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**Proceedings of the Standing Committee on  
Resources**

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Department of Industry, Energy and Technology

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Honourable Derek Bennett, MHA

## RESOURCE COMMITTEE

Department of Industry, Energy and Technology

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Chair: Scott Reid, MHA

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Clerk of the Committee: Evan Beazley (A)

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Appearing:

### **Department of Industry, Energy and Technology**

Hon. Andrew Parsons, MHA, Minister

John Cowan, Deputy Minister

Craig Martin, Associate Deputy Minister, Energy

Julian Ludmer, Assistant Deputy Minister, Business and Innovation

Riham Mansour, Assistant Deputy Minister, Industry and Economic Development

Alex Smith, Assistant Deputy Minister, Mining and Mineral Development

Nena Abundo, Executive Director, Oil and Gas

Paul Carter, Executive Director, Mining Innovation

Susan Wilkins, Executive Director, Renewable Energy

Phil Ivimey, Departmental Controller

Michael King, Executive Assistant to the Minister

### **Also Present**

Hon. John Hogan, MHA, Minister of Justice and Public Safety

Lloyd Parrott, MHA

Dave Hamlyn, Government Members' Caucus

Emma Kannenberg, Official Opposition Caucus

Steven Kent, Third Party Caucus Office

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

Pursuant to Standing Order 68, John Hogan, MHA for Windsor Lake, substitutes for Sherry Gambin-Walsh, MHA for Placentia - St. Mary's.

The Committee met at 9 a.m. in the House of Assembly Chamber.

**CHAIR (Reid):** Okay, we're going to call this meeting to order now and get started.

Before we start there, I just wanted to let you know in terms of identifying yourself, your light has to be on so wave and let the people down in the Broadcast Centre know where you are and wait for the light to come on, before you speak, give your name and position.

Also, they're asking me that you not adjust your chairs. The water is right here in back on each side.

Before we start, I'll ask everyone to introduce themselves. We'll start over at this side.

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

**J. COWAN:** Good morning, John Cowan, Deputy Minister.

**A. PARSONS:** Andrew Parsons, Minister of IET.

**C. MARTIN:** Good morning, Craig Martin, Associate Deputy Minister for Energy.

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

**P. CARTER:** Paul Carter, Executive Director for Mining Innovation.

**N. ABUNDO:** Nena Abundo, Executive Director, Oil and Gas.

**P. IVIMEY:** Philip Ivimey, Departmental Controller.

**J. LUDMER:** Julian Ludmer, ADM for Business and Innovation.

**R. MANSOUR:** Riham Mansour, ADM for Industry and Economic Development.

**M. KING:** Michael King, Executive Assistant to the Minister.

**CHAIR:** Okay.

We'll start over on this side now.

**L. PARROTT:** Lloyd Parrott, MHA for Terra Nova.

**E. KANNENBERG:** Emma Kannenberg, Researcher.

**J. BROWN:** Jordan Brown, MHA, Labrador West.

**S. KENT:** Steven Kent, Research Assistant, the NDP Caucus.

**J. HOGAN:** John Hogan, MHA, Windsor Lake.

**C. PARDY:** Craig Pardy, MHA, District of Bonavista.

**P. TRIMPER:** Perry Trimper, MHA for Lake Melville.

**L. STOYLES:** Lucy Stoyles, MHA for Mount Pearl North.

**D. HAMLYN:** Dave Hamlyn, Government Members' Office.

**CHAIR:** I'm Scott Reid, Member for St. George's - Humber, Chair.

Okay, so we have a few housekeeping things. We've got to approve the minutes for

the previous meeting. They've been circulated, I believe.

I need a motion to approve the minutes.

**L. PARROTT:** So moved.

**CHAIR:** So moved by the Member for Terra Nova.

On motion, minutes adopted as circulated.

**CHAIR:** Okay, we'll start off with some comments from the minister.

**A. PARSON:** Yes, good morning.

I'll keep these brief, I think we just want to get going, it's Monday morning.

I just wanted to thank everybody for being here. As I've done for the last number of years, I'll try to answer what I can, but that's why I'm surrounded by all these smart people, because they know more than me. So certainly they'll get a chance to answer lots of questions, too.

On that note, I think we'll just get to it.

**CHAIR:** Okay, I'm going to ask the Clerk to call the first heading.

**CLERK (Beazley):** For the Department of Industry, Energy and Technology, Executive and Support Services, 1.1.01 to 1.2.03 inclusive.

