMPANION: Lori Anne Companion, Deputy Minister.

MR. IVIMEY: Philip Ivimey, Departmental Controller.

MR. DEERING: Keith Deering, Assistant Deputy Minister, Agriculture and Lands.

MR. BALSOM: Steve Balsom, Assistant Deputy Minister, Forestry and Wildlife.

MS. WALSH: Rosalind Walsh, Assistant Deputy Minister, Fisheries and Aquaculture.

MR. GRACE: Tony Grace, Assistant Deputy Minister, Enforcement and Resource Services.

MR. TOMPKINS: John Tompkins, Director of Communications.

MR. MACGOWAN: Gordon MacGowan, Minister's Executive Assistant.

CHAIR: Okay, thank you.

The other side, we can start here.

MR. K. PARSONS: Kevin Parsons, MHA from the beautiful District of Cape St. Francis.

MS. BONIA: Laurie Bonia, Researcher, Official Opposition Office.

MR. FORSEY: Pleaman Forsey, MHA for Exploits.

MR. J. DINN: Jim Dinn, MHA for St. John's Centre.

MR. MORGAN: Ivan Morgan, Researcher, NDP Caucus.

MS. HALEY: Carol Anne Haley, MHA, Burin - Grand Bank and I'm filling in for MHA Derrick Bragg.

MR. LOVELESS: Elvis Loveless, MHA for Fortune Bay - Cape La Hune, the best district in the province.

MR. WARR: I'll argue that.

Brian Warr, MHA, Baie Verte - Green Bay.

CHAIR: Thank you, everyone.

Now, I pass this to the minister to give opening

—

CLERK (Barnes): (Inaudible.)

CHAIR: Okay.

So, we are going to start Fisheries and Land Resources, 1.1.01.

CLERK: 1.1.01 through 1.2.02 inclusive.

CHAIR: Shall 1.1.01 to 1.2.02 carry?

MR. BYRNE: Madam Chair, as is custom in this place, if I could begin with some opening remarks, I will not be long, as the good Member asked me to keep availability for questions, but I cannot help myself, there has been such fantastic progress on some of our key natural resource files, our key issues, our key opportunities, that it bears a pause and a taking of note. While it has often been said that provincial governments have been fascinated and preoccupied to the point of exclusion of all else in our oil and gas sector, we often fail to meet the needs and expectations and opportunities of our renewable natural resources.

What I am so delighted, Madam Chair and colleagues, to provide details on is how our government has taken on that challenge and really navigated a path to success in invigorating our renewable natural resources. The criticism might be laid, but it should not be valid.

In February 2017, the Department of Fisheries and Land Resources was created, and the purpose of that was to unite all aspects and support for renewable resource industries for a better economic outcome and to support better economic development and growth.

My department – our department includes: fisheries, aquaculture, in-land fish and wildlife, agriculture, forestry, conservation and protection of our natural areas, including wildlife and wildlife habitat as well as wilderness and ecological reserves. We have the key role in providing efficient and timely administration of our provincial Crown Lands resources. Also complementing all of these services, our role in regulation, compliance and enforcement activities include: animal welfare, aquaculture regulation, agriculture regulation, fish processing, in-land fish and wildlife and forestry

from a regulatory, compliance and enforcement perspective.

Newfoundland and Labrador – and I do not hesitate to shout this at the highest pinnacle – we are experiencing historic return to traditional sectors that continue to drive and sustain economic growth and development. This is a true renaissance in our renewable natural resource industries as they reclaim their rightful roles in sustainable, diverse and the long-term economy.

Madam Chair and colleagues, guided by ambitious work plans in each of these sectors, we are seeing substantive dividends from our commitment to these sectors.

As of March 31, 2019, the department has a complement of people who have really put their shoulder to this work to see it and make it happen. We have 701 employees; 270 of which are female, which represents 38 per cent of the department's staff and 432 which are male; just 12 per cent of our staff are management.

Our departmental budget for this year is \$85 million to be able to effectively manage and grow all those sectors.

In agriculture, we committed to increasing food self-sufficiency from 10 per cent to 20 per cent by 2022, doubling our food self-sufficiency in a very short period of time. Achieving this target will generate an additional 500 person-years of employment. So, I want to just point to what we're doing to make that happen and provide you with some metrics to our ongoing success.

We already have established 46 new first-year farmers, which have been supported by the Canadian Agricultural Partnership and/or the Provincial Agrifoods Assistance Program.

We continue to support existing farmers through our programs; we are making more land available for farming. To date, we've been able to make 278.5 acres of land ready and fresh for production, which is the approximate or equivalent of 211 football fields for food production. This is new land that has been prepared for fruit or vegetable production.

It's estimated – and this is the key metric – this growth, this new land is estimated for a potential to yield 5 million pounds of food for the people of Newfoundland and Labrador over and above what we had previously. This is an 18 per cent increase in land to be developed for vegetables, as well as other food such as berries, and one-fifth of the way to meeting our target of doubling food self-sufficiency from 10 to 20 per cent.

I would highlight the fact that doing that in the early years of the commitment, this is the toughest; this is where the toughest work begins, in the early years. What we'll see is an exponential growth to our pathway, to our achievements, to our targets in the latter part of our performance.

In addition, we have launched two large-scale land development pilots for agricultural production on the West Coast, in Reidville and Cormack. We have – and this is really, really important because, in other parts of North America and other parts of the Western Hemisphere we're seeing agricultural land degraded, we are seeing agricultural land taken out of the land base to use for urban sprawl, for industrial developments and other things.

We have identified and protected 62,000 hectares of agricultural land in Newfoundland and Labrador, pre-identified as agricultural land and allocated and designated as agricultural land in what we call 59 agricultural areas of interest. We have received already 28 applications within 18 of these agricultural areas of interest, which represents 1,487 hectares of land which has been applied for in a very short period of time. We've already approved 18 applications for 540 hectares.

To assist in all of this, to getting our food production higher, we are conducting research to support innovation, improve production and increase diversity. We've transformed the Wooddale Tree Nursery, which was the centrepiece of our silviculture program. It still is maintained as the centrepiece of our silviculture program, but we've created now the Centre for Agriculture and Forestry Development.

At this facility, we are growing vegetable transplants; we introduced a Vegetable

Transplant Program to be able to provide literally hundreds of thousands of transplants of vegetables, of various crops to farmers to advance their season and to make them more profitable. In 2018 the Vegetable Transplant Program had 25 farmers participating. We had 255,000 transplants, which were sent out which created \$361,000 of approximate combined value for participating farmers. In 2019, one year later, the Vegetable Transplant Program now does not have 25 farmers participating, it has 54 farmers participating. We have not 255,000 transplants dispersed; we have 1.5 million transplants, which have grown with a projected farm gate value of not \$361,000, but \$1.6 million for participating producers.

In addition to that, we've established a two-year co-operative agriculture technician program at the College of the North Atlantic. Enrollment starts in September of 2019, this year. There will be 16 new students in our first year – or sorry, eight new students in our first year. Is it eight or 16 in our first year? It is 16, isn't it, in year one? Sixteen students, not eight. In year two, when there's a year-two enrollment in the program, we'll have a total of 32 students in any one particular year in the two-year program. I can report to you the program is already fully subscribed. We've had so many applicants for so much interest in this we now have a full enrollment for the charter year.

Community gardens; you might've heard a little bit about this and well you should because this is an exciting project. We established a Community Gardens Support Program. This program offered up to \$500 for community gardens throughout Newfoundland and Labrador to increase food self-sufficiency, increase access to fresh foods and increase awareness of consumption, the value of consumption of fresh fruits and vegetables. We've had 97 community gardens throughout Newfoundland and Labrador apply. Applicants applied for a total of \$49,386 to support various community garden projects throughout the entire province.

Another key element of how we support our farmers: limestone. Limestone applications, support for liming of agricultural land in Newfoundland and Labrador, is very important. We have an acidic soil nutrient balance. What that means is that we have a very low pH; it's

somewhat similar to Nova Scotia. In order to be able to bring that pH so that the nutrient complex can be absorbed by plants, you have to raise that pH up a little bit. Limestone does that.

We've had 30 applications received, 27 of which are from food farmers; we've had three from sod farmers. The 26 farms that applied so far, 23 have received limestone and three applications are still being processed. The anomaly here, if you're counting this up, one farm actually applied twice.

Now, how this limestone program works is that we do a chemistry test; the soil composition has to be tested. What is the nutrient complex? What is the soil pH? Once the soil is tested, then we can determine what exactly the quantity of limestone which would be required over the acreage, the square area, which would be applied for. In addition to that, what I can report to you, the total tonnage of limestone approved as of this year is 2,112 tonnes: 1,984 tonnes have already been delivered and 128 tonnes are in the process of being delivered.

Here's another element that increases food self-sufficiency and increases community awareness and participation in farming: Community pastures. We have 27 active community pastures across the province and they are eligible for CAP assistance.

Food self-sufficiency – this is key. We have a number of different initiatives. This is what it's all about. We can get into that if you decide, colleagues. This is an area that you really, really want to dig into. I would certainly appreciate it if you would because it's a fantastic story to be told.

Here's where the rubber hits the road. On job creation – this is so key because we are supplying jobs in rural areas of our province largely through our agriculture. In 2018-'19, based on projections, numbers provided by the farmers, the applicants, the following jobs were created for land development, facility construction and for farm expansion. According to the information we received from our farmers, we have created 60 full-time positions through support through our Provincial Agrifoods Assistance Program and 140 full-time positions through the Canadian Agricultural Partnership.

Our strategy has already produced 200 full-time jobs in our province.

Under forestry – this is the next sector which deserves attention – it's one of these things, it's one of these industries that slowly beats in the veins of our entire province but is often not necessarily recognized, but it is a mighty force. It produces \$380 million each year through their GDP and is responsible for employing 5,000 Newfoundlanders and Labradorians both directly and indirectly; 5,000 people get their livelihood from forestry.

With that said, we committed to increasing timber allocations and harvest levels by 20 per cent over the previous five year period by 2020. We introduced a cutting permit allocation policy. We introduced timber sale agreements. We've advertised for those timber sale agreements. We've had great success. We've offered new ways of issuing cutting permits, including a five-year commercial cutting permit. We've already had four such commercial cutting permits approved so far.

Since setting our targets in 2016, I am very pleased to report the forest industry has already grown by 13 per cent in this province. We continue to support forest ecosystem health and management through reforestation, but what we really see is that not only are we creating an environment for future success, the success is happening right here and now.

In 2019, we harvested approximately 60 per cent of our annual allowable cut, which means that 40 per cent of the annual allowable cut was not harvested. That's where we're doing our work. We expect to prepare 1,200 hectares for restoration and plant 6 million to 7 million tree seedlings this year. When we meet our 20 per cent increase commitment, we will need to plant 8 million seedlings per year. We are prepared for that.

Where does this all hit the road? It's in sawmill production. In 2014, we had 66-million board feet produced. Well, in 2018, we produced 94-million board feet.

In aquaculture, growing the aquaculture industry and stimulating private sector employment is a key component of our strategy. For salmon, we

are intending to grow the production to 50,000 metric tons, annually; 30,000 tons alone will be contributed to Grieg.

CHAIR: Minister –

MR. BYRNE: You want me to be quiet but I don't want to be quiet. I want to keep going.

CHAIR: I know, but your 10 minutes is up. It's been an excellent 10 minutes.

MR. BYRNE: Thank you very much, Madam Chair.

I will take the time to make sure that everyone hears this great news story as we proceed with our individual Estimates.

MR. K. PARSONS: It was really great listening to you, Minister, I have to say, but you only spoke about two minutes on the actual fishery that's part of your portfolio that I'm really interested in.

MR. BYRNE: I hear unanimous consent to allow me to continue on then, Madam Chair, I'll talk about the fishery.

MR. K. PARSONS: No, it's not a consent at all, we'll get you talking about the fishery.

First of all, just some general questions. I'm hoping that we're going to get a copy of your briefing binders.

MR. BYRNE: We could do that right now, if there's consent, Madam Chair.

MR. K. PARSONS: We will?

MR. BYRNE: Yeah.

CHAIR: I think so.

MR. K. PARSONS: Okay, perfect.

Did you make any errors?

MR. BYRNE: A few, but I corrected them.

MR. K. PARSONS: Okay.

MR. BYRNE: Sorry about that, I would've given that to you sooner.

MR. K. PARSONS: Okay.

Are you still applying zero-based budgeting?

MR. BYRNE: We always apply zero-based budgeting. It's a critical function that makes successful and efficient programs.

MR. K. PARSONS: Okay, that's good.

What were the attrition savings last year in terms of dollars and positions?

MR. BYRNE: Now, those kind of level of details are always just best put to those who are experts in that field.

Madam Deputy.

MS. COMPANION: Our attrition numbers, over a two-year period, we had to save \$377,000. In the first year, in 2018-19, we saved \$209,900 and this year in '19-'20 we're saving \$167,100. That was comprised of four in '18-'19 and three in '19-'20.

MR. K. PARSONS: So you have four this year?

MS. COMPANION: We had four in '18-'19 for the \$209,900.

MR. K. PARSONS: Okay.

MS. COMPANION: And then three in '19-'20 for \$167,100.

MR. K. PARSONS: Okay.

I know the minister mentioned in his preamble there that there were 701 employees, but just to note, according to the salary details, there was 561, and that was down from 599 from last year. So where did the difference come from there?

MS. COMPANION: That would have been permanent employees. We have 701 employees. We have 460 permanent. We have 175 seasonal. We have 59 temporary and we have seven contractual employees.

MR. BYRNE: Man, you know your stuff, but I'm going to get you – because you know your stuff so well – when you answer questions (inaudible).

MS. COMPANION: Sorry, and say my name. Right.

MR. K. PARSONS: How many retirements were in the department last year?

MS. COMPANION: There were 30 retirements.

MR. K. PARSONS: Thirty retirements. Okay.

And new hires last year?

MS. COMPANION: We didn't create any new positions last year, but we actually had, I think it was 90 competitions that we competed for.

MR. K. PARSONS: How many vacancies were not filled in the department?

MS. COMPANION: Right now, we 101 vacancies and 76 of those are in active recruitment.

MR. K. PARSONS: Seventy-six (inaudible).

MS. COMPANION: Yeah.

MR. K. PARSONS: Has there been any positions eliminated and why?

MS. COMPANION: The only positions that would have been eliminated would have been those that were vacant and unfunded for more than 24 months.

MR. K. PARSONS: Okay.

I'm going to go now to the line items. The Minister's Office looks pretty consistent with what it was in last year's; very little changes.

MR. BYRNE: I'm anything but consistent.

MR. K. PARSONS: You are that, I guarantee you that. I don't know if that's a good thing or not.

Anyway, we go to the General Administration, Salaries, an additional \$66,300 was spent over last year's budget. Can you explain the variance there? This year's budget is \$72,800 less.

MR. BYRNE: That's in the overall salary envelope, is it?

MR. K. PARSONS: Yeah.

MR. BYRNE: Yes, we had an assistant deputy minister who retired from the civil service and that left us with a potential to save some salary over the a period of time.

MR. K. PARSONS: Okay.

Next, we'll turn to section 1.2.02.

Last year, we talked in Estimates about the purchase of a boat for aquaculture activities on the bay management area. Can you give us an update on the information? We spoke to that last year.

MR. BYRNE: I sure can.

What you're seeing here is a placeholder to be able to fulfill that expectation. We are growing aquaculture on the South Coast. It requires a significant body of activity, body of work, to be able to do the necessary bathymetric and oceanographic work, to be able to create the bay management areas. So when you grow the area, you grow the need, the requirements.

What I can report to you is we are looking at innovative ways to be able to fulfill that function. While we have not yet decided exactly what platform for the boat to take, we are looking at cheaper options, which may actually be more effective, which could potentially include leasing. There may be redundant or capacity at the Marine Institute or other government departments that may be able to meet that need, so we're keeping our options open here. We want to experience and want to understand exactly what the levels of demand will be, but I can tell you, we anticipate that we will definitely be needing a boat. We're just trying to figure out the best way to do it at the cheapest cost.

MR. K. PARSONS: Are we going to section 2? No?

CHAIR: No.

MR. K. PARSONS: Okay, so that's all I have on that section.

CHAIR: Mr. Dinn, do you have any questions on that section?

MR. J. DINN: I don't think we have any questions here.

CHAIR: Okay.

MR. J. DINN: No, we're good.

CHAIR: Shall 1.1.01 to 1.2.01 carry?

All those in favour?

SOME HON. MEMBERS: Aye.

CHAIR: Okay.

On motion, subheads 1.1.01 to 1.2.01 carried.

CLERK: Fisheries and Aquaculture, 2.1.01 through 2.3.01 inclusive.

CHAIR: Shall 2.1.01 to 2.3.01 carry?

Mr. Parsons.

MR. K. PARSONS: Thank you kindly.

In this particular section, the title and the description has changed since last year. Can you explain the changes to these divisions?

MR. BYRNE: Is this the consolidation?

Un moment, s'il vous plaît.

Madam Deputy, would you be able to reply to that question?

MS. COMPANION: It was just a change in the title. It used to be called Seafood Marketing and Development and now it's Marketing and Development. It includes agriculture, as well. Our marketing people do a lot of fisheries and

we have some agriculture stuff we need to market as well.

MR. K. PARSONS: Okay, so it's all done in this division here now. There were separate divisions last time.

MS. COMPANION: The agriculture marketing person was over in agriculture, but we put our marketing expertise together.

MR. K. PARSONS: Okay.

Can you explain the variance here in the Salaries?

MR. BYRNE: That was a simple product of some vacancies during the year that led to a relatively minor adjustment.

MR. K. PARSONS: Given that agriculture analysis is added to this, have there been any positions added?

MR. BYRNE: The one position was moved within the Agriculture – that was one function. That was one person, one position that was in Agriculture that's now found within the marketing component. There's been no reduction in services whatsoever.

I think one of the points I'd like to make here is that there are some great synergies that get created by being able to market both our terrestrial, our land base and our crops, with our fish products. Many of the shows, many of the functions, many of the buyers are interested in both seafood, fish and vegetables as well.

We have a historic partnership, which we're developing with Sobeys and other major retail outlets, to make sure that Newfoundland and Labrador products are put into national chains. This is one of the examples of the synergies of the creation of the Department of Fisheries and Land Resources. This simply makes sense and it's been productive and successful.

MR. K. PARSONS: You say there was one added to the salary listed?

MR. BYRNE: No, it was one position that was with Agriculture that was separate. Is that correct, Madam Deputy?

MS. COMPANION: The salary was in the budget last year. The person was in marketing, we just needed our subheads and our budget to indicate that it was Agriculture, too, in order for it to be appropriate. The salary was there last year.

MR. K. PARSONS: Okay.

Under Transportation and Communications, does this include travel to conferences and seafood shows as well?

MR. BYRNE: Yes, it would.

MR. K. PARSONS: Under Supplies, can you explain why there's an additional \$11,300 that was spent last year?

MR. BYRNE: Yeah, Deputy, why?

MS. COMPANION: Under Supplies they were just higher than anticipated, and for the sea shows and for the agricultural work that we were doing as well. When we transferred in the person who was in Agriculture, we transferred in salary several years ago, but there wasn't any additional transfer for supplies. So some of that is for agriculture, some of that is for seafood and we adjusted the budget accordingly during the year.

MR. K. PARSONS: Okay.

Under Professional Services what's included? What explains the \$70,000 less being spent last year and an additional \$20,000 being spent over the revised amount that's been budgeted this year? You've spent \$70,000 less than what you had budgeted and you're going to move it up by \$20,000 more this year.

MS. COMPANION: That includes the money for the Fisheries Advisory Council and that money that was there for the fisheries marketing council, which the Advisory Council is still considering and providing advice to the minister on that issue. When there is a decision made by the council or advice provided to the minister, then we'll be able to put that funding there again.

MR. K. PARSONS: Okay.

Purchased Services: What's included and what explains the \$50,000 decrease since last year?

MR. BYRNE: Purchase Services; that would also include our participation in trade shows in terms of some of the associated costs, some of the printing and graphic materials for attendance at the shows. That's some of the key elements there.

MR. K. PARSONS: Grants and Subsidies; there were changes last year related to the Seafood Innovation and Transition Program. Do you have any explanation around where the funding is in this section? Where's the funding in this section for the fish?

MR. BYRNE: We still have \$200,000 for a seafood development program, but as you're aware we also have the Atlantic Fisheries Fund.

If I could ask my colleague: What specifically is your question again?

MR. K. PARSONS: Related to the Seafood Innovation and Transition Program, where's that funding in this section?

MR. BYRNE: Go ahead, Madam Deputy.

MS. COMPANION: The funding is not there. That's where the Seafood Innovation and Transition Program, the \$2 million fund, ended last year. So there was no fund in '18-'19.

MR. BYRNE: The decision was taken to use the Atlantic Fisheries Fund and the benefits therein at an estimated value to Newfoundland and Labrador at \$100 million. That's instead of applying more provincial funds; we partnered federal-provincial funds to be able to accomplish those objectives.

MR. K. PARSONS: Okay, so what is the \$200,000 for now?

MR. BYRNE: The \$200,000 now is for a seafood development program. There are still additional projects that may be smaller in scope, but may not necessarily meet the criteria within the Atlantic Fisheries Fund. We still maintain \$200,000 to be able to provide that.

Some hon. Members may ask is this available for wharves or for infrastructure? It is not. It is for technology, for the acquisition of new technology, for marketing assistants. Because one thing about the Atlantic Fisheries Fund, while we have the Canadian seafood marketing fund, marketing initiatives per se under AFF is more directed towards the company itself. Largely, this is for the marketing of seafood in many respects.

MR. K. PARSONS: Okay.

In section 2.1.02, the description is changed a little. Can you explain what changes were made in this division?

MR. BYRNE: (Inaudible) for it, Madam Deputy?

MS. COMPANION: There was no real change in this division. It was just to update and more accurately reflect what the division was actually doing for Licensing and Quality Assurance.

MR. K. PARSONS: Okay.

Under Salaries, I see quite a change here. There's a fair amount of variance with an additional \$251,300 being spent last year and \$375,000 less than the revised amount in this year's budget.

Can you explain it?

MR. BYRNE: The variance is due to severance and leave costs associated with former employees. We did have, I think it was three retirements –

MS. COMPANION: Six in (inaudible).

MR. BYRNE: Six retirements in that particular division and that's what it's attributed to.

MR. K. PARSONS: Okay.

Under Transportation and Communications, \$10,100 less is budgeted this year. What does that include and can you explain the variance?

MR. BYRNE: Under Transportation and Communications, there were lower travel costs and staff meetings were held often by video

conference, which is becoming the new normal. That's why it's maintained at \$87,000 for the 2019-20 Estimates.

MR. K. PARSONS: Okay.

Professional Services, what's included here?

MR. BYRNE: Professional Services would include everything from printing services, recycling, shredding services and other things. That's mainly what's happening there.

MR. K. PARSONS: Okay.

Under Purchased Services, what's included? How can you explain the \$11,900 increase in the revised, inclusive to \$19,000 in this year's budget?

MR. BYRNE: Madam Deputy?

MS. COMPANION: These were increased costs for printing services, for recycling and for shredding. We had a big information management issue that we had to deal with in the department for digitization; lots of paper and lots of things happening.

You'll see throughout the Estimates that for lots of our Purchased Services it was for shredding, we got rid of a lot of paper and it cost a bit of money for disposal.

CHAIR: We're out of time.

Mr. Dinn.

MR. J. DINN: Just a few questions under 2.1.01 – and thank you minister for a copy of your briefing notes as well; that was prompt.

I just want to go back to Supplies and the difference, I think the count was made that it was higher than anticipated, but I noticed then it's dropped back down. I'm just trying to figure out why it was higher than anticipated?

MR. BYRNE: I'm going to have to ask you to backup. Which subhead?

MR. J. DINN: Sorry. Fisheries Programs, 2.1.01, under 01, Salaries, and then it has Supplies. It went from \$24,000 in budget 2018-

2019, up to \$35,000 and now it's back down to \$24,100.

I'm just wondering, the comment was made in the previous question to explain the variance, that the costs were higher than anticipated. I guess I'm trying to look at what costs were higher than anticipated?

MR. BYRNE: Madam Deputy, would you like to field that one?

MS. COMPANION: In addition to some higher than anticipated costs, some of the subscriptions that the marketing division access used to be charged under Purchased Services and then through accounting processes it got moved to Supplies this year. That's why you see some increased numbers there and some decreased numbers then in our Purchased Services. It was just whatever account it was charged to.

MR. J. DINN: If I may, then I guess when I see costs that are higher than anticipated, are you confident in the fact that it will not be higher than anticipated this year or have you worked out all variations?

MS. COMPANION: Yes, we are confident.

MR. J. DINN: Okay.

MS. COMPANION: We've done zero-based budget so we're confident that our operational budget for each division is sufficient to take care of their responsibilities.

MR. J. DINN: I just want to go back to Professional Services, again there's a variation of \$70,000 in the difference. Would you just review that again for me, please? It went from, in one year, \$189,000 and dropped by \$70,000, but it's now at \$139,000. I'm just trying to figure out, certainly with zero-based budgeting, how you arrived at these numbers, but why the variance as well, again.

MS. COMPANION: It's sometimes based on the information that is required in this subhead. It's where we contract various marketing advisors and depending on what the stocks are, what the fisheries panel needs in terms of information and what they request. So, we only needed \$119,000 this year and we anticipate,

based on our forecasts, that we will need \$139,000 next year.

MR. J. DINN: Is it possible to get a list of the marketing advisors that are used?

MS. COMPANION: Yes.

MR. J. DINN: The Purchased Services, again, if you would. The variance there, again, I know it actually dropped, which is, I guess from a certain point of view good, but what services would they be again?

MR. BYRNE: On that same subhead, Purchased Services?

MR. J. DINN: Sorry, 2.1.01.

MS. COMPANION: Yeah, \$355,000 to \$310,000.

MR. J. DINN: Yeah.

MS. COMPANION: Under Purchased Services.

MR. J. DINN: Yeah.

MS. COMPANION: Our Purchased Services covers various things. It covers our international trade shows and our local trade shows. The variance would simply be from attendance at those, what the promotional materials costs, what it costs us to get there, how much information we need, the freight costs for the seafood samples and the promotional literature and the exhibits. It's a variance and it varies from year to year. It depends on the timing and the costs and the amount of material and the amount of food.

MR. J. DINN: Is it possible to get a breakdown of those costs, please?

MS. COMPANION: Yes.

MR. J. DINN: I'm also assuming then, if I may follow up on that, if I'm reading it correctly, it seems to have rightsized itself. You've moved from \$355,000 in that one year, to \$310,000 and you seemed to have set the amount of the budget this year at \$305,000. Are you confident in that figure that we won't be going back up?

MS. COMPANION: We're confident.

MR. J. DINN: Okay.

MS. COMPANION: We're confident based on the information we know today. When we did our zero-based budget, on what information and what trade shows we'll be attending, what promotional material we'll need, that our budget will be sufficient.

MR. J. DINN: Okay.

MR. BYRNE: Because we're awesome.

MR. J. DINN: 2.1.02, Purchased Services, I think that you said that this was to do with the shredding, if I remember correctly, from the previous question.

MS. COMPANION: Yes, it's for a lot of things. It's for recycling, it's for printing and it's for shredding, just regular office services. The big increase for some of our Purchased Services this year was because of our big digitization approach that we did in the department to try and get less paper and more ...

MR. J. DINN: That was, if I may, a one-time cost more or less?

MS. COMPANION: Yes, for the shredding.

MR. J. DINN: Yeah.

So, if I may ask, if it was a one-time cost, why wouldn't the budget then go back down to around \$8,000, if it's a one-time cost for the shredding and the transferring over to digitization?

MS. COMPANION: Well, the shredding is a one-time cost when you do the shredding. We have a big department and licensing has a lot of paper, so they're not finished doing their shredding. I mean, they have a big project going on and a big cleanup so we anticipate that they'll be continuing this year.

MR. J. DINN: If I may follow up – and I appreciate your answers, by the way – do you anticipate the amount budgeted this year to eventually drop to \$8,000, or how long would you anticipate this process to carry on?

MS. COMPANION: I would hope that we'll be getting to the end of our digitization process this year. We have it going on throughout the entire department.

MR. J. DINN: Excellent.

On 2.1.03, Grants and Subsidies, Atlantic Fisheries Fund has a significant drop in the 2018-2019 year, but I notice that it's moved back up to its – you have another \$9 million, almost a \$10-million budget for that. I'm just curious as to why did it drop by \$3.6 million but, more importantly, why have you budgeted then for the – put it back up to where it was?

I'm sure there might've been unanticipated drops, but why would it move back up to that amount? Why would you budget that amount again if you only used \$3.6 million last year?

MR. BYRNE: I can deal with that.

The Atlantic Fisheries Fund, of course, is a seven-year program. We were anxious to get this money out the door, but we also had our obligations to our federal partners in terms of we have formal signing of the agreements, getting the money and getting the programming stood up and ready to go. It did take our federal partners a little bit of time.

We had, in our fiscal forecast, adjusted for; we had established what a cash flow regime would be. In the early years, while we were anxious to get the money out the door, we did had some stopgaps there that we had to account for. So what we did is we pushed the money forward into future years and now we're back online and on target to get those expenditures up.

As a side note to this, I can report to you that while all four Atlantic provinces participate in some way, shape or form in this particular initiative, Newfoundland and Labrador has a much, much greater number of applications and approvals than any other province. In fact, Newfoundland and Labrador has 329 total applications, which represents, when compared to all of Atlantic Canada, just about 50 per cent of all applications for this program come from our province. We're pretty proud of that because it's a big uptake to the program.

MR. J. DINN: Thank you, Minister.

One quick question: Is it possible to get a breakdown? I noticed here it's in support of the fishing industry transition to groundfish, and the support of growth in the aquaculture sector. Is it possible to get the breakdown of the amounts that are allocated to each?

MR. BYRNE: To each applicant?

MR. J. DINN: No, if I am reading this correctly, it has to do with, "Appropriations provide for the support of the fishing industry transition to groundfish, and support of growth in the aquaculture sector through innovative programming" I'm looking here in that it seems to be two basic areas.

I'm just wondering of that \$9,698,000, how much of that will go to the support of growth in the aquaculture sector and how much towards the industry transition to groundfish? That's what I'm looking overall, a global number.

MR. BYRNE: It depends on who applies, but I see absolutely no problem. We can get a list of the actual approved applications, the applicants.

MR. J. DINN: Appreciate it.

Thank you, Minister.

CHAIR: Thank you.

Mr. Parsons.

MR. K. PARSONS: I'd also like any of the additional information that you send to him or you send to me, can you send it to both of us? I suppose, Jim, it would be a good thing.

Okay, thank you kindly.

MR. BYRNE: Only if you're nice to us.

MR. K. PARSONS: I have a question to ask you. I've been in a couple of Estimates now. Digitalization – has that been done in all departments or is it just done in the Department of Fisheries and Lands? You talked about a lot of shredding and stuff like that and digitalization and ...?

MS. COMPANION: A big part of why we undertook trying to – Crown Lands, we needed to get all of the files over there digitized because they were being used all the time. It's for the protection of the information. The same thing with licensing in Fisheries, we need the information to be accessible and digitized.

In Corner Brook, where we just moved to our new building, we didn't really have space all kinds of filing cabinets, and the whole plan for the last year was to digitize our information so that we have it accessible. It's an internal department process, but there's a broader digitization process for government and it's called – Digital by Design is what is being led for a big government process.

MR. K. PARSONS: Okay.

In this section here, I have a couple of general questions I'd like to ask basically on the Fisheries Advisory Council. Can you give us an update on what the Fisheries Advisory Council has done so far?

MR. BYRNE: Sure can.

The Fisheries Advisory Council is chaired by Bill Wells. It has a diverse membership, representing interests from both processors and harvesters, innovative harvesters. We have one member, for example, that has led the initiative for cod ranching; we have a number of different sectors included.

The membership of the council itself is not meant to or expected to be representative of their particular areas or fields of expertise. What we ask for is that they look holistically at the entire industry and I think they've performed that job very, very well.

The Fisheries Advisory Council I asked to do a number of different projects, many of which are underway right now. One of the projects, which I released publicly their results, was the council's view on adjacency. This was really important because the federal *Fisheries Act* was before Parliament and was being debated.

In addition to my own thoughts – and I know the hon. Member did contribute his own perspectives to that particular debate and put

forward his views to Ottawa. In addition to this Legislature – and legislators provided those opinions – the Fisheries Advisory Council moved forward and put forward a position endorsing the concept of adjacency within the *Fisheries Act*. What's important about that is that's a statement not from elected officials; it comes from the industry and that was forwarded by the council to the federal government.

A number of other initiatives, such as making sure that an examination occurs of getting in more young people, transition, succession planning in the fishery, I could list off several others. One thing I will note, and it is unfortunate, during the course of this past year our chairman's spouse passed away, which did lead to a period of a couple of months where the council did not meet. I would stand up and say that would be totally understandable.

MR. K. PARSONS: How much has been spent on it to date in the Fisheries Advisory Council?

MR. BYRNE: We maintain an annual budget to support the Fisheries Advisory Council of just \$100,000 a year. I don't know, Madam Deputy, if we've actually ever spent the \$100,000 per year?

MS. COMPANION: Only a small amount of money has been spent for some of the members to attend the meetings. The meetings happen fairly regularly and we assist members to participate. If we need to engage an outside consultant, then the funding would be used for that. At this point, the Fisheries Advisory Council has been doing their analysis internally and with the Marine Institute, who's a member and also participates on the Committee.

MR. K. PARSONS: When you say fairly regular, how often a year do they meet?

MR. BYRNE: This is up to the call of the chair, obviously. They are masters of their own house, but we do ask them to meet once a month.

MR. K. PARSONS: Can you give us an update on the strategy action plan for cod revitalization?

MR. BYRNE: The hon. Member and I have talked about this relatively often on the floor of the House. There will be no one individual

tombstone plan for the revitalization of cod when it comes to the Fisheries Advisory Council.

What they will do, and we encourage this to occur, is they will put forward a series and subset of analyses of recommendations of opinions on a variety of different subjects. There will be no waiting for the seminal document where a final draft of a final cod recovery plan comes in place and I think everyone would reflect on the wisdom of that.

There is no certainty as to exactly how much cod will be here available to us to harvest on the Northeast Coast in five years, just as there's not necessarily great certainty as to what there will be this year. The Department of Fisheries and Oceans has yet to unveil their 2J3KL, their northern cod management plan, for 2019.

It's important here and I think this is a good – reports that are finite, final and time specific end up sitting on a shelf. Projects and workload, which is consistent with what the needs of the industry are at the time, really do get action and that's what we're working on more.

MR. K. PARSONS: All due respect, Minister, the Fisheries Advisory Council and I have asked a lot of questions on it. One of the mandates was for the strategic action plan about the cod revitalization since day one. As we know with the industry right now they're very concerned about actually cuts last year in the actual quotas in some areas. I just think that this was there since day one and it doesn't seem like there's any action being taken.

MR. BYRNE: The hon. Member is free and clear to have those opinions. I don't agree with those opinions to say that there was no action being taken. If you can tell me, Sir, what exactly the cod quota will be this year, I would be loving to hear it because right now the Department of Fisheries and Oceans has not announced that.

If you can tell me what the cod quota will be in five years, I would be very receptive to having that information so that we can plan accordingly. What we do need to do is we need to prepare for cod recovery for a time and a period when cod becomes a significant contributor to

communities and to fish harvesters throughout the entire province.

One of the reasons why we're investing, through the Atlantic Fisheries Fund as an example, in infrastructure projects in preparation for that to occur – for example, the investments made in Icewater in Arnold's Cove are going to make a huge difference in our quality that we bring to market. While volumes of Newfoundland and Labrador fisheries resources – volumes, weight – is actually on the decline, value is on the upswing. I attribute that directly to increased emphasis on quality.

Quality, quality, quality is the key to our future. You can harvest less but get more value to it. That's the trick. When we invest in these projects – whether its cod jiggers, it's slurry systems on vessels, whether it's in new technology in the plant – improving that quality means that we're better buffered for the vagaries of what the future quotas may be because we extract maximum value. That's where we need to be and the Atlantic Fisheries Fund is a part of that and the Fisheries Advisory Council is also part of that.

MR. K. PARSONS: I say to the minister a lot of harvesters in this province were hoping that the Advisory Council would be set up in order to probably give DFO some advice, because it doesn't seem like they have a lot of advice themselves on what's actually happening to the cod fishery. Harvesters in this province agree with you that the quality is very important. They play a huge emphasis on making sure that their cod quality is a lot better than it was in years gone by. I see it on the wharves myself.

Again, it's the hope of the Advisory Council that it will come up with some solutions to see why our cod fishery isn't coming back. Whether it's other predators, whether it's the water temperature or anything else, it doesn't seem like anybody is doing anything for the harvesters to address these problems. Quality is a great thing and our prices are going up, but the only thing that isn't going up is the actual catch of our cod and the increase of cod on our shores.

MR. BYRNE: Thank you for that intervention.

What I can report to you, which I'm sure you'll be excited to hear, is that the Department of Fisheries and Oceans sits as an ex officio member of the Fisheries Advisory Council. They're not a voting member, nor should they be, but they sit in on the meetings, they hear the discussion where appropriate and they provide advice on a regular basis.

This is very, very important because they do hear, but I will caution not just you but everyone that when you criticize the actions of the Fisheries Advisory Council, what you are effectively doing – and we all need to consent to this – you're criticizing the Newfoundland and Labrador fishing industry. The Fisheries Advisory Council is made up of the Association of Seafood Producers executive director, it's made up of the president of the Fish Food and Allied Workers Union and it's made up of a representative of the Marine Institute of Newfoundland and Labrador and of Memorial University of Newfoundland.

This is a committee, this an Advisory Council which is made up of the fishing industry of our province. It's not made up of government officials. I would just simply point that out. I am very proud – I am very proud – of our fishing industry in our province and I would not suggest to anyone that those who sit on the Fisheries Advisory Council, who are representative of the industry that we so proudly support, should be degraded or mocked in any way, shape or form.

MR. K. PARSONS: Definitely not degraded.

CHAIR: Thank you, Mr. Parsons and Minister.

Mr. Dinn.

MR. J. DINN: I'd like to follow up if I may. In the spirit of free and open discussion, I don't think anyone here is criticizing people. I think we have the right, though, to question decisions and to ask those questions.

I do want to go back to 2.1.03, just carry on with that and I'll move into 2.1.04. I'm curious, I asked in the last set of questions about the breakdown as to how much of the money of the \$9.6 million would be going to the support of growth in aquaculture and transition to groundfish?

I'm curious also not only as to what the nature of support means in terms of exactly what is the money – when we talk about support, what does that support look like and who gets support for what issues? For example, is it for mitigation? If we look at aquaculture, is there money that's allocated then, because I look here and it's for science, marketing, infrastructure and research and development. Is there money that's set aside there in terms of mitigation measures for escapement, ISA, sea lice in aquaculture pens?

I would like a breakdown, I guess is what I'm looking at here, as to what that support entails. It's great to have a list of who gets what, but I'd be interested in exactly what that money is being used for then.

MR. BYRNE: Thank you for the intervention.

The program itself is applicant-driven. We do not have specific targets or thresholds that we expect to be fulfilled in any one particular sector. What we do emphasize are the core pillars within the program itself.

I can indeed provide you with a list of projects. What you'll find, when you examine that list, the vast majority of funding right now at this point in time has gone towards harvesters, wild commercial fish harvesters, through such initiatives as automated jigging machines, quality control mechanisms in the vessel itself, improvements there to create better quality.

If your question is what will you spend your \$9,698,300 on in the future, I can't tell you that because it will be applicant-driven. What I can tell you is just in terms of what money has already been spent; this comes from a press release I issued a few months ago. In the harvesting sector we've had 63 approvals for automated longline systems at a value \$4,636,000. We've had automatic jiggers, 24 approvals for a value of \$516,000. We've approved four slurry systems – that's onboard slush systems to be able to keep fish chilled – at a value of \$398,000.

Onboard handling improvements for fish; we've approved three of those at a value of \$558,000. We've approved 18 trawl-monitoring systems for a total value of \$1,000,658. Trawl-monitoring systems are for larger vessels, the

otter trawl fleet in particular, and larger. That's to make sure they're operating efficiently and effectively.

Cod pots – this is really cool – three projects at a value of \$74,000 where we actually purchased the cod pots and other things in a pilot project; a modified trawl for redfish to be able to prevent bycatch and to improve efficiency. There's been an experiment, a pilot project, for a modified trawl for redfish at a value of just under \$80,000. We've purchased a large set of insulated tubs and automatic jiggers of four major – blanket or umbrella approvals for a value of \$1.7 million.

In processing, you've asked the question and I'm delighted to inform you that we've had nine projects approved for groundfish processing improvements, valued at \$6.5 million. For lobster grading, we've improved lobster grading under one project for just under \$100,000 and a multi-species live holding facility; one project approved at \$450,000.

In research and innovation – this is really, really, I think, important to the industry – we have supported the Canadian Centre for Fisheries Innovation for fishing industry innovation initiatives at a value of \$4.5 million. The Centre for Ecosystem Research at Marine Institute, fisheries science, we've put a contribution agreement before them for \$4.3 million. We're conducting an experimental redfish fishery under research and innovation on the West Coast for \$700,000. That's in partnership with the FFAW and fishers there.

In cod quality research innovation, we have one project approved there for \$270,000; an experimental scallop fishery in one area of the province, we have one project approved there for \$150,000. In by-product and bioprocessing research we have two projects approved there for a total value of \$94,000.

In aquaculture, we have two projects approved for mussel aquaculture development at \$164,000; oyster aquaculture in Placentia Bay, one project there at \$65,000. A project came forward from a consortium of the Marine Institute and some salmon aquaculturists. We have two projects approved for cleaner fish research and innovation at a value of almost \$1.4 million.

I'd be happy to present this list to the Members if that's convenient for you.

MR. J. DINN: Thank you very much, Minister.

Would any of this money then be available to – it's quite a list, quite an innovative list as well, but would any of this money be available to an organization to set up totally contained land-based aquaculture. Is that possible under this money as well if anyone so wished?

MR. BYRNE: It would be applicant-driven and it would be based on the merits of the application. All of these projects endure a significant vetting – a challenge process – to ensure that they can be sustainable and they meet the requirements, both technologically and economically. Any applicant can come forward. It's applicant-driven and we'll assess an application on its merits.

MR. J. DINN: Thank you very much, Minister.

Just a few other questions on that and we'll see how far I get with it. I understand that as part of the Atlantic Fisheries Fund there consists a separate fund of \$30 million for seafood marketing that can be leveraged. How much of that money have we been able to access to date and what are our plans for that money?

MR. BYRNE: This is a pan-Canadian initiative that the federal government provided to provinces that did sign on. We are anxiously awaiting the federal government to put the final approvals to the availability of those funds. We have a number of different projects waiting in the wings, but at this point in time there has been no money disbursed under that particular initiative, that pan-Canadian initiative, anywhere in Canada.

MR. J. DINN: Thank you.

Can we have an update on the Canadian Fish and Seafood Opportunities Fund? It's been promoted as the marketing pillar of the Atlantic Fisheries Fund, which is supposed to advance marketing initiatives and sharpen the industry's ability to target new markets and leverage benefits emerging from free trade. How much money has this fund leveraged or is that part of the fund I just asked you about?

MR. BYRNE: Yes, the two are one in the same. The first, in your former question, there was a different title attached to it.

MR. J. DINN: Yeah, it's the same fund.

MR. BYRNE: It's the two; it's a pan-Canadian initiative and does require participation from more than one sector from one province in order to be eligible.

MR. J. DINN: Thank you very much, Minister.

Is it possible to have an update on the Seafood Innovation and Transition Program?

MR. BYRNE: Again, that's a program that's no longer within our funding scope. We have the seafood development initiative program at \$200,000, but we can certainly provide you with a list of past programs that were under that particular initiative.

MR. J. DINN: Thank you very much, Minister.

I think you've answered this question; it's a very comprehensive question now about automatic jiggers. Has there been any feedback on those investments?

MR. BYRNE: That's an excellent question because, of course, this is one of the first seasons. When we provided that funding it was in preparation for the normal harvest season, so we are in the field now getting assessments, asking those that had them employed to receive their feedback. We'll be able to report back that in a future date.

MR. J. DINN: Thank you very much.

CHAIR: Thank you.

Mr. Parsons.

MR. K. PARSONS: I want to go back to section 2.1.03. Just looking at the title, it has changed description again from the last title we had. Can you confirm that the use of this fund now is also for aquaculture?

MR. BYRNE: Yes, oh, absolutely.

MR. K. PARSONS: Okay, because it wasn't in the fund last year.

Salaries have decreased by \$25,000 in the revised. Can you explain what happened there?

MR. BYRNE: Yeah, Deputy, can you explain what happened there?

MS. COMPANION: I can. There was a vacancy in our AFF last year, but we're fully staffed now and we'll be fully expending our budget.

MR. K. PARSONS: Okay.

Again, looking at the Grants and Subsidies section right here, it's a little bit different from what it was last year. Six million dollars was spent out of the almost \$9.7 million. Is that accurate? Is that what was spent out of that \$9.7 million?

MR. BYRNE: Yeah, that's correct.

MR. K. PARSONS: Okay. It all appears to be provincial money, is that correct? It's all provincial money?

MR. BYRNE: Yes, it is.

MR. K. PARSONS: Okay.

MR. BYRNE: For example, just to help clarify that, I gave you just general, broad parameters of 143 different projects in four sectors: harvesting, processing, aquaculture, research and innovation. The total value of those projects – and this is the total value that's gone into the economy, rural, coastal community of Newfoundland and Labrador – is \$28,373,000.

When you look at the federal-provincial cost sharing of this, this is a record of that spending from provincial funding. As a result of this federal-provincial partnership, we've already put out \$28.3 million through the Atlantic Fisheries Fund.

MR. K. PARSONS: Okay, I'll have a question on that in a little bit.

Why where there was so much less spent last year than was budgeted? Was that based on applications, new applications?

MR. BYRNE: No, we were anxious and ready to get that money out the door, but it was largely based on some delays with our federal partners, is that fair to say, Madam Deputy?

MS. COMPANION: Yes. So we have lots of applications and there are lots of applications in the queue that are going through. There's a significant review process and these are the applications that came forward. It's the value; sometimes some projects are higher amounts than others.

We could have approved the same number of projects and it could have used up the \$10 million, but the \$6 million was the projects that were approved and we have other projects that are currently under assessment.

MR. K. PARSONS: Do you have a breakdown of what federal money has been spent in the Fisheries Fund?

MR. BYRNE: It's a simple formula; it's a 70-30 formula. Whatever money we've spent on a particular project you can just multiply that by the appropriate integer.

MR. K. PARSONS: How much money has been spent in the province so far since the program commenced, this Fisheries Fund? Not the Fisheries Fund –

MR. BYRNE: \$20.3 million.

MR. K. PARSONS: \$20.3 million. Okay.

We have lots of applications in for these because, again, it just looks like there was only \$6 million out of the \$9.7 million. Was that just to the red tape of going through the process? Is that the issue here?

MR. BYRNE: I think there is rigour to the assessment process. Nobody who applies should expect that their application will necessarily be approved. There is rigour to the assessment. We want to make sure that all initiatives that are funded are appropriate, are technologically sound and eligible, that they meet the

requirements of the program itself but, as well, they're economically sound and technically sound.

There is a review process, but with that said, I am happy to report while four Atlantic provinces participate in this fund, Newfoundland and Labrador has – 50 per cent of all approvals that have been done are from one jurisdiction, our province.

MR. K. PARSONS: Okay.

Section 2.1.04, I'm going to go the Salaries. A salary decrease of \$189,800 in the revised and \$180,000 is back this year in the budget. Can you explain that?

MR. BYRNE: This is an area where we did have some vacancies. There was some staffing that was undertaken and we're back up to scratch for this fiscal.

MR. K. PARSONS: Under Grants and Subsidies, last year you told us that this money was for science and cod recovery initiatives. What projects were included in the past year?

MR. BYRNE: In terms of a list itself, I may have to call upon – our assistant deputy minister is providing a list.

In terms of projects that were funded in 2018-2019, the Marine Institute's Centre for Fisheries Ecosystems Research conducted a satellite tagging experiment with Atlantic halibut. We contributed \$20,000 to that particular initiative. Each year we provide a worthy MUN student the Dr. Wilfred Templeman Scholarship valued at \$5,000 – a student that's engaged in oceanographic or fisheries science.

The Eastern Newfoundland Science Fairs Council; we provided a \$250 grant, for example, to send a student to a particular fair. The Canadian Parks and Wilderness association; we provided \$2,500 for World Oceans Day. As well, the FFAW did receive the benefit of a post-season snow crab survey, a lobster science logbook and at-sea sampling initiative valued at \$70,000.

Now, I'm really happy to talk about this particular initiative, this fund, because I, too,

want to see that money spent in areas that are of key critical importance to the province. One of the things that I concede is choices may have to be made.

I think the hon. Member will agree with me that information has to be extracted about seals, sealing and about seal predation, seal predatory consumption. These are areas that I would like to pursue in the future to see if we can get some good scientific work done in that particular area. I think the hon. Member would support me by making sure that if we have money available, we do it in key areas of importance to our industry.

One of the core questions that seems to never be answered by the federal government, by DFO – that I think we have a strategic importance to answer ourselves, since they don't seem as enthusiastic about that – is examining what is it that seals eat and how does it affect our cod stock recovery? It's not just whether or not they prey on cod; it's whether or not they prey on the ecosystem, the food pyramid of cod, including capelin, squid and other things and to be able to get that information so that we all know it.

I think the hon. Member would agree with me, I do not – I do not – accept the linear or limited nature of scope of what DFO has done in terms of investigating that particular reality.

MR. K. PARSONS: I agree with you 100 per cent. A former colleague of yours said they don't eat Kentucky Fried Chicken.

MR. BYRNE: Exactly, more terms.

MR. K. PARSONS: Anyway, on that line also, why wasn't the entire amount spent? I know it's only \$3,000, but why didn't you spend the whole amount on the Grants and Subsidies?

MR. BYRNE: I'm sorry, what was that question?

MR. K. PARSONS: On the line there, Grants and Subsidies –

MR. BYRNE: Right.

MR. K. PARSONS: – why wasn't the whole amount spent and given out grants? I know it's \$3,000.

MR. BYRNE: It's applicant-driven, request-driven, so if we didn't necessarily get a request on that particular day or that particular year, then it is what it is.

MR. K. PARSONS: Okay, no problem.

Section 2.1.05, again, the description has changed. Have changes been made to the program?

MR. BYRNE: This is for Coordination and Support Services, correct?

MR. K. PARSONS: Yeah.

MR. BYRNE: Madam Deputy?

MS. COMPANION: The subheads, as they changed throughout, is that we really tried to clean them up and make them relevant to the actual expenditures that were happening. This is for the Fish Plant Worker Employment Support Program. It is \$500,000; it's for when plants are permanently closed. There hasn't been any change to that program except that we've made it permanent; it's in there all the time.

MR. BYRNE: Yeah, it was an annual item that was debated each and every year. We've built it into the fiscal, into the overall base. Just to anticipate a question, I'll give you some additional information. There's another program to support fish plant workers. This is the program for permanently closed fish plants to be able to support fish plant workers in their transition.

There is another program, a \$2.5-million program, to support fish plant workers whose plants are not necessarily permanently closed. That money is not captured within. This \$500,000 support for permanently closed plants is contained within our Estimates. There's another program, a \$2.5-million program, but the funding source is through the Canada - Newfoundland and Labrador Labour Market Development Agreement and that's captured within AESL's main Estimates.

CHAIR: Thank you very much.

Mr. Dinn, do you have any questions?

MR. J. DINN: Thank you, Chair.

I'll start with a few questions that may not have to do with budget lines and may not be within your jurisdiction, but questions we'd certainly appreciate your point of view on as well. We continue to see decline of the SFA, shrimp fishery area 6. Harvesters are worried as many have a lot of money invested in this fishery. Are offshore trawlers still fishing shrimp in April during the spawning season that you know of?

MR. BYRNE: I would be reluctant to give you a definitive answer on that. The amount of activity in shrimp fishing area 6 is not necessarily – the quota level would not necessarily dictate that there would be permanent or continuous harvesting activity there.

I could get back to you with that answer because I would not want to speak ill or speak inappropriately or give you the wrong answer. What I can say to you is that the overall harvesting levels there are brought to the point where it may not necessarily occur in those particular months in the spring. We may see greater see activity in the North.

What we find is that in the winter months you're seeing greater offshore trawler activity then, because area 4 and area 5 are icebound. In the spring of the year those fleets may be moving further north as conditions will allow.

MR. J. DINN: Thank you, Minister.

As part of that information, I would be interested also if there's been any discussion about implementing a ban in that as well. Any information on that would be greatly appreciated.

With regard to 2.1.05 – and you've sort of answered the question, but I do want to follow up on it – it has to do with funding. I think you indicated that the money that's under that is for assisting plant workers in the fishing sector for permanently closed plants. You indicated there is another pot of money, \$2.5 million, for plants that are temporarily closed. I reckon that's with AESL?

MR. BYRNE: Correct. This is funds for when a particular plant faces a resource shortage or faces a disaster. For example, the tragic situation of Black Duck Cove. We will be assisting those workers through a program not from the permanently closed plant program, which is the \$500,000 that is embedded in our main Estimates, but we will be assisting, as appropriate, those workers through the \$2.5 million with Advanced Education, Skills and Labour's funding, which is delivered through the Department of Municipal Affairs and Environment.

MR. J. DINN: Thank you.

As a follow-up then, the question I had here is: Where is the money in the budget – for example, in aquaculture, with an ISA breakout – for the people who are laid off as a result of the disruption of the processing aspect of it?

There have been a few breakouts of ISA in 2012, 2014, 2016 and 2018 that have caused disruptions. I think most recently there have been 11 outbreaks in the last production cycle that has resulted in, basically, fish being sent to be rendered and plants have been closed. Would that funding then be available to them? If you do have the amounts, how much would have been available for them or would it be better to ask that of AESL?

MR. BYRNE: We can certainly facilitate the transmission of that information. One thing I'll point out is that there are three fish plants on the South Coast that are primarily engaged in the processing and production of aquaculture's finfish products: Hermitage, Harbour Breton and St. Alban's.

You will find it in your binder. Why don't I just pass that over to you, Deputy, or, Phil, to answer because that information is just – I anticipated your question, so we put it right in your binder.

MS. COMPANION: The list of plants and towns that needed to access the Fish Plant Worker Employment Support Program is in the binder under what tab, Phil?

MR. IVIMEY: Additional information.

MS. COMPANION: Under additional information. It identifies that they were for temporary closure, who the sponsor was, the approval date and the approved funding that was received.

MR. J. DINN: Thank you very much.

If we may, we'll go on.

Under 2.1.06, Seal Product Inventory Financing, is this still the repaying of the 2014-'15 \$1 million Carino loan? If so, what's the balance? It appears they've paid more than you estimated they would last year, is that correct? I'm just wondering what that money would be?

MS. COMPANION: This is the Phocalux loan. We are currently working with finance and the company to determine their repayment schedule. They are currently paying the interest on their loan and we are working with them with regard to their other payments and their principle, and hopefully working out a plan where they can really be viable and successful.

MR. J. DINN: Thank you.

If I may, would you be able to repeat the company name?

MS. COMPANION: It's Phocalux. I just need to check and make sure it's the right one.

MR. BYRNE: That's the (inaudible).

MR. J. DINN: It sounds like the French version.

MS. WALSH: It is the correct name, Phocalux.

MR. J. DINN: Would you be able to spell that? Is it the French version for seal?

MR. BYRNE: (Inaudible.)

MR. J. DINN: A luxury.

MS. WALSH: It is P-H-O –

MR. J. DINN: P-H-O –

MS. WALSH: – L-U-X.

MR. J. DINN: Thank you very much.

MR. BYRNE: (Inaudible.)

MS. WALSH: Thank you.

MR. BYRNE: (Inaudible) pronunciation of seals. It didn't work. Nobody believed me.

MR. J. DINN: I know. It's good to have that though.

In 2.2.02, in the Aquaculture Capital Equity Investment – make sure I'm on the right page, too – is this still related to this Northern Harvest project? We were told this is for an automated feed system. Is this money for that or for something else?

MR. BYRNE: No, this is in anticipation of Grieg. I can tell you that Northern Harvest has fully repaid.

See the revenue item there, you'll see in brackets a minus of \$9,249,200. What I think Members will be very anxious, eager and enthusiastic to hear is that Northern Harvest has fully repaid all of their ACEP commitments.

Often you hear about loans being offered to companies and it just sits and it doesn't seem to ever be repaid; it sits as a receivable and a lot of anxiety around them. Those Aquaculture Capital Equity Investments that are now in the hands of Mowi or Marine Harvest – formerly Northern Harvest – have been fully repaid and I think that's something to celebrate.

MR. J. DINN: Thank you, Minister.

You mentioned about the monies in anticipation of Grieg. Can you tell us about the government's funding of the Grieg aquaculture project? I guess I'm curious as to when you used the word "anticipation" of Grieg. I'm looking at the amounts.

MR. BYRNE: I use the word "anticipation" very deliberately because we structured a funding arrangement with them that was performance-driven, milestone-driven. The company has the first responsibility to perform certain milestones, certain investments and to be able to have those investments audited. Once those milestones are reached, then we can

disburse and will disburse. Not until then will we disburse funds to that company.

What I'm also very pleased to note was that previously there was a commitment in principle for a \$45-million contribution under the Aquaculture Capital Equity investments with Grieg. We went back to the company and we engaged in discussion with them as to whether or not they would require that amount of money.

Our government has committed in principle not a \$45-million contribution but a \$30-million contribution once milestones are reached, and that was different than the previous commitment. Before, it was a contribution that would be made without necessarily reaching any milestones, without having the investments made in advance.

We've done two things: Milestone targets must be reached first, and we've lowered the commitment by 33 per cent. What I can also say to you is that Grieg Newfoundland and Labrador – while we're investing \$30 million, ACOA is investing \$10 million and Grieg is investing \$210 million themselves.

CHAIR: Thank you.

Mr. Parsons.

MR. K. PARSONS: Just going back to section 2.1.05, I'm just interested in what's happening with some of our plants. \$275,000 is the total amount that was spent on the program last year. What closures were involved in the \$275,000?

MR. BYRNE: If memory serves me and my deputy correctly, it was Twillingate and the plant in Clarendville. We'll double-check that, but for now (inaudible).

MR. K. PARSONS: Are they deemed closed?

MR. BYRNE: They are. They're deemed permanently closed.

MR. K. PARSONS: They are deemed permanently closed? Okay.

MR. BYRNE: In order to deem a plant permanently closed, the town council itself has to consent. There's a process that is undertaken

to ensure that it's not done under a hostile environment, it's not done without knowledge or without consultation. The union is consulted, the town council is consulted, obviously, the owners of the plant must indicate that they do not intend to reopen.

We don't do that and throw away a lifeline to the community. In Twillingate and Clarendville, there's an extensive consultation process where people, organizations and governments put it in writing that they accept and deem the plant permanently closed. Only then can funds flow from the permanently closed plant worker assistance program

MR. K. PARSONS: Okay.

How many crab plants are operating in the province and how many shrimp plants are right now in the province?

MR. BYRNE: I will ask my assistant deputy minister, Roz Walsh. Do you have that data?

MS. WALSH: Yes, Minister.

Firstly, with respect to the inshore shrimp processing facilities, we currently have between seven and eight inshore plants that are operational. With respect to crab, I will have to double-check on that number, but we have not seen, to my knowledge, a closure of a crab plant in a while.

MR. K. PARSONS: Just going back to my question just before then – and you gave a good explanation of deemed closed – are there any other plants that are in the process of being closed by the communities in any areas in the province?

MR. BYRNE: St. Mary's is the only plant that comes to mind. What's the name? I just call them St. Mary's, but the operations in St. Mary's will probably be on our list of this year as permanently closed. We're very anxious; we're open to any suggestion.

The Black Duck Cove plant has burnt down and I am hopeful the owners themselves – which is a partnership between Quinlan and Quin-Sea. We'll see what they decide, but we will hold out hope that maybe that plant might open and

might be rebuilt. Again, we're not in the position nor do we have any regulatory authorities that could impose upon that operation any specific outcome in that regard.

MR. K. PARSONS: Okay.

All right, let's go to section 2.2.01. I want to go to Salaries. \$102,700 less was spent in the revised, and then there was \$23,300 less in this year's budget when compared to *Budget 2018*. Can you explain the variances here in Salaries?

MR. BYRNE: That's where we had some – as the deputy just pointed out to me – vacancies, but we also had some maternity leaves. That's why it's back up to scratch.

MR. K. PARSONS: Under Transportation and Communications, what accounts for the \$27,300 decrease in the revised last year and the additional \$17,500 over the revised for this year?

MR. BYRNE: Deputy, would you like to jump in on that one?

MS. COMPANION: The director was vacant for the first few months of the year. Then the manager got the director's job, and then we had the manager vacant for a few months until we recruited. There was less travel and the new director was very diligent in her running of her budget, and she spent what she needed; therefore, we reduced it a small amount this year. Now that she'll have a full year of having a full staff complement, she'll likely need a bit more.

MR. K. PARSONS: Okay.

MR. BYRNE: The other reason, too – I'm jumping in here – the director is located in the region in Central, and so that's one of the reasons why travel costs are more efficient. We're very proud of the fact that the director is in Central serving both mussel operations on the Northeast Coast and our finfish operations on the South Coast of the Burin Peninsula. There are efficiencies that are achieved through that as well.

MR. K. PARSONS: Okay.

Under Purchased Services, what's included here? Can you explain the \$13,000 increase?

MR. BYRNE: Yeah, can you?

MS. COMPANION: I can. The most significant increase was some work that they had to do on the wharves and with the snow clearing, but the wharves were the most significant thing. There was some work that had to be done.

MR. BYRNE: Yeah, so the department owns two, Deputy, is it –

MS. COMPANION: Four.

MR. BYRNE: – four wharves in total. I think they were acquired back in 2011, 2012? Maybe you want, if your memory serves you correctly, people to address that?

MS. COMPANION: There was I think it's four wharves that were built between 2011 and 2014 and we maintain these wharves. They're important from a biosecurity perspective in aquaculture. There's a lot of work in maintaining them and making sure that they are definitely in good condition. That was a part of what happened, for them to spend a bit of extra money. We think that there's probably going to need to be a \$50,000 investment continued into the wharves to make sure that it's protected by security measures.

MR. BYRNE: I have no hesitation throwing out that these are often single-user wharves. For biosecurity reasons you could make the point that multiple users could use them but, generally speaking, they're single-user wharves.

I'd like to hear the point of view of hon. Members from both sides of the House as to whether or not we should be encouraged to look at potential divestiture to the single-user. That would seem to me to be appropriate.

One of the reasons why Fisheries and Land Resources own them is to ensure that they become a common property, a common use, but because of biosecurity and biosecurity issues, often these wharves are single-user wharves, and it may be more appropriate for that single user to take over ownership of the wharf. At any point

in time, I'd love to hear the viewpoint of hon. Members about that particular issue.

MR. K. PARSONS: Okay.

Have the terms of agreement been finalized with the Grieg aquaculture project?

MR. BYRNE: Yes, it has.

MR. K. PARSONS: It has? Okay.

Will you get us a table of the final agreement on that?

MR. BYRNE: We can supply what information we can within the context of commercial confidentiality, but generally speaking, it is broadly known what the terms are.

Deputy?

MS. COMPANION: Right. The final agreement has – I think all the legal work has been done now and the agreement is ready for final review. When that's signed, we'll be able to –

MR. K. PARSONS: It is signed, though, is it?

MS. COMPANION: Pardon?

MR. K. PARSONS: All the terms have –

MS. COMPANION: The letter was signed back when we did the announcement, and this is just the –

MR. BYRNE: The contract itself.

MS. COMPANION: – contract itself that's being finalized.

MR. BYRNE: The contract reflects the MOU.

MS. COMPANION: Yes.

MR. K. PARSONS: Okay.

Just going back to that section, again, under Property, Furnishings and Equipment, what's included here? Why was there \$19,900 less last year and an additional \$14,300 included in this budget over the revised amount?

MR. BYRNE: Okay, so this is Property, Furnishings and Equipment; it's \$49,900 last year but only \$30,000 spent. Is that what you're referring to?

MR. K. PARSONS: Yeah.

MR. BYRNE: Again, there was a variance there because we had to replace equipment and there was equipment that was repaired instead of being replaced, so we were able to lower some costs there.

CHAIR: Thank you.

Mr. Dinn.

MR. J. DINN: Thank you, Madam Chair.

If I may, go on to 2.3.01.

MR. BYRNE: What's that, sorry?

MR. J. DINN: Sorry, 2.3.01. That's in order.

MR. BYRNE: Yes, Aquatic Animal Health.

MR. J. DINN: Just a few comments on the budget lines themselves, some questions. Under Transportation and Communications, again, the amount of \$114,400 increased to \$145,000 in revised budget Estimates for 2018-2019. I really would like to know what the amount is there and what that variation is for.

Also, it's dropped not back down to \$114,000 but somewhere in the middle there with regard to \$120,000. Please explain the differences in the amounts there, please.

MR. BYRNE: Certainly.

As you pointed out, there were some incidents, some ISA events on the South Coast. We have a responsibility and we take that responsibility very seriously. We are relentless. We are responsible for monitoring, for sample collection, for diagnostics and for ensuring biosecurity and providing audits.

As a result of the fact that there were those ISA events, the people of Newfoundland and Labrador and this House, our Members of this House, can be assured that we take those

responsibilities seriously. Because there were additional travel costs with the sampling and the audits and making sure that all necessary procedures were put in place, we spend the money and when required we will continue to spend the money.

Next year, while we forecasted, we can't predict what may happen. We may spend less money than that but we want to have that money in place.

MR. J. DINN: Thank you.

I certainly agree with regard to spending the money to protect the environment, but I'm just wondering then, are there any plans to seek reimbursement from the companies themselves for that extra money that we've spent monitoring and making sure that their sites are safe?

MR. BYRNE: The companies themselves are responsible. They're the front line and they do have both regulatory requirements, requirements under various codes that they follow. But like any regulatory body there is oversight, whether it be protecting the environment, whether it be making sure that water quality is for human consumption. That's a public good and we want to make sure that that public good is always available.

The companies themselves do the lion's share of the front-line services, but whenever there is a concern that's detected, that's where the public purse, the public good, the public responsibility kicks in and we're ready there to act.

MR. J. DINN: Thank you, Minister.

Just as a follow-up to that, I understand that we can contract out the services to companies; they would bill us for the services they provide. I would like to think, in this case – being fiscally prudent, zero-based budgeting and everything else and we're looking for efficiencies – that this will be a good opportunity to bill the companies for the services that we provide in making sure that their sites are biosecure.

That will be my thought on that because it looks like, in effect, that in addition to the \$30 million for Grieg, really there's more money going into this than just the \$30 million. The taxpayer is on

the hook, and I agree with regard to this that we need to protect our own environment, but I think in some ways it's the companies that should be reimbursing the taxpayers of this province for that extra money that we're forced to spend.

Did you want to respond, sorry?

MR. BYRNE: No, I appreciate the intervention. Right now our fish farmers do have veterinarians on staff and on site. We do provide an oversight function. We have veterinarians ourselves within our Aquatic Animal Health branch.

Quite frankly, I'm very pleased to hear you say that maybe more of these services should be less vested in the public and more of them should be vested in the private, so I take your consultation quite seriously – the wealth of it.

MR. J. DINN: Understand what I'm saying is that they should reimburse us for the services. I think we should have control but they pay us back for them. I'm not advocating a P3 model, but I am advocating that for the services we render to a private company that they reimburse us.

I notice with Professional Services a significant drop, and then Purchased Services, and maybe they're linked, but I notice that in the line with regard to Professional Services there was a budgeted amount in 2018-2019 for \$97,000. The amount spent was considerably less, yet we've got a budget estimate for this year of \$97,200. Also with Purchased Services I notice again, though, it went the other way in that we had a budgeted amount of \$316,600. It jumped significantly to \$447,100, and it's now budgeted the much lower amount of \$301,600.

I'm curious as to the explanation for that and if it was related to the ISA events as well.

MR. BYRNE: They are basically linked in that our Purchased Services took a little bit of a bump here because we did have additional costs because of the ISA events.

With our Professional Services, we were fixated on our response. A lot of the work, a lot of the attention of our veterinarians was kept in-house and they were responsible for a lot of those, so

our Professional Services was down accordingly.

MR. J. DINN: Just to be clear then, the \$447,000 was related to the ISA outbreaks.

MR. BYRNE: Largely so, yes.

MR. J. DINN: Okay.

I notice that the budgeted amount you have this year is significantly about \$15,000 less than the amount budgeted in 2018-2019. In light of the ISA events, have you built in that contingency fund for that?

MR. BYRNE: Well again, like last year, whenever there's an event that causes us to reallocate resources appropriately and effectively to meet a particular challenge, we do that. So while we can't necessarily forecast with any accuracy what may or may not happen, there were literally years and years and years and years past where there were no ISA events in Newfoundland and Labrador.

If you were to build a budget based on that factor, you wouldn't put any money in the budget whatsoever. So you anticipate to the best of your ability and you forecast to the best of your ability. What I can say to you is that if there are no ISA events whatsoever, you'll probably see some of that budget unspent. But if there are and there is a requirement to fulfill the public responsibility for the public good, we will find the money and we will spend what needs to be spent.

MR. J. DINN: Thank you, Minister.

If my math is correct then, and I would always get people to check that – I'm an English teacher after all – that last year the ISA event basically cost taxpayers or the citizens of this province almost \$131,000 to deal with that.

MR. BYRNE: No, I don't think you can draw that specific a conclusion as that every dollar spent was directly related to ISA. I answered the question by saying that in a general point of view there were increased expenditures in part because of ISA. Madam Deputy, I don't know if we can break down the figures any further than that.

MR. J. DINN: That would've been my next question.

Thank you for that.

MS. COMPANION: Yes, we will break down those figures, Minister, and provide.

MR. J. DINN: Thank you.

I still have a minute left. I'm learning quickly that you should always occupy as much of your time as possible – start talking, so there we go. I think that's it. Those are all the questions – I do have one question and I'm finished with the questions on Fisheries and Aquaculture, but I will go back to 2.2.02. A quick question, I noticed, Minister, that you implemented in your funding of Grieg, milestone targets before the release of funding and also you've lowered the amount.

I'm just curious when it comes to setting performance milestones, is there also an accounting for the mitigation measures that they've put in place? Is that part of the milestones that you're measuring as well, as to what mitigation measures that they've taken to reduce harm to wild Atlantic salmon and to the marine environment?

MR. BYRNE: Well, to answer the question, and I'll have to keep it broad, but they have responsibilities under the environmental process that was undertaken. They will fulfill those responsibilities. What elements of that were directly related to the milestones –

OFFICIAL: (Inaudible.)

MR. BYRNE: Yeah, that information was captured and released, announced publicly when we provided the details of the memorandum of understanding or the agreement. I will also say that Grieg is investing \$210 million of capital, of equity, in their own operations. They have responsibilities that must fulfill, they will fulfill them and I think a reasonable person would come to the conclusion that when there's a \$40-million public expenditure after performances are met but there's a \$210-million expenditure from the company itself, the vast majority of that will be captured by their own requirements and their own investments.

CHAIR: Thank you.

Maybe when we finish this section, we'll have a quick break.

Mr. Parsons, back to you.

MR. K. PARSONS: I just have a couple of questions left here now on section 2.3.01 on Property, Furnishings and Equipment. Can you explain the \$22,000 less in the revised?

MR. BYRNE: In this particular year, there was less of a requirement to replace equipment during that fiscal year. We have a database or a collective knowledge over the course of years of what might be the requirements. In this particular year, instead of replacing the equipment, we were blessed by the option of being able to repair equipment, and that's why that number was less than what was anticipated in the budget.

MR. K. PARSONS: Okay.

Under Grants and Subsidies, I assume this is still for the Atlantic Veterinarian College, is it?

MR. BYRNE: That's correct.

MR. K. PARSONS: Okay.

Just one final question: Can you give us an update on the Canada-Newfoundland MOU for aquaculture?

MR. BYRNE: Delighted to.

The first MOU was signed in 1988 and it's the only MOU that was signed between Newfoundland and Labrador and Canada regarding aquaculture. It is obviously dated and we're actively engaged with the Department of Fisheries and Oceans as the lead federal department to update that MOU. While this has been, I can say, a priority of mine, a lot has changed since 1988 and some of the jurisdictional responsibilities and the activities have not kept up to pace within the MOU itself, so I'll be able to report, in the upcoming months, progress that we're making on that MOU. I can also say that, based on our federal-provincial discussions, it is also a priority for the federal government. We brought them to that table.

MR. K. PARSONS: Okay, thank you.

Madam Chair, my colleague has a question also.

CHAIR: (Inaudible.)

MR. FORSEY: One question on Grieg aquaculture. What is the depth of processing in this province in regard to their fish?

MR. BYRNE: Good question. One of the requirements under the separate agreement, the overall MOU that we've signed, is that Grieg must produce the fish – 75 per cent of the quantity of fish that gets produced from the Grieg operation under the minimum processing requirements, directly charged to them is 75 per cent to the fresh fillet stage.

Right now, in Newfoundland and Labrador, the minimum processing requirement for production of salmon is HOG. It's HOG, right? H-O-G or HOG, which means cut down, slit, head on and gutted. Grieg will be required to take 75 per cent of their entire production, beyond the normal minimum processing requirement, to a filleted form.

MR. FORSEY: H-O-G – head on, gut out – when it leaves the processing plant here in Newfoundland, would that be ready for market, packed and ready for market?

MR. BYRNE: Filleted generally means that's – now it may be redistributed in a retail package, but that would be inefficient. If you're going to produce 75 per cent of your product to a filleted form, you do so in a way to prevent that additional labour, that additional logistical inefficiency. It's ready for market.

MR. FORSEY: Okay.

If it's ready for market, it's good because that would open up more plants, more spinoffs, more plant workers.

MR. BYRNE: Do you know what's exciting about the Grieg NL aquaculture opportunity? It's their partnership with OCI. OCI is a fantastic company. It's produced results for Newfoundlanders and Labradorians. It's one of the key partners that work with the Government of Newfoundland and Labrador on our initiative

to make sure that industrial shrimp gets processed for the first time in onshore plants in our province.

OCI, of course, is a wild commercial harvester now having an equity investment into the Grieg NL operation. When you look at the synergy that gets created from a wild fish harvester and processor now having access as well to aquaculture-produced products, they can bring fresh product, high value-added product to the world marketplace by the synergies of both having wild capture fish and aquaculture product. Being able to market that simultaneously, the opportunities within the logistics chain that creates, is significant. It's one of the reasons why OCI decided to get into the aquaculture field.

Remember, this is a company with a history and a positive track record in wild capture, now investing in aquaculture product. Why? Because they see that's where the market is going. Not exclusively, not to the detriment, not to the exclusion of the other; they're not getting out of the wild capture, they're saying to themselves having that product mix of both wild capture and aquaculture product – that's where the marketplace is going. A Newfoundland and Labrador company is seeing that vision and they're investing in it and they're part of that. That's really exciting.

MR. FORSEY: Okay, so just to make sure I understand it, 75 per cent of the HOG is going to leave the province. Seventy-five per cent is going to leave here –

MR. BYRNE: Filleted form.

MR. FORSEY: – in filleted form.

MR. BYRNE: Yeah.

MR. FORSEY: Okay.

I'm satisfied with that answer.

CHAIR: Okay, any other questions?

Mr. Dinn, any other questions for this section?

MR. J. DINN: I'm good, Madam Chair.

CHAIR: Shall 2.1.01 to 2.3.01 carry?

All in favour?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 2.1.01 to 2.3.01 carried.

CHAIR: Okay, five-minute break.

At 7:40 we'll start again with Forestry and Wildlife, very exciting.

Recess

CHAIR: Thank you very much, everyone.

Very exciting Forestry and Wildlife sections.

We'll do 3.1.01 all the way to 3.3.02.

Mr. Parsons or Mr. Forsey.

MR. FORSEY: On 3.1.01, Salaries, more was spent in revised and extra \$209,000 budgeted this year.

Can you explain the steady increase in Salaries?

MR. BYRNE: Madam Deputy, take over.

MS. COMPANION: The increase in Salaries was due to severance and leave costs for some employees who retired during the year.

MR. FORSEY: Okay.

Transportation and Communications, \$63,000 less spent in revised and \$56,000 is back in this year's budget. Can you explain that?

MR. BYRNE: This is a really good one. We were able to get some savings through more effective use of helicopter time. The department uses an awful lot of helicopter time, and we need to. It's how we do wildlife surveys, forest inventory surveys and a number of things.

What we experienced in this particular fiscal year, we're engaged in a number of different kinds of surveys and, through efficiencies, we were able to lower that number by a certain

amount. We don't know next year if we'll be able to accomplish the same thing, so we've rightsized it. Those surveys are super important, so we put the budget, basically, back up to where it was traditionally. But, where we can, we'll continue to make savings there.

MR. FORSEY: Okay.

Purchased Services, there was a significant increase of \$31,700 last year and there was an additional \$2,600 increase in this year. What is included and can you explain the increase?

MR. BYRNE: As a department, within Forestry, which also includes Wildlife, we have a fairly significant fleet of vehicles, which we need, of ATVs and snowmobiles. So we're responsible for the maintenance of that. There were some arrangements that were made with Transportation and Works around fleet management in terms of regular motor vehicles and also as well with other things. But we're responsible for maintenance to our ATV and snowmobile fleet and that's why there's a jump in that expenditure in the last year and we'll have to budget for that on an ongoing basis in future years as well.

MR. FORSEY: Okay.

Grants and Subsidies, what is included in the Grants and Subsidies?

MR. BYRNE: Okay, good question.

Grants and Subsidies in the forestry sector, we spent, by way of example, in this past year, \$200,000 to the Labrador Innu, Metis forest management agreements with the Labrador Innu and Metis nations. We spent \$100,000 with the Newfoundland and Labrador Lumber Producers' Association – \$75,000, sorry. And FPIinnovations, \$20,000, that's a not-for-profit Atlantic-wide company that does forestry research.

Our membership to the Canadian Council of Forest Ministers, we have annual dues that are owed of \$6,500. We provided \$2,800 to the Canadian Institute of Forestry. We provided \$700 to the Atlantic teachers' forestry tour; that's a program where secondary school teachers become more aware of and learned in

forestry practices. We also provided a grant of \$3,000 to the Junior Forest Wardens, and there was a contribution \$400 to an envirothon.

MR. FORSEY: Okay.

3.1.02.

MR. BYRNE: Operations.

MR. FORSEY: The phrase wildlife offices are added to this description. Is this simply a wording change or does this have broader implications?

MR. BYRNE: Madam Deputy, would you like to field that one?

MS. COMPANION: We added wildlife offices to the description.

MR. FORSEY: Okay. That's it? Just for that reason only or are there broader implications?

MS. COMPANION: No, we were just cleaning up the wording around each of the subheads so that they appropriately reflected what was happening.

MR. BYRNE: So these expenditures in the past included those wildlife offices as not a new expenditure or new addition. The wording was added to ensure that it met the properly described.

MR. FORSEY: Okay.

Salaries, can you explain the variance in the Salaries?

MR. BYRNE: On a \$7.8 million line item, there was a variance of just about \$27,000. So that would be explained through normal employee transitions.

MR. FORSEY: Okay.

Transportation and Communications, \$16,500 less spent last year and it is not there in this year's budget. Can you explain?

MR. BYRNE: That's where we made some savings. We reviewed our cellphones and our satellite phones for field operations. We were

able to make some improvements there. So on the zero-based budgeting cycle that would be a rightsized number at that point in time.

MR. FORSEY: Okay.

Supplies, \$26,000 more spent in revised and \$11,000 less than budgeted for last year. Can you explain?

MR. BYRNE: This was related to safety supplies. When you have employees that come in – again, forestry operations, that's the biggest employee component of our entire department, so it's very important to get a proper kit for those employees. That's part of the explanation there.

MR. FORSEY: Okay.

3.1.03, Silviculture – Salaries, can you explain the variance in Salaries? An additional \$16,200 was spent in the revised and this year's budget is \$9,800 less.

MR. BYRNE: Again, this is related to transitions of employees. These are variances due to severance and leave costs that were paid out.

MR. FORSEY: Okay.

Transportation and Communications; \$15,500 less was spent last year, \$7,300 more is included in this year's. Can you explain?

MR. BYRNE: Under Silviculture, which is separate, this is again related largely to helicopter time and being able to realize efficiencies within our helicopter time.

MR. FORSEY: Okay.

Purchased Services; \$200,000 less was spent in revised and \$21,000 more than the revised budgeted for this year. Can you explain?

MR. BYRNE: With these Purchased Services, if my memory serves me correct, this is related to our relationship with Corner Brook Pulp and Paper. Corner Brook Pulp and Paper, of course, has a silviculture arrangement with the Government of Newfoundland and Labrador and it is performance based. We provide them the

funds based on what they actually do and what they do in terms of silviculture. We only pay out what is actually done.

MR. FORSEY: Okay.

Under silviculture, could I get a list of how much pulp is being harvested in Central Newfoundland in zones 10, 11 and 12 for sawmills, pulp and firewood?

MR. BYRNE: We definitely can get you that.

MR. FORSEY: Okay.

MR. BYRNE: Mr. Balsom, would you have some of that information handy?

MR. BALSOM: I'm just having a look, one second.

MR. FORSEY: Yeah, you can give that –

MR. BALSOM: No, I think it'd be better if I got you those numbers, because we do have them accurately ...

MR. FORSEY: That's fine. You can get back to me on that.

3.2.01, Salaries; can you explain why \$50,000 less was spent last year?

MR. BYRNE: In Salaries – Madam Deputy, would you ...

MS. COMPANION: Insect Control.

MR. BYRNE: That's Insect Control.

MS. COMPANION: It's lower than anticipated salary costs with the Insect Control. We had a few vacancies and it resulted in some lower salaries, but we are staffed up and we should be back at –

MR. BYRNE: Full complement.

MR. FORSEY: Okay.

CHAIR: Thank you, Mr. Forsey.

MR. FORSEY: Okay, thank you.

CHAIR: Mr. Dinn.

MR. J. DINN: Just a few questions based on the questions before this. I think, in two budget lines in 3.1.01 and 3.1.03, in both lines I think the explanation of transportation costs – and there was a reference to the fact it has to do with the use of helicopters and that for aerial surveys.

I ask this question: Considering that in the use of drones – and I'm not just talking about the over-the-counter type drones, but you look at the film industry, where once helicopters were used, drones are used. Has there been any thought – and drones would be considerably cheaper – to using drone technology in this, and purchasing drones and training the people to do this, the people that you had hired rather than renting out or hiring out a helicopter service.

MR. BYRNE: Thank you very much for the question.

Remote sensing is a key component of doing forest inventories, as well as habitat surveys and other components. We have contemplated and looked seriously at the use of drones, but there are limitations. Using aerial photography is one component of this; it's not unlike a drone-like activity, but some levels of detail cannot be captured by drones.

I think it is a worthwhile discussion and so I'll ask Steve Balsom, our assistant deputy minister, to just talk through what things we have considered, what some of the limitations are, but where drones may still be employed. I agree with you, it's an innovative – it is the future, in many respects, but there are limitations to the use of drones.

MR. BALSOM: Yeah, so we have done some preliminary feasibility studies on doing some of those assessments as the minister described, such as operational level planning for harvesting, and also looking at some of the work that's already been done in silviculture where we do site work that we can verify that the work has been completed. What we find when we look at our larger survey program such as big game, the distance that these drones can fly is kind of the limitation because these are large flying programs.

In reference to the two line items that you've described, these are specifically related to moving staff into the field. Of course, we wouldn't be able to do that with drones under these two heads.

MR. J. DINN: Thank you very much.

In other words, a small portion of that is for the helicopter rental services and the rest is for moving staff into the field.

MR. BALSOM: No, it is the cost of the helicopter, which is moving the staff to do both the forest inventory program where we have a permanent sample plot and a temporary sample plot network across the Island where they measure the trees. The other portion is under the insect control program where we move staff to check pheromone traps and to do branch sampling in the fall, related to the insect control program.

MR. J. DINN: Thank you.

That's for the silviculture. Okay, that's forest management. When it comes to surveying the moose population and such, would that require moving staff into the field to be there, or would that be mostly to do with aerial surveys?

I understand moving staff into looking at the silviculture, progression of insects, but I'm just curious with regard to the animal surveys. That's just strictly to do with aerial surveys, moose management and counting of the stock and such or the population?

MR. BYRNE: (Inaudible) on that, the flying transects to do with aerial survey for wildlife population census, one line may be 16 kilometres or 50 kilometres long and then you will fly 20 transects. So to use a drone basically to do a straight line transect of 16 to 50 kilometres in length distance, you're using one heck of a drone.

MR. J. DINN: No, Minister, I appreciate that. But I'm sure that I'm at least comforted in knowing that we're going to be looking at that technology as a way of the future and probably a lot less stressful with the CO2 emissions as well when you look at it.

With regard to the Purchased Services, the fleet of ATVs, I think you said a lot of that servicing has to do with ATV, snowmobiles and the like. Is it possible, I guess, to have an inventory of the vehicles and where they are located? I'm assuming most of them are probably in the Western area, Central and in Labrador where they'd be most needed?

MR. BYRNE: Absolutely. We can get you a further breakdown but I'll see if this suffices. In FLR, we are a highly mobile department; we're a field-based department. What I can report to you is that we're out in the field a lot. We have 322 light vehicles. We have 162 ATVs. We have 192 snowmobiles. Marine boats, marine equipment, we have 54 boats in total of various lengths. So that may sound like a significant volume, 162 ATVs and 192 snowmobiles but, as you can appreciate, all of our conservation officers and our enforcement officers, when going out into the field, this is the kind of equipment that they do require, so that's why we have that kit available to them.

MR. J. DINN: No, I will not question the need for them to do their job, that's for sure.

With regard to forest management, last year the minister spoke about his hopes for a biofuel plant in Botwood, a proposed woodchip facility operated by the UK from Bulk Logistics. Is it possible for the minister to update us on the work done to revitalize the forest industry in Central, as well to get that plant for Botwood?

MR. BYRNE: We, too, would like to enter into bioenergy, biomass as a source of energy. One of the biggest factors, one of the biggest limitations in developing our forest resources comes from the closure of the two Abitibi mills. When you look at the forest product mix, when you look at a forest you think that all trees are marketable trees and so there's no real differentiation that's required. Such is not the case.

You have many product classes within a forest, within a timber stand. You have significant large-dimension trees, fibre sawlogs. Within the sawlog component, some may be used within stud mills. In other words, they can take it down—smaller diameter sawlogs can be used for stud mills whereas larger diameter logs must be used

for secondary-value products such as wood siding.

So you have sawlogs, you have pulp sticks which is smaller diameter wood and then you have waste. You have basically biomass which are the trees and the materials that really do not present a marketable product in and of themselves in terms of further processing.

When we had three pulp and paper mills in the province, this was really never an issue because our smaller diameter wood had a ready market for all pulpwood. And as a valuable by-product, sawlogs could be then taken from the forest inventory and then sold or used or harvested by sawmillers, with their pulpwood going to the paper industry and then the sawlogs going to the sawmills.

With the closure of two mills, we no longer have a ready market opportunity for pulpwood. So the biggest economic constraint of developing our forest resources right now is generating a market for our smaller diameter wood. Because if you go and take a particular timber allocation and you harvest it, you do have to harvest the whole stand.

It's not deemed or understood and the experience has never been that you can selectively harvest in Newfoundland and Labrador. The full harvest is the management practice which is conducted across the entire country, and clear-cutting does resemble natural events such as forest fire, natural events which cause forest succession, and it's prudent and economically and ecologically viable.

So, with that said, the big issue that we face is finding a market for small-diameter wood. There are good markets for large-diameter wood, not for small-diameter wood. This is why bioenergy comes in. It's really important to be able to attract companies.

In the Botwood example, in Bulk Logistics, unfortunately, they were not able to bring forward a business plan which they were prepared to act on, and which provided some capacity to be able to ensure successful operation. Their expectations were higher than what we could provide, and their expectations of

a long-term commitment were higher than what we were could provide.

I would point out that there have been about 15 different initiatives or overtures in Central Newfoundland since 2006; none of which have met with success. Everything from Rentech to – I could give you a full list, but this is grail that we seek, is finding a way to use bioenergy, biomass, to be able to stabilize and revitalize our sawmilling sector, and there's only so big a market for firewood. It's a good market, and you'd be surprised how much of our timber resources, our fibre, is currently used in commercial firewood operations.

But with that said, getting a viable market opportunity and a production opportunity for small-diameter wood and for waste is really what we hope to achieve, and we've got some plans in mind to be able to fulfill that.

MR. J. DINN: Thank you, Minister.

CHAIR: Okay.

Thank you.

Mr. Forsey or Mr. Parsons?

MR. FORSEY: Before we get in on the Forestry and Wildlife, just to add to Mr. Dinn's comments there, you did offer the Timberlands the same in November 2019 I believe it was. November 29, 2018, Timberlands got a contract for the biofuel plant in Hawkes Bay. What's the current status on that project?

MR. BYRNE: Timberlands International requested a 20-year forest management agreement in Forest Management Districts 17 and 18. We felt it more prudent, for a number of reasons, not to offer a 20-year forest management agreement, which would be almost the equivalent of a property right. We offered a five-year forest management harvesting permit for a total of 100,000 cubic metres per year for five years, but with a specific provision that by midway point of the five years, within 30 months, 40 per cent of the timber must be harvested. If not, the permit will be amended to reduce their forestry permit.

Now, what makes that Timberlands International, the AEG subsidiary, somewhat unique in all of the different initiatives that have come forward and that have been developed in the province is they did not, nor were they granted, one dime of government money, of taxpayers' money. They accepted the full responsibility of financing the operations on their own. They simply asked for a harvesting permit, which we did give.

We put in strict requirements that 25 per cent of the entire fibre that they extract – in terms of their sawlogs that they harvest – must be offered to local sawmillers and that they must perform. If they fail to perform within the halfway point of their contract, their permit will be amended to reflect a lesser volume of fibre, and there are other milestones that they must meet, and if they fail to meet them, their timber permit will be amended accordingly.

I reflect and draw attention to the fact that that is very different than other initiatives on the Great Northern Peninsula where a company called Holson Forest Products was granted upwards of \$12 million in taxpayer money from both federal and provincial sources to build a pellet plant and to revitalize the sawmill. Holson Forest Products has never produced a pellet. They suspended operations in 2012 – their sawmill operations in 2012 – one year or about 18 months after receiving this significant financial contribution, and also that other additional assistance as well, to be able to keep the insurance on the equipment subsequent or post-that.

So, while Holson Forest Products – which was an operation intended to produce pellets – received upwards of \$12 million in government assistance, taxpayers' assistance, it never produced a pellet, closed the sawmill and actually rescinded. I believe they even stopped applying for their sawmill permit from the government back in 2014 or 2015.

We would like to see AEG and Timberlands – if they do, as part of the arrangement, the requirements that Timberlands International has, that they must sell to local sawmillers. We'd be very enthusiastic and excited if Timberlands and Holson Forest Products, or some entity like Holson Forest Products, were to establish a sawmill on the Great Northern Peninsula.

MR. FORSEY: Okay.

In the news clippings seen around the Bulk Logistics – in some news clippings that I have there, you offered Timberlands a contract of 100,000 cubic metres for five years, which in total is 500,000 cubic metres. For Bulk Logistics, it was offered one year at 60,000 cubic metres. Why just one year? Couldn't it have been a five- or 10-year plan?

MR. BYRNE: The operation with Bulk Logistics – we have a significant resources shortage, believe it or not, in Central Newfoundland. Your ears are going to start to perk up on this, I know, and they should.

While we have a lot of uncut trees and unused fibre, we still have several plants in Central Newfoundland that have growth expectations, that would like to be able to grow their operations, and there is not as much timber or fibre that's available as one would like as one might normally assume. I'm going to ask Steve Balsom to pick up the conversation at this point in time.

What we do know is that we would like to proceed incrementally. If a company wants to come forward and prove themselves over the course of time, we would be happy to work with them to allow them to do that and prove themselves. When you start tying up forest resources in a contractual and legally liable way to a company that does not necessarily have either the capital or the experience to be able to successfully harvest these resources, you create a circumstance where you can have forest inventory tied up, unused for very, very long periods of time.

The expectation of Bulk Logistics, if my memory serves me correctly, was that they wanted a very large allocation of fibre and wanted it for an extended period of time. We wanted to negotiate with Bulk Logistics to be able to mitigate those expectations to compromise, and at the end of the day it was really a question of all or nothing.

Steve, would you like to pick up on some of that?

MR. BALSOM: Minister, no, I think you hit all the main points there.

The Northern Peninsula is an area that's been historically underutilized for many years. We really had no interest from any outside company other than, at the time, Timberlands International; whereas, Central Newfoundland, which is considered the fibre basket for our main sawmilling industry – Sexton Lumber, Cottles Island Lumber, plus we have a number of other traditional operators – we have more asks and requests for fibre in those districts than we have fibre available.

As the Minister pointed out, it was an opportunity for Bulk Logistics to enter the market with the rest. We also tried to promote business-to-business discussions as a chip exporter to look at the solution for working with our sawmill industry so we could expand the solid wood market which, again, is bottlenecked by getting a market for the small diameter and waste products.

So, basically, they did get an opportunity, which they passed upon. We continue to work now with our large sawmills in the area on their requests, which we hope to see fulfilled in the very near future, which will certainly show a hundred per cent allocation in those districts.

Thank you.

MR. FORSEY: Okay.

There seems to be still 280,000 cubic metres left in the Central Newfoundland 10, 11, and 12. How much of that will be cut by Timberlands?

MR. BYRNE: None will be cut in Central Newfoundland by Timberlands.

MR. FORSEY: Okay.

MR. BYRNE: They do not have access to it.

MR. FORSEY: All right, we'll move on.

3.2.01, Purchased Services – what is included? Can you explain the additional \$25,000 in revised and the other \$20,700 less in this year's budget?

MR. BYRNE: Okay, this is Insect Control?

MR. FORSEY: Insect Control, 3.2.01, yes.

MR. BYRNE: I think your question was what was the cause of the variance? The \$25,000 addition in the revised in 2018-'19, is that your question?

MR. FORSEY: Can you explain the additional \$25,000 in the revised and \$20,700 less in this year's budget?

MR. BYRNE: The \$25,000 in this particular area, there was a need for communications equipment purchases and rentals that were acquired in that particular year, which is sort of a non-standard expenditure. Plus as well, disposal fees for some of the older materials from all the older electronic equipment.

MR. FORSEY: Okay.

CHAIR: Thank you, Mr. Forsey.

Mr. Dinn.

MR. J. DINN: Thank you, Chair.

I'm just going to continue on with a few general questions and such before following up on what I was asking last time, if I may, and then I'll get into 3.1.03.

In November of last year, the Active Energy Group, AEG, was officially awarded forestry permits to operate on the Great Northern Peninsula; two five-year commercial permits for forestry management areas 17 and 18. I don't know if that's what we're talking about.

Just to make sure I have the update on the work, that's the one we just talked about with regard to the five-year permit. If they don't meet that requirement, then their permit will be adjusted accordingly, correct?

MR. BYRNE: Correct.

Just for future reference, AEG: Their Canadian subsidiary is called Timberlands International and so both are one and the same.

MR. J. DINN: Thank you very much, Minister.

3.1.03 Silviculture Development – and I think you may have mentioned this in your original statement, but is the government going ahead with the storage facility at the Wooddale Nursery?

MR. BYRNE: I'm sorry, is the government doing what?

MR. J. DINN: Is government proceeding with the new storage facility at the Wooddale Nursery?

MR. BYRNE: Storage facility?

MR. J. DINN: Floor plans? Are there any plans to develop a storage facility there then? If there is –

MR. BYRNE: Steve, is there one in particular? I'm not aware that we are.

Most of our trees are held in the greenhouses themselves. They grow out in the greenhouses and they overwinter in the greenhouses. Are there any capital expenditures for new facilities related to silviculture for Wooddale? I think the answer is no.

MR. J. DINN: Thank you very much. That was an easy one.

I know this has been in the news, and I'll ask it anyway. I'm not sure if it is the right place, but can the minister give us an update on the US tariff situation with Corner Brook Pulp and Paper. I think they've removed the tariff, have they not?

MR. BYRNE: Yes, this could've been catastrophic. I appreciate the intervention and offer an opportunity to explain some of the circumstances.

The tariff came in at just over 35 per cent. The combined tariff of both countervail and anti-dumping would have paralyzed the mill. There's no doubt about it. While they worked actively to seek other markets beyond the US, one of the advantages of Corner Brook Pulp and Paper, due to its location and its workforce, is that it was able to supply markets outside of the US, but the US still remains a 50 per cent market share for Newfoundland and Labrador, for Corner Brook

newsprint, and the tariffs at just over 35 per cent would've crippled it.

We had a lot of work to do there because while the US administration, which is becoming more and more protectionist in certain fields – they're a little bit unpredictable – this is the first time that newsprint had been a target for the US Commerce Department, as opposed by North Pacific Paper, a West Coast US newsprint producer. This is the first time that we had experienced this kind of a tariff challenge of both countervail and anti-dumping.

While this was across the entire country, what is unique – and this is well documented in the statement of claim that was filed with the US Commerce Department by North Pacific Paper – Corner Brook Pulp and Paper faced a unique challenge in that part of the allegation that was levelled by the US newsprint producer was that the loan that was offered to Corner Brook Pulp and Paper in 2014 was not made on business terms. It was not a commercial loan, and under international trade principles and rules, only loans offered by the public sector, by government, that are done on commercial rates, on a commercial basis and have a reasonable expectation of being repaid are a legitimate and eligible financing vehicle for a company. It has to be a commercially acceptable loan.

What the US company, in their statement of claim, filed was that there were statements that were made by the Government of Newfoundland and Labrador and by its Cabinet ministers that said – and they filed these statements, these public records – that in 2011, statements were made by the then-minister of Natural Resources and the then-premier of the province stating that Corner Brook Pulp and Paper was on the verge of bankruptcy and, in their statement of claim, stating that the loan to Corner Brook Pulp and Paper was not based on commercial terms because a company which is on the verge of bankruptcy cannot be offered a commercially legitimate loan had to be defended against.

So, one of the most difficult issues that we faced, which was unique to all other newsprint mills in the entire country that were facing the assault by the US Department of Commerce, we had to prove that Corner Brook Pulp and Paper was in no way, shape or form on the verge of

bankruptcy. We had to refute our own government's or the former government's statements. You can appreciate how difficult a task that sometimes is, but we did it and we were successful.

While some would say we really did not have a role to play, it was a national initiative or national effort which amended and saw the newsprint tariffs eliminated, no other newsprint mill in the country faced the unique circumstances of having the statement of the claim allege that our loan, the Government of Newfoundland and Labrador's 2014 loan to Corner Brook Pulp and Paper, was not on commercial terms because our own government said it and said it out loud and it was recorded in the free press that the company was on the verge of bankruptcy.

So I am personally proud of the Premier and our own initiative, our own government's capacity to be able to fight back not only at the national level, work with our national partners, but to fight back on a local circumstance to ensure that Corner Brook Pulp and Paper is today tariff-free from US countervail and anti-dumping charges.

MR. J. DINN: Thank you, Minister, for the answer.

So then, with that in mind, is there any concern that any assistance by the government, at this point, to the Corner Brook Pulp and Paper could be construed then by the American administration as unfair subsidies, in light of the vigorous defence that was undertaken? Are we out from under that cloud as such?

MR. BYRNE: No, we are always concerned about that and that's why we make sure that we are very knowledgeable, well versed and cognizant of the fact that we cannot do anything which could trigger an allegation of subsidization. There are rules around this, there are precedents that must be followed, but that allow us a greater understanding of what is a corporate subsidy versus what is a broad-based industry support. For example, training initiatives for Corner Brook Pulp and Paper employees, any training initiative that would be supported by the Government of Newfoundland and Labrador or the Government of Canada

would not be impacted or be considered an unfair subsidy.

Other initiatives which are broad based, for example the construction of woods roads; because those woods roads are for public benefit, they're not exclusive use by the company, because they have a broad base of users, generally speaking those roads are not subject or to be considered within a subsidy allegation.

Stumpage fees – it is important to maintain proper rates to stumpage fees. Because as we largely have a public forest, where the public is responsible for forest fire protection, for insect control, and for other silviculture interventions, we have to make sure that our stumpage fees are at a level which would prevent assault from subsidization from countervail allegations.

So we're very much aware of that. I'll say this for the benefit of all Members: One of the reasons why it's difficult to offer 20-year forest management agreements is if someone were to have tenure over a plot of fibre for 20 years, that would be considered property rights in many respects, within the eyes of the law.

You can't offer property rights or property right equivalence, and then fully subsidize the road and forest management practices. So when someone asks you why isn't the government engaged in more 20-year forest management agreements, we'd be happy to sign 20-year forest management agreements, on condition that the signatory takes responsibility for the bulk of all future and ongoing forest management expenditures.

MR. J. DINN: Good answer, and my time is up.

CHAIR: Okay, thank you very much, Mr. Dinn.

Mr. Forsey.

MR. FORSEY: 3.2.02, Fire Suppression, Transportation and Communications – can you explain the \$154,000 decreased in the revised?

MR. BYRNE: This is 3.2.02?

MR. FORSEY: Yeah, Fire Suppression.

MR. BYRNE: Yes, and your question again, sorry.

MR. FORSEY: Under Transportation, can you explain the \$154,000 decreased in the revised?

MR. BYRNE: Well, this may sound like a pat answer, but it's still the truth, and it does have to do with decreased helicopter costs. We had less forest fires last year. We're thankful of that. We're always poised and ready to be able to respond, but we had less helicopter costs.

MR. FORSEY: Okay.

Purchase Services, what is included? Can you explain the additional \$21,600 in this year's budget when compared to last year's budget?

MR. BYRNE: This has to do, again, with communications system support. There were purchases made for VHF – a communications system – during that particular year.

Mr. Steve, if you would explain – because I'm sure the hon. Member will want to ask was this a one-time purchase, and if it was a one-time purchase then why is 2019-20 clocking in at \$108,000? Would you be able to explain that?

MR. BALSOM: Yes, certainly.

These are communication towers, repeater towers that we have located throughout the province to ensure that our VHF radios can, basically, reach where regular cell phone communication doesn't work. This set of repeater towers is aging and we've done some analysis work on that. Now, we've included in our zero-based budget that we are going to have to do some regular maintenance on this aging infrastructure.

Thank you.

MR. FORSEY: Okay.

Revenue, what is included, on the provincial end?

MR. BYRNE: This is the settlement. If someone causes a fire, they're responsible for the cost of the fire. We had a fire incident that was – there was an agreed statement of facts that

resulted in a \$50,000 revenue item being recouped by the Government of Newfoundland and Labrador for that forest fire event.

MR. FORSEY: Okay.

3.3.01, Wildlife Operations, this section has the same description as last year but a different title and very different numbers compared to last year's budget. It appears that five sections from last year's budget have been merged into this section.

Is this accurate? Can you explain the recent changes in this division?

MR. BYRNE: This is accurate. I'll let the deputy minister to walk you through this.

MS. COMPANION: Yes, you're accurate. We had four subheads added to this one. They were all small subheads. They all add up to be the exact same. There's been no change in the budgets and the budgets from last year with them.

Administration, Licensing and Operations; Endangered Species; Stewardship and Education; Habitat; and Research were all combined to put in Wildlife Operations. That just provides more flexibility in running the Wildlife Operations and their office and how they need to be able to spend their money, doing their zero-based budget.

MR. FORSEY: Okay.

Salaries, \$268,500 more spent in the revised, yet there is \$385,500 in this year's budget. Can you explain?

MR. BYRNE: Again, this is part of the transitional expenses related to severance and leave costs. We had some former employees, retirees from that particular year.

MR. FORSEY: Okay.

Transportation and Communications, what is included? Why the decrease of \$90,500 in this year's budget?

MR. BYRNE: Again, this would be helicopter time.

Steve, I'll just throw it to you if there's anything specific in terms of Transportations and Communications.

Our Wildlife Operations is a fairly large consumer of helicopter time. Is there anything else in what we could explain in terms of the \$90,000 decrease?

MR. BALSOM: When we get to the next subhead, Cooperative Wildlife Projects, you'll notice that we are engaged in a very large agreement on caribou management for Labrador. The helicopter time that was associated under this subhead for work in Labrador will fall under this co-operative program with the federal government. So, through zero-based budgeting, we've budgeted appropriately.

MR. FORSEY: Okay,

Supplies, can you explain the additional \$182,000 in the revised?

MR. BYRNE: I'll just leave that to you, Stephen.

MR. BALSOM: Okay, yes, thank you.

This year, the department felt that a very important piece of research was needed to be completed so that we could make some policy recommendations on hook-and-release fishing, so we engaged in a study, which was completed primarily through internal capacities. As you'll see, the way that we did our budgeting was that instead of utilizing the Grants and Subsidies budget, which would primarily be used for outside analysis work and research through that allocation, we completed the work in-house and we did run over in many of the Operating Accounts related to that research project, but we did so by balancing out with the funds that we would have normally used for outside analysis work.

MR. FORSEY: Okay.

Purchased Services, can you explain the additional \$73,900 in revised and the \$95,200 decrease in this year's budget?

MR. BYRNE: Yeah, so the answer to that lies in the context of what Mr. Balsom just said.

The Supplies, Purchased Services and Property, Furnishings and Equipment, some of the variations, those three areas are directly related to some of that internal scientific activity that's being conducted. In terms of Supplies and Purchased Services, we actually acquired from DFO, we're on a loan basis, certain types of tracking transponders, but we also did have to purchase some ourselves. So the variances within those two, Supplies and Purchased Services, relate directly to that activity.

MR. FORSEY: Okay.

3.3.02, Salaries, there was a significant increase of almost \$600,000 in this year's budget. Can you explain why that is?

MR. BYRNE: Yes. This is an entry point for a very, very interesting discussion on some of the things we are working on with the federal government.

We have a serious problem in Labrador, we all share it, it's a problem with caribou herds, declining caribou herds. Since 2004, the Mealy Mountain herd, the woodland non-migratory herds of the south, have been designated under the *Endangered Species Act*, both federally and provincially. But we've never had a co-operation agreement related to the management and control of the reporting of that particular herd.

What I am delighted to be able to inform the House with further information about, is that we have been negotiating, with the federal government, what's called a Section 11 agreement. These expenditures come into the provincial government from the federal government, but it's being offset by significant federal revenue.

MR. FORSEY: Okay.

Transportation and Communications – what is included? Can you explain the \$385,900 increase in this year's budget over last?

MR. BYRNE: It's related to exactly that. Our section 11, what's known as – under the federal endangered species act there's a clause within the act, it's section 11, and it does allow the federal government to engage in co-operative agreements with other entities, both provincial

and territorial governments, Indigenous governments and others on the protection of endangered species.

As part of our agreement, the federal government will be contributing under a newly negotiated section 11 agreement on Mealy Mountains on boreal caribou in Labrador where an endangered species designation already exists; a significant research project where we'll be conducting research with Indigenous communities. We'll be delineating habitat, putting in conservation plans, conducting scientific research and other activities. This will be offset by federal revenues.

CHAIR: Thank you very much, Mr. Forsey.

Mr. Dinn.

MR. J. DINN: Yes, thank you, Minister, and thank you, Chair.

I can't help but notice helicopter travel factors a large part in your department and rightly so. I'm just curious: Is this a contract with one helicopter company or multiple helicopter companies? I know Dobbin has had it. Is it just the one company or do we have multiple contracts?

MR. BYRNE: You're right. Helicopter time is a significant expense and a necessary expense by our department along with other government departments. Transportation and Works is also a significant consumer of helicopter time.

The Government of Newfoundland and Labrador did engage and embark on an initiative to create efficiencies wherever possible. I'll ask my deputy minister, who is a former deputy minister of Transportation and Works, to be able to outline what exactly we've done to lower costs to the Government of Newfoundland and Labrador generally when it comes to helicopter time and, specifically, for Fisheries and Land Resources.

MS. COMPANION: Thank you, Minister.

The helicopter contract was issued by an RFP; it was issued in 2014 and awarded in 2015. It consists of a base fee, which we pay to the helicopter company, and then an hourly fee for

every hour that we use. All departments who use helicopters – it's proportioned out what the base fee is and then as they use helicopters, they pay the hourly rate from their operating accounts. There is also a standing offer. If the company who has the contract on helicopters cannot provide helicopter service, then there's a standing offer for helicopter hours from other companies.

We pay a base fee, FLR does, and we pay an hourly fee. Through the combination of all the pieces that we pulled together in FLR in 2017, we were able to find a lot of efficiencies by buddying up our different departments and being able to use those helicopter hours in a more efficient way.

MR. J. DINN: Thank you.

Is it possible then to know what the base fee and the hourly fee is? Is that information available?

MS. COMPANION: Yes, the base fee and the hourly fee are available, but we'll have to provide it to you.

MR. J. DINN: No, that's fair enough. I wouldn't expect that they would but I would like to see that. When you issued the RFP, how many proposals did we get?

MS. COMPANION: Just to be clear, it's not FLR that holds the RFP with the company, it's a Transportation and Works-issued RFP. We are one of the proponent departments that contribute to the base fee and utilize the helicopter, and the contract is what TW has with the company.

MR. J. DINN: In other words, the best person to ask is the person in TW.

MS. COMPANION: Right.

MR. J. DINN: That sounds good, too.

Okay, let me just go back. With regard to 3.3.02, Cooperative Wildlife Projects – I'll go with that, yes, 3.3.02 – I'm looking at the information regarding the section 11 agreement and the money that the federal government related to the Mealy Mountain caribou herd and so on and so forth. I'm looking at the Transportation and Communications and if I understand it correctly,

this is money that will be reimbursed by the federal government? Or that we're paying up there – that part of that section 11 agreement, none of this money will be recouped?

MS. COMPANION: Yes, the additional money was put in our provincial budget and it's offset by the federal revenue, which is down Amount to be Voted, federal revenue \$1.4 million.

MR. J. DINN: Is it possible, with regard to this information, just to get a breakdown of what we're talking about in terms of the Salaries since it's such a significant jump. I do appreciate the fact that it's a federal-provincial partnership, but as to what this will mean in terms of salaries, positions. Are they for administration, enforcement, research, things like that? Is transportation again related to servicing of vehicles, you know where I'm going with it.

Just a rough – I'm not looking for each paper clip but just an idea, a general breakdown as to where these would be, what the amounts would be. I don't expect that now.

MR. BYRNE: Just if I could add within a context is that the intention here – we will use our own resources as our contribution to this initiative, but we're very mindful that the federal money is not meant to offset provincial expenses. This is to be incrementally more. We are to perform a good service here and so, yes, there will be additional people hired.

We'll make sure that we control our finances by putting resources in kind, the things that we're doing. That will be our contribution towards the overall initiative. New money will be coming in from the federal government, but – and we're very insistent on this – the work will be centred in Labrador, it will be for the benefit of Labradorians. Indigenous will participate and will be full partners and it will mean new resources for Labrador.

MR. J. DINN: Minister, I appreciate that, I'm just looking for the breakdown. I certainly appreciate that.

I'm wondering if there will be new positions. I have no problem with those new positions being in Labrador as well. Whatever the resources are, I'm just looking for the breakdown. Thank you.

Now, see if I've lost my place or not here – 3.3.02, some general questions: Is it possible to get an update on the proposed new provincial wetlands strategy to replace the old one? That had to do with the 2017 Fisheries and Land Resources minister's mandate letter. Is it possible to get an update on that wetlands strategy?

MR. BYRNE: Yes, this is an issue that I take a personal interest, and I've put my personal energy into. We have embarked on consultations with numerous groups, including Ducks Unlimited for example, and other national organizations that have a strong and healthy footprint in Newfoundland and Labrador. We're continuing to work on that.

I would like to be able to inform you further, but I can say that the work is advanced and we hope to have a finished product to unveil at some point in time in the future.

MR. J. DINN: Thank you; you've answered a few of the questions there.

Last year, Minister, Estimates showed more line items, including Endangered Species and Biodiversity, and I have a feeling my colleague to the left might have mentioned this already, so I don't know if I need to ask them. Is it possible to have an update on the Species Status Advisory Committee, in terms of how many meetings did they have in 2017 and 2018, and has the department followed through on the recent status recommendations?

MR. BYRNE: Mr. Balsom, would you care to field that one?

MR. BALSOM: I don't have the details on that, only to be able to update that they have been active and they have tabled their report for the season. But specifically the number of meetings, we would have to go back and provide an update on that.

MR. J. DINN: Thank you, that would be appreciated.

Do you have a breakdown of the budget for the Natural Areas in 2018-2019? Is there a budget breakdown for the Natural Areas? And more

importantly, I guess, what was last year's budget and what is this year's budget for these places?

MR. BYRNE: I believe the answers to those questions are in the agriculture subheadings. While we're out of that, we'll have to get back to you on that.

MR. J. DINN: Thank you. Okay, excellent.

Is there a change in the number of staff at Mistaken Point and at Cape St. Mary's this year?

MR. BYRNE: No. As per last year, it remains the same for this year.

MR. J. DINN: Okay.

I think that's it for me at this point.

Thank you.

CHAIR: Okay, thank you.

Mr. Forsey.

MR. FORSEY: 3.3.02, is the section 11 agreement publicly available?

MR. BYRNE: We have not yet completed all details of it. We're hoping to be able to do so at some point in time in the near future, but it is not at this point in time publicly available, but we can give you a skeleton view of its overall context.

MR. FORSEY: I'm assuming Supplies, Purchased Services, and Property, Furnishings and Equipment, all this would come under that section 11.

MR. BYRNE: Elements of it. Of course, that's not the only co-operative wildlife project within the province, but it's one of the larger ones. So, just as we had other similar expenses in 2018, 2019, in the last fiscal year, we'll still have some projects going ahead in future years, outside of this particular section 11 agreement. As we all look at the increased magnitude of the numbers that is largely caused by that one specific section 11 agreement.

MR. FORSEY: What are some of the other projects?

MR. BYRNE: Steve, would you be able to elaborate on some of the other wildlife projects that we conduct with MUN and others?

MR. BALSOM: Yes.

We're involved in the habitat stewardship protection with municipal stewardship plans, which has been very successful across the Island. We have a great number of stewardship plans in place, so that's an ongoing program.

We have agreements with the Department of Natural Defence on caribou monitoring for areas in Labrador. We also have agreements with the Department of Justice for the implementation of the federal Firearms Program. That is part of the hunting and education. I think those are the main ones there.

MR. FORSEY: Okay.

How long is the project expected to be, section 11?

MR. BYRNE: This would be a five-year agreement – four-year, that's correct. We could've been a five, but to get the agreement signed, we wanted get this work underway and get certain milestones established. So it's a four-year agreement, and could be subject to renewal.

MR. FORSEY: Okay.

We will move onto 4.1.01.

CHAIR: We are not at 4 yet. Do you have any more questions for 3.3.02?

MR. BYRNE: You've got to stay in the sandbox there of just the forestry stuff for now.

MR. FORSEY: We're done on that one.

CHAIR: Okay.

MR. J. DINN: A few quick question if I may, Chair, unless –

CHAIR: Yes.

MR. J. DINN: Similar to the ones I just asked with regard to the Natural Areas. With regard to the Natural Areas System Plan – and I think you

may have touched on that – I'm just wondering will there be public consultations, and any idea when the plan will be released.

MR. BYRNE: We're still developing our Natural Areas System Plan. It's very important. It's not an uncomplicated piece of business. As I say and say very deliberately, this is an initiative that has been kicking around for 25-plus years. One of the issues in its implementation that we face is that there appears to be sometimes an appetite for the perfect to be the enemy of the good.

At some point in time, and I intend to make that point in time sooner rather than later, we really need to act on this and we cannot use, nor should we use, the excuse of letting the perfect be the enemy of the good. It does have many, many people that have legitimate stakeholderhip in this. There are lots of points of views. There are lots of impacts, both positive and progressive environmental aspects. There are issues around economics and economic opportunities, but we do have to get to a common place. I do not hesitate or fear saying whatsoever that sometimes you've just got to let a greater good become your guiding force. Do not let the perfect always be the enemy of the good. Let's get on with. And I really would like to see this happen.

MR. J. DINN: Thank you, Minister.

Is it possible to get an update on the Wilderness and Ecological Reserves Advisory Committee, WERAC, in terms of how many meetings did they have in the past year and is the committee working with the department on the Natural Areas System Plan?

MR. BYRNE: WERAC is indeed engaged with us. This is one of the issues that the wetlands plan is found within Forestry and Wildlife but the Natural Areas – NASP – is found within our land management of agriculture and Crown lands. So, Mr. Deering, would you be able to follow up on that?

MR. DEERING: Sure. Thank you.

Again, just for the record, these particular questions on NASP and WERAC fall within the subhead under 4.1.01, but I guess what I can say

about WERAC is that it is very active. We have a full board. We have staff who participate and provide secretariat services to that board. I like the question about the Species Status Advisory Council. I'll have to get back to you on exactly how many meetings they have had but what I can say, at this point, is that they are very active and do have frequent collaborations with the department.

MR. J. DINN: Thank you very much.

That concludes my questions.

CHAIR: Thank you very much, everyone. So that concludes Forestry and Wildlife.

Shall 3.1.01 to 3.3.02 inclusive carry?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 3.1.01 through 3.3.02 carried.

CHAIR: We'll move on to Agrifoods and Lands.

CLERK: 4.1.01 through 4.5.01 inclusive.

CHAIR: Shall 4.1.01 to 4.5.01 carry?

Mr. Parsons or Mr. Forsey?

MR. FORSEY: 4.1.01, it seems that last year's Land Management and Development section has been moved into this section. Is this correct?

MR. BYRNE: Madam Deputy?

MS. COMPANION: Yes, that's accurate.

MR. FORSEY: Okay.

Salaries, what explains the \$430,400 reduction in the revised?

MS. COMPANION: It's due to vacancies within the division.

MR. FORSEY: Okay.

Transportation and Communications, can you explain the \$18,400 decrease in this year's budget over last?

MS. COMPANION: There was a decrease in travel simply because there was less of a requirement for travel.

MR. FORSEY: Okay.

Professional Services, what is included? Why was \$90,000 less spent last year, but an additional \$89,000 put back in this year's budget?

MS. COMPANION: Professional Services are fees for members of the appeal committee and the chairperson of the Land Consolidation Program, legal and financial management service fees, and consultant and legal fees.

MR. FORSEY: Okay.

Purchased Services, there is a fair bit of variance here with \$85,000 less being spent last year, but an additional \$109,500 budgeted for this year.

What is included?

MR. BYRNE: So with this particular line item in this particular subhead, this relates to cottage lot development. When we embark on a draw for cottage lot properties, there's an awful lot of prep work that's involved to get the land ready to get to that point.

So, what I can tell you is that, we do a pretty big book of business every year on cottage lot developments and sales, but in this particular year, I think it's fair to say that we incurred less expenditures but we're anticipating we're back up to normal next year.

MR. FORSEY: Okay.

Revenue, what is included? What explains the \$7.1 million reduction in the revised?

MR. BYRNE: So, again, this relates to the cottage lot developments. We had a number of planned land sales or lease opportunities there for cottage lots that we were prepared to go for, but, for example, in the New Bay Pond Cottage area in the Grand Falls-Windsor area, we found

ourselves in a situation where we had to undergo an archeological and ground-water assessment as per the environmental assessment conditions and so this just slowed the process down but we'll be back up to speed very quickly.

MR. FORSEY: Okay.

4.1.02, Professional Services, what is included? Why the \$54,100 less spent last year then budgeted but almost the full amount was put back in this year's budget?

MR. BYRNE: I don't know. Deputy or Keith would you like to ...?

MR. DEERING: The Professional Services section of this budget is used to cover legal advice for our Land Consolidation Program. In fact, there are negotiations that we were involved in this year were a little bit less than in previous years. We had a couple of significant negotiations that were substantially more than some of the smaller parcels that we normally deal with and, as a result, we had less of a need for legal fees.

MR. FORSEY: Okay.

Purchased Services, what is included?

MR. BYRNE: You're on a roll there, Keith.

MR. DEERING: This particular section of the budget is intended to cover the cost of access road maintenance on agriculture roads as well as electrical services.

MR. FORSEY: Property, Furnishings and Equipment, what is included?

MR. DEERING: These are the funds that we use to actually purchase land under the Land Consolidation Program.

MR. FORSEY: Okay.

Section 4.2.01, it seems the 2018 Research and Development section has been moved into this one. Is that the case? Can you explain why the change has occurred here?

MR. BYRNE: You're correct. Go ahead there, Deputy.

MS. COMPANION: You are correct. Agriculture Production and Research, this subhead is a combination of the Research and Development and the Agricultural Production and Research, 4.2.01 to 4.2.03 in last year's Estimates.

MR. FORSEY: Okay.

The description has changed. There is no mention of the Cranberry Industry Development Program. Can we have an update on that?

MR. BYRNE: Mr. Keith?

MR. DEERING: So, our final Cranberry Industry Development Program, which was a cost-shared program with ACOA, had expired on March 31, 2019. So, it basically represented the culmination of a series of Cranberry Industry Development Programs over the last 12 years.

I think I can say that we've successfully achieved a significant amount of cranberry development in that span of time. We have achieved approximately 420 acres of cranberry development in one form or another. We're very pleased with the progress to date on that, but the program did expire on March 31.

MR. FORSEY: Okay.

Salaries, what explains the \$405,700 reduction in revised and the additional \$378,800 in this year's budget?

MR. BYRNE: In that particular year, there were some vacancies in the department that are either being advertised or have been filled now.

MR. FORSEY: Okay.

Transportation and Communications, can you explain the \$35,000 decrease in the revised and the full amount being put back in this budget?

MR. BYRNE: So, there were less-than-anticipated expenditures associated with freight costs for plantlets and samples and other materials.

MR. FORSEY: Supplies, an additional \$83,000 is budgeted for this year's Supplies. Can you explain what that is for?

MR. BYRNE: So, there were higher-than-anticipated supplies for research and development projects in that particular year. We just engaged in some horticulture and some livestock projects – research projects – which just demanded higher-cost supplies. There were also some personal safety equipment issues and some building materials and parts for farm equipment to be able to engage in those particular activities that were a little bit higher cost.

We anticipate, on a go-forward basis, those costs will still be high because we're still engaged in that research.

MR. FORSEY: Professional Services; an additional \$350,300 is budgeted for this year over revised. What is included?

MR. BYRNE: Madam Deputy, do you want to proceed there?

MS. COMPANION: There's a project with the federal government. It's for clean technology. We are partnering with Memorial University and others. That's like the section 11; it's a federal-provincial agreement. Our funding that we currently spend on research is our share and the federal revenue is offset as shown here, \$340,400. So you'll see the increase in some of our Transportation, Supplies and Professional Services to do that project.

MR. BYRNE: This one here – just to interrupt quickly – this is using fly ash from Corner Brook Pulp and Paper as a source of mineral nutrient for the agriculture sector. It's using otherwise a waste product. Memorial University of Newfoundland has engaged in research initiatives to use that fly ash, which is a waste commodity and as a supplement for growing more food.

MR. FORSEY: Purchased Services; there is a fair bit of variance here with \$47,700 more being spent last year, yet there is \$18,500 less than the revised amount budgeted for this year. Can you explain?

MR. BYRNE: Go ahead, there, Keith.

MR. DEERING: This is a place where we have a significant fleet of ATVs and farm equipment

at both Wooddale and our Pynn's Brook locations. We still maintain responsibility for maintenance and fuel and things like that for those vehicles. This particular year we've had a higher than anticipated expense related to maintaining the vehicles at both Wooddale and Pynn's Brook.

MR. FORSEY: Okay.

Grants and Subsidies –

CHAIR: Mr. Forsey, if you don't mind –

MR. FORSEY: Oh, sorry.

CHAIR: Thank you, you're out of time.

Mr. Dinn.

MR. J. DINN: Thank you, Chair.

I've been so enthralled with the questions – I've been taking notes – I've lost my place almost, but I'll quickly regain that.

With regard to legal services, I just had a quick question. Is it a fee for service or is there a retainer agreement or a contract signed with a legal firm? In my previous life, we did have a contract with a legal firm that sort of stabilized the costs. I'm just trying to get an idea of when you look at legal services; I'm assuming they're outside legal services. I'm just looking at what the nature of that is. Is there some sort of a standard agreement, base amount that's charged or is it just simply whatever the services are, you're paying?

MR. BYRNE: It is a retainer relationship that the department maintains with external legal counsel. Has there been any movement in that in the last little while, Deputy? I'm not sure.

MS. COMPANION: I'll get you to turn to Keith.

MR. DEERING: Just waiting for my light here. Hello?

MR. BYRNE: We'll move to Keith Deering in back.

MR. DEERING: There you go.

Yes, we do have a contractual arrangement, as the minister suggested, with an outside legal firm. They do participate in all of our meetings; they provide services like any normal lawyer would on real estate transactions, like the ones we are involved with here. Their fees are basically charged to us based on the amount that they participate and the files that they're working on.

MR. J. DINN: Okay. So just to clarify then, it's not an amount that you sign. If this year the amount of legal work happens to be less, well, they're in money. If the year – the legal work or advice happens to be over that, then they're out money. It's nothing like that, it's still just simply, here's a service and ... okay.

I would be correct in assuming that there's really no way of predicting what those services will be from one year to the next. Would that be fair enough? Or the amounts, I mean. I'm sorry. That's what I'm asking for.

MR. DEERING: That, again, would really be dependent on how many land-consolidation transactions and negotiations that we're involved in. It could range anywhere from 10 different processes happening at the same time. In this particular case last year, it was actually two transactions that we had concluded, so it really depends on the size of the parcels of land that we're dealing, how many there are and how busy the committee actually is.

In terms of legal services, I guess it really doesn't matter if we're dealing with a property that's 500 acres as opposed to five acres. The legal analysis that's required for those types of transactions is about the same.

MR. J. DINN: That's fair enough. I'm just thinking, in my previous life we did have a contract for legal services. Now, court costs and that were outside of that, but for the legal services itself, there was an amount that we – sort of like hiring your snow-clearing service at the beginning of the year, you pay the fixed amount. If it works out that you have no snowfall, you're out money, and if you had a ton of snow, then the contract was out money. I'm just looking at it sort of as some form of stability down the road, just a thought.

With regard to Agrifoods and Lands – actually, I’m going to go back to 4.1.02 and it has to do with the amount of land available for agriculture. I think, Minister, you did mention that at the beginning, the amount. I’m just curious as to – and I don’t know if you said this or not, but can you say how long the department expects it will take to have the land producing, the agricultural land? I think you had estimated something like 100,000 acres or hectares, as to when you would see that land producing?

MR. BYRNE: I’m not sure I’m following the question.

Deputy, maybe you have a perspective?

MR. J. DINN: I’ll ask the questions that I would’ve asked; I didn’t ask them at this point because I thought that you might have touched on them. For example, in past years’ Estimates meetings we were told that the province needs about 100,000 acres under cultivation to achieve food security, and government has indicated that they would like to achieve an available land base for agricultural purposes in the range of about 100,000 acres.

I’m curious as to where we are heading with that? Correct me if I’m wrong, but I thought you had talked about that in your opening statement.

MR. BYRNE: Remember, that work that we just did today just to (inaudible).

MR. J. DINN: I can come back to that. It may be a bit (inaudible).

MR. BYRNE: No, that’s not – remember we did that table today?

MS. COMPANION: Oh, yes, (inaudible) table.

MR. BYRNE: I never did get that.

MS. COMPANION: No, I don’t have that here.

I can help.

MR. BYRNE: Go ahead.

MS. COMPANION: We have 62,000 hectares protected under agricultural areas of interest. We have land that’s being awarded and developed

through our Canadian Agricultural Partnership Program and our provincial Agricultural Partnership Program.

We currently have a commitment that we’re going to increase food self-security by – double it. It’s currently at 10 per cent; we’re going to get to 20 per cent. To get to the 100,000 – and I’m going to turn to Keith in a moment – that would be full self-security, right Keith?

MR. DEERING: That would be correct, and perhaps even beyond food security for our own domestic requirements, it’d probably get us into export markets.

Just for perspective, our current baseline footprint for fruit and vegetable production is about 1,500 hectares. Over the past couple of years, since 2017 – the minister already mentioned in his opening remarks – we have provided supports to further develop an additional 115 hectares or 278 acres. To hit the targets that the deputy has just outlined for 2022, we are significantly already advanced towards achieving that target; we’re about one-fifth there in our second year.

Just some of the other metrics: In order to reach our target in fruit and vegetable production – because, again, we can’t achieve doubling production in supply-managed commodities because we are already basically 100 per cent self-sufficient in dairy, chicken and eggs, so really what we’re talking about here is fruit and vegetable production – we would require a total additional land base of about 1,182 hectares.

Again, we have already developed 115 in this past year and have approvals in place in the form of agricultural leases for substantially more than that. We expect, over the next couple of years, that our funding programs will be very much dedicated towards significant land development projects as we continue to achieve these targets.

MR. J. DINN: Thank you very much for that answer. You’ve touched on a lot of what I was going to ask.

Just out of curiosity, though, with regard to the uptake and who’s taking part in that, we have a lot of new Canadians who have come from countries where – and the students I taught –

they're into farming. Is there, as part of this plan then, a way to encourage or to get new Canadians into this?

I'm assuming a lot of this land development would be off the Avalon anyway, would it not? I'm just trying to get an idea if there's some plan to attract new Canadians to this who might have come from an agricultural background.

MR. BYRNE: Thank you very much for that point as well as the question.

You've touched on something that I think we do have a strategic advantage of in that Western Canada was settled by farming immigrants. We are not Western Canada but in the 21st century there is some – and I don't want to overstate this – opportunity that maybe that ancient model or that historic model might be very applicable to Newfoundland and Labrador.

There have already been discussions with Advanced Education, Skills and Labour and their immigration section to determine, under existing Provincial Nominee Programs, as to whether or not as part of the entrepreneurial class, there could be some potential, some opportunity, to advertise or to promote farm and farm development as an immigration strategy and an opportunity for Newfoundland and Labrador.

You're absolutely right; many immigrants from various parts of the world bring existing agricultural expertise and experience. We have already had some interventions from the West Coast area, in particular the Bay St. George area, where the Town of Stephenville or the communities around Stephenville have expressed some interest in supporting an agricultural immigration pilot project. That's something that I do see a lot of potential for.

MR. J. DINN: Thank you, Minister.

CHAIR: Thank you very much.

Mr. Forsey.

MR. FORSEY: 4.2.02, Transportation and Communications – can you explain why only \$5,000 was spent last year but \$17,000 is budgeted for this year?

MR. BYRNE: I'll just defer that to Keith.

MR. DEERING: Thank you.

This particular subhead is used to pay the per diem costs for board members from the Farm Industry Review Board. Just a little bit of background: The Farm Industry Review Board usually meets when we have either public complaints or complaints from farmers to deal with nuisance conditions, potentially on farms or off farm. So, as it turns out, we had a fairly quiet year this year in terms of complaints and less need for the Farm Industry Review Board to assemble to contemplate those types of complaints.

MR. FORSEY: Okay.

Professional Services – what is included? Again, can you explain why only \$6,000 was spent last year but \$37,500 is budgeted for this year?

MR. BYRNE: Keith?

MR. DEERING: Same scenario. The board members are also given a per diem salary, as well, for their time – their travel as well as salary. In this particular case, less requirement for board meetings and then less requirement to pay them their per diem salaries.

MR. FORSEY: 4.2.03, Limestone – can the minister assure that no farmer will go without limestone this year through this program?

MR. BYRNE: I am very certain that when we have additional demand we can meet those additional demands.

This is a very important program. In Newfoundland and Labrador, we have very acidic soils, generally speaking. The application of limestone changes the pH; it raises the pH to allow for nutrient uptake by plants, by crops. We are one of only two jurisdictions in Canada that have a limestone program. We are the only jurisdiction in Canada that subsidizes the actual limestone costs.

In this province, we subsidize both the limestone and the transportation costs. In Nova Scotia, which is the only other jurisdiction in the country that offers support for limestone

application, they only subsidize the transportation cost; they do not subsidize the actual cost of limestone.

What I can say – because there has been some media attention to this issue – we have had a program in the past that did not expend its full budget. While limestone reduces or changes the pH – it increases the pH of soil chemistry – it is a true litmus test, in that overall analogy, of the success of our farming initiatives. We are growing farming and one of the best indicators is that we have increased demand for limestone.

We have an established a priority towards food production. Limestone is not just used for food production; it's also used by sod farmers. Sod farming is agricultural production in its legal definition but I would like to hear from Members; this is a consultation that I would openly engage with you.

Sod farming is different. I don't think that I'm misstating a fact here. Sod farming is different than food production. Sod farming does provide jobs and economic opportunities for many engaged in the production of aesthetic sod. Aesthetic sod is used for landscaping in commercial and residential home sales.

Sod farming is a larger consumer of lime than any other sector, and the reason why is because in sod farming you reform the soil base. By definition, you grow sod, you remove the sod and you remove the soil. Therefore, it requires repeated, potentially, annual applications of lime.

Agriculture crops do not need, necessarily, annual applications of lime. You test the soil chemistry, you lime and you meet the requirements of the soil. You may not have to go back for several years. You may not have to go back ever to re-lime, but it's never anticipated as an annual event. It all depends on the soil chemistry.

With sod farming, you are applying lime on an annual basis and then that sod is removed and applied to a commercial, more often, a residential development. So the question that I throw out and it's a genuine consultation that I seek: Should taxpayers be providing a subsidy to residential home sales? It's a fair question.

We are not saying, in the least, at this point in time that we are not prepared to provide a subsidy to sod farmers. We are going to meet that target and we are prioritizing food production. I think that makes good sense. If we have limited resources, you make priorities and you make choices. We are going to prioritize food production.

So the question now becomes – and I say this to make the point but also it's a fact – when it comes to residential home sales, it costs about \$200 of lime, on average a quarter-acre lot – to be able to sod a quarter-acre lot, it will cost about \$200 per landscaping for the landscape. Is this something that taxpayers of Newfoundland and Labrador see as a priority? Do they want this? Should an owner of a \$400,000 home whose developer has a zoning requirement, a bylaw requirement to landscape the property before the sale is transacted, is it the right use of taxpayers' money to subsidize the landscaping to a \$400,000 home or to a \$100,000 home? Is it the right thing to do to subsidize landscaping on residential home sales?

It's an open-ended question and one that I seek the input of Members as to how you view this. Do the people of St. Anthony, Stephenville and Grand Falls want to subsidize a subdivision on the Northeast Avalon? Do the people of Mount Pearl want to subsidize a subdivision in Deer Lake? That's really what the question is.

So, with that said, we have the budget to be able to meet limestone requirements. My question is: At a cost of about \$200 per residential building lot, on average – that's a rough figure, but on average – is that something where taxpayers should be putting their money.

MR. FORSEY: Okay, we'll move on to 4.3.01, Salaries. There is considerable fluctuation in Salaries with \$209,400 less in the revised and an additional \$115,300 in this budget. Can you explain?

MR. BYRNE: So, again, the adjustments here were related to vacancies within the division. Given the fact that the positions have either been filled or are under competition, we anticipate that requirement of \$895,000 next year.

MR. FORSEY: Okay.

Allowances and Assistance, what's included?

MR. BYRNE: Allowances and Assistance, that's a figure of \$20,000. I can tell you, because you're probably going to ask what the Grants and Subsidies are, at \$140,000, we provide a \$50,000 contribution to the provincial 4-H organizations, the Newfoundland and Labrador Federation of Agriculture gets \$75,000 and other agricultural organizations have received \$15,000 in the past.

Keith, would you be able to talk through the \$20,000 in Allowances and Assistance?

MR. DEERING: Yes, thank you.

We routinely provide supports to producer groups and individual producers to attend various training seminars. Some are planned and some are in co-operation with the various producer organizations I mentioned. It includes costs for travel and exchange and attendances at conferences and workshops as well – out of province – for farmers and agricultural organizations.

CHAIR: Okay, time is up, thank you.

Mr. Dinn.

MR. J. DINN: Thank you, Chair.

And, Minister, as to your question on limestone, I think you've already answered the question and rather eloquently, I might add, too.

Under 4.2.01, Agriculture Production and Research, if I'm to understand our account, the department has launched its third beef cattle project. Any update on these projects? I'm hearing talk about in land production it's mostly fruit and vegetables, but I would be interested in hearing about the beef cattle projects as well.

MR. BYRNE: Thank you.

Very quickly, Newfoundland and Labrador may not be seen as a beef capital or as beef being a big opportunity here, but we do eat beef and we eat a lot of it and we can grow it.

One of the issues is that some of the varieties of beef cattle that we've had here are not

necessarily the traditional varieties. They're hearty, but there are varieties that have been developed that are more conducive to the type of grains, the type feeds that we can offer and to the climatic conditions, so we're introducing those on a pilot basis to encourage others to consider that.

Keith, would you be able to respond to how effective this program has been overall?

MR. DEERING: We've had two projects so far with others planned, one in Daniel's Harbour and one in Cormack. They've been very successful to this point.

They basically are advertised through an RFP process. We have selected, at least for the last couple of years, one individual to start these projects. Both of the farms that have been involved have had very good success in reproduction as well as production of beef and sales as well. So thus far it's been a very popular program and has resulted in significant growth in this sector already.

MR. J. DINN: If I may, as a follow-up, with regard to the varieties that would be introduced, I'm assuming that's the case, I guess the department would be funding people who would want to bring in specific varieties. Is there a list of varieties that we're looking at?

I've seen the ones that are in Scotland and obviously they're very hearty, but I don't know if we're talking about those long-horned ones. I'm curious.

MR. BYRNE: The department chooses the variety based on its own research. At this point in time it's the Hereford – I'm not a cow guy. Go ahead, Keith, and just tell us about it.

MR. DEERING: So yes, it has been Hereford beef that we've procured so far. The way this has worked, we've actually purchased cattle from Nova Scotia and relocated those animals to these two pilot farms and we follow up with them on a routine basis to ensure that the reproductive capacities and things like that, that we're collecting data on all that. So far it has been limited to Hereford.

MR. J. DINN: These would be from selected breeders, I take it, then? How is the marketing end of it? It's probably in it's infancy but has it been sold, is it on the shelves in supermarkets or is it still in the infancy stage?

MR. DEERING: I would suggest that it is still very much in the infancy stage and in both cases we have relocated five animals to each farm. I do believe that the last that I heard, one of the farms that we had on the Northern Peninsula in Daniel's Harbour, they've tripled those animals since they've had them.

It will take a while for us to build that up. Based on what I've heard, the markets for that volume of meat are fairly small at this point, but based on what I've heard it is excellent quality.

MR. J. DINN: Thank you.

Could the minister share some of the barriers to this industry and, more importantly, what is the province doing about removing these barriers?

MR. BYRNE: Great question. There are two barriers – well, there are a few. Feed costs are one of the first barriers. That's where our agricultural areas of interest come in. We can lower our feed costs by making sure that herders, farmers, producers of beef, have greater access to pasture land. Also, we are growing grains more and more. Grain production in Newfoundland and Labrador was not seen as a priority or as strong potential.

We're growing more and more grains in the province as food sources to be able to lower costs. That's one barrier that we are actively pursuing. We will win that one. The second barrier is access to abattoir facilities. We do have abattoirs throughout the province. We are selling provincially inspected beef in various places throughout the province.

Getting access to be able to sell to major retail chains does require CFIA-inspected abattoirs – slaughterhouses – and that's a big challenge. One of the big challenges with that is that it's not cheap to operate a CFIA-inspected slaughterhouse and that's where economies of scale come in.

We need a critical mass of beef cattle in order to succeed, so we have to really look at developing – this is an area where we have to look at developing clusters of beef farmers to be able to make it viable to have a red meat processing slaughterhouse that is CFIA inspected that would allow that beef to be eligible to be sold into major retail market chains.

Legally, you can sell beef to Dominion or Sobeys if it's provincially inspected, but Sobeys and Dominion – I don't want to put words in their mouth, but they're not interested in buying it. They like to prevent the whole – they like the liability protection of a CFIA-inspected plant.

Those are the three big things that need to occur: We have to lower costs, which we're succeeding on; we have to get clusters where there's enough cattle to be able to support a red meat processing facility; and, we have to get that CFIA-inspected cattle plant, which – because of the expense of it – it really does depend on the cluster taking effect.

MR. J. DINN: Thank you, Minister.

With regard to that – I'm just looking from an investment point of view, I guess – it's a bit of a chicken-and-egg scenario in that you're looking to get a critical mass of beef so that it makes it worthwhile to have the CFIA facility. If there were a CFIA facility available, would it encourage a greater, more rapid production of the beef? In other words, if we were supporting the farmers in this process, would a greater investment be in establishing some sort of a provincial CFIA facility, so that now they would be able to access the markets locally as such, or in the supermarket chains?

MR. BYRNE: Yes, it would. You would be in a situation where you would be subsidizing that facility for a fairly long period of time until you can get that critical mass. It would be exceptional, it would be valuable and it would be successful if the CFIA could waive costs to encourage that as well.

MR. J. DINN: Okay.

MR. BYRNE: I think it is a combination of the two. Once you get to a point where you have enough beef cattle being produced, this is a

bridge that I think is worthy of jumping over – I mean going across.

MR. J. DINN: Thank you.

Shifting here: How far are we from value-added processing with regard to the cranberry industry and cranberry agriculture?

MR. BYRNE: We've already arrived in some respects. There's a partnership in Central. There is an aviculturist, a beekeeper, who has connections to a cranberry farm. There is a product now on the market. It's a honey cranberry beverage that's being produced in 375-milliliter form that is absolutely healthy and delicious. This is one example of a secondary product from cranberries.

Cranberry infusions are being experimented with in cheese products. In order to produce a canned or jellied form, we're selling cranberries frozen whole, but right now what's happening in terms of more of a craft product, we're seeing a lot more cranberry in use in a whole variety of different products.

CHAIR: Okay. Thank you very much.

We're doing really well everyone. Let's keep it up. We're almost done.

MR. BYRNE: No, we're not. We're going to keep going. I'm going to finish my speech.

CHAIR: I know.

Mr. Forsey.

MR. FORSEY: 4.3.02, Salaries: \$122,500 less was spent in revised but back in this budget. Can you explain that?

MR. BYRNE: I'm sorry, would you just be able – Agriinsurance and Livestock Insurance, your question is Salaries.

MR. FORSEY: Salaries, yeah. \$122,500 less was spent in revised.

MR. BYRNE: I suspect this is a vacancy, probably of a manager. Keith or Lori Anne, would you be able to make a comment on that?

MS. COMPANION: Yes, there was a vacancy in the branch.

MR. FORSEY: Okay.

Transportation and Communications: Can you explain why \$10,300 less was spent last year than in this year's budget?

MR. BYRNE: I would suspect, in large part, because of that vacancy the staff member was not travelling.

MR. FORSEY: Okay.

Grants and Subsidies: Can you explain what is covered here? Is this insurance claims?

MR. BYRNE: Yes, this is insurance claims. Like all insurance, it is what it is. If you don't have perils to be paid out as claims, then you don't incur that expense.

MR. FORSEY: Revenue: What is included? Why is there \$60,800 less than the revised?

MR. BYRNE: The federal government does offset the expenditures. With less claims, the federal government, which is the revenue source, is no longer applicable.

MR. FORSEY: Okay.

4.3.03, a three-part question, basically: Can you explain what is covered? Is there a Provincial Agrifoods Assistance Program and will there be a replacement program?

MR. BYRNE: This is the Provincial Agrifoods Assistance Program, you're correct. This program stays in place. What we've done is there was – you may recall or you may be aware that in years past there were two provincial subsidy programs. We've had some revisions. We've had some improvements to our CAP program that allows for some increased flexibility – our Canadian agrifoods program, our CAP program.

But what we found through our analysis of the two former programs – what was the acronym, Keith?

MR. DEERING: (Inaudible.)

MR. BYRNE: AAP. This was a program exclusively for large-scale agricultural projects, projects of a million dollars or more. We weren't spending that money, and so there was a merger of the two programs and it became rightsized to the Provincial Agrifoods Assistance Program. It's now available and it's funded now at \$2.25 million.

MR. FORSEY: Okay.

We'll move to 4.3.04.

MR. BYRNE: And this is CAP.

MR. FORSEY: Yes.

Salaries, can you explain the \$106,800 increase?

MR. BYRNE: In this year, the additional funding is for a food safety-training specialist, which provides training to abattoir operators, slaughterhouses, to ensure compliance with provincial meat regulations. So it's a little bit of a throwback to an earlier question.

MR. FORSEY: Okay.

Transportation and Communications, can you explain why \$33,400 more was spent last year?

MR. BYRNE: I cannot, but I'm sure Keith can.

MR. DEERING: Last year we would have sent two of our food safety specialists to Saskatchewan for an extended training session. It was about a three-week, very rigorous, training opportunity in Saskatchewan. They were able to come back to the province, having finished that, and now train the trainers. They can pass on this capacity to individual producers in the province. So this can largely be explained by that one initiative.

MR. FORSEY: Okay.

Purchased Services, there's a big variance here with \$40,000 more being spent last year. What is included?

MR. BYRNE: Just to follow up on what Keith had to say, this variance is due to the costs of those training courses.

MR. FORSEY: Okay.

Revenue, can you explain what is included?

MR. BYRNE: In the Revenue items, that is the money that is received from the federal government. Actually I'd better just defer to you on that one.

MS. COMPANION: It is 60-40 cost shared.

MR. BYRNE: Yeah, so it is 60-40. You can go ahead there.

MS. COMPANION: The Canadian Agricultural Partnership program is a cost-shared, federal-provincial program. We have our provincial allocation and the revenue is from the federal government for their share.

MR. BYRNE: Keith, what is the \$10,000 provincial revenue?

MR. DEERING: From time to time, we sometimes have projects that we are required to ask a producer to reimburse us for either projects that – not that they don't get completed, but if a producer buys a piece of equipment, part of the contribution agreement requires them to keep that piece of equipment for a certain amount of time. If they don't use it for its intended purpose or they sell this asset, they're required to pay us the money back. In this case, this was a repayment.

MR. FORSEY: Okay.

Subhead 4.4.01, down in Supplies, what is included? What explains the additional \$59,600 in this year's budget over last year's?

MR. BYRNE: So this Supplies item – under Animal Health, our veterinarians do have a fully stocked veterinarian pharmacy. The variance is due to higher than anticipated demand and cost associated with certain pharmaceutical products within the pharmacy. That's located at Brookfield Road.

MR. FORSEY: Professional Services, what is included?

MR. BYRNE: Good question. Keith, is this the locums? So let me just quickly answer that. We

do have locums for our veterinarians. We bring in a veterinarian on a short-term basis if there's a position that needs to be filled for a short period of time.

MR. FORSEY: Okay.

Purchased Services: \$6,700 less were spent last year, yet there's an additional \$23,000 for this year. What is included?

MR. BYRNE: When animal welfare officers have to take charge, have to take control of an animal in distress, we are responsible for housing the animal. These are costs related to our relationship to various – there are different organizations and a couple of individuals that do house animals for us. The most expensive animals to house are horses. Everyone likes ponies, nobody likes horses. So sometimes you have to confiscate a horse.

MR. FORSEY: Okay.

Property, Furnishings and Equipment, what is included in the extra \$15,800?

MR. BYRNE: Go ahead there, Deputy.

MS. COMPANION: There's another federal-provincial agreement that we have for lime disease and we're going to be doing some research on that. So you'll see the increase in our zero-based budget for 2019-20 for that and an offset with the federal revenue of \$90,800.

CHAIR: Thank you, Mr. Forsey.

Mr. Dinn.

MR. J. DINN: Thank you, Chair.

I just want to go back to 4.3.04. I'm looking at Salaries and I think I heard that the increase in Salaries had to do with food safety-training specialists for training services and I think updating training with people who operate abattoirs. Is that correct or food processing – I just want to make sure what I heard first.

MR. BYRNE: Yes.

MR. J. DINN: With regard to 4.4.01, Professional Services, Supplies and Purchased

Services, I know there was some discussion there around bringing in a veterinarian, the supply of drugs and medication for animals and so on and so forth. That's what those amounts were for, the increases, what the budget line is for – correct?

MR. BYRNE: Correct.

MR. J. DINN: So here's my question: For the services that are provided to the various companies, is there a fee charged for that service? I'll give you an example. If I pay for my driver's licence, I pay for that service; if I go to the veterinarian, I pay a fee for that service. Is there any recouping of the costs from the people who avail of the service?

MR. BYRNE: It's a very interesting question. We've contemplated this. In terms of aquaculture – I just want to get clear, you might have a question – it is the aquaculture companies that pay for their own pharmaceutical costs. This is for livestock, for barn animals basically.

Keith, why don't you jump in here and just sort of walk us through why it is we've structured the relationship we have? It boils down to – it's important. Sometimes if there is not a certain level of subsidy, some animals do not get cared for the way we'd like them to be cared for. In order to ensure that animals are cared for, we see it as a public good that there is a certain level of offset subsidy to be able to make sure that happens.

It's a citizenship issue that we have in terms of protecting animal welfare, and we do so. Could you walk us through, Keith, what exactly is the process? What do we do and what do we not do?

MR. DEERING: Thank you, Minister.

As you can see in the provincial revenue section of this subhead, we projected to collect \$1.2 million and in fact, we came very close to that. These are fees for services that our veterinarians provide to each one of the livestock producers.

We have a schedule of fees for things that we do that is posted on our website. It's not complete cost recovery, as the minister said. We have a keen interest in maintaining a presence on livestock farms to ensure animal health and

welfare. I guess the \$1.2 million was fairly closely achieved; in fact, the actual for this particular item was \$1.169 million this year.

MR. J. DINN: If I may follow up then, in the Revenue - Provincial, the \$1.2 million, would that be the result of not recovering the full cost of the fees? Is that what's reflected in that budget line there in the brackets? I'm assuming the brackets indicate a deficit of some sort?

MR. DEERING: If we were to cover a full cost recovery under the Animal Health section, effectively we would be looking to recover \$3.4 million, which is the cost of our salaries, keeping our pharmacy stocked and keep our vehicles on the road and so on and so forth. We actually collected \$1.2 million.

MR. J. DINN: No problem. Thank you very much.

I must commend you on that. When I hear the term "citizenship," you're starting to sound more like NDPs all the time, so I'm impressed.

MR. BYRNE: No comment.

MR. J. DINN: Can't comment – just to make that point.

With regard to Policy and Planning Services, 5.1.01 –

CHAIR: No, you're going to have to wait.

MR. J. DINN: Sorry, I'm done then.

CHAIR: Okay.

Mr. Forsey.

MR. FORSEY: Okay, 4.4.01, back to Grants and Subsidies. What is included?

MR. BYRNE: Under Animal Health – our Administration and Support Services in this particular subhead – the Grants and Subsidies are we provide the Society for the Prevention of Cruelty to Animals with \$110,000 annually. Within that SPCA grant there's \$20,000 that goes to the provincial headquarters organization and a series of smaller grants of \$10,000, I

believe, Keith, that go to individual regional operations of the SPCA.

Animal Welfare; we provide \$5,000 towards the Canadian Animal Health Laboratorians Network – we provide \$2,500 too. There's a particular scholarship called the Daphne Taylor award that we provide \$1,000, and the Chinook program we provide \$15,000 to. The Chinook program, if my memory serves me correctly, is where veterinarian students from the veterinarian college, school of veterinary medicine in PEI, go to the coast of Labrador to provide vaccinations and spay and neutering services to animals in Labrador.

MR. FORSEY: 4.5.01, Salaries – have the vacancies been filled following the move to Corner Brook?

MR. BYRNE: Yes, they have.

Deputy, would you like to jump in there?

MS. COMPANION: Yes, all the vacancies have been filled. There is a continual turnover in Crown Lands that happens with the lands officers and there are lands officers too. We are continually recruiting but we've been successful in having a staff complement for Crown Lands.

MR. FORSEY: Okay.

Transportation and Communications – can you explain why \$12,700 more was spent last year?

MR. BYRNE: Go ahead there, Deputy, you're on a roll.

MS. COMPANION: There was just more money for travel expenditures for Crown Lands.

MR. FORSEY: Okay.

Supplies – what explains the additional \$19,200 in revised and the increased budget for this year?

MS. COMPANION: That funding provides uniforms for the staff. It operates the vault, the map and the air photo library, film and supplies for the microfilm and supplies for the printers, photocopiers and office supplies.

MR. FORSEY: Okay.

Purchased Services – \$26,000 less was spent last year. Why?

MS. COMPANION: The variance was due to lower than anticipated Purchased Services in printing services and contracting services during the year.

MR. FORSEY: Okay.

What is the status of the 64,000 hectares identified for farmland?

MR. BYRNE: You should've paid attention to my speech. Now I get to give it again.

Actually, Keith, why don't you walk us through this? There's a fair bit of detail in here. We've established 62,000 hectares of agricultural land in 59 agricultural areas of interest. This was a pretty big book of business because when you look at 62,000 hectares of land at 2.2, that's a lot of acres of land.

Getting all of that land in a position where it could be established for agricultural – one of our biggest clients that we had to deal with was Corner Brook Pulp and Paper. We have now reached the point where we have 62,000 acres of land approved. Within that, we have now received 28 applications and we have approved 18 of those applications for 540 hectares of land. That's about 1,200 acres.

What's important to remember about the agricultural areas of interest – I know that my colleague and my former critic, the Member for Mount Pearl North, would often argue that you should be getting more of that land out; it should go into immediate production.

The objective here of the agricultural areas of interest program was several fold; one was to identify land as having agricultural value. When an applicant goes to Crown Lands and says I would like a certain volume of land that is already pre-identified within the agricultural areas of interest, the benefit of that is that (a) it's already noted as being agriculturally productive, but, two, a lot of the groundwork is already done on processing that application. It speeds up the time of the application because it's already known what can and cannot occur there from an agricultural perspective. That's important.

The second thing that is very valuable about the agricultural areas of interest, if someone were to come forward with a competing interest for that land, we would not necessarily say no, but we would view that land first from the lens of agricultural integrity. The 62,000 hectares of agricultural land we've identified may occasionally be used for other purposes. It will always be viewed first from the lens of should this application proceed because the land is valuable for agriculture. So that's important.

In other jurisdictions, in just about every place in North America where there's farming, the biggest problem they face is erosion of agricultural land, using agricultural land for suburban sprawl, for industrial developments and other things. We have the benefit of being somewhat greenfield in that respect – pardon the pun – but we have the benefit of hindsight to be able to say we've identified 62,000 hectares of agricultural areas of land and we will put in place a certain level of protection to ensure it stays there.

So that benefit is not immediate. If you were to say we are going to judge you on how many hectares of that 62,000 hectares are going into production in the first 24 months of establishing those agricultural areas of interest, what I can tell you is that 540 hectares of land are going into production. But what I can better say to you is that a significant volume of land is being protected for the future and that, in itself, is quite an achievement, a value and a benefit.

MR. FORSEY: Okay.

We move to 5.1.01.

CHAIR: No, that's the next section.

MR. FORSEY: Oh sorry.

CHAIR: Okay, Mr. Dinn, anything else? No? Okay.

So we've done 4.1.01 to 4.5.01 inclusive.

Shall the headings carry?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 4.1.01 through 4.5.01 carried

CLERK: 5.1.01 through 5.2.02 inclusive.

CHAIR: Okay, the last section.

MR. FORSEY: 5.1.01, Salaries, can you explain why \$197,200 less was spent last year and an additional \$121,400 in this budget?

MR. BYRNE: In this particular area, there were several maternity leaves that were experienced.

MR. FORSEY: Purchased Services, \$23,000 more was spent last year, yet \$26,900 less budgeted for this year. What is included?

MR. BYRNE: This relates to the air photo program for that particular year. I'm not sure if there's – oh, I'm on the wrong subhead, aren't I?

CHAIR: Enforcement and Resource Services.

MR. BYRNE: You're darn right it is.

Go ahead; you answer the question, because I am all fooled up here.

MS. COMPANION: We were talking about Purchased Services.

MR. FORSEY: So are we back to Salaries? Same thing?

MR. BYRNE: Same thing.

MS. COMPANION: Yes.

MR. FORSEY: Okay, we'll go back to Salaries. Can you explain the \$197,200 less spent last year and an additional \$121,400 in this year's budget?

MS. COMPANION: We did have a few maternity leaves in the policy and planning unit and they weren't backfilled. The \$1,124,800 is salary adjustments just based on where people fall on their scales.

MR. FORSEY: Okay.

We'll move on to Purchased Services; \$23,000 more spent last year, yet \$26,900 less budgeted for this year. What is included?

MR. BYRNE: This is with the Belleoram at St. Vincent's, right?

MS. COMPANION: Yes.

MR. BYRNE: That variance was due to additional expenditures related to emergency building demolition in St. Vincent's and emergency road repair in Belleoram. That's what that funding enables to occur.

MR. FORSEY: Okay.

Revenue, in provincial, what is included – what explains the \$99,500 increase in the revised?

MR. BYRNE: The variance, as it is recorded here for me, is primarily due to revenue received from Burton's Cove Logging and Lumber Ltd related to previous investments under the department's Forestry Industry Diversification Program. Again, it's loans repaid.

MR. FORSEY: Okay.

5.1.02 –

MR. BYRNE: Yes, GIS and Mapping.

MR. FORSEY: Salaries, can you explain why \$272,500 less was spent last year but an additional \$188,800 is in this year's budget?

MR. BYRNE: I had said this was maternity leaves, but it was not. You go and explain. You tell the truth because I do not.

MS. COMPANION: There were some vacancies in GIS and Mapping. There are some hard-to-fill positions there, but we are fully staffed now and the \$1.138 million is just some salary adjustments where people lay on the scales.

MR. FORSEY: Okay.

Supplies, there was a significant increase of about \$47,300 since last year. Why?

MR. BYRNE: There were increased costs for survey supplies here and that expenditure is anticipated to continue to occur in the coming years ahead.

MR. FORSEY: Purchased Services, \$43,400 less than budgeted for this year – what is included?

MR. BYRNE: While we had increased costs from surveys, we had lesser cost from the air photo program which I almost said last question.

MR. FORSEY: Okay.

Revenue, what is included? What explains the \$15,000 decrease in the revised?

MR. BYRNE: Again, there is cost recovery. This revenue is related to the sales of maps, air photos and related products related to GIS and Mapping. The variance was due to lower than projected revenue as release of the online.

We created a situation where we've increased public access and public services, but it's reduced our revenue. We now have an online, computerized atlas and land use mapping that's available to the public, and that's cut down on the revenue where people used to come in and buy this sort of stuff before but it's actually cut down, as well, on front-counter service workloads to be able to increase service levels as a result.

MR. FORSEY: Okay.

5.2.01, Salaries, can you explain why \$115,000 less was spent last year and an additional \$99,000 is in this budget?

MR. BYRNE: I'll ask our assistant deputy minister of enforcement and compliance and policy, Tony Grace.

Tony, would you like to step in?

MR. GRACE: The variance is due to vacancies within the division over the year. We'll be fully staffed up for this year. Some of these salary adjustments were required for 2019-2020 due to the scales that the individuals would be on.

MR. FORSEY: Okay.

5.2.02, Salaries, these are a decrease of \$45,400 since last year's budget. Can you explain?

MR. BYRNE: You are on a roll there, Tony. Let's go.

MR. GRACE: Again, that's due to variances within the division. We are fully staffed up again now. Some of these positions are in different areas of the province and they're hard to fill, they're also very specialized positions. So we've have a great group hired in our team now. Part of it is also a salary adjustment for 2019-2020 within the CG scales for individuals.

MR. FORSEY: Okay.

Has there been any reduction in the number of enforcement officers?

MR. BYRNE: No. In fact, I think the current number is slightly above what it has been in past years, but, Tony, would you like to elaborate?

MR. GRACE: Yes. We are currently at our 40 – we range around 40 to 42 officers, and actually we've had very good luck in getting individuals in the Labrador region which we had over the last year.

MR. FORSEY: Okay.

Transportation and Communications, \$38,300 less spent last year; you have an extra \$64,000 included in this year's budget. Why?

MR. BYRNE: Explain yourself, Tony. Explain yourself.

MR. GRACE: It was due to less travel requirements through the year.

MR. FORSEY: Okay.

Supplies, \$88,000 more was spent last year, but \$103,000 less included in this year's budget. Why?

MR. GRACE: The average cost to outfit an officer in our group is \$12,468. We had, in the Labrador region, an additional six officers. So, that really covers the cost to outfit an officer.

MR. FORSEY: Okay. I guess that's it. We'll wait for the speech.

MR. BYRNE: Perfect. I knew you would adapt to this.

CHAIR: Okay.

Mr. Dinn?

MR. J. DINN: Thank you.

I was about to say that Mr. Forsey asked all the questions, but he's caused me to think of a few more. I won't be long, though.

With regard to 5.1.02, I'm just curious, with regard to the Purchased Services and air photo program, I guess this would be different than using helicopters, this would be using other services. I guess I'm looking at what the services are. You know where I'm probably going to go with this, with regard to the drone technology.

Actually, I'm going to pair that up with another one, if I may, too, because they're related, rather than ask you the same question twice in two different situations, and it has to do with 5.2.01. I'm also wondering there with regard to the use of drones in enforcement, as well. I'm assuming here some of this has to do with fisheries violations and so on and so forth.

I'm just curious with regard to the mapping services in particular, the air photo program, what's being used? Is it a plane, fixed wing or a helicopter? Has there been any consideration given to use of drone technology in air mapping, or is it to do with the elevation?

MR. BYRNE: So, there are a couple of things there. The acquisition of new data, that's one element to this, but in a lot of the work that we do, especially with Crown Lands, it's archived air photo interpretation for resolution of section 36 claims, which becomes relevant. In other words, is there evidence of occupation dating back several decades ago? So, the air photo map, the air photos become relevant from a historical and from a legal context. Then there's the acquisition of new aerial photo data to maintain a constant library.

Lori Anne or Tony, would you like to entertain elements of the Member's question there?

MR. GRACE: The air photo program is done by a plane. We have a certain area of time in which we can do it, due to an environmental – we almost need perfect skies to do the photography, so it's always done in the summer.

As the minister had said, this is pretty specialized photography, which we use for Mines and Energy. We also supply for our forest program and we also supply to Crown Lands. We do vast amounts of area over a week period. This year, we'll be doing part of the Northern Peninsula. The ability to use drones in that piece is probably limited.

The ability to use drones in our enforcement effort is being looked at, and we're hoping to move forward with it this year, especially for a river. We could stay on one piece, an example would be Placentia Bay, for netting, we always put an individual off on one of the bays and then we could easily use drones for a certain path that we could fly, so a greater area over smaller time.

MR. J. DINN: I now know which rivers in Placentia to avoid, I guess.

Just out of curiosity then, who would the contract for those services be, and would there be an RFP for that? Who would that be?

MR. GRACE: We put this out for public tender every so many years. Part of the reason we came under budget last year was it went out under public tender and we were able to save money. Hopefully, this year we'll be able to do the same thing.

MR. J. DINN: Who would the company be that has won that proposal? Would that be PAL, their air services, or would it be an outside ...?

MR. GRACE: I don't have the specific name of the individual who won last year but I can get it for you, Sir.

MR. J. DINN: Well, actually, if I may, I noticed in all the Transportation and Communications there seems to be an awful lot to do with – sorry, with the air transportation, I wouldn't mind simply just a breakdown of how much is

actually spent on air transportation and these services because I'm sure it's not the whole budget – and the companies. Just an idea of the amount of money that's it going for, whether it's the enforcement, the moose, wildlife, things like that. Rather than do it in piecemeal, if that's possible.

The last question – from me anyway – I notice here in Enforcement, if I'm looking at it correctly, and it's been a long night, but the Transportation and Communications for this division, Enforcement, seems to be the most expensive of all the ones. No, actually, I take that back, and I'm going to leave it there because I found one where the Transportation on Wildlife is \$1.1 million.

But I'm just trying to get an idea of what is involved with the travel. Is it for conferences? I'm just trying to get an idea of the amounts there. I know it's probably a large department, but is there a breakdown of what that travel budget would be? How much is spent on travel and for what reason?

MR. BYRNE: Do you want to answer that? Do you want to take that one there, Madam Deputy?

MS. COMPANION: Well, our total travel for the department, we know.

MR. BYRNE: Yeah. So just on the Enforcement, I'll dig in there.

MR. J. DINN: Yeah, just on the Enforcement is what I'm looking at there now.

MR. BYRNE: Just on the Enforcement side, a big expenditure is Labrador helicopter time. What I can inform you of is that because of the concerns of unsanctioned hunting of caribou in Labrador, the Enforcement branch has designated that we're adding five new officers to Labrador to wrestle that problem. Also, we've increased the budget for helicopter time for Labrador, specifically, by \$60,000, which has been a very positive deterrent.

I know the clock is running late. We tried many initiatives to work with various groups, various individuals, various organizations, including Indigenous and non-Indigenous communities, to stem the tide. We tried various ways to seek a

consensus on a sanctioned, limited, controlled hunt, which I thought was, and I still believe is, the best solution. It did not work because, at the end of the day, not all Indigenous communities could agree. They put forward their reasons as to why they could not agree, so it left us in a position where enforcement was the only tool that remained to be able to try to solve this problem.

We still live in hope. We're going to do whatever we can to try to rebuild those herds. It is difficult. There is unsanctioned hunting that is occurring which is preventing the recovery of those caribou herds, and there is absolutely no doubt about that. The alternative was to try to honour and verify a sanctioned hunt within the conservation limits that would meet with the food, social and ceremonial expectations, so we were prepared to lay down hope on that. It did not come to pass, so we have moved to the only tool we have left, which is enforcement.

MR. J. DINN: Thank you, Minister.

CHAIR: Okay.

Thank you very much, everyone. That concludes 5.1.01 to 5.2.02.

Shall the subheads carry?

All those in favour?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 5.1.01 through 5.2.02 carried.

CLERK: The totals.

CHAIR: Shall the totals carry?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, Department of Fisheries and Land Resources, total heads, carried.

CHAIR: Shall I report the Estimates of the Department of Fisheries and Land Resources carried without amendment?

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, Estimates of the Department of Fisheries and Land Resources carried without amendment.

CHAIR: And we have to approve these minutes?

CLERK: Yes, we need someone to move it.

CHAIR: Okay.

Can I have a mover to approve the minutes from the Resource meeting, June 18, for TCII?

MR. LOVELESS: So moved.

CHAIR: Can I have a seconder –?

CLERK: No, you don't need a seconder in committee. Who said aye?

CHAIR: Elvis.

Thank you very much, Elvis.

On motion, minutes adopted as circulated.

CHAIR: Can I have a motion to adjourn the meeting?

MS. HALEY: So moved.

CHAIR: Thank you, Carol Anne.

I also want to say thank you so much to all the team, the department. It's been a long night. It's amazing all the work you guys put into it, and thank you for leaving your families and friends and spending this evening with us.

MR. K. PARSONS: (Inaudible.)

CHAIR: Oh, please, yes.

MR. K. PARSONS: I know the minister wanted to do a long speech, but I'd just like to thank the

staff of Hansard, thank our Page for having a long night, thank the people at the table and everybody else.

I'd also like any documents that were promised tonight that we can get forwarded to us. There were a couple of more lists that were there also, so we would appreciate if any of this could get passed on to our office, please.

MR. BYRNE: I commit to that. And I will read my speech on YouTube so that you can watch it still. You can go home and watch and listen to my speech on YouTube.

CHAIR: Thank you very much.

MR. K. PARSONS: I thank the minister. I thank the Broadcast Centre also.

CHAIR: Yes.

Thank you, Broadcast Centre.

MR. BYRNE: Thank you.

On motion, the Committee adjourned.