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**Proceedings of the Standing Committee on
Government Services**

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Department of Transportation and Works

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Honourable Wade Verge, MHA

GOVERNMENT SERVICES COMMITTEE

Department of Transportation and Works

Chair: Clayton Forsey, MHA

Vice-Chair: Steve Crocker, MHA

Members:

John Dinn, MHA
George Murphy, MHA
Paul Lane, MHA
Calvin Peach, MHA
Kevin Parsons, MHA

Clerk of the Committee: Lorna Proudfoot

Appearing:

Department of Transportation and Works

Hon. David Brazil, M.H.A., Minister
Kevin Antle, Departmental Comptroller
Keith Bowden, Executive Director, Works
Lori Anne Companion, Deputy Minister
Gary Gosse, Assistant Deputy Minister, Transportation
Cory Grandy, Assistant Deputy Minister, Works
Jacquelyn Howard, Director, Communications
Max Harvey, Assistant Deputy Minister, Marine Transportation Services
Barry Petten, Executive Assistant
Paul Smith, Assistant Deputy Minister, Strategic and Corporate Services

Also Present

Jim Bennett, MHA
Randy Edmunds, MHA
Tom Osborne, MHA
Graham Letto, Researcher, Official Opposition Office
Ivan Morgan, Researcher, NDP Office

Pursuant to Standing Order 68, Jim Bennett, MHA for St. Barbe, substitutes for Steve Crocker, MHA for Trinity – Bay de Verde.

Pursuant to Standing Order 68, Randy Edmunds, MHA for Torngat Mountains, substitutes for Paul Lane, MHA for Mount Pearl South.

The Committee met at 6:00 p.m. in the Assembly Chamber.

CLERK (Ms Proudfoot): This is the Government Services Committee.

Can I have a call for nominations for the Chair?

MR. PEACH: I nominate Clayton Forsey.

MR. DINN: I second that.

CLERK: All those in favour, ‘aye.’

SOME HON. MEMBERS: Aye.

CLERK: All those against, ‘nay.’

It is yours.

CHAIR (Forsey): Well, then I will call for – that was easy. It is almost like Staples, the same thing. I will call for nominations for Vice-Chair.

Nominated by the Member for St. John’s South, seconded by the Member for Torngat Mountains – Jim Bennett.

Okay, good evening everyone. We will try to get started now. We have to get through the formalities first.

We will start out by introducing the Committee, who is here on the Committee, and then we will go to the department and the minister. He will introduce his staff, and if he has a couple of comments, that is fine. Usually we take about three hours to do this. Hopefully, it is less. That would be great, nobody would complain about that.

I will call for the subhead now before I do the introduction. Is that okay?

CLERK: Sure.

CHAIR: Okay.

CLERK: Subheads 1.1.01 to 1.2.05.

CHAIR: Subhead 1.1.01 –?

CLERK: To 1.2.05, Transportation and Works.

CHAIR: Subhead 1.2.05?

CLERK: Yes.

CHAIR: Okay.

I will ask the Committee to introduce – we will start up on the back there.

MR. PEACH: Calvin Peach, MHA for Bellevue District.

MR. DINN: John Dinn, MHA for Kilbride.

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

MR. J. BENNETT: Jim Bennett, MHA for St. Barbe.

MR. LETTO: Graham Letto, Researcher.

MR. OSBORNE: Tom Osborne, MHA for the more beautiful District of St. John’s South.

MR. EDMUNDS: Randy Edmunds, MHA for the most beautiful District of Torngat Mountains.

MR. MURPHY: George Murphy, MHA for St. John’s East, the most exceptional district in this Province.

MR. MORGAN: Ivan Morgan, NDP caucus researcher.

CHAIR: Clayton Forsey, the Member for the District of Exploits and the best Chair ever.

What we normally do is take fifteen minutes for questions from the Official Opposition and then fifteen minutes from the Third Party if you want.

We will start with the minister. Also, Minister, when your staff or someone is responding, it would be nice to identify yourself because in the

media room sometimes they do not know who is speaking.

MR. BRAZIL: I am going to let my staff introduce themselves so the Committee members will have an idea of exactly – if one of the Officials answers the question, you will know exactly who is answering.

CHAIR: Okay.

MR. BRAZIL: We will start with Lori Anne.

MS COMPANION: Lori Anne Companion, Deputy Minister.

MR. SMITH: Paul Smith, Assistant Deputy Minister, Strategic and Corporate Services.

MR. ANTLE: Kevin Antle, Departmental Comptroller.

MR. BOWDEN: Keith Bowden, Executive Director of Works.

MR. HARVEY: Max Harvey, ADM, Marine Services.

MR. GRANDY: Cory Grandy, ADM, Works branch.

MR. GOSSE: Gary Gosse, ADM, Transportation branch.

MS HOWARD: Jacquelyn Howard, Director of Communications.

MR. PETTEN: Barry Petten, Executive Assistant to the minister.

CHAIR: Minister, do you want a couple of minutes?

MR. BRAZIL: Yes, I will just take a few minutes to do some overall introductions.

Thank you for this opportunity. It is my first opportunity as a minister to present to Estimates, but more than familiar with it as I spent three years sitting in the Chairs' chair as a part, so I understand the process.

I am open to good dialogue. I am even open to stretching to policy when necessary. I am open

to be able to give you frank answers and to clarify. If there is information you may need afterwards, that is not readily available here, I am open to share that with any of the members. We will endeavour to explain exactly where we are from a TW perspective when it comes to the 2015-2016 Budget.

I just want to let all the members here know that TW is responsible for the Transportation and Works infrastructure development and co-operations; nearly 10,000 kilometres of road that we are responsible for, for a daily basis; 1,300 bridges; twenty-one airstrips, eight on the Island and thirteen in Labrador; seven aircraft; air ambulances; fire suppression; water bombers. We have eighteen ferries; 872 buildings on 366 sites across the Province; 300 leases on behalf of government.

There is also four branches – just so you get an understanding of the structure of the department; seventeen divisions; eight regional offices; sixty-seven depots; over 1,700 employees, and that breaks down to 892 permanent, 480 temporary, and 377 seasonal.

I will just leave it at that so people get an understanding of exactly what we are responsible for. As you can see in the Estimates, there is no doubt – and I see three members here. So there may be people who have vested interest in particular areas versus the overall thing. We will more than endeavour to answer any questions and clarify any situations.

So, Mr. Chair, we are open to begin.

CHAIR: Thank you, Minister.

Can we start over here with –?

MR. OSBORNE: You are open to a couple of general questions?

MR. BRAZIL: Yes.

MR. OSBORNE: In the 2014-2015 Budget there were 1,326 permanent positions but that was revised to 1,208. Can you give some explanation as to why the drop in those permanent position numbers?

MR. BRAZIL: I am going to ask Lori Anne to note the variation.

MS COMPANION: The year before government had done some cleanup of PCNs, old vacant PCNs that had not been funded, had not been used for years and it was a cleanup process. TWs did not get reflected until last year. There were no layoffs. It was just vacant unfunded PCNs that were cleaned up.

MR. OSBORNE: Okay.

The attrition numbers are sixteen positions. Are you able at this point to give some indication as to where those come from?

MR. BRAZIL: At this point, we are going through the process now of identifying through attrition what positions may be vacant, who is at the retirement age, who may be moving on to other careers, who will end their employment with government. Over the next number of months we will realize those numbers and they will be built in as we do our restructuring of where those responsibilities may lie.

MR. OSBORNE: Okay.

The Bay d'Espoir Highway project, I am just wondering how much of that roadwork was completed this year and what was the payout from the department for that particular roadwork this year?

MR. BRAZIL: Okay, I will refer that to my ADM, Gary Gosse.

MR. GOSSE: On the Bay d'Espoir Highway Project 106, we paid out the full amount of money that was available for expenditure last year. There was a little extra work done over what was funded last year, and the rest of that project is funded in this year's program.

MR. OSBORNE: Okay.

CHAIR: Excuse me, I hate to interrupt, but it looks like we have made a little mistake, or I have. I was just looking at the members of the Committee. The Liberals have two substitutes, not regular members you have signed in. So only the members of the Committee who are

signed in are really supposed to be allowed to ask questions.

MR. OSBORNE: Okay.

CHAIR: Other people can sit in. Lots of people can sit in but cannot ask questions. All your caucus could come down and sit in, but really cannot ask questions. I apologize for that because I did not look at the members on the sheet there. Lorna was good enough to tell me who the Committee was, thank you, because I did ask her who the Committee was.

MR. J. BENNETT: In that case I can ask them. Initially some questions and I am not sure where they would be reflected in the –

CHAIR: We are going to start you off with fifteen minutes, Jim, how is that? We will not take away what Tom used.

MR. J. BENNETT: Well I do not mind, but it might not be fair to the Third Party. They may want to say something, but I will not object.

Has Transportation and Works spent any money on the new regional hospital in Corner Brook for anything at this point?

MR. BRAZIL: I am going to refer that to Cory.

MR. GRANDY: I could not hear the question.

MR. BRAZIL: Have we spent any money, the department, on the new hospital in Corner Brook to this date?

MR. GRANDY: We have done close to \$40 million worth of contracts to date over the last several years on the Corner Brook hospital project. I just want to make sure I am getting your question correctly, though. Was that your question, what work has been done on the Corner Brook hospital to date?

MR. J. BENNETT: Yes globally, like the total amount initially.

MR. GRANDY: Right. So that money is actually voted in the Department of Health, not in Transportation and Works. Transportation and Works manages that project on behalf of the Department of Health.

MR. J. BENNETT: Okay.

MR. GRANDY: I do not have those numbers with us tonight in terms of what has been spent out of Health's budget on that project. In rough numbers, it is approximately \$40 million worth of contracts.

MR. J. BENNETT: Would you be able to say how much of that has been spent on design and functional plan?

MR. GRANDY: I do not have those breakdowns here with us tonight. Again, that money is in the Department of Health. So I did not come prepared with that information, those breakdowns. That information can be gotten for you, but I do not have it here tonight.

MR. J. BENNETT: Do I understand that the Department of Health actually they are the payer, the customer more or less, and Transportation and Works would be like the contractor who does the work?

MR. BRAZIL: I do have that information here. I can get you a copy of this that you can have for afterwards. This has a full breakdown of all the contracts that were put out from twenty-three different proponents, the costing and I suspect the rationale behind what their responsibilities would be. I will share that with you.

MR. J. BENNETT: Does that include the current year?

MR. BRAZIL: That includes everything up to and including 2014, any contracts that would have been put out and 2015, yes. The last one is Atlantic Engineering Consultants.

MR. J. BENNETT: Does that include any work done for reviewing designs for the new long-term care facility?

MR. BRAZIL: In these contracts, I would say no.

I am going to let Cory take those. He would be more familiar with exactly the responsibilities of each of the contracts.

MR. GRANDY: One of the contracts that is listed in there is the work of the Corner Brook

Care Team; B+H Architects are the lead on that. Their work in that contract would have been to complete a functional program for both the long-term care part of the project, as well as the acute care part of the project.

MR. J. BENNETT: So to the best of your knowledge, would that spreadsheet reflect all of the work that T&W would have done or would be doing on that facility?

MR. GRANDY: This sheet here is actually the ATIPP – this was published, I think, in the last couple of days. It was an ATIPP request for all the contracts associated with the Corner Brook care project. So that is a complete listing of all contracts associated with –

MR. J. BENNETT: There is no point in asking a bunch of questions if the answers are all on one spreadsheet that you are going to provide anyway. It just seems to be not good use of time.

Does Transportation and Works manage the Sir Richard Squires Building in Corner Brook?

MR. BRAZIL: Yes, we do.

MR. J. BENNETT: There is a former Premier, as part of his severance or whatever it is – the arrangement Premiers get – working from the Sir Richard Squires Building, or at least that is what I am told. If that is the case, how long is he expected to be there?

MR. BRAZIL: There is a standing process or policy within that former Premiers get to maintain a government office for up to two years. That would be a continued lease for the next two years.

MR. J. BENNETT: Do you have a cost figure associated with that?

MR. BRAZIL: Where it is a government building, depending if we based it on the market value of the square footage, we would have to equate it based on that. The norm is – correct if I am wrong, one of my officials – government buildings, we do not break down the costing for government employees or people who have access to that based on a certain policy or contract.

MR. J. BENNETT: Okay.

I am in a position to start with the line items, but maybe Mr. Edmunds might want to have some general questions first. I do not know if we go back and forth or we just have the general questions first and then we go through the line items.

MR. BRAZIL: I would prefer to have the general questions done and out of the way and then we can go line items. It makes it easier on staff to be able to keep a flow.

MR. J. BENNETT: That would seem to make more sense to me.

Mr. Edmunds, he could use up the rest of the time or whatever time it takes for general questions and then I can go back to line items.

MR. EDMUNDS: Okay, I will ask questions for the next eight or so minutes.

Regarding project 109-13, the HP Baie Verte roadwork, how much was completed on this contract last year and did the payout exceed the cash flow restraint of \$2.25 million?

MR. BRAZIL: I will refer that to Gary Gosse.

MR. GOSSE: The same thing would apply as applied to Bay d'Espoir. We expended the full amount of the budget allocation we had last year and the rest of the project will be finished this year coming. The remainder is budgeted in this current year.

MR. EDMUNDS: Did you go above the \$2.2 million?

MR. GOSSE: I am not sure if we did extra work on that one or not, or if the contractor stopped at his camp.

MR. EDMUNDS: Project 007-14 DPH Trans-Labrador Highway, how much work is left to complete on Phase I, and what will be the total cost of the work not completed by Humber Valley Paving?

MR. GOSSE: There are eleven kilometres left to pave out of the sixty that we started with. I

am not clear on the second part of your questions.

MR. EDMUNDS: What will be the total cost of the work not completed? What is the cost of the work that is not completed?

MR. GOSSE: We have \$5 million in the budget for this year to finish that eleven kilometres.

MR. EDMUNDS: How much has been paid out of the holdback from the cancelled Humber Valley Paving contract?

MR. GOSSE: Out of the holdback fund? There has been no holdback released on – I guess you are referring to 1-12. There has been no holdback released on that project.

MR. EDMUNDS: Okay.

How much paving will be done on the Trans-Labrador Highway this year on Phase II, Lodge Bay, going north?

MR. GOSSE: North of Lodge Bay, there is nothing contracted right now. Coming south from Goose Bay, there is eighty kilometres under contract to be finished this year.

MR. EDMUNDS: Okay.

How many claims are outstanding on the Humber Valley contract, just to go back, and what is the total value of these claims?

MR. GOSSE: I cannot answer that question specifically. We can get the information for you.

MR. EDMUNDS: Okay.

You mentioned the bridges in the Province. How much was spent on bridge repairs in 2014-2015?

MR. GOSSE: We had \$17 million in our capital account and we did about \$3 million worth of rehab, as I recall, but we can confirm those numbers for you.

MR. EDMUNDS: Okay.

I am just looking ahead there now. What bridge projects, other than the Placentia Lift Bridge and the Sir Robert Bond Bridge, are scheduled for the next fiscal year 2015-2016 – out of that \$15 million, I am presuming?

MR. GOSSE: We have about \$14 million for replacements this year. I can probably answer that question easier for you when we get to the section on our program. Rather than searching through it now, it might be more appropriate to do it there.

MR. EDMUNDS: Okay.

I have a couple of more questions here. You may refer them to when we get to that section as well. What are the plans to address the concerns raised by the Auditor General regarding the bridge repairs and replacements?

MR. GOSSE: We do our bridge inspections at a maximum of two-year timings, so our bridge rehabilitations and bridge replacement programs are a living document, for want of a better term. We have been budgeting a minimum of \$9 million and up to, I think it was \$17 million last year to do our bridge replacements. The amount that we spend is really kept by the amount that industry is capable of doing to do that work.

MR. EDMUNDS: So roughly \$9 million per year average?

MR. BOWDEN: It is a minimum of \$9 million.

MR. EDMUNDS: A minimum of \$9 million, okay.

Just coming to this building itself, I have a couple of questions there. When is the anticipated completion date of the repairs on Confederation Building, the window replacement, et cetera?

MR. BRAZIL: I will take that one. The completion date is in the next number of months. We are hoping by midsummer to have everything completed.

MR. EDMUNDS: Okay. To date, how much money has been spent on the Confederation Building restoration project?

MR. BRAZIL: In the vicinity of \$56 million?

OFFICIAL: Fifth-six million dollars is the total.

MR. BRAZIL: Fifty-six million dollars is the total of the whole project from start to completion in midsummer.