**L. PARROTT:** First, I thank the minister and his department, certainly, for the co-operation over the last 12 months. Always timely responses to questions and any help that can be provided is always there. I'm sure I'll get a better opportunity to say thank you at the end. But good to see you all here again this year.

Just a few general questions at first.

Minister, has there been any development of a fiscal framework for wind-based energy

and electricity generation beyond that which is going to be used for hydrogen production? It was noted in last year's Estimates that this process would be coming further down the line.

**A. PARSONS:** What I would say is we are where we are at the moment. The biggest conversations now are obviously talking about future development and what the opportunities are, similar to what we discussed up in Labrador at the Lab conference.

The fiscal framework for hydrogen and wind as we have it now is the one that's still in place and being used. That's been put out, I think it was not last year, the year before.

I'm just looking at John here to see if there's – I don't think there's anything else that we've developed. There will be further plans released this year soon; hydrogen action plan, just some further steps on that.

The biggest conversation now is not on strategies, per se, it's more about what are the things to do in the future in terms of power development and generation.

**L. PARROTT:** Have there been any further assessments conducted to determine the feasibility of vehicular electrification, in the means of how it's going to put a strain on our current grid? We know there's going to have to be some expansion in order to make that happen.

**A. PARSONS:** It's not a conversation that I take part in daily, it's more under Bernard Davis and ECC when we talk about what's going on with charging stations and whatnot. So it's not a conversation that generally we have here.

I look over at Susan, Susan's been representing the department in a number of places, so she might have a little bit of insight to add.

**S. WILKINS:** Thank you, Minister.

No, I agree with the minister, it's ECC and NL Hydro that would be part of those conversations on a daily basis.

**L. PARROTT:** Okay.

Has government made any decision yet on whether or not to consider the purchase of an equity stake in the Bay du Nord Project and any other upcoming projects?

**A. PARSONS:** No decision made, as it relates to Bay du Nord at the moment. We still have the option. So there's no decision on whether to or not. As you know – and I'm sure it will be discussed later as we go further into it – we're entertaining conversations on what to do with our other equity stakes in other projects.

So no, no decision made on that right now. We're just monitoring the project as a whole in terms of what comes next.

**L. PARROTT:** Has there been any consideration into the possibility of equity stakes in wind development?

**A. PARSONS:** No, that's not a conversation that we have had at this juncture, about taking an equity stake. That's not the plan going forward, not that I'm aware of anyway.

**L. PARROTT:** Any further development in the conversation surrounding responsibility for payment of onshore wind farm electrical grid connection costs? Who's responsible to pay for it? I mean, it's going to have to go into the grid.

**A. PARSONS:** Andrew here, sorry. I apologize, Chair, I haven't been saying my name at all, so sorry to the Hansard people.

No, we're not paying for that grid connection is my understanding. I just looked to make sure – that's not a conversation we've had about us taking responsibility for that. If people want to connect to the grid, that's going to fall on them, whether it's wind or otherwise.

**L. PARROTT:** Any update or insight as to when West White Rose Project may actually start working?

**A. PARSONS:** I'm going to turn to Craig on this one. I haven't had a conversation on any timelines recently. We've met with some of the team higher level, but Craig deals with them probably more acutely so –

**C. MARTIN:** The work is continuing down in Argentina on the CGS at this point in time. Our understanding is they are still on target, and I do believe it is the fall of – I'm looking back to Nena – yeah, fall of 2025 when they expect to be out.

**L. PARROTT:** Minister, has there been any clarification since last year as to how the UN Convention on the Law of the Sea is going to affect the Bay du Nord royalties if it goes forward?

**A. PARSONS:** No conversations, we continue to maintain the position that Canada was the signatory to that. I can honestly tell you we have not had any conversations with the federal government on it, we've maintained their position.

I think the – perhaps you could call it – lack of urgency is due to the fact that last May the project was put on hold, so right now it just hasn't popped up as a conversation. I'm sure that it will come up again as we move forward. I'm still very optimistic, but no, I haven't had any conversations on it recently.

**L. PARROTT:** Any update on the results of natural gas resource assessment? It was done fiscal year '22-'23 at a cost of \$4.1 million.

**A. PARSONS:** I'll turn to Craig on this one, he can give the most recent update.

**C. MARTIN:** So the natural gas resource assessment is still ongoing. When we get in the actual Estimates you'll see the full amount wasn't expended last year and

there are carry forwards to this year. So the work continues at this point in time. We anticipate to potentially have an update in September and final done before the end of this fiscal year.

**L. PARROTT:** Are there still conversations ongoing with LNG NL?

**A. PARSONS:** There are still conversations with them. I'm trying to think. I haven't had an update on that one recently.

**J. COWAN:** No, they haven't been in a while.

**A. PARSONS:** They haven't been in to see us in a while.

**L. PARROTT:** Are they still trying to move forward?

**A. PARSONS:** They are. I don't think there's anything in terms of them not doing their part. It's just, as a department, whenever they request to meet, we will meet. We haven't had that request in a little while, so I think they're still trying to advance the project, but I haven't met with them in some time.

**L. PARROTT:** Did the province see any tangible benefit from hosting the 2023 Southeastern United States-Canadian Provinces Alliance? Were there any noteworthy results which stem from our hosting this conference?

**A. PARSONS:** I might not be the best one to talk, sometimes the staff are. What I would say is that it's hard for me to say yes or no to that. I don't know if it has resulted in companies having made contacts that I would not be aware of because that was one of the big parts of it.

Now, the first thing I would point out to those that are not aware of SEUS is that we are part of this group involving a number of Atlantic Canadian provinces, states along the eastern seaboard and down south. So

hosting is not a decision per se. Everybody hosts at some point, when it's their turn. Last year was our turn. I think the year before it was hosted in Georgia, I believe, Marietta, Georgia. I wasn't in attendance at that one. I think the Premier actually attended that one.

I'd like to think that there were benefits to it, having everybody here. I know that there was an impact certainly on the local community in terms of foods, spin-off ancillary. I can't tell you whether the businesses – I haven't heard directly from the businesses that would've been a part of the delegation and conversation as to what was achieved. But I'd like to think we did a good job of being a good host to this. That's probably the best I can say at this juncture.

**L. PARROTT:** All right.

How many people currently are working for the department and, of that number, how many contractual, temporary or otherwise, not full-time permanent employees?

**J. COWAN:** So there are currently 270 active employees; 200 permanent, 40 temporary and 30 contracts.

**L. PARROTT:** Okay.

1.1.01, fiscal year '22-'23, Transportation and Communications expenses amounted to \$76,000. It was estimated to be \$46,000. In 2023, \$46,100 once again was budgeted while \$106,100 was expensed by the end of the fiscal year. Can someone explain the overruns, I guess?

**A. PARSONS:** The overrun was that we attended far more conferences than I think the department has ever done in history before. The big one being that we've always had a presence at OTC, things like that. The big difference last year was obviously the hydrogen conference in Rotterdam, for which there was a significant Newfoundland and Labrador presence. There was a World Petroleum Congress hosted in Calgary, I

think they do it every number of years. This was the first one in some time, so we played a role there and has attendance at that.

The other thing too is that we were facing some pressure having technology as part of the IET. We were a part of Bio in Boston as well as Oceanology over in Southampton.

We're getting some pressure from the tech community: the health tech, med tech, you name it. They want us to have a presence there and we've gotten solid feedback, so definitely we've gone to far more.

As to why the budget is the same thing, I asked the same question because we don't plan on not going back to these. We want to have a maintained role at these opportunities. In fact, I know OTC is coming up next week and Rotterdam the week after. There is probably going to be a bigger contingent in Rotterdam from the province as a whole than every before.

So I guess we'll cross that bridge when we get to it. But I don't figure out where the numbers come from, but I will say that we had attendance at a lot of opportunities this year.

**L. PARROTT:** Same line item, Salaries for the department are being increased despite coming under budget last year. Are there new hires or is it ...?

**A. PARSONS:** I think that might be the negotiated salary increases and routine salary adjustments. Not to mine, I know it's a sensitive topic, apparently.

**L. PARROTT:** You're in control.

1.2.01, Executive Support: The division overran their salary estimates by \$130,000 last fiscal year. Can you explain the overrun?

**A. PARSONS:** I think it is the same thing. I think it is the negotiated salary increases and routine salary adjustments. This part I

think has 18 positions in it, if I got that right: deputy, associate deputy, ADMs, executive directors. So when you combine all that, I think that explains the difference there, is my understanding.

**L. PARROTT:** Property, Furnishings and Equipment overran by \$9,600 last year and there was a budget increase for \$3,900. Is there justification?

**A. PARSONS:** Yeah, so last year there was an admin assistant desk replacement and ergonomic desks and chairs. There was some changeover in staff, which would explain the overage. This year – maybe I'll ask Phil – I'm not sure why it's going from the \$1,100 up to \$5,000. Is it the same thing?

**P. IVIMEY:** Yeah, so we reprofiled some additional funding. We moved money from Purchased Services down to PF and E to increase it a little bit, just to account for some of those additional expenses that might be anticipated in the next fiscal year. Because we've noticed that some of the costs of furnishings and equipment and stuff like, just due to inflation, are a lot higher than what they used to be. So we're trying to right size the budget there and make sure that we've got enough next year and we don't go over.

**L. PARROTT:** 1.2.02, Salaries: Division overran Salaries in Estimates by \$110,000 last fiscal year. Any explanation?

**A. PARSONS:** Same thing, the negotiated increases, and just so everyone's aware, there are 35 positions under this, whether it's finance and operations, policy planning, Information Management, Marketing and Promotions, so when you add up those 35, I think that's what comes up with that number.

**L. PARROTT:** Okay.

Employee Benefits came in \$2,700 under budget at the end of '23-'24. Why is the

department keeping a multi-year trend of maintaining or increasing benefits despite under-budget realizations?

**A. PARSONS:** This one actually I think was – what I have here – lower than anticipated fees for seminars and conferences. So contrary to our travel increased, there are certain places where it increased, and this one it was not. I think there were some training components that might not have happened, so that would explain the \$2,700.

**L. PARROTT:** Can you just give me an outline as to what the spend of \$122,000 budgeted for Transportation and Communications is going to entail this year? Is it more overseas travel, conferences, different ...?

**A. PARSONS:** Yeah, so same thing. There are more conferences basically now with the advent of wind, hydrogen, offshore wind, things like that. Even the travel to go deal with the MOU on the offshore here, going up to Ottawa, dealing with that part has increased.

This year, we have the same ones: OTC. There was actually CERAWEEK in Houston in March. There's Rotterdam. So it's the same ones. I'm not sure if there are any new ones this year.

**J. COWAN:** Well, I guess there are always new opportunities, but right now I don't think there are any new ones. A lot of this budget would actually be for the Marketing and Promotions group, so they're the ones that travel to the shows and man any booth that we have, so they tend to be on the ground longer.

**L. PARROTT:** Okay.

This isn't a political question, it's going to sound like it, so I'm going to line that out. In Estimates I've been in, Transportation and Communications have all gone over, year over year, and it seems to be a trend since 2019 when I came here.

Do the departments look at the affect the carbon tax has on the transportation side of things and budget into it? Because we have never had that discussion about what the carbon tax costs government. Has it ever been a consideration, internally?

**A. PARSONS:** Not in our shop. I'm not saying it's not discussed elsewhere. I can honestly tell you I have zero insight, zero thought. We look at it and say: Where are we going? But that hasn't been a factor in that.

It always comes down to us: effectiveness. Are we going somewhere? Is it a waste of time?

**L. PARROTT:** Yeah, I'm not saying not to go. I'm just wondering.

**A. PARSONS:** No, no, I get you, but no, we haven't had that conversation.

**L. PARROTT:** Okay.

There was a \$98,400 overrun in last year's Purchased Services and this year there is an \$8,800 increase. Is there ...?

**A. PARSONS:** I think that would have been the expenditures associated with trade show activities were a bit higher. The Hydrogen Convention, which was new, we had a significant presence at that, along with other provinces.

This year, they've got it increased still below that, but the World Petroleum Congress won't be happening this year. We won't have a contingent at that so hopefully that puts it in the right ballpark.

**L. PARROTT:** Okay.

**CHAIR:** Okay, we're going to move to the Member for Labrador West.

**J. BROWN:** Thank you, Chair.

I have just a few basic questions out front. Is there any work being done under the, I guess, business development side for any increase in airline and air route activity within the province.

**A. PARSONS:** I'll probably refer to Julian.

What I can say is that it's a very active conversation that we are having when it comes to just air access to and from this province, both internally and outside. Again, we do that in conjunction, obviously, with Tourism as well. In a lot of cases, they lead the conversations. We play a significant role.

I'd say Minister Crocker probably deals with it more than, say, me, but ADM Ludmer is an active part of those conversations. I mean, last year we worked on the connection to London, now we are working on further connections.

Anecdotally, what I can tell you is my conversations with my counterparts in other provinces and states is basically everybody is being forced into this. I was talking to my counterpart in Saskatchewan, they have done this for Los Angeles, for Atlanta, for Minneapolis and they're working on more of these rate guarantees.

Now, internally, in the province, it's not as much us because we deal primarily with trades, so you're thinking outside, but it's a constant conversation even internally as well.

I don't know if ADM Ludmer wants to expand.

**J. LUDMER:** Yes, I can confirm everything the minister has said and add that we are having pretty regular discussions now with TCAR, with airports and with airlines to the extent we can. We are chasing