MR. EDMUNDS: Okay. Is there anything budgeted for 2015-2016?

MR. BRAZIL: No, other than our final payments. Keith?

MR. BOWDEN: There is \$1.8 million budgeted (inaudible). To date we have spent just over \$54 million and the \$1.8 million would take us perhaps slightly under the \$56.1 million. Right now we are leaving it to be \$56.1 million is where we are headed.

MR. EDMUNDS: Okay.

Depot closures: When do you expect the payout to happen for those workers affected by transportation depot closures?

MR. BRAZIL: That is an ongoing process, particularly with Finance. That is a decision that will be made I suspect in the near future.

MR. EDMUNDS: Okay. I guess that pretty much answers this next question. The next question: Is there any allocation in the 2015-2016 Budget for the payout?

MR. BRAZIL: We do not have any allocated for that. Again, that would be a Finance expenditure.

MR. EDMUNDS: Just one more question here and we will move on. This question probably is better asked to Health and Community Services. What exactly is included in the \$9.6 million for the Corner Brook hospital? You were saying that you administer for Western Health.

MR. BRAZIL: Well, again you are probably right. Health would have a better understanding of exactly the phases. We would put together the contract as we go to the field to see – but I am going to ask Cory; he can identify the number of the components.

MR. GRANDY: I do not have a full breakdown. We had two projects that were awarded; two construction contracts were awarded last year for site grading and also the construction of a water reservoir. We had carryovers on those projects that will come into this year. It is also to continue the work of the Corner Brook Care Team, which I referenced a little earlier.

MR. EDMUNDS: Okay, I am going to have a few more questions. I can either turn it back to Jim – we are running out in the next minute, but I can wait until we get a little further into a section that is applicable.

CHAIR: Okay.

George, we will go with you. That is fine.

MR. MURPHY: Thank you, Mr. Chair.

I thank your staff for coming in here this evening to answer a few of the questions that we have as regards to this year's Budget. Thanks for your commitment as well.

I guess I can start off with a couple of general policy questions and probably even continue on with Estimates last year. I understand in this Budget, Mr. Minister, that government is going to be purchasing a new water bomber this year.

MR. BRAZIL: Yes, we will be.

MR. MURPHY: Do you have the cost on that one?

MR. BRAZIL: Gary.

MR. GOSSE: Actually, we will finish paying for the fifth new water bomber this year. We have budgeted \$17 million as the final payment on that aircraft.

MR. MURPHY: What type of water bomber – is that the same one now as –

MR. GOSSE: It is the same as the other four. It is a Bombardier CL-415.

MR. MURPHY: The 415s, okay.

Has government done anything with the old water bombers that it had? I know for a while it was trying to sell one that was in the hangar there last year.

MR. GOSSE: Yes, we have two that we will dispose of when we take delivery of the fifth one.

MR. MURPHY: Okay, so those two planes are gone, tentatively sold now?

MR. GOSSE: They will be disposed of, yes.

MR. MURPHY: Okay. Who bought them after, and how much did government get for them?

MR. GOSSE: No, we will dispose of them when we take delivery – we still have them right now.

MR. MURPHY: Okay, they are not gone yet.

MR. GOSSE: So, one of those will be in service this year –

MR. MURPHY: Okay.

MR. GOSSE: – because the fifth one does not arrive until September.

MR. MURPHY: Have they had anybody looking for that water bomber?

MR. GOSSE: No, but we have not really gone to market, either.

MR. MURPHY: Okay, all right. So I take it by dispose of them you are probably going to end up just selling it out there on the market to somebody?

MR. GOSSE: We will auction it or go to tender for disposal.

MR. MURPHY: Okay.

For the new water bomber, for the 415 that we have, we learned last year that you need heated hangars and everything. Are we going to have the room for this new aircraft, obviously, to care for the electronics and everything?

MR. BRAZIL: Yes, we are in the process now of going to the market to secure a heated hangar for the new aircraft. As we go out, we will determine exactly where it is going to be located and the type of facility it will be in.

MR. MURPHY: Okay. So obviously you are going to be leasing a space. Has your department done an analysis of the possibility, or I guess you could say a comparison lease versus the out-right purchase or construction of a new hangar for these aircraft?

MR. BRAZIL: We have done an assessment and the initial indication was, at this point, fiscally, it was not prudent for us from a capital point of view to build our own hangar. So we are going to go out and lease at this point. Then we will make some determinations of exactly what the next steps will be around how we secure those aircraft for the long term.

MR. MURPHY: Okay. So these aircraft will last for about how long, the 415s now, the life expectancy on those? It is about twenty years?

MR. BRAZIL: Is it twenty, I think, Cory?

Gary.

MR. GOSSE: The 215s that we have are about forty years old.

MR. MURPHY: Okay. So we could be talking long term for the 415s as well.

MR. GOSSE: We are talking long term, yes.

MR. MURPHY: The terms of the lease when you go out to market, are you anticipating that you are going to be going long term on the leases for space for these aircraft too?

MR. BRAZIL: For the temporary, we probably will be going with a three- to five-year lease until we determine exactly what our long-term forecast will be around the securing of those aircraft.

MR. MURPHY: All right. Thank you for that.

Can I get an update as regards to the training of staff on the WinAir Maintenance and Inventory System? How is that working out?

MR. BRAZIL: I am going to turn that to Gary because he co-ordinated the whole training this winter.

MR. GOSSE: All the training on WinAir has been completed.

MR. MURPHY: Okay, so no more staff have to be covered or anything like that?

MR. GOSSE: No, everybody is trained. We are using the system as it should be used.

MR. MURPHY: Okay.

When it comes to the department, the branch that would handle water bombers and aircraft maintenance, are we anticipating any layoffs in that particular department? Are we going to be losing any personal?

MR. BRAZIL: Our anticipation is it is not – as a matter of fact, that is one of the areas where we have one of our hardest challenges in trying to recruit people. So our intention is – we have certain staff that we need. In some cases – Gary, correct me if I am wrong – we may have to contract out certain services around that.

MR. GOSSE: We have very little contracted services in air services. We have been able to maintain our own staff. The challenge, on times, is to recruit, as the minister said; but, so far, we have been reasonably successful in having our own staff, and no reductions.

MR. MURPHY: Okay.

How about for air ambulances? What is happening with air ambulances? We had three aircraft, I think it was, and one of them was up to the end of its hours. I think it has something like 300 hours left or something on its expectancy. Are we expecting to replace that aircraft?

MR. BRAZIL: At this point, we have not gone to a market to look at replacing it. What we have done is put contracts in place that we have other proponents who can supply a service when necessary.

MR. MURPHY: Okay.

We are going to be going outside to a private entity, obviously, to lease the third?

MR. BRAZIL: When necessary, that will be the process. We are going through a whole review now of assessing exactly what the best process for providing air ambulance service would be.

MR. MURPHY: Have you done an analysis about the privatization of air ambulance here, the cost benefit?

MR. BRAZIL: That is something that we are going to endeavour to do in the very near future.

MR. MURPHY: We are looking at the possibility of a P-3 situation here?

MR. BRAZIL: We have not gone that far. What we have done now is the economy of scale of exactly the type of service that needs to be provided and where we need to go with that.

I think Gary may be able to explain a little bit more where we are with those.

MR. GOSSE: The third air ambulance that we had, Mr. Murphy, was the one you referenced that reached the end of its life. We actually donated that to the College of the North Atlantic for their aircraft maintenance program, so that one has been taken out of service. The thing to remember on that one is that it was a spare aircraft. We are only staffed and crewed for two and we have two that are fully functional.

MR. MURPHY: Okay.

MR. GOSSE: The third aircraft was actually an old one that had been replaced, but we kept it as a spare. It finally reached the end of its life and we donated it to CNA. They are making tremendous use of it in their training programs.

MR. MURPHY: What is the life expectancy of the two that we have?

MR. GOSSE: They are more on hours. I think around 15,000 hours. I stand to be corrected on that. I am not an aircraft guru. I think around 15,000 hours is the expected life of the King Air 350.

MR. MURPHY: Okay.

Do we anticipate keeping them in the provincial fleet, or is this going to be passed to an outside entity?

MR. GOSSE: Right now, we are funded and staffed to have those two aircraft. The Department of Health actually has a standing offer in place for a backup aircraft, and they always have. They are using that aircraft for more of the long hauls than what our King Airs are really geared up to be.

MR. MURPHY: Okay.

MR. GOSSE: We do most of the in-Province transports and some of the short out-of-Province like Halifax. We even do Toronto on our own in our air route.

MR. MURPHY: Mr. Minister, what is the current situation with the review of the department's hourly charge-out rate for out-of-Province air ambulance transport? Do you have any update on that?

MR. BRAZIL: Gary, you are going to get the bulk of these.

MR. GOSSE: I think our charge out right now is around \$1,200 an hour, but that is under review.

MR. MURPHY: Okay. Has that experienced any increase in the last couple of years or has it remained relatively steady?

MR. GOSSE: That has not increased for the last four to five years for sure.

MR. MURPHY: Okay.

I guess that is all I have for now. Before I start anything else, I would like to go to some line items, if it is possible.

Mr. Minister, in the section 1.1.01 in the Minister's Office, under Transportation and Communications there is \$45,000 more than – actually spent this year was about \$9,800 more than what was actually in the budget; the revised figure is up.

MR. BRAZIL: The increase was due to ministerial travel, the former minister,

particularly around where his district was located from a costing point of view. I would suspect this part will balance itself out, the fact that I live in a located district very much closer to the Confederation Building.

MR. MURPHY: Under General Administration, 1.2.01, Salaries, about \$93,200 more than what was anticipated.

MR. BRAZIL: Increases were related to temporary positions focused on addressing high priority challenges identified by the department.

MR. MURPHY: What would you call high priority challenges?

MR. BRAZIL: Lori Anne will take that one, please.

MS COMPANION: We were looking at purchasing – we spend a lot of money on supplies and purchases, purchased services. We were looking at parts and procurement and some of those priority items to try and contain our costs and purchase in the best way possible.

MR. MURPHY: Okay, they would be found in another section, though, down below this, so this is Salaries here.

MS COMPANION: Yes, the two staff in the Salaries were doing some of those priority items for us and doing those kinds of reviews.

MR. MURPHY: Okay, thank you for that.

Under section 1.2.02, Administrative Support, Salaries are actually under what were projected, but again this year they are looking at increasing. Is there some reason for that discrepancy between 01, Salaries?

MR. BRAZIL: Years 2015-2016 will be up because of the increase in the 3 per cent and the collective agreement rate increases, obviously. Shift differential, standby rates, and overtime were all adjusted up, so the difference there in the salary cap increase is due to that.

MR. MURPHY: Okay, so we are not looking at any extra staff here?

MR. BRAZIL: No, just standard collective agreement adjustments.

MR. MURPHY: Okay.

The same section, 1.2.02, under Transportation and Communications, there was \$201,400 that was budgeted but you only spent \$110,800. Why was that?

MR. BRAZIL: Well, there was a reallocation of funds within the department's operational fund envelope. Historically, savings in this area have been moved to offset ongoing operational funding shortfalls in other areas of the department.

MR. MURPHY: Okay.

Supplies, you are anticipating \$115,000 this year but you only went through \$81,000, when it was budgeted for \$150,700.

MR. BRAZIL: The decrease is a result of the reallocation of funds within the department operational funds envelope. You will see that a lot here, that we move money around according as we need it in different areas, because we have ongoing programs where intermediately we may have to deal with a particular situation. So, historically, savings in some areas then are moved on to operational funds and shortfalls in other areas that are not anticipated.

MR. MURPHY: Okay.

Could you explain line 02 under Revenue – Provincial, \$650,000 versus the \$500,000?

MR. BRAZIL: Related revenue – the increase is the result of higher than anticipated miscellaneous revenues received by the department. Sources of revenue include forfeit of security buildings, insurance claims, ferry claims related to prior years, late salt delivery penalties. A lot of in-house carryover activities.

MR. MURPHY: All right, that is good for that section.

Subhead 1.2.03, Policy, Planning and Evaluation. Your Transportation and Communications budget, \$39,000 anticipated, \$12,500 spent; a difference of \$26,500.

MR. BRAZIL: Yes. What we are budgeting here now is in line with normally what we would spend. These savings were used to offset funding shortfalls in other areas of the department. Just in the previous year it never got spent.

MR. MURPHY: Okay.

Professional Services of \$35,300, a little bit further down.

MR. BRAZIL: Yes. This expenditure relates to Professional Services to assess in developing the P3 capacity.

MR. MURPHY: Could you explain what that means, P3 capacity?

MR. BRAZIL: Well, for us to be able to understand and be able to move the P3 concept forward. Having in-house assessments of it, in-house training, having the expertise to be able to assess exactly what the best process forward would be.

MR. MURPHY: What is it you are looking at within Transportation and Works that you would be assessing under this?

MR. BRAZIL: Well, we are responsible for all contracts that government let with outside entities. So as part of that process, once the P3 concept, if adopted, then a contract has to be let with a proponent around various components of the P3 build.

MR. MURPHY: Okay. Can we get a breakdown of who was getting this money?

MR. BRAZIL: At this point now we are just going through the first exercise of doing a market sounding with a British Columbia P3 Crown corporation.

MR. MURPHY: Okay. So that is –

MR. BRAZIL: That was only one entity we have contacted and we have gone to sole sourcing for that process. They are one of the leaders in the country, and that is who we will contract the initial process with.

MR. MURPHY: Would this company, for example – they are looking at, obviously, transportation and works. Part of this money, I should say, would not be going towards, for example, what is happening with hospitals that sort of thing is it? The management end of things?

MR. BRAZIL: No, not the actual build. This would be the – market sounding, they would be the people who would advise us on the process for it on how we go to the markets on outlining exactly what type of build we would under the P3 concept.

MR. MURPHY: Okay.

CHAIR: If I can intervene there, George, we will pick up with that later.

We will come back to – Jim, are you ready?

MR. J. BENNETT: Yes.

CHAIR: Okay.

We will go back to the ten minutes. That is probably where we should have started first. Maybe fifteen minutes is too long for each one waiting. Is ten minutes okay with you guys, to move faster?

MR. BRAZIL: Sure, yes.

MR. J. BENNETT: I am content with the categories that Mr. Murphy already covered. I do not see a need to ask more questions or the same questions twice.

Under General Administration 1.2.04.01, which is Purchased Services, \$152,500 was budgeted, \$100,000 was spent.

MR. BRAZIL: The decrease was due to savings on leasing agreements on mailing equipment and a reduced requirement for equipment repairs.

MR. J. BENNETT: How did it come in at exactly \$100,000? I am always suspicious of round numbers, \$999,000 and whatever it would be, but an even \$100,000. How did that happen?

MR. BRAZIL: (Inaudible) two or three cents were rounded off as part of the process. I could

find the receipts to that level and let you know exactly, but I would suspect it is either very close to that or off by a few cents.

MR. J. BENNETT: So it is pretty accurate and not just somebody's guess there, we will put in \$100,000.

MR. BRAZIL: Exactly.

MR. J. BENNETT: This year's \$112,500 budgeted, why is \$40,000 less budgeted than was budgeted last year?

MR. BRAZIL: Well, we are in a fiscal reality. So, obviously, we are going back to realize savings in every category. We are going back and saying what is the normal traditional spending pattern and what would be the exercise of knowing what we would need? That gives us a safe number to be able to identify the needs we will have and still keeps us within our fiscal reality.

MR. J. BENNETT: When it says Purchased Services, is that actually like postage stamps or postage meters, or is it something different than that? It falls under Mail Services.

MR. BRAZIL: That would be for supplies that we would need for the operations of the services, particularly in the Mail Services.

MR. J. BENNETT: Okay. Like maybe fewer mail outs on specific issues or items, or –?

MR. BRAZIL: It would be for equipment also. It would be for inks where necessary. It could be for stamping pads; all the things that would be relevant to the operations of a mailroom.

MR. J. BENNETT: The next category, Administrative Support, 1.2.05. Under Property, Furnishings and Equipment \$150,000 was budgeted but \$75,000 was spent. What are those items, or what is the item? Is it something specific?

MR. BRAZIL: What that was, 2014-2015, the revised decrease reflects a reduction in the expenditure related to the Bridge Management System for the department for 2014-2015 fiscal year.

MR. J. BENNETT: I did not understand. What type of system?

MR. BRAZIL: The Bridge Management System is about our assessment on the bridges as we do our equation.

I will get Gary to explain a little bit more exactly of the technical parts of what that operation is.

MR. GOSSE: Our Bridge Management System is essentially a piece of software that allows us to track conditions of our bridges, anticipated times when we have to replace them. It is kind of an asset management system specifically for bridges.

MR. J. BENNETT: So you list hundreds of bridges or whatever, and you age them and you say this category, that category. That way you know which ones need the most maintenance the soonest?

MR. BRAZIL: Correct.

MR. GOSSE: Yes. There are 1,300 bridges.

MR. J. BENNETT: When the AG says all of these bridges, then you actually have the system which says: well, yes, this one here has to be done this year, but we can probably get another couple of years out of the next one.

MR. GOSSE: It is an asset management system. It is a tool that you use to determine when repairs are appropriate and necessary.

MR. J. BENNETT: Is that accompanied with visual inspections of the bridges as well?

MR. GOSSE: The information that is input into the Bridge Management System is collected in the field by people who have been trained to inspect bridges. Our inspectors have been trained in a classroom and have certificates.

MR. J. BENNETT: Okay. Does their information then go into the Bridge Management System and then you forecast a year, two years, three years, five years?

MR. GOSSE: Yes. The data they collect and the results they see from their inspections is all entered into the Bridge Management System.

That is the tool that helps you spit out at the other end where you need to focus your efforts on, as far as keeping the structure safe as concerned.

MR. J. BENNETT: Then later on do you look at it and say, well, this one did a little bit better and this one did a little bit worse, depending on use or whatever?

MR. GOSSE: It is a living system. Our bridges are inspected at least once every two years, and every time they are inspected the data is input. It is not a one-off collection and leave the system for five years and hope for the best.

MR. J. BENNETT: Okay.

Under the next section, Road Maintenance, 2.1 –

CHAIR: No, we did not call for that yet, Jim.

MR. J. BENNETT: Oh, sorry.

CHAIR: Wait now. No, we did not call for that yet.

MR. J. BENNETT: Okay.

CHAIR: Unless you have more questions under the first subheads that we called?

MR. J. BENNETT: I am good on this section.

CHAIR: If not, maybe George does?

MR. J. BENNETT: Yes.

CHAIR: Do you have anything left under these subheads, George?

MR. MURPHY: Yes, I wanted to come back to 1.2.03 if I may?

CHAIR: Yes, that is fine.

MR. MURPHY: Thank you for digressing, as well.

On the P-3 question, I recently learned that the department has joined the Canadian Council for Public and Private Partnerships. What was the cost of membership and what are the benefits?

MR. BRAZIL: Well, I can tell you the benefits are it gives us access to training around another tool for assessing exactly the best approach to developing our infrastructure. The costing, I could ask – who paid that bill, guys? Paul?

MR. SMITH: (Inaudible) get back to you on that one and get you the exact cost.

MR. MURPHY: Okay, I am just wondering then about this \$35,300 cost. We do not know if that is a direct cost of this, during this –

MR. SMITH: That is not related to the membership, Mr. Murphy.

MR. MURPHY: What is that?

MR. SMITH: That is not related to the membership in the council that you mentioned.

MR. MURPHY: Okay. Can you explain again then the \$35,300 figure here, then, exactly what it goes for?

MR. BRAZIL: That was a contract with somebody who has the knowledge of the P-3 process, the PBC, under their initiative to initiate our first steps towards using this as another tool for developing our infrastructure process.

MR. MURPHY: Okay, so who was the contract issued to?

MR. BRAZIL: To PBC, which is Partners, British Columbia, which is a Crown agency of the Government of British Columbia.

MR. MURPHY: Okay, PBC in BC, the same crowd that Health is looking for.

To your knowledge, and a little bit outside the box, have all departments fallen under the same contract to PBC? So, we would see an accounting for this for all departments, or the same dollar amount?

MR. BRAZIL: No. This is sole sourced by our department now as we initiate the first stages of that approach, our assessment on whether or not P-3 concept is something that we want to move forward on.

MR. MURPHY: Okay. Has the department taken any unsolicited proposals outside for the possible privatization of anything else outside of what PBC is looking at? Roads, for example?

MR. BRAZIL: No, we have not. We have not gone to the market to ask at this point. We have not had a dialogue with anybody at this point.

MR. MURPHY: Okay.

You are going to get back to us with the membership cost, so we can anticipate an answer on that when?

MR. SMITH: Pretty soon. It should be pretty easy to get that information.

MR. MURPHY: Okay, I appreciate that.

I take it too, at the same time, when we are asking for documents or information that it would be also exchanged with the Opposition Party; and the Opposition, in this case, whenever they ask for something, we would like to get a copy of it as well.

MR. BRAZIL: Not a problem. We are noting exactly any documentation, we will share with both.

MR. MURPHY: Okay, thank you very much.

I guess that would sum up to 1.2.05. I do not think I have any other questions. Just for reference, under 1.2.05, I will ask about this one anyway. Property, Furnishings and Equipment: \$75,000 was spent against \$150,000 that was budgeted.

MR. BRAZIL: Just a reduction in expenditures related to, again as we just talked about, the Bridge Management System.

MR. MURPHY: Okay.

MR. BRAZIL: Less money was used as part of that process.

MR. MURPHY: How many people in the department now are qualified to use that Bridge Management System?

MR. BRAZIL: Gary, how many do we have trained?

MR. GOSSE: I believe we have two trained in each region, so that would be ten people plus four at head office.

MR. MURPHY: Okay.

Gary, I guess at the same time while I have you, could you give us an idea, a breakdown, on how many times bridges would be inspected? I would presume that you would have regular maintenance schedule that is set up for some of these bridges?

MR. GOSSE: We have full engineering inspections done at least once every two years, and we have our maintenance supervisors do inspections generally on a six-month cycle.

MR. MURPHY: Okay.

MR. GOSSE: They see these structures all the time and would be aware of any changes that would need attention in any case.

MR. MURPHY: Okay, thanks for that.

CHAIR: Okay, thanks George.

Do you guys have anything on these subheads before we move off them?

I will call for the subheads that we just debated.

CLERK: Subheads 1.1.01 to 1.2.05.

CHAIR: Subheads 1.1.01 to 1.2.05.

Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, subheads 1.1.01 through 1.2.05 carried.

CHAIR: Okay, thank you.

We will move to the next subheads.

CLERK: Subheads 2.1.01 to 2.3.03

CHAIR: Subheads 2.1.01 to 2.3.03.

Jim, do you want to start?

MR. J. BENNETT: Subhead 2.1.01, Salaries, \$7,078,800 was budgeted and \$7,697,000 was actually spent. That is about \$600,000 over budgeted. Can you give me some sort of a background in what happened there?

MR. BRAZIL: That relates primarily to unfunded severance and retirement costs, unfunded collective agreement rate changes, and the outstanding payment in lieu of overtime related to the MEPS and OPS positions within our department for 2013-2014 winter season.

MR. J. BENNETT: Do you have a spreadsheet for that?

MR. BRAZIL: We could get that, yes. We can supply that. We will note that.

MR. J. BENNETT: The line under Purchased Services, \$490,000 was budgeted and \$671,000 was spent. Why was it about \$190,000 over?

MR. BRAZIL: In 2014-2015 it was a projected revised deficit, the level of projected expenditures in line with the previous fiscal year. The difference relates to insufficient base funding being allocated in this activity to meet normal operational requirements. Remote weather information systems, contract is charged to this activity.

MR. J. BENNETT: I did not quite follow that.

MR. BRAZIL: Who is best to clarify that?

MR. GOSSE: Can you repeat the question for me, please?

MR. J. BENNETT: The amount that was budgeted was \$490,200 and the amount that was actually used was \$671,200. That is about \$190,000 over. Percentage-wise, it is pretty substantial, so I was asking why it was so much over budget.

MR. GOSSE: That is reflective of the money that we have been spending in that category for the last number of years. That is largely due to

the payments that we make to our service provider for our winter weather forecasting.

MR. J. BENNETT: For Purchased Services?

MR. GOSSE: Yes.

MR. J. BENNETT: So that is actually an expense item that you paid to a third party for –

MR. GOSSE: It is paid to a weather forecaster. It is paid to AMEC.

MR. J. BENNETT: So it is an incurred expense to an outside entity?

MR. GOSSE: Correct, it is a purchased service.

MR. J. BENNETT: Okay.

This year the budget is down to \$580,000. Now that is a couple of hundred thousand dollars, or a \$100,000 less or \$90,000 less than actual last year. Why do we think it is going to less this year than the actual last year?

MR. GOSSE: I guess it fair to say it is not expected to be less and we will find money within other saved areas to move into that area to pay for the service next year. It is one of the areas that have just been traditionally underfunded. Overall within the department we move money around – we have the ability to be able to move money from other areas to cover off those shortfalls.

MR. J. BENNETT: Where does it typically come from?

MR. GOSSE: There is no typical area. If there was a typical area, we could do a permanent budget adjustment, but there is no typical area. It is just little pots that move from different areas into the areas where the pressures are.

MR. J. BENNETT: Subhead 2.1.03, the next page, under 01, Salaries was budgeted \$8,682,000 and actually came in at \$9,090,000. That is around \$400,000. Why was it that much over?

MR. BRAZIL: (Inaudible) revised the department is expecting a deficit in summer road maintenance due to unfunded severance

retirement costs and unfunded overtime requirements.

MR. J. BENNETT: These positions, were they then filled by somebody else, or was it a shrinking of the workforce?

MR. BRAZIL: There would be no shrinking of the workforce. These would have just been unfunded severance and retirement costs that we do not anticipate we would have to pay.

MR. J. BENNETT: Are these people who retired early that you did not think were going to retire early, or they left or resigned?

MR. BRAZIL: Lori Anne, can you explain that?

MS COMPANION: It is normal retirements that happen throughout the system, and they usually are not funded within your salary vote. If you have salaries remaining, or if not, as we have here, we have incurred a deficit in that salary vote and covered it from others.

MR. J. BENNETT: Okay.

This year the amount budgeted is \$9.1 million, which is almost exactly what the actual revised was last year. So, does that mean that you have either budgeted a higher staff, or a higher pay, or do you expect to see a number of people to be moving on?

MS COMPANION: Well, we would expect a similar kind of attrition to happen, or retirements to happen, but the increase would also cover the collective bargaining negotiated rates.

MR. J. BENNETT: Okay.

The Transportation and Communications amount, \$213,000 was budgeted and \$381,000 spent. Why was it so much over budget? This year it has gone back down to the original budget amount?

MR. BRAZIL: Travel costs have increased in the 2014-2015 fiscal year by approximately \$150,000 in comparison with other fiscal years. During 2014-2015 summer road maintenance season, TW implemented changes in its operation design to reduce the amount of staff

overtime resulting from vacancies, sick leave, et cetera, by combining staff across geographic regions.

We were able to ensure that the road crews met the occupational health and safety requirements to complete road maintenance. Meaning we took clusters of crews from other depots, moved them to other ones to ensure that we had the proper amount of individuals to do maintenance safely. As a result, there is a cost associated with that from travel points, and that is why the travel costs have gone up in that category.

MR. J. BENNETT: Then it is gone back down for this year.

MR. BRAZIL: Well, what we are doing now is we are reassessing exactly where our crews will be located as part of that process. That may be again one of those lines that gets adjusted depending on if somebody phones in sick in one area, rather than not have work go there, we may move somebody from another area into that and there would be an associated travel cost.

MR. J. BENNETT: Okay.

The next line, Supplies, \$7.473 million was budgeted and it was under spent by about \$800,000. What was not purchased? What was not used to save that much?

MR. BRAZIL: The deficit there is a result in increased requirements from machinery rentals required to supplement TW's own equipment. We contract out a fair bit. We rent pieces of equipment, when necessary. Obviously if something breaks down, we will go to the market for issues around that. We may have to do repairs that go outside of our own depots.

MR. J. BENNETT: So is it mostly equipment hire on that line?

MR. BRAZIL: Pardon me?

MR. J. BENNETT: It says Supplies; is that mostly equipment hire?

MR. BRAZIL: It would not be all equipment hire, but a fair number of that would be. Gary?

MR. GOSSE: A large part of Supplies under spending would have had to do – and I will use the example of asphalt. Our maintenance crews would have ordered asphalt to be delivered when they thought an asphalt contractor was going to be in the area and we could get it the way we needed to get it.

When October or November rolled around and the contractor had not shown up, the money had been committed but we could not spend it. By the time we realized it could not be spent, it was too late to do anything else with it. So it is just one of those things where timing did not quite work out in our favour.

MR. J. BENNETT: Okay.

Under Snow and Ice Control, Salaries are up. It does not look like a lot, considering the type of winter that we had, but I do not know if the winter fell into the right months for the budget or not.

MR. BRAZIL: This is reflected to the changes in funding levels in the department salary budget allocations. The salary plan reflects government's ongoing attrition management plan. It is all part and parcel with the collective agreement, overtime as part of that, and stand-by shift differentials.

MR. J. BENNETT: Under Transportation and Communications, \$90,000 was budgeted and \$237,000 was the actual revised. What is that?

MR. BRAZIL: Well, 2014-2015 projected revised cost figures for Transportation and Communications costs are in line with cost incurred in previous fiscal years. The original budget has never been sufficient to cover Transportation and Communications costs for staff involved in winter maintenance activities. These additional costs are offset by one-time savings identified on an annual basis from other areas of the department.

So it is an ongoing process that – that will be identified in a number of areas where it is underfunded, but every year we adjust accordingly to savings in some other headings.

CHAIR: We will get back to you, Jim.

MR. J. BENNETT: Okay.

CHAIR: George.

MR. MURPHY: Thank you, Mr. Chair.

I guess for either the minister or Mr. Gosse, the difference here – obviously we have had different areas of the Province, for example, that had a strong need because of either equipment breakdown or what have you, that a crew would have to be brought in from a different area and everything to do roads. I think we had an area in Trinity Bay that had a chronic problem with snow. They had to bring in extra people. So that is where you would see that line item covered, is it?

MR. BRAZIL: That would be one of the line items when we have to mobilize crews from other areas around the transportation costs associated to that.

MR. MURPHY: Okay.

I want to come back to the section again, speaking of weather. Purchases Services, 2.1.01, Mr. Gosse, you mentioned that AMEC was doing most of the weather forecasting. Is this amount tendered every year or do you get a fixed amount that has to be paid to AMEC per forecast or what happens here?

MR. GOSSE: The AMEC contract actually was done through an RFP, a long-term RFP. We are into the fifth year now of a ten-year contract.

MR. MURPHY: Okay. The fifth year of a –

MR. GOSSE: Ten-year contract.

MR. MURPHY: Ten-year contract for that?

MR. GOSSE: Yes.

MR. MURPHY: Have they come back to government looking for more money as regards to anticipated costs that they did not foresee or anything?

MR. GOSSE: No, it is subject to a CPI adjustment every year and that is it.

MR. MURPHY: Okay, and that is it. Thanks for that.

To come back to some line items here too now when it comes to 2.1.04, Snow and Ice Control – this may be too early to talk about. I am thinking about the salt storage sheds. Would they fall under this particular section or there is a separate section that I saw for that?

MR. BRAZIL: It is a separate section further on, I think, in Road Maintenance.

MR. MURPHY: All right, I will wait for that one to come up then.

Under Supplies here again, 2.1.04, I wonder if you can breakdown this amount for me. There was \$25,982,500 that was budgeted and the revised figure was \$30,867,100.

MR. BRAZIL: The simple usage there was an increase in salt usage required due to adverse weather conditions for that winter.

MR. MURPHY: So about \$30 million in salt – wicked.

Under Purchased Services there is a little bit of a disparity there of \$211,000.

MR. BRAZIL: That is increased requirements for machinery rentals to supplement TW’s own fleet.

MR. MURPHY: Okay. Under Revenue – Provincial, if you can give me a breakdown here of what is happening.

MR. BRAZIL: Gary.

MR. GOSSE: Yes, we get revenue. We do some council roads for town councils, so they pay for that service.

MR. MURPHY: Okay, have those costs gone up or anything to municipalities?

MR. GOSSE: No, we have been charging municipalities the maximum of \$5,000 for a kilometre a winter.

MR. MURPHY: About 5,000 kilometres for a winter?

MR. GOSSE: It is \$5,000 a kilometre a winter.

MR. MURPHY: A kilometre. Okay, so CBS would obviously be charged \$5,000.

MR. GOSSE: CBS does their own.

MR. MURPHY: They do their own?

MR. GOSSE: Yes.

MR. MURPHY: Okay.

MR. GOSSE: We do Route 60 through CBS because that is our road.

MR. MURPHY: Yes.

MR. GOSSE: We do not get anything from CBS. We do not do any roads for – any council-owned roads.

MR. MURPHY: All right. Thank you very much for that.

That kind of picks up on a little bit of an issue with smaller municipalities, more than likely that you are doing roads for?

MR. GOSSE: Correct.

MR. MURPHY: Okay. So we are looking after them.

I want to come back to some policy questions. In the Auditor General’s report of 2014, there was a report on the use of government vehicles. The department reacted to the 2014 AG recommendations on issues surrounding the monitoring of government’s light vehicle fleet by stating that the vehicle fleet management system be used to do this monitoring. How is that working out now? Do you have a tighter control over what is happening with the vehicles?

MR. BRAZIL: We recognized there were some shortfalls in the fleet management system. We have gone back to the Auditor General and outlined exactly the process that we are going to use, keeping in mind that we manage the system for the fleet. The fleet is managed by – Gary, are there four or five other line departments that the fleet are actually owned by?

MR. GOSSE: Yes, there are at least five other departments that have their own fairly significant light vehicle fleets and they manage their own fleets.

MR. BRAZIL: I do want to clarify in the Auditor General's outline of identifying the fleet management system that some of the light vehicles are pieces of aged equipment, like snowmobiles, trailers that we may have, and quads that have been outdated that are actually probably in the backs of sheds in Natural Resource's department. So we have gone back and said we need them to be removed from our management system, from our inventory. We need to be able to get the tagging number to do that. That process is ongoing now and Lori Anne as the deputy will be discussing further how we move that a little bit quicker along the way.

MR. MURPHY: Okay. When it comes time to dispose of some of these assets what is the process there? What happens?

MR. BRAZIL: Gary, do you want to explain the best process we use.

MR. GOSSE: Any light vehicles or heavy equipment that is taken out of our fleet and out of service is auctioned off.

MR. MURPHY: Auctioned off-

MR. GOSSE: It is auctioned through GPA. We have an auction at various regions each year. I will just expand. With the heavy equipment a plough truck, for example, that is coming out of service, we give town councils first opportunity of getting those. If there is a council that wants it, it does not go to the auction, the council gets it.

MR. MURPHY: Okay.

MR. BRAZIL: I would like to note though, a number of the vehicles that were identified by the Auditor General would be actually decommissioned pieces of equipment, be it a snowmobile, a quad, or a trailer that would not even be put on the market for resale. In some cases they are used for spare parts or whatever may be used in the vicinity.

MR. MURPHY: Cannibalized.

MR. BRAZIL: Yes.

MR. MURPHY: When it comes to the fleet of vehicles now do you have the distinct inventory that you can probably pass us with regard to what the government has now, the number of trucks, tractors, and that sort of thing? Do you have any fixed numbers?

MR. BRAZIL: We are getting better, I will say that. It is still an ongoing process. We are working with the line departments to identify the pieces of equipment out there as part of the fleet management system.

MR. MURPHY: Okay, so there is somebody that is doing an ongoing inventory list of and keeping a good record of it.

MR. BRAZIL: There is a process on an ongoing inventory assessment.

MR. MURPHY: About how many vehicles right now are in the government fleet?

MR. BRAZIL: Gary, particular numbers.

MR. GOSSE: In light vehicles there are about 1,100 passenger vehicles, roughly 500 ATVs and snowmobiles, and about 800 pieces of heavy equipment.

MR. MURPHY: How about energy-efficient vehicles, hybrids, that sort of thing?

MR. GOSSE: Out of the vehicles that were purchased last year, pickup trucks – there is no category for an energy-efficient pickup.

MR. MURPHY: No.

MR. GOSSE: So the only thing that would qualify as an energy-efficient option would be compact cars or small SUVs. We bought eighteen of those last year. Sixteen of them were considered to be energy efficient.

MR. MURPHY: Any issues with them?

MR. GOSSE: No.

MR. MURPHY: All right. Minister, I do not know if there is going to be much of an issue with this, this year, considering what is happening on the world stage when it comes to oil. I wanted to ask you about the retention of heavy equipment operators. I know that was an issue last year and the year previous before the collapse in oil prices. What is it looking like now?

MR. BRAZIL: You are exactly right. There were some challenges around heavy equipment operators, but also particularly around heavy equipment mechanics. We anticipate, with the slowdown in the global market and a number of Newfoundlanders and Labradorians staying at home or moving back home, that the market is flush for us to be able to maintain qualified people within our fleets.

MR. MURPHY: So lots of drivers and lots of tractor operators?

MR. BRAZIL: Exactly.

MR. MURPHY: All right. Thank you very much for that.

I will come back to the line items now for another minute or so. I think we are up to 2.2.03, Purchased Services. There is \$2.145 million this year against \$2.199 million budgeted. You are anticipating a drop in Purchased Services to \$1.6 million. What were these Purchased Services? Can we get a breakdown on what was happening here?

MR. BRAZIL: Sure we can. What I will tell you about is that there was a need to hire an outside consultant to resolve issues related to leasing accommodations. It was minimal in 2014-2015, but we can give you a breakdown on exactly what that entailed.

MR. MURPHY: Who was the outside company, do we know? What was it for that they were looking at?

MR. BRAZIL: Cory? We will track that information down for you and get that to you.

MR. MURPHY: Yes, if you would, if you can get me a listing of that.

Mr. Chair, I see I only have twelve seconds left, so if you want to pass it back.

CHAIR: Okay. Thank you, George.

Jim.

MR. J. BENNETT: Minister, under 2.1.04, Revenue – Provincial for snow clearing, I understand that snow clearing is done by the department for municipalities at \$5,000 a kilometre. How long has it been \$5,000 a kilometre?

MR. BRAZIL: A long time. Gary would probably be best to tell you how many years.

MR. GOSSE: The best I can tell you is the same as the minister did, a long time.

MR. J. BENNETT: Does that cover the cost?

MR. BRAZIL: We are having ongoing discussions. I would suspect, no. The costing particularly with equipment and salaries over the last number of years – we know it is not cost recovery. It is a service to municipalities. It is one that we are reviewing to see exactly how it fits in our fiscal reality within the department. At this point, it is a service that we are providing and have provided for the last number of years for municipalities.

MR. J. BENNETT: It seems, from discussions that I have had with municipalities and department employees who shall remain unnamed, that municipalities have come to expect snow clearing to be done by the department in a very outstanding fashion for \$5,000 a kilometre, and that the cost really is not being recovered from the overall taxpayer and some people's view represents a subsidy to some towns that other towns are not able to take advantage of, or an inequity.

I have no problem advocating on behalf of the small rural communities but if it is to be a subsidy, would this then be a policy decision or should the number be revised to more accurately reflect the cost recovery?

MR. BRAZIL: You are right; it would be a policy decision. Again, we are now at a point where we are reassessing exactly what it would

cost us per kilometre from a financial point of view. There is no doubt, what you are saying is exactly correct, that municipalities who are part of this process get a good return on their investment, much more equitable than what a contractor would do it for.

That is a process that we are looking at to see what is equitable across the board. In some cases, there are one-offs in various regions for a variety of reasons. In some areas, we actually contract and the contractor that we contract will also do some of the work for the municipality.

MR. J. BENNETT: If it were more on a cost recovery, it would seem to maybe shrink the size of government and create opportunities for the private sector that they cannot realistically compete at \$5,000 a kilometre. I do not know if anybody has paid much attention to that sort of an argument.

MR. BRAZIL: That is valid, and we are going through that process. I can tell you there is a full review that will be taking place over the next number of months around the costing and the efficiency and who best should bear the burden of the costing around those.

MR. J. BENNETT: On the next page, under Administration, Salaries were budgeted at \$4.5 million and came in at \$5.1 million. What is happening there for \$600,000?

MR. BRAZIL: The deficit there is primarily due to unfunded severance costs, unfunded collective agreement rates, increase of shift differentials, standard rates, a slight reduction in salary re-change rates, and capital maintenance projects.

MR. J. BENNETT: Do you have a list of those items?

MR. BRAZIL: We could get a breakdown list.

MR. J. BENNETT: Yes, that would be helpful.

Now, on the next line, Employee Benefits, nothing was budgeted and then there is \$600 incurred. It is not the amount, but what is that all about? It seems like a tiny number. On the other hand, maybe it should – what is it all about?

MR. BRAZIL: Because of the small amount, we did not put a lot of emphasis on it, but we can find that number out. Would anybody know exactly where \$600 would have been under Employee Benefits?

MR. J. BENNETT: You cannot get anything for \$600.

MR. BRAZIL: Could it be for payment for registration?

OFFICIAL: It looks like it was a conference registration.

MR. BRAZIL: Yes, it would probably be something around areas like that. It could be a conference registration or a training registration of some sort.

MR. J. BENNETT: Okay. I thought we had a new special deal on Employee Benefits for \$600 a year. Whoever the carrier is, we should get them to handle all of the –

MR. BRAZIL: One day's severance.

MR. J. BENNETT: Then under Transportation and Communications, it went from \$337,000 to \$641,000. Then this year it is estimated to be back down to \$352,000. Is that an area that is chronically underfunded or was there something else happening there?

MR. BRAZIL: That is a normal one. The deficit is due to non-discretionary operational travel requirements and communications cost in the program. The Transportation and Communications costs are in line with actual expenditures in previous fiscal years. The original budget has never been deficient in covering Transportation and Communications costs for staff. Additional costs are offset by one-time savings identified on an annual basis.

So you are right; there are lines there where there is a standard amount put in and they are adjusted accordingly in savings on one other line or overruns in another area.

MR. J. BENNETT: Under 2.2.02, Building Utilities and Maintenance, how many buildings are currently handled or overseen by T&W?

MR. BRAZIL: By TW, I can tell you that right now – Gary, you would know it right off. How many buildings are – we have 872 buildings right now that are in our inventory that we are responsible for.

MR. J. BENNETT: How many are vacant?

MR. BRAZIL: How many are vacant? There are very few.

MR. BOWDEN: Approximately twenty and virtually all of those are quite small, certainly on the sub-5,000 square foot range. We have nothing of any consequence. The exception of that is that Hoyles-Escasoni and Captain William Jackman will revert to us this month or in the next month or so.

We are taking, as I speak, Hoyles-Escasoni. So those are two large sites, but the other sites are quite small.

MR. J. BENNETT: So, for how long have they been vacant?

MR. BRAZIL: Less than a year. Jackman, again, we do not take possession until the next few weeks because it was owned by the health authority. Other than that, some of the smaller ones have been in inventory for – Keith, how long?

MR. GOSSE: (Inaudible) range of dates. Some of them are fairly recently, but a lot of them several years. Beyond that, it is just the full range.

MR. J. BENNETT: Is there a system in place to turn over buildings that are surplus, no longer required – because I know of some smaller ones. I wrote the minister some time ago and he was good enough to let me know what they are, and I alerted local municipalities that these bidders might be available.

Is there some sort of a formal system that – in some provinces they have something that they call the MUSH sector – Municipalities, Universities, Schools and Hospitals – so any government buildings can be offered at whatever the cost is. Do we do something like that here to keep these buildings moving through the system if we do not need them?

MR. GOSSE: Well, the numbers are quite small, so probably not, given the volume and the size of them. To set up too formal a system would cost more than the buildings are worth. Certainly, of the number that are vacant, there are probably only six or eight that are really worth divesting. The others are on sites that we need to stay on the site. They might be vacant – and those are candidates for demolition. We might have built a new highways depot, for example, so we are going to retain the site. The old depot is vacant, but that would not be a candidate for sale.

On the other side of that, where a site is self-contained, the building is vacant and we could sell it, a couple of smaller public buildings, then yes, we would dispose of them. Like I said, there are probably six or eight in that category, which we are actively pursuing.

We did sell two in the past year, but those were our larger ones. So we prioritized that list and we got one of the ones that were perhaps the higher risk and the better chance of return or reducing our expenditures.

MR. J. BENNETT: The revenue line – I always like to see a revenue line – where is the revenue coming from?

MR. BRAZIL: Revenues there – in the 2013 process a decision was made to recover the operating cost for the Offshore Safety and Survival Centre, revenue of \$640,000. Negotiations with the Offshore Safety and Survival Centre concerning the cost-recovery options have not been finalized. TW does not anticipate receiving this revenue in 2014-2015.

MR. J. BENNETT: Okay.

This is just a small item – if you could back up a couple lines under the Building Utilities and Maintenance, there is \$17,300 that was revised and if you go to the category above, it is \$17,800. The \$17,300 has nothing budgeted, but the \$17,800 had \$35,000 budgeted. Is that the same item just put in a different category?

MR. BRAZIL: What heading are you on?

MR. J. BENNETT: Line 2.2.01, Administration. It was budgeted \$35,500 and it

came in at \$17,800. Then if you drop down below the same line item under a different category it had nothing budgeted, but it said \$17,300. They almost balance. I am just wondering if that is something that was put in a different category.

MR. BRAZIL: So \$17,800 was the revised from \$35,500, and now we are down to \$20,500.

MR. J. BENNETT: Then if you go down below, there is \$17,300 revised where nothing was budgeted. If you add the \$17,800 and the \$17,300 you almost get the \$35,500. I was wondering if that is something that was just allocated differently.

CHAIR: When he gets the answer now Jim – we will go back to George, but we will let him get it.

MR. J. BENNETT: Fair enough.

MR. BRAZIL: I think that may be between two subheads there. I am going to go to the book to see what is in the book versus what we have there. The \$17,800 that we have there under Property, Furnishings and Equipment goes back to \$20,500 in 2015-2016 as part of that Property, Furnishings and Equipment. It is the amount of funding spent each year for the purchase of furniture, equipment, and various on an annual basis on changing operations requirements.

MR. J. BENNETT: Do you know what I mean now?

MR. BRAZIL: Yes, so it could fluctuate depending on where we are.

CHAIR: George, sorry about that.

MR. MURPHY: Thank you, Sir.

I guess we can flick over to 2.2.03 under Rentals, Building Maintenance, Operations and Accommodations. Purchased Services \$2.145 – I went through that one, didn't I? Yes I did. I am getting ahead of myself here. Salt Storage Sheds; first we will go through the line item here under Purchased Services \$2.185 million against \$2.4 million, and only anticipating \$1.4 million now.

MR. BRAZIL: Which heading are we on there now? Sorry.

MR. MURPHY: Subhead 2.2.04.

MR. BRAZIL: Savings are due to lower than anticipated fit ups, alterations, and costs for leased space. These vary annually.

MR. MURPHY: There was an issue –

OFFICIAL: You need to go on Salt Storage Sheds.

MR. MURPHY: Oh yes, on Salt Storage Sheds. Sorry, I went to (inaudible). Okay, next heading.

MR. BRAZIL: These savings are the result of delays in completion of the foundations at several locations. These delays were due to unanticipated site preparation work and contractor delays.

MR. MURPHY: Okay. We had an issue with one of the salt sheds. I cannot remember where it was. It was in the news. The salt actually leached out and ruined the environment around one of the properties. Refresh my memory. I bet you Gary Gosse knows.

MR. GOSSE: Tompkins.

MR. BRAZIL: That was in Tompkins.

MR. MURPHY: Tompkins it was, yes. What is being done out there now to correct that situation?

MR. GOSSE: We have engaged our environmental people to have a look at it and see what we need to do to remediate that site. That will be a part of an ongoing process now over the coming summer.

MR. MURPHY: Okay. I guess the property belonged to somebody else. What were they using it for before that? Was that farmland or was it just left?

MR. GOSSE: That was just scrubland.

MR. MURPHY: Scrubland.

MR. GOSSE: Just black spruce, scrub between our depot and the highway.

MR. MURPHY: Okay, so the department is going to be doing some sort of remediation out there.

MR. GOSSE: We will do a cleanup of the site, yes.

MR. MURPHY: All right. I am just wondering too, Mr. Minister, about the Purchased Services. When it comes to Salt Storage Sheds you said there was an extra \$30 million in salt that was purchased earlier. Did we have enough space for that or is it just constant inventory rotation?

MR. BRAZIL: Yes. If we use it then it is out in the field, for want of a better phrase. It is in our trucks. As our depots or storage sheds obviously drop in our inventory, we replenish the inventory.

MR. MURPHY: So there is plenty of space there?

MR. BRAZIL: Yes.

MR. MURPHY: All right, thanks for that.

If I can go on I guess to a couple more policy questions. Just in general, Mr. Minister, I am curious about the department's workers' compensation costs. I am just wondering what the department's stats are for this past year. Do you have any stats with regard to injured workers and that sort of thing? Are we seeing an improvement over past years? Are the claims going down?

MR. BRAZIL: We are always endeavouring to keep and provide a safe environment. Obviously, the number of staff we have and the type of work that is being done, unfortunately there are times when we do get injured workers. I think it was in the \$2 million claims category last year that we had from our workers.

MR. MURPHY: What was that compared to the year previous?

MR. BRAZIL: The previous year, comparable.

MR. MURPHY: About the same?

MR. BRAZIL: Yes, around the same. It may not be the same number of individuals. It could be the costing of the salary bases. The claims themselves may be different.

MR. MURPHY: Okay, that is great. Thanks for that.

Coming over to the Abitibi paper mill, if I may, can we get an update on the work being done by Delsan-AIM Environmental Services at the former Abitibi mill site? What is happening there?

MR. BRAZIL: We are just in the final stages now of the agreement with them. They will be on site. They are doing some initial prep. As the demolition starts, we will be having a consultant on site to assess and monitor the demolition, and particularly be cognizant of the environmental issues around the demolition itself.

MR. MURPHY: Are you looking at a full remediation of the site?

MR. BRAZIL: The contract right now is the demolition of the building down to the concrete.

MR. MURPHY: Just down to the concrete?

MR. BRAZIL: Just down to the concrete at this point.

MR. MURPHY: So they are going to remove the entire building?

MR. BRAZIL: After that, then we will consult with the local stakeholders and the municipalities around what that site potentially could be used for. Then the assessment around what kind of remediation is necessary will be assessed, and I guess a strategy put in place.

MR. MURPHY: When does Delsan go in there?

MR. BRAZIL: Within the next number of weeks. We are that close.

MR. MURPHY: Okay. Do you have any ideas as regard – oh sorry about that, go ahead.

MR. BRAZIL: Cory.

MR. GRANDY: Delsan are on site now. Over the last number of weeks they have been preparing their demolition plans. We are expecting them to take full – I will say ownership – control of the site within the next couple of weeks. Demolition activity is soon to follow after that.

MR. MURPHY: Okay. What are we dealing with as regards to what is left behind? Besides the concrete and the building, are we dealing with chemical spills, that sort of thing, in the soil that we know of, or fuel from oil storage tanks or anything on site?

MR. BRAZIL: That is part of the demolition. That is all being assessed as the demolition takes place. We will have people on site. They have qualified people too, to obviously assess that. So as we go through the stages –

MR. MURPHY: Will those reports be made public?

MR. BRAZIL: They will be assessed –

MR. MURPHY: (Inaudible).

MR. BRAZIL: Yes, everything is public information that we have no problem sharing.

MR. MURPHY: Okay. Thank you very much for that.

How did you settle on Delsan-AIM? Was that done by tender?

MR. BRAZIL: Yes, that was done by a market tender. They were awarded based on – or an RFP – their experience and they have done this previously. They did work in Stephenville for Abitibi in taking down the buildings out there.

MR. MURPHY: What was the cost to get Delsan in? Do we know?

MR. BRAZIL: The cost?

MR. MURPHY: Yes.

MR. BRAZIL: This is a unique one and I want this to go on record. We will be paid \$500,000 upfront on the signing of the contract to government, and a proportion of the selling of

the assets on a ratio of 75 per cent for us and 25 per cent for them.

MR. MURPHY: You have to explain that one again. You are getting \$500,000 in revenue? I see a smile on Gary's face up there. It is like he wants to answer the question.

MR. BRAZIL: It is a unique setup. We went for an RFP and asked the proponents what would be the approach here and what would be the costing of it. They came back and we negotiated that they will pay us \$500,000 for the privilege of taking down that facility.

Also, part of that deal was they will recover equivalent to the cost of demolishing it, and any additional assets that are sold – because there are assets within the building that could be sold at a market that we do not have a market for here – we would retain 75 per cent, and they will get 25 per cent. They are responsible for the whole process of identifying, and we will have people on site also acknowledging the value of some of those assets, and we will recover, hopefully down the road, some additional monies towards that demolition.

MR. MURPHY: So potentially the sale of the old paper machines, for example, in there is probably going to go back to the government?

MR. BRAZIL: Exactly, yes. They have assessed exactly what assets are there. I mean, they are coming in with an expertise that we do not have in this Province. We do not have it, particularly from a government point of view.

At this point, I am pleased and government are pleased that this is a unique concept for us, it is not costing us millions to bring down or demolish something; but, in return, we are actually going to bring some money back for the taxpayers.

MR. MURPHY: So when it comes to Delsan's proposal – I take it Delsan has probably done an inventory of the saleable assets that are in there and they must have a number of in mind that they can probably get for the assets that are in there. My question is: What percentage is it that government is going to be getting from these assets again?

MR. BRAZIL: After they recover the cost of the demolition, we will then get 75 per cent and they will get 25 per cent of all the other assets recovered that are sold.

MR. MURPHY: What is going to be done with the money that you get back from Delsan on this? Is this going to be used directly for the cleanup of the site?

MR. BRAZIL: That will go in our general account and things are done accordingly as priorities.

MR. MURPHY: Do you have an idea how much money you are going to get back? I know you are saying 75 per cent, but do you have a dollar amount?

MR. BRAZIL: At this point, we have no idea because they will have to do a market analysis. They will go out when they take out the piece of equipment to what shape they are in, exactly where the market is at that point.

MR. MURPHY: Okay.

Well, I will take that “for now” – quotation marks around “for now,” Hansard. This is a little bit of a good news story, so I will leave that one at that.

MR. BRAZIL: Yes, fair enough.

MR. MURPHY: If the Opposition has any other questions on that issue, they can probably come back to it. I want to flick over to the cost of moving employees to other buildings temporarily during renovations. The renovations I am talking about, particularly here at the Confederation Building, there was one question that I wanted to ask you earlier while we were on it.

MR. BRAZIL: On the cost of moving employees while we are doing renovations?

MR. MURPHY: Yes. Are these built in to the \$56.1 million estimate for the building?

MR. BRAZIL: Cory or Keith?

MR. GRANDY: Those costs are fairly nominal. The cost of moving back folks who were

displaced out of floors eight, nine, and ten will be borne this year. We will moving those back over the next number of weeks as the scaffolding is removed from the tower.

MR. MURPHY: All right, perfect.

Mr. Chair, I see the time is up so you can pass it over –

CHAIR: Yes, thanks, George.

Jim.

MR. J. BENNETT: On 2.3.02, Maintenance of Equipment, Supplies were budgeted at \$17,067,000 and came in at \$19,452,000. What is that?

MR. BRAZIL: The Department of Transportation has experienced a deficit of \$2.3 million in equipment maintenance and repairs for fiscal 2014-2015. As a structural deficit in this activity, as we mentioned earlier, the shortfall has been funded by one-time savings. So that would be all around direct equipment –

MR. GOSSE: That is cutting edges for our plows, parts to repair plows or other heavy equipment, and the big consumer there is fuel. Fuel also comes out of that number.

MR. J. BENNETT: Fuel comes under maintenance supplies?

MR. GOSSE: It comes under Supplies, yes.

MR. J. BENNETT: The Purchased Services went from \$1,066,000 that was budgeted to \$2,350,000 revised. What happened?

MR. BRAZIL: A reduction in the number of mechanics has resulted in an increase required to send vehicles out to private companies for repairs, which are substantially more expensive in the market.

MR. J. BENNETT: Revenue was forecast at \$50,000 and it came in at \$5,000. What is that?

MR. BRAZIL: (Inaudible) revenue on that one, Gary?

MR. GOSSE: The revenue for that one would be funds we collected from other government departments for doing work on their vehicles, but the new direction we have taken is that departments do not charge other departments now for services. It is just a paper exercise that was really proving nothing.

MR. J. BENNETT: Okay.

I do not have any more on that section. I think we would like to conclude a section before we go on.

CHAIR: You are finished on that one?

MR. J. BENNETT: Yes.

CHAIR: George, do you have anything else under those headings?

MR. MURPHY: I think we were going to 2.3.03.

I just wanted to get a breakdown again of the Property, Furnishings and Equipment in 2.3.03 under Equipment Acquisitions; \$8,437,000 was spent against \$8,087,000 budgeted. It is only projected to be \$5.2 million this year.

MR. BRAZIL: (Inaudible) invoice processing error during the 2013-2014 fiscal year. Payments for three vehicles purchased in 2013-2014 were not issued; that is \$90,000. Since the completion of the 2014-2015 budget, two additional vehicles have been written off and will need to be replaced at an estimated cost of \$60,000.

Also, due to reductions in funding in the equipment replacement account of 2013-2014, 2014-2015, TW has been not able to replace vehicles in accordance with the normal replacement schedule. As a result, vehicles have been kept beyond their useful life expectancy. TW receives approval from Treasury Board to use \$200,000 for one-time savings identified in other capital accounts to replace some additional vehicles.

MR. MURPHY: Okay. I am done.

CHAIR: Okay.

I will call for the subheads on that so we can vote.

CLERK: Subheads 2.1.01 to 2.3.03.

CHAIR: Subheads 2.1.01 to 2.3.03.

Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 2.1.01 through 2.3.03 carried.

CHAIR: Next subheads.

CLERK: Subheads 3.1.01 to 3.3.02.

CHAIR: Subheads 3.1.01 to 3.3.02.

Jim.

MR. J. BENNETT: Under 3.1.01, Operating Accounts, Transportation and Communications, \$87,500 was budgeted then we revised it to \$72,000, but this year we are estimating \$379,000. Why is the estimate so much higher than last year?

MR. BRAZIL: That is the collective agreement monies that we sort of put in that one heading and then we reallocated across the board in different headings. There will be small amounts going out to probably a dozen different line items around that same Transportation and Communications.

MR. J. BENNETT: Is that because of a different year or is it a multi-year collective agreement or something like that?

MR. BRAZIL: I would suspect it is the one year. It is this upcoming year's collective agreement changes.

MR. J. BENNETT: Do the people that you are bargaining with know you set aside that much money?

MR. BRAZIL: No, we do not tell them that upfront.

MR. J. BENNETT: They might ask for all of it.

MR. BRAZIL: They end up getting most of it.

MR. J. BENNETT: Okay.

Under Purchased Services \$39,800 was budgeted, \$177,000 was the actual and then it is back down to \$109,800. What is that?

MR. BRAZIL: The deficit is due to ongoing costs to repair equipment and electrical costs of traffic installations. Projected Property, Furnishing and Equipment costs are in line with historic expenditures in this area. Projected variance is not significant.

MR. J. BENNETT: Over on the next page under section 3.2.03, Improvements – Provincial Roads, \$7.671 million is the amount budgeted, and then the actual is \$4.7 million. What did not get done for the couple of million dollars, or almost \$3 million under?

MR. GOSSE: If you look at the bottom line there, \$69 million, that is a block of funds. Funds then are distributed out of that \$69 million for your contract payments, your travel, and your salaries. It appears what happened there last year was that there was just a misalignment of some of the funds within that block. That would have been adjusted out.

You will see at the end there the total amount for the block is pretty much balanced. It is just a movement within the block.

MR. J. BENNETT: Okay. Actually, it came in under budget overall by a few million dollars.

MR. GOSSE: Yes. The amount that it was under budget would have been the amount of carry-over that we have brought forward. That would have been contracts that did not quite get finished last fall.

MR. J. BENNETT: Okay. The next section, Road Construction, Canada Strategic Infrastructure Fund; can somebody explain to me how that works before I ask a whole bunch of questions that I may or may not need to ask. I

think we are getting money from the feds to do the roadwork, but how does that work? How does it roll out?

MR. GOSSE: I am not sure what the question is.

MR. J. BENNETT: Okay, first if you go right to the lower, in Revenue – Federal of say \$4.598 million, we budgeted \$1.129 million, and this year only \$65,000. How does the program work with the feds generally?

MR. GOSSE: Paul may be able to answer this better than me. The way the revenue comes in from the feds, it is really the cash flow and the timing of the claims when they are made. At the end of the program, all of the monies are recovered from the feds. It is just the way that the revenue is received in years. It is offset a little.

MR. J. BENNETT: Is it primarily 50-50 or is there some other percentage?

MR. GOSSE: It is primarily 50-50 on shareable costs. The feds will not share or take any part of our administration costs. It kind of works out to be about 45 per cent federal and 55 per cent provincial on the overall cost of the project.

MR. J. BENNETT: Does it then vary by project?

MR. GOSSE: No. It is typically on the agreement part of the project. When we have reached an agreement with the federal government it is generally, almost exclusively, 50-50 on the shareable costs which are your contract payments.

MR. J. BENNETT: What types of costs would not be sharable?

MR. GOSSE: Our own administration costs. If property had to be acquired that would not be sharable.

MR. J. BENNETT: They only share in the actual road building, or the road building and administration?

MR. GOSSE: The construction cost itself.

MR. J. BENNETT: Last year under Purchased Services there was an amount of \$9.970 million and the revised was \$9 million, so 10 per cent less. Does that mean that we did not get some work completed or it came in at a different cost than we expected?

MR. BRAZIL: The project (inaudible). That is reduced requirements to hire consultants for project management due to project delays.

MR. J. BENNETT: This year on that same line we are budgeting \$2 million. Does that mean a whole lot less work or will it show up somewhere else?

MR. BRAZIL: Gary?

MR. GOSSE: That is the last project that we are doing under CSIF. That program is expired now and that is the little bit of work that is left to finish off that project. It is a carry-over amount from the contract that was started last year.

MR. J. BENNETT: Is there a successive program that we are going into?

MR. SMITH: The one that we know about right now that is probably the newer federal-provincial program is the New Building Canada Fund under the New Building Canada Plan. There was an old one in 2007. The existing one, which we have not leveraged yet on projects, is the one that was announced a couple of federal budgets ago. It is a ten-year program. It is structured somewhat differently than the old Building Canada Plan and fund, but it is still the latest federal infrastructure contribution to the provinces and jurisdictions.

MR. J. BENNETT: On this amount do you have a list of projects that are actually covered by this fund? Do you have a sheet or something like that?

In the category immediately before that there is a figure which was – if you go right down to near the bottom, Purchased Services, last year the amount budgeted was \$59,495,000 and the actual amount was \$59,427,000. This year it is \$62 million. Is that actual roadwork that is exclusively provincial responsibility? Was there any federal input?

MR. BRAZIL: Which section is that? Jim, it is back?

MR. J. BENNETT: The Improvements – Provincial Roads, page 7.12, it is category 3.2.03, Purchased Services. It is the immediate page before the facing page.

MR. BRAZIL: What we have here is it is due to delays in completion of road maintenance projects. You wanted to know if it is all –

MR. J. BENNETT: This year the Estimates say \$62,205,000 for Purchased Services. Is that the amount the department plans to do in provincial roads this year?

MR. BRAZIL: Yes. That is our plan. Included in that is \$2 million for brush clearing.

MR. J. BENNETT: Okay.

MR. BRAZIL: I should note too – and this is part of the carry-over – built into that is part of the nearly \$19 million we had for two-year contracts last year, this is the second year, the completion year, and nearly \$4 million from our base carry-over that happens every year; contracts that just did not get done, weather came in quick, the contractor could not get there.

MR. J. BENNETT: Can you provide a list of what they are?

MR. BRAZIL: Sure.

MR. J. BENNETT: These have not been tendered yet or they have been?

MR. BRAZIL: The ones I just mentioned have been tendered. Contractors will come in now if they were two-year ones. I think there are four of those outstanding.

MR. GOSSE: There are five multi-year contracts that will be finished this year.

MR. BRAZIL: A multitude of other carry-over ones, maybe half a dozen or so?

MR. GOSSE: A half a dozen or so other small (inaudible).

MR. J. BENNETT: Okay. So you will have a list of whatever makes up that current year estimate?

MR. BRAZIL: Say that again please.

MR. J. BENNETT: You can provide a list of the purchased services for the \$62,205,100?

MR. BRAZIL: We will be able to. Most of that is not out in the market at this point. It has not been decided what roads will be tendered for this year yet. That is in a process that is ongoing now, now that the Budget has passed.

MR. J. BENNETT: Okay.

MR. BRAZIL: We can supply the list that we do have now, the outstanding ones, which will probably be eleven or twelve contracts and tell you which roads they are.

MR. J. BENNETT: Okay. You probably would not want the numbers of each to be public because contractors would know how much to bid.

MR. BRAZIL: Exactly, yes.

MR. J. BENNETT: If globally we had the number, and if you redacted the individual numbers, it would seem to make sense business wise, or if someone should give them a commitment not to release those numbers. It would not help the Province's competitive position in getting contracts bid, because contracts will leave no money on the table at all.

MR. BRAZIL: Yes, we would not share any of that information until after contracts have been signed.

CHAIR: Thank you Jim.

George.

MR. MURPHY: Thank you.

Mr. Minister, I guess I will get a couple of policy questions out of the way right off the bat. You just mentioned \$2 million in brush cutting. As you know I have been standing in the House here asking about chemicals. What chemicals are you using on the roadsides this year?

MR. BRAZIL: Well, Tordon is gone; we do not use that any more. There is a new chemical we are using, but also part of that process is the application. Gary, the new chemical we are using now is –

MR. GOSSE: Garlon.

MR. BRAZIL: Garlon.

MR. MURPHY: Garlon?

MR. GOSSE: Garlon.

MR. MURPHY: Garlon, okay.

MR. BRAZIL: Yes, which is nationally noted and under Health Canada is acceptable. The big difference here is the application. It is not a general wide spray; it is a direct spray in particular areas where shrubbing and that may be an issue around heavier growth.

MR. MURPHY: What areas of the Province do you anticipate doing brush clearing in this year?

MR. BRAZIL: We will go back and look at where we have had some issues – because it is part of our moose management strategy. So we will assess areas where there is heavy traffic flow, where there may have been clusters of accidents or moose-vehicle collisions and determine that they are the priority areas that we want to clear first.

MR. MURPHY: Has the department done a cost-benefit analysis between mechanical and chemical clearance – long-term benefits?

MR. BRAZIL: We have been assessing both. Obviously the mechanical is a big part and parcel of what we do. It is where the bulk of the \$2 million goes, but there are benefits also of the chemical because it slows down the future growth.

MR. MURPHY: I am just wondering about the component of employment, number one, but number two the cost-benefit analysis if you might have that, but that is not done yet.

MR. BRAZIL: No. For two reasons: one, I will be honest, we are at a point now where we are into a full catch up – there are a lot of areas with

10,000 kilometres of highway. There are a lot of areas that we have yet to do. So the first initial stage is to get to the brush clearing and then to mitigate the growth of the shrubs in those areas.

MR. MURPHY: When it comes to the use of Garlon, how long is it anticipated that it will keep the brush down for?

MR. BRAZIL: Gary (inaudible) –

MR. MURPHY: Has the supplier given you any time frame or anything?

MR. GOSSE: We have been finding when we treat a right-of-way with herbicide that we are getting about ten years before alder growth begins to come back.

MR. MURPHY: About ten years.

MR. GOSSE: Yes. If you just brush cut it with a mechanical cutter or any other means, it starts to grow back in about two years and it grows back thicker than it was in the beginning.

MR. MURPHY: Okay.

Mr. Minister, I will leave that one for now. I will come back and I will ask you about road tendering. How did the \$30 million pre-commitment for the early start for construction projects throughout the Province – how is that proceeding? Government was flicking over to a process too of early tendering and everything so that construction companies could get out there.

MR. BRAZIL: That was very successful last year. We got a fair amount of money out the door. Last year, there were obviously some issues around the capacity in the industry. This year there are obviously other challenges around our budget lines, but there are some contracts now that are out and ready to go this week. The bulk of them will be out in the next number of weeks to the market.

MR. MURPHY: Okay, so they are not public yet.

MR. BRAZIL: No.

MR. MURPHY: This is a little bit late in the year.

MR. BRAZIL: It is later than normal. Obviously, the budget is later than normal, that is part of the process, but we do anticipate that still a fair bit of that work will be done because the market now is a bit different in this Province. We anticipate all proponents to be ready to go. We will see this weekend when we put a number of contracts out in the paper how the market responds.

MR. MURPHY: I also asked you in the House as regards to how come the government does not have a direct plan for roads. The last time I asked you, I think you said: stay tuned.

MR. BRAZIL: Yes, stay tuned.

MR. MURPHY: I am still staying tuned here.

MR. BRAZIL: We are in the process of assessing a road management strategy. We have looked at other jurisdictions and we have met with some other jurisdictions. We are going to map out over the next number of months, particularly when we have our transportation consultations, about exactly how we move forward on having a road maintenance strategy that would outline from a long-term, three to five years or longer process around which roads would be the priorities so people would have a better understanding.

It has worked in some other jurisdictions. We are looking at it from our perspective. There are some unique nuances here with the geography and the number of roads we have and the location, but it is a strategy that we are very diligently going to be assessing and figuring whether or not it is the best move for the Province.

MR. MURPHY: When is the consultation process going to start? Is that going to be through the form of public hearings?

MR. BRAZIL: I suspect our plans are in the next couple of months to try to move it, to try to have some before the heavy summer kicks in.

MR. MURPHY: It is going to be looking for public input here?

MR. BRAZIL: Yes, this will be a public-engaged process. We will go in various regions,

ask people to come in and talk a full gamut of transportation, be it road transportation, air transportation, ferry transportation, or anything else relevant to the hindrance or supports, engagement, or improvements to the transportation services in the Province.

MR. MURPHY: Okay. Hopefully, there will be a microphone in the room instead of the (inaudible) –

MR. BRAZIL: We will make sure everything is recorded: the notes, the comments, and we will share that with the general public, and particularly the Opposition Parties.

MR. MURPHY: Okay. I will leave those other policy questions for now and come back to some line items.

Thank you for that, by the way.

Subhead 3.2.04, the Canada Strategic Infrastructure Fund.

Gary, just for clarification, I think we have gone through this already, but the CSIF funding is over?

MR. GOSSE: Yes (inaudible).

MR. MURPHY: Sorry, I think it was Paul who might have even answered the question. So the Building Canada Fund now is going to take over most of this work. Do I have that right? Just for clarification.

MR. SMITH: That is the newer program. As Gary mentioned, there is still some residual work to do over the next year or two with respect to ongoing projects under the previous federal-provincial program. That would be the Building Canada Fund, Strategic Infrastructure, et cetera.

MR. MURPHY: Okay. Good enough. Thanks for that.

Under 3.2.05, Canada/Newfoundland and Labrador Infrastructure Framework Agreement, that would be much the same thing when you are talking about the federal revenue down here. I note down here when it comes to Revenue – Federal, line 01 at the bottom here of 3.2.05,

\$2.2 million was the revised number for this year, and \$7.5 million for 2015-2016. I wonder if we can get a breakdown of what is happening here.

MR. BRAZIL: It is anticipated federal revenue payments associated with the Canada/Newfoundland and Labrador Infrastructure Framework Agreement maintenance projects. We can get you a list of what projects the payments would be relevant to.

MR. MURPHY: If you would, yes.

MR. BRAZIL: Okay.

MR. MURPHY: Up to the top here in 3.2.05 as well, Salaries. There was only \$14,000 in Salaries last year against \$1 million-and-change really, and \$922,600 budgeted for this year.

MR. GOSSE: We did very little work on the two projects that are funded under this. The two projects that are funded under this, by the way, are two Trans-Canada projects: one is from Salmonier Line to Whitbourne and one is from Gambo River Bridge back towards Benton.

Those two projects were funded in part last year. They did not get off the ground. We did not get approval from the feds and the agreements signed until late. So they have kind of just been moved ahead to this year, which is why there was very little expenditure on them last year.

MR. MURPHY: The Gambo River Bridge back to where, did you say?

MR. GOSSE: Benton.

MR. MURPHY: Benton, okay. Just outside Gander there. Yes, all right.

What were they looking at, pavement remediation or twinning?

MR. GOSSE: No, it is remediation and rehabilitation of what is there.

MR. MURPHY: Okay. That is great. Thanks for that.

The Transportation and Communications section, obviously that is affected by the federal

revenue and everything there. I wonder if I could just get a breakdown though between the \$1,500 that was spent and the \$216,000 budgeted.

MR. GOSSE: Again, it is because there was very little work done on those projects last year. There were just no expenditures against them.

MR. MURPHY: Under Purchased Services the same thing?

MR. GOSSE: It would be the same thing.

MR. MURPHY: It is \$169,500 versus the \$14,400,000 and change.

MR. GOSSE: The Purchased Services on that, the project between Benton and Gambo; we did the brush clearing on that.

MR. MURPHY: Okay, that is great. Thanks.

Under Road Construction, 3.2.06, Canada/Newfoundland and Labrador Infrastructure Framework Agreement, there is a difference here in Salaries I would like to get an explanation for to start off. Line 01, a little over \$2 million – \$2.3 million budgeted for last year and \$2 million spent.

MR. BRAZIL: That project revised decrease reflects delays in the completion of capital projects. These project costs will be carried over to 2015-2016. You can see the increase in 2015-2016 as a result.

MR. MURPHY: Okay, so the same thing would be for Transportation and Communications. Can you give me a breakdown of which projects these would be?

MR. BRAZIL: Sure.

MR. MURPHY: It is different cost-sharing arrangements here.

MR. BRAZIL: Yes, we can do that.

MR. MURPHY: So you can give me a list of those, and the same for Supplies and Professional Services here.

MR. BRAZIL: Yes, we can get you a breakdown of what it is all relevant to.

MR. MURPHY: Okay. The Professional Services out of curiosity, \$720,000 was budgeted for. What was that for? What kind of professional services, engineering?

MR. BRAZIL: Yes, the anticipated contract payments on the whole structural engineering cost in Professional Services.

MR. GOSSE: That is to do with the Placentia Lift Bridge.

MR. MURPHY: Okay.

CHAIR: Excuse me George, what we are going to do now is we are going to take five minutes or so. We only have one person in broadcast and she needs a little break. So probably we can all get up and kick our legs for a couple of minutes.

We will say five.

Recess

CHAIR: Okay, if everyone is ready. According to my time it was about 6:05 o'clock when we started so we have about an hour left, roughly, although we are getting along very well here, I must say.

We will go back to Jim, if you are ready.

MR. J. BENNETT: Okay, under section 3.2.10, Trans-Labrador Highway.

MR. BRAZIL: Subhead 3.2 –

CHAIR: Subhead 3.2.10.

MR. J. BENNETT: First of all, Professional Services is \$14,710,000. What sort of Professional Services is that?

MR. BRAZIL: The increase reflects anticipated construction contract requirements for 2015-2016 based on the reduced scope of the program.

MR. J. BENNETT: The \$14,710,000, is that engineering? It seems like a lot of money in relation to the Purchased Services.

MR. BRAZIL: I would suspect that is the actual hands-on work. Gary?

MR. GOSSE: That is what it is costing us to have a consultant administer that contract down there. We have not been successful in hiring our own staff in Labrador, so we had to retain the services of a consultant. That is what it is costing us to make sure the work is done the way it needs to be done.

MR. J. BENNETT: That is just budgeted for this year, the \$14,710,000?

MR. GOSSE: Correct.

MR. J. BENNETT: The Purchased Services, \$36,970,000, is that for a contract for a specific section of the Trans-Labrador Highway that is anticipated to be done this year?

MR. BRAZIL: Yes, that is an existing contract now that we have in place. Gary?

MR. GOSSE: Yes.

MR. J. BENNETT: Has that already been tendered?

MR. BRAZIL: Yes, it has been.

MR. J. BENNETT: The tender is let? So was that a two-year contract?

MR. BRAZIL: That was let last year or the year before Gary?

MR. GOSSE: They are there two years.

MR. BRAZIL: Two-year contracts.

MR. J. BENNETT: When you go to the budget for last year being \$60,874,000 and then the actual is \$33,449,000, it is a little better than half of the actual. The carry-over, is that the other half of the contract?

MR. BRAZIL: Yes, to be able to mobilize their equipment. There is only so much you can get done in the course of the construction season in Labrador, or anywhere in this Province.

MR. J. BENNETT: Why wasn't it all done last year?

MR. BRAZIL: Again what was achieved was right up until the end of the paving season. By the time the contracts are let, particularly in the one-year ones, you would probably move more in this year because the contractor already knows they have the contract. They know when they can mobilize it. They know when the plants are open. They know when they can get their liquid asphalt and their crew in.

MR. J. BENNETT: The \$60,874,000 last year budgeted, is that one contract for one specific section of the road?

MR. BRAZIL: That is three contracts on the Trans-Labrador Highway. Is it two on the South Coast?

MR. GOSSE: There are two widening projects; one towards the north end of Phase III and one towards the south end of phase two, and then the paving project out of Goose Bay.

MR. J. BENNETT: The \$36,970,000, is that additional work over and above what was budgeted for last year, or is it the same work?

MR. BRAZIL: It is the same contract. It is just the second phase of that work getting completed this year, or as much as possible completed this year.

MR. J. BENNETT: So does that mean that what was budgeted last year being \$60,874,000 is now going to come in at \$33,449,000 plus \$36,970,000?

MR. BRAZIL: Yes. Gary?

MR. GOSSE: Partly. We were very ambitious in saying last year – the contracts that we have out now were actually two-year contracts, we were just overly ambitious with our budget for last year. The number that we have this year is more reflective of what we have been able to accomplish in Labrador for the last couple of years.

MR. J. BENNETT: If the \$60,874,000 is actually a fixed-price contract, why doesn't it cost the same? Why the overrun? Has it gone into the second year?

MR. GOSSE: We do not have fixed-price contracts. We have unit-priced contracts.

MR. J. BENNETT: Okay. Did the units change?

MR. GOSSE: No. That \$60 million was not intended to complete those three projects either.

You cannot take the \$36 million and the \$33 million, add them together, and expect to get what was budgeted last year. That is not the way that would work. With the \$60 million we thought we would get more work done and probably even more tendered last year than what we did. It was just too ambitious and we have not been able to accomplish that volume of work in Labrador.

MR. J. BENNETT: With units, would that mean more blasting or more excavating?

MR. GOSSE: It would mean more cubic meters, or more tons of asphalt, or more tons of fill material. Contractors bid on a unit, so a cubic meter of rock. If he puts in ten metres, we pay him for ten. If he only puts in two, we only pay for two. We pay him for the actual items that he does. It is not a fixed price.

MR. J. BENNETT: In the bidding process then, does the department estimate the amount of work that needs to be done and then that is what is bid, and if it runs over on the scope of the work, then it actually comes in at a higher cost?

MR. GOSSE: That would be correct. Similarly, if it comes in under the estimated quantities, it comes in cheaper.

MR. J. BENNETT: Is there any additional work in the revised plus the Estimates, other than what was included in the \$60 million estimate for last year?

MR. GOSSE: When we saw some of the prices that we had last year – we expanded some of the work that we were doing on the South Coast and put extra crushed stone on some of the branch roads down South. That will be done this year. They were done as additions to the contracts.

MR. J. BENNETT: Because the equipment was already there?

MR. GOSSE: Because we had a good price on the crushed stone in the contract and the contractor agreed to do more.

MR. J. BENNETT: If they had already mobilized and they were there, what is the –

MR. GOSSE: They had to mobilize anyway because there was crushed stone in the contract that they bid on.

MR. J. BENNETT: So they had maybe an overrun on their crushed?

MR. GOSSE: They did not have it crushed at that point. They will crush it this spring. They agreed to do the extra work and crush the material or will crush the material now. So it had nothing to do with them having any extra quantities already available for sale.

MR. J. BENNETT: Is it possible to get a list of that work?

MR. GOSSE: Yes, we can provide that.

MR. J. BENNETT: If we go back to the Professional Services, I think I heard you say it was not possible to get that work contracted so the department had to do it.

MR. BRAZIL: That is the opposite. We were not able to recruit somebody within our own ranks to be able to do it up there, so we went to the market and got the consultant to do that work for us.

MR. J. BENNETT: When you say you went to the market, you put out a tender or an RFP.

MR. BRAZIL: We contracted a consultant. Yes, an Expression of Interest for consulting companies that could do that and which would have that expertise.

MR. J. BENNETT: How many bids were there?

MR. BRAZIL: Gary?

MR. GOSSE: At least three.

MR. J. BENNETT: Okay. Last year \$18,060,000 was budgeted for the Professional

Services and \$2.5 million was actually spent. Is that because of the delay in the \$14.1 million for this year as a carry-over for what was estimated for last year?

MR. BRAZIL: You can take that Gary.

MR. GOSSE: It is related to the amount of work that was done.

MR. J. BENNETT: The next page starts with Alterations and Improvements to Existing Facilities. Which facilities are they generally?

MR. BRAZIL: Pardon again, what was that question?

MR. J. BENNETT: This is Alterations and Improvements to Existing Facilities. Which facilities are they generally?

MR. BRAZIL: Cory?

MR. GRANDY: It would be the entire portfolio that the minister referenced earlier in his remarks; the 800-and-some-odd building on 300 sites, all facilities is what that funding would be for.

MR. J. BENNETT: Do you actually have a spreadsheet of what you propose to do with those buildings for the year?

MR. GRANDY: Yes. We have a plan at the beginning of the year. We also have to hold some in reserve for unforeseen things that comes up as well, but we do have a plan for that funding for this coming year.

MR. J. BENNETT: So if you budgeted, say, a certain amount. Let's say you budget \$100. You may only allocate \$90 because you know that if you put in the entire \$100 you are going to run over. If you put out the \$90 you will have \$10 in reserve just in case there is a fire or a flood or –

MR. GRANDY: That is correct.

MR. J. BENNETT: – the cost came in too high.

CHAIR: Okay, thank you Jim.

George.

MR. J. BENNETT: So you can provide it?

MR. GRANDY: Yes, we can provide a list of the projects.

MR. J. BENNETT: Okay. Thank you.

CHAIR: George.

MR. MURPHY: Thank you, Sir.

Under 3.2.10, is this where we find the Humber Valley Paving contract? The extra allocation, I think, was for \$5 million for the extra eleven kilometres.

MR. BRAZIL: Yes.

MR. MURPHY: So that is in this section? Which particular line item?

MR. BRAZIL: That is in that section there. It is all part of it.

MR. MURPHY: Okay. Who is the consultant that you hired for the Professional Services that you were looking for?

MR. BRAZIL: Gary, answer that please.

MR. GOSSE: Under Professional Services for the paving work we had Amec. For the road construction part down on the south end of Phase II we had Hatch Mott MacDonald.

MR. MURPHY: All right. Thank you for that.

Coming over to Building Construction, 3.3.01, the Salaries last year were \$1.46 million, this year \$964,100, and next year anticipated for \$240,000. Can I get a breakdown of what is happening here?

MR. BRAZIL: This provides for anticipated project management and salary costs for the fiscal year. That is what we figure we will need for alterations and improvements on the existing facilities.

MR. MURPHY: What alterations do you have in mind? What is going to be happening?

MR. BRAZIL: This building is just about complete. As Cory mentioned, there is a scope.

We look at exactly what needs to be done where and what the priorities are. We do keep a reserve in case there is an emergency that has to be addressed immediately.

MR. MURPHY: Okay, so I guess having said that, you can come down here to Purchased Services. You are looking at \$25 million against \$27 last year, and \$7 million for next year. That would be the cluing up of some projects like this one?

MR. BRAZIL: Yes, the cluing up of a number of projects. Particularly this one, it is one of the large ones.

MR. MURPHY: Okay. How about down here on line 02, Revenue – Provincial; I am wondering if I can get a breakdown of what is happening here. There is \$75,000 projected against \$265,000 this year, and \$575,000 next year.

MR. BOWDEN: That is where you see the \$500,000. It was referenced earlier for Delsan.

MR. MURPHY: That is the Delsan.

MR. BOWDEN: That is \$500,000 of that. The other \$75,000 is an anticipated amount for the sale of smaller properties. It is not specific, just an anticipated amount that we carry there based on history.

MR. MURPHY: Okay, so that is for Abitibi there?

MR. BOWDEN: The \$500,000 of that \$575,000, yes.

MR. MURPHY: I wanted to come back with some questions on the Placentia Lift Bridge. I think initially when it was tendered out it was about \$47 million, if memory serves me right. The cost for that now is \$51 million. Could you give me an explanation with regard to the cost overruns there?

MR. GOSSE: The repair costs of the old structure are included in that number as well. We have had to do a fair bit of repair work on the old structure to keep it functional. That is just again now functional. We had it functional in time for the crab season. That was our goal.

MR. MURPHY: Understandable, I guess.

Were you looking at any other proposals? When it comes to the Placentia Lift Bridge I know I saw one interesting proposal that was kicking around that involved not even touching the Placentia Lift Bridge. Did you have anything else in mind before that? What convinced government to go with the bridge option here rather than some of the other ideas that were out there? Anybody else might have seen any of the other proposals?

MR. BRAZIL: Let me explain that one. It was prior to me, but it seemed to be replacing exactly what had worked for the previous forty years.

MR. GOSSE: Relocating the bridge to another location really did not work for the community. Putting a fixed structure instead of a movable structure would have restricted either the vessels going in and out of the harbour, or it would have restricted vehicles getting down into the town. The bridge would have had to be so high you could never access the lower part of Placentia.

MR. MURPHY: Yes, okay.

MR. GOSSE: We had a consultant look at that for us. The lift bridge was really the only option that worked and was viable.

MR. MURPHY: To keep everybody happy I guess, yes.

In subhead 3.3.02, Development of New Facilities, there is a difference here in Salaries. It was \$690,000 last year, \$100,000 was actually spent, and \$120,000 for next year.

MR. BRAZIL: That just reflects anticipated salary requirements based on the current scope of the program that we will be doing.

MR. MURPHY: Okay. They also have Professional Services and Purchased Services here. I wonder if I can get a breakdown on those two particular lines. There is a considerable difference there. There is \$2.2 million in Professional Services between what was in the budget and the revised figure.

MR. BRAZIL: That will reflect anticipated consultant services required to complete the

capital projects that we have in the 2015-2016 fiscal.

MR. MURPHY: Okay. Can we get a breakdown on those?

MR. BRAZIL: Sure, yes.

MR. MURPHY: Okay. The Purchased Services; \$2.8 million less in Purchased Services and only \$1.1 million projected for this year.

MR. BRAZIL: Again, that is anticipated construction cost requirements for the scope of work we will do based on the current scope of programs.

MR. MURPHY: Can I get a breakdown of the Purchased Services here too?

MR. BRAZIL: Sure.

MR. MURPHY: That would be great. Thank you.

That is all I have for that particular section. I do not know, Mr. Chair, perhaps you can give me guidance here. I think it was section 3, up to 3.3.02 that we were voting on.

CHAIR: What was it, three point what?

MR. MURPHY: Up to 3.3.02.

CHAIR: Yes.

MR. MURPHY: That is where we agreed, I think, to call it off.

CHAIR: Yes, that is what we called.

MR. MURPHY: Okay.

CHAIR: Are you finished on those subheads?

MR. MURPHY: I am finished on the subheads, yes. That is what I was going to get at. I do not know if the Opposition has any other questions on the subheads?

CHAIR: Well, we can go back and ask them. That is fair.

Jim, we can go back to those subheads.

MR. J. BENNETT: On Building Construction, I think you agreed to provide a list of the work that is being done for this year?

MR. BRAZIL: Yes, we will supply that.

MR. J. BENNETT: Also, a list of what was done in last year because there is a big drop off from \$25 million to \$7 million.

MR. BRAZIL: Sure.

MR. J. BENNETT: Just a year-over-year comparison.

MR. BRAZIL: Yes.

MR. J. BENNETT: Also, in the section below Development of New Facilities, if you could do the same thing, then I would not have any more questions on this section.

MR. BRAZIL: Okay. Yes, we can supply that list.

MR. J. BENNETT: For both years, the year revised and the current year, because there is a significant reduction.

MR. BRAZIL: We will outline that for you.

MR. J. BENNETT: I have no more questions.

CHAIR: Okay, so you are finished.

George, do you have a question or two on the subheads before we leave?

MR. MURPHY: No, I am done up until we –

CHAIR: You are done on them?

MR. MURPHY: Yes, I am done.

CHAIR: Okay, so we will call for the ones we just –

CLERK: Subheads 3.1.01 to 3.3.02.

CHAIR: Subheads 3.1.01 to 3.3.02.

Shall the total carry?

All those in favour, ‘aye.’

SOME HON. MEMBERS: Aye.

CHAIR: Okay, carried, thank you.

On motion, subheads 3.1.01 through 3.3.02 carried.

CHAIR: We are doing great. Can I call for the remainder?

CLERK: Subheads 4.1.01 to 4.3.03.

CHAIR: Subheads 4.1.01 to 4.3.03.

Jim.

MR. J. BENNETT: Mr. Edmunds has a peculiar interest in air support and ferries so he is going to be asking these questions.

MR. BRAZIL: Okay, fair enough.

MR. EDMUNDS: Yes, I have some probing questions. I am going to get into them just in case we run out of time, and may come back to some of the lines.

First I have a couple of questions on airstrip maintenance and airstrips in general. With the implementation of the landing fees on the landing strips in Labrador, how much revenue do you estimate annually you will receive from implementation of these landing fees?

MR. BRAZIL: We anticipate around \$300,000, based on the formula now about how many trips are in there and the providers who travel in and out of the airstrips on the coast.

MR. EDMUNDS: Okay. Can this also be applied to I guess what I would call humanitarian flights, scheduled evacuation, medavac, school charters, et cetera?

MR. BRAZIL: There are exceptions there. We will not be charging medevacs as part and parcel of that, or water bombers landing or anything like that; only commercial. There are a number of those companies that have been outlined as commercial and the airlines they are using.

MR. EDMUNDS: Does that apply to helicopters as well?

MR. BRAZIL: No, not for helicopters. It is only for aircraft.

MR. EDMUNDS: Okay. Have you designed any alternatives in the event of service reduction as a result of this, or impacts resulting from service reduction?

MR. BRAZIL: At this point, we do not anticipate any service reduction. We will be talking to key proponents, starting this week, to assess what challenges they may have as part of that.

We want to make it clear, this gives us a revenue stream to be able to enhance and continue what we have been doing, particularly around overtime payments, to ensure that scheduling is met from a safe and Transport Canada regulatory process, and to assess, as I mentioned in the House today, about how we can improve the terminals, particularly around the amenities that are necessary; washrooms, these type of things.

MR. EDMUNDS: How much do we receive from the federal government in terms of airstrip operations annually?

MR. BRAZIL: We only receive partial funding, and that is for Nain. It is \$1 million.

MR. EDMUNDS: Just for Nain?

MR. BRAZIL: That is for all airstrips, sorry.

MR. EDMUNDS: That is for all airstrips.

MR. BRAZIL: Yes, all of them combined.

MR. EDMUNDS: Okay. I would like to jump to section 4.1.05, tangible capital assets. Can you give me a brief explanation on that section please?

MR. BRAZIL: Subhead 4.1.05?

MR. EDMUNDS: Yes.

MR. BRAZIL: The question –

MR. EDMUNDS: “Appropriations provided for the purchase of tangible capital assets ...,” the \$956,000; just an explanatory note on that.

MR. BRAZIL: Okay. I will get Gary to explain exactly what that was used for.

MR. GOSSE: That was for two loaders and two snow blowers that we bought for two of the airstrips on the coast last year. They were funded 100 per cent by the federal government.

That is part of the \$1 million the minister mentioned earlier. Money that we had for our capital renewal of the airstrips is an agreement that we have with the federal government. So the capital assets there, in this case, would have been two loaders and two blowers for maintaining the airstrips.

MR. EDMUNDS: Okay. In the time I have, just a few questions, if I could jump ahead to section 4.2.03 on Coastal Labrador Ferry Operations. I am just curious as to when the decision was officially made to cancel the RFP.

MR. BRAZIL: Pardon me, again. Sorry.

MR. EDMUNDS: When was the decision to cancel the RFP officially made?

MR. BRAZIL: Well, it was part of a budget line item. Over the last number of weeks we were finalizing exactly what revenues we would have in our department, and what line items we could afford to do. Those decisions were made only in the past number of weeks.

MR. EDMUNDS: When will it be renewed again or reissued?

MR. BRAZIL: As I outlined in the House, we are going through a process now of engaging stakeholders through our stakeholder consultation. We are going to be re-establishing the Labrador transportation committee. We are going to be going through a whole consultative process over the next number of months. The process would be to gather that information and look at what we had in the former RFP. We are hopeful by the fall to go back to the market with something that reflects exactly what is sustainable and affordable for us in this Province.

MR. EDMUNDS: When it comes to operations in Nunatsiavut – and I brought this up in the House – there are certain aspects of the Labrador

Inuit Land Claims Agreement that supersede any other agreement. Is there a consideration of breaking that RFP into two separate RFPs, giving it distinct regions? Have you given thought to that?

MR. BRAZIL: Yes we have. There will be obviously some discussions around this. I have had some discussions with the Nunatsiavut Government. We will look at it.

I mean obviously the discussions around here; the consultation will determine what the best approach is. The committee itself will include representatives from the Nunatsiavut Government as part of that.

MR. EDMUNDS: Okay. Given that there is an extended service requirement on the existing vessels, the *Apollo* has the option for another one-year extension after this year. What are the options for service in the Straits after 2016?

MR. BRAZIL: I am going to let Max take that because he has been operating the process.

MR. HARVEY: We have a number of options that we are looking at. Obviously we have, as you are suggesting, Sir, the short-term bridging pending the longer-term solution.

Obviously we are looking at the existing suppliers, the contractors, to see what they can do with their vessels. We do know that there is some interest out there from the proponents to carrying out that service.

When you look at the services that we are providing the North Coast of Labrador, we have the freight service and we have the passenger/freight service. We have a long – I will say at this time it is options, because until the consultations are done we do not know exactly where we will end up there. We do know we have options to extend, right to 2020, with the freight service and with the *Northern Ranger*. We know we have some life extension left on both the *Astron* and the *Apollo* with investment.

So if we look at just what is existing now, we know there are options available to provide that continued service and continuity of service. We do know there is potentially some good interest

in new or newer ships, or alternate service models. We are confident with the continued delivery of service there as we go forward.

MR. EDMUNDS: I would just like to go back to the *Astron*. I think she is up for a specialized survey. She does not have an option for extension, pending what the repair program is going to involve. So if she is to undergo a major refit that is time consuming, what options do you have for an *Astron* replacement after this season?

MR. HARVEY: The *Astron*, as you mentioned – a special survey. That is required in 2017. That would allow, potentially, service for the next two full freight seasons on the North Coast of Labrador.

Obviously, the *Astron* operates 150 to 170 days a year. That would give at least six months, if required, for any extended refit period resulting from that special survey.

MR. EDMUNDS: Okay. This is in reference to the *Northern Ranger*. Obviously it is good to see that the cylinder heads were replaced and the correct ones were refitted. I am hoping, they got the bugs worked out last summer. Outside of the repairs to the generating motors and the forward crane, given that she is going to be in service for an extended period of time now, with the RFP issue being off the table at the time, are there any repairs that are needed or any upgrades that are needed?

MR. HARVEY: No. The *Northern Ranger*, with the rebuild of the engines there, should be in good shape. I think her next is 2019. I will have to update that. She has some long legs left in the *Northern Ranger*. It was built in 1985. We see that vessel itself with an easy ten more years of life left and, obviously, longer with added investment.

MR. EDMUNDS: Just one quick comment, if I may, the whole reason for replacing the *Northern Ranger* is that she has become too small. I just wanted to put that out there that we are going to be operating on a vessel that is no longer adequate to serve the needs. I just wanted to throw that out there, Minister.

CHAIR: All right. Thanks Randy.

George?

MR. MURPHY: Thank you, Mr. Chair.

I guess, Minister, we can still stick with the ferry issue. Is the minister planning to post any maintenance and inspection reports on the ferry fleet online for the public, public disclosure, openness, transparency and all that sort of stuff?

MR. BRAZIL: All part and parcel of our open government transparency process. I mean we are looking at what information and what system we have to post information.

I am not beyond sharing the information if people access it. We do not have the system in place at this point. It is an endeavor we can go back and look at as part of that process. Right now that mechanism is not in place, but it does not say that the information is not available for the general public.

MR. MURPHY: Are there any boats right now sailing with exceptions?

MR. BRAZIL: Not to my knowledge. Max?

MR. HARVEY: There are vessels – sailing with exceptions. We have eighteen vessels in the fleet obviously in different operators and different operating methods. All vessels that are sailing are compliant and are sailing with full regulatory support by Transport Canada or by class.

MR. MURPHY: Okay, but there are no exceptions or anything like that? They did not grant a temporary licence until you get this or that fixed?

MR. HARVEY: I think as with all vessels, as you aware, it is very complicated, the regulatory system on vessels. I will have to find that out, but certainly there is nothing of any concern. Sometimes we do get extensions. For example, underwater looks at operating in ice. We may be required to go in by a certain date. We may get a wavier or an extension to go three months later. We have some repairs that are noted as need to be repaired, but it could be the next time you go in to refit, the next time you have a docking, you do that repair.

MR. MURPHY: That is understandable.

MR. HARVEY: We have that with some vessels obviously. We do have some that will need repair that will be put off for the next docking period.

MR. MURPHY: Okay. Can we get an update, Minister, on the construction of the new ferries at Damen Shipyards in Romania? I know that the last pictures I saw, I think a couple of weeks ago the ships were in the water. When can we expect delivery, number one?

MR. BRAZIL: Late September, early October is the planned delivery date for the *Veteran*, which is the ferry to supply service to Fogo Island and Change Islands. In late February, or early, mid, late March, depending on the winter seas and everything, the *Veteran* is to arrive to service Bell Island and Portugal Cove.

MR. MURPHY: Okay.

Can I ask the minister why the ASENAV shipyard in Chile lost to Damen Shipyards in Romania? What was the difference between the types of the contract?

MR. BRAZIL: After the evaluation and the RFP process they were not the top proponent, Damen Shipyards were.

MR. MURPHY: Can you table the analysis that led the department to choose Damen over the Chilean company?

MR. BRAZIL: Not at this point. There is sensitive information there around costing, financial issues around the companies. That type of information, particularly, around various components there or proponents, you can ask those if they are willing to release it. That is information that is part of the RFP process. There is an understanding that we would not release information pertinent to those companies.

MR. MURPHY: Commercial sensitivity.

MR. BRAZIL: Yes, exactly.

MR. MURPHY: Okay.

MR. BRAZIL: If those companies want it released to the general public, we are open to do that.

MR. MURPHY: How about the tariff?

MR. BRAZIL: The tariff process is still ongoing. We have sent in what we feel is a legitimate application on why the tariff should be lifted. We will see how that process unfolds. If it does not unfold the way I would like, well then I will take another process and discuss with officials in Ottawa regarding why we think we have more than a legitimate argument on why the tariff should be released.

MR. MURPHY: When the contract was let, between Damen and the ASENAV yard – I guess for Hansard, A-S-E-N-A-V is the name of the company. We will spell it out.

MR. BRAZIL: ASENAV, yes.

MR. MURPHY: Was the \$25 million tariff considered at the time when they looked at the two contracts?

MR. BRAZIL: Built right in it, as I mentioned before. Tariffs in, Damen was the best result in our scoring for the vessel that we wanted to provide for the people of Newfoundland and Labrador.

MR. MURPHY: In spite of the Chilean vessel?

MR. BRAZIL: In spite of the Chilean vessel and the costing there, keeping in mind when the matrix is done, only 30 per cent of it is based on cost, and 70 per cent is based on the professional viability of that vessel and what is being offered to it. After the scoring, Damen was the top proponent.

MR. MURPHY: I am just curious about that. What is the difference in technologies, for example, that the Chile shipyard would be installing in a boat? When you were talking about it in the House last week you said there was a difference in technologies.

MR. BRAZIL: Yes, combinations of the type of engines, the power, the configuration of the vessels, the maneuverability, and the whole configuration. Max's speciality is in that area.

Max, you can maybe note some of the other things.

MR. HARVEY: I would also add that Damen Shipyards, with forty shipyards around the world and with over 500 engineers to help with the design, some of their technology and modern processes in the yard and their access to expertise were other factors that were part of that technical evaluation.

MR. MURPHY: Okay. I am just curious. I am just wondering here now, I was reading somewhere in one of the acts about ship construction and about the difference between Chile and Romania. The way the ships are constructed, for example, would be covered under the Canada Shipping Act, under building requirements.

MR. HARVEY: I would say there are differences in build processes. For example, building right-side up or upside down, the amount of pre-fitting that is done, how the hull sections are joined together, and what stages that they are done. So it is not apples and apples. Any two shipyards would have different processes and such.

MR. MURPHY: So what stood out in Damen Shipyards that did not stand out in Chile? That is what I am wondering.

MR. HARVEY: I will just say that through our evaluations, technically Damen Shipyards offered what we assumed was a more technically viable vessel to meet the time and the schedule, and to have the minimum risk to the service, and to the cost and schedule structure.

MR. MURPHY: Okay. I will leave it at that for now.

Minister, when do you expect to hear back from the federal government as regards to the \$25 million tariff? Are we going to be successful? What is the argument that you are using on them?

MR. BRAZIL: I cannot anticipate that. I cannot share the argument right now. I will share after a decision is made what we put forward, but there is an ongoing process. We have had it in there for a number of months now.

It is an ongoing process. Before the ships are delivered there will have to be a decision from the federal government.

I will be constantly lobbying them. Once I know I will report to the House what the final decisions have been.

MR. MURPHY: When it comes to the \$25 million though, you are optimistic in getting the money back for the Province?

MR. BRAZIL: I am hopeful. We have an argument. If we are not successful, then we will go back and re-argue again at the end of the day.

Would the \$25 million be a great asset for the department, for the government? Sure enough, but the return on our investment is still the best purchase that we made, based on that.

I keep saying, tariff in or tariff out, but particularly with tariff in, it is still the best deal. Tariff out, it just gives us more ability within the department to have the additional funds to do whatever else as part of our operations.

MR. MURPHY: Okay, what you are saying right now is that with the Chile contract and the Damen contract; the Damen contract, even though it is an extra \$25 million, is the better value?

MR. BRAZIL: Yes, exactly.

MR. MURPHY: In spite of the Chile yard being cheaper?

MR. BRAZIL: Without hesitation and from the scoring that I have reviewed –we had 100 years of marine experience in that room doing the assessments and the evaluations – by far a better return on our investment.

MR. MURPHY: Can you release the scoring reports on how you scored that? You are not releasing any technicalities or anything like that, or commercial sensitivities.

MR. BRAZIL: Not at this point. I will review and have a look at what it is I can share. Whatever I think is appropriate to share, I will share, without a doubt.

MR. MURPHY: For the taxpayer though, in this particular case, I think it would be appropriate to share it. So I will leave that on that point.

Mr. Chair, I see there is only nine seconds left so I will pass it over to the Opposition.

CHAIR: What was that?

MR. MURPHY: The time.

CHAIR: Yes, sure.

MR. MURPHY: I pass it over to the Opposition.

CHAIR: Jim.

MR. J. BENNETT: Minister, how much exactly is the tariff?

MR. BRAZIL: It is \$25.4 million combined between the two vessels.

MR. J. BENNETT: Is that number reflected anywhere in these Estimates?

MR. BRAZIL: Yes, it is. It is captured in our marine services costing. It is under capital, 4.2.06.

MR. J. BENNETT: Subhead 4.2.06, Property, Furnishings and Equipment?

MR. BRAZIL: Property, Furnishings and Equipment, yes.

MR. J. BENNETT: Is it captured within that figure of \$40,871,600?

MR. BRAZIL: Yes, it is.

MR. J. BENNETT: The figure for the prior year worked out to be exactly – what was budgeted was the same as the revised. Is that the first part of the contract, the first half?

MR. BRAZIL: Yes, that includes, obviously, the contract itself for those vessels, and the money was still captured in that.

MR. J. BENNETT: Does that mean the two ferries cost \$55,432,000 plus the \$40,871,000?

MR. BRAZIL: No.

MR. HARVERY: The ferries are \$101 million for the actual cost of the ferries and another \$25 million-or-so for the tariff.

The division, how the cash flow works with the two vessels, they are all built on milestone payments when initial steel is cut, when the vessel is launched on acceptance, and on delivery. Each of the vessels will have different programs for those payments.

MR. J. BENNETT: So the \$40,871,600 for this year, is that the final payment?

MR. HARVEY: That was the final payment, yes.

MR. J. BENNETT: When was the first payment?

MR. HARVEY: The first payment was probably shortly after on contracts signing. I think then that would have been in December or January of last year.

MR. J. BENNETT: Okay. The \$55,432,000, plus the \$40,871,000, plus some other amount total the ferry contract.

MR. BRAZIL: In 2013-2014 there were some payments that went out, the initial payments. That would add up to what is in 2014-2015 and 2015-2016.

MR. J. BENNETT: The first-year payments, were they in the nature of a deposit or something like that?

MR. HARVEY: Sorry, Sir?

MR. J. BENNETT: I understand the total will be the figure for 2014-2015, 2015-2016, and something for the prior year.

MR. HARVEY: Part of the cost also includes some staff oversight of the project, travel, and some other work that has to be done.

MR. J. BENNETT: What I am getting at is other than this year's Estimates, last year's actual, and something the prior year, is there anything else?

MR. HARVEY: No, that is it.

MR. J. BENNETT: What was the total that you just said, \$110 million?

MR. HARVEY: I said \$101 million for the two vessels and \$25.4 million for the duty. There was some additional cost for oversight of the project.

MR. J. BENNETT: Roughly how much were they?

MR. HARVEY: The oversight of the project was about \$500,000.

MR. J. BENNETT: So that is around \$127 million.

MR. HARVEY: Yes, Sir.

MR. J. BENNETT: The \$30,360,000 for the prior year, 2013-2014, that was the initial payment?

MR. HARVEY: Initial payment, yes.

MR. J. BENNETT: In the initial stage was the tariff included in the first calculations, or did it come later?

MR. HARVEY: The tariff was included right from the beginning. When they submitted their proposals they were required to submit any duty requirements as well. So right from day one the tariffs were included.

MR. J. BENNETT: When did any discussions begin with the federal government about having the tariff rebated?

MR. HARVEY: Those discussions began shortly after contract award. They would not entertain discussions prior to contract award. That happened shortly after. It was done in conjunction with BTCRD staff, as well, who were the trade experts and had long contacts with the federal government.

MR. J. BENNETT: Was the Canadian government able to point to any Canadian supplier who could have done an equivalent job without a tariff?

MR. HARVEY: We had no Canadian bidders on those vessels when we put out the RFP.

MR. J. BENNETT: Thank you.

On 4.2.05, Ferry Terminals, under Purchased Services this says, "Appropriations provide for construction and modification of ferry terminals, construction of breakwaters and installation of shore facilities." Last year the revised was \$5.759 million, this year it is \$12 million. Where is that money going to be used?

MR. HARVEY: Those are wharf upgrades on Fogo Island, and Bell Island and Portugal Cove. Those are to accommodate the new vessels.

MR. J. BENNETT: Is there any amount contemplated for the terminal at St. Barbe?

MR. HARVEY: There was some work done, I believe, in St. Barbe just recently, but no major St. Barbe activity.

MR. J. BENNETT: I just conferred with my research and my colleague. We have no more questions.

CHAIR: No more questions?

MR. J. BENNETT: No more.

CHAIR: Okay, we still have five or six minutes left according to my time. So, George, do you want to use up that bit of time to clue up?

MR. MURPHY: Sure. I only have a question on a couple of line items here and one general policy question. So I will get the policy question out of the way.

Minister, what is the status of the arbitration process that government is hoping they can engage with Kiewit? I know there was some disagreement over the building of the first two boats. You have not gone back to them since and there was supposed to be some sort of arbitration happening. What has happened there?

MR. BRAZIL: It is still an ongoing process. I am going to let Max outline exactly what stage we are on that one.

MR. MURPHY: Please.

MR. HARVEY: Kiewit is still ongoing. I do not have the updated status on that. I will follow up on that.

MR. MURPHY: When was the last time you sat with Kiewit and talked to them on the issues?

MR. HARVEY: I have not sat with Kiewit on that issue of hull number 3. Is that what you are discussing? That was before my time on that.

MR. MURPHY: Okay, so you have not talked with them?

MR. HARVEY: No, but that was outside of the marine branch.

MR. MURPHY: Okay. So we obviously cannot go back to Kiewit for the time being to get any boats built.

MR. HARVEY: No, but I would say, Sir, that the legal staff and I will follow up on that.

MR. MURPHY: Yes, if we can get an update on it that would be nice to hear. Somebody will get us that information?

MR. HARVEY: Yes Sir.

MR. MURPHY: All right, I appreciate that. It has been a couple of years now.

Just to come over to – where is the section I was looking at. Under Air Services, Transportation and Communications, 4.3.02, Government-Operated Aircraft, \$1.8 million was budgeted. It went up to \$3 million and back to \$1.8 million again. Can I get a breakdown of what is happening here?

OFFICIAL: Subhead 4.3.02, you are saying?

MR. MURPHY: Subhead 4.3.02, Government-Operated Aircraft, Transportation and Communications.

OFFICIAL: Oh, subhead 4.3.02, I am sorry.

MR. GOSSE: That was a payment that was made on the current helicopter services contract for hours that were not used under the contract.

So government has a contract with Universal for provision of helicopter services, primarily for emergency services and so on, but available to all departments. There are a guaranteed minimum number of hours. Those hours were not used and we had to pay the unused hours.

MR. MURPHY: Would you, for example, bill other departments? I know some of these helicopters, for example, besides being used by Transportation and Works, could be for the movement of people from Fogo Island if the ferry is down or something?

MR. GOSSE: Transportation and Works actually is a small user of the helicopters, although we own the contract because we have Air Services.

MR. MURPHY: Yes, so you would also –

MR. GOSSE: Health would use them, Natural Resources, and Environment in their spray programs and so on.

MR. MURPHY: That was my question. As regards to these amounts, would you share these amounts, for example, with other departments? Obviously you do.

MR. GOSSE: The hours that are used, the departments that use the hours pay for them.

MR. MURPHY: Okay. Who is the provider this time around?

MR. GOSSE: It is Universal Helicopters, UHNL.

MR. MURPHY: Okay, that is great.

Just a question, I guess; somebody obviously left the department or something. There is \$1,100 in employee benefits on that same section. Somebody left or –

MR. BRAZIL: Yes, that is the same as the previous ones. It is conference registration or training.

MR. MURPHY: Okay. I had to ask. It was such a small amount amongst the other dollars there. I will not ask you about the \$200 one, that line item. Just above now, 4.3.01, in

Transportation and Communications, \$79,100 was budgeted and \$120,000 was spent.

MR. BRAZIL: Which one was that again? Sorry George.

MR. MURPHY: Transportation and Communications in 4.3.01.

MR. BRAZIL: Travel and communications slightly higher than previous years due to some one-time additional relocation expenditures.

MR. MURPHY: Okay. Somebody relocated?

MR. BRAZIL: Yes.

MR. MURPHY: Who was that, the manager of Air Services or something?

MR. BRAZIL: That is the machinery being relocated.

MR. MURPHY: Machinery?

MR. BRAZIL: Yes, from one location to another.

MR. MURPHY: Okay, and Purchased Services, \$85,000 from \$12,900.

MR. BRAZIL: Expenditures were higher than normal due to training costs for administrative staff on the aircraft dispatch system.

MR. MURPHY: Okay. I think that is all we have. Just one second now, I will just check with my researcher here. Do we have anything else?

No, we are done. We are good.

CHAIR: Okay, thank you George.

Randy, you never had another question, did you?

MR. EDMUNDS: Just the updates on that (inaudible) that they were going to get back to me on. I expect an answer to come forward later, on the two probing questions I asked initially.

MR. BRAZIL: Yes.

CHAIR: Okay, we will call for the subheads inclusive.

CLERK: Subheads 1.1.01 to 4.3.03 inclusive.

CHAIR: Shall 1.1.01 to 4.3.03 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, subheads 1.1.01 through 4.3.03 carried.

CHAIR: Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, Department of Transportation and Works, total heads, carried.

CHAIR: Shall I report the Estimates of the Department of Transportation and Works carried without amendment?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, Estimates of the Department of Transportation and Works carried without amendment.

CHAIR: We have a couple of things to straighten out before we leave. Number one, we need to nominate the Vice-Chair again. The Vice-Chair who was nominated was Jim and that is fine, but Tom could not nominate him because he was not part of the Committee. So, we need somebody to nominate –

MR. K. PARSONS: I nominate Jim.

CHAIR: Okay, Kevin Parsons nominated Jim Bennett.

MR. EDMUNDS: I second it.

CHAIR: Apparently they are all in favour anyway. They all put their hands up, so that is good stuff.

CLERK: Who seconded it? Randy?

CHAIR: Randy, yes.

We circulated some minutes – it was only not that long ago, it was only May 5, 2014 – for the Government Services Committee. It was minutes for the – this is pretty good. It is for the Department of Transportation and Works, and Labrador and Aboriginal Affairs Office of the Executive Council.

Can we have a mover for the adoption of these minutes?

Moved by Calvin Peach, seconded by Kevin Parsons.

On motion, minutes adopted as circulated.

CHAIR: I would also announce that tomorrow morning at 9:00 a.m. the Government Services Committee will review the Government Purchasing Agency.

Did you have your hand up for something, Jim?
Or Randy, you were going to say something?
No?

Okay, I would just like to thank everybody for their time. The Committee, the minister, and your staff, thanks very much.

I will ask for a motion for adjournment.

Moved by the Vice-Chair that the meeting be adjourned.

Thank you very much.

On motion, the Committee adjourned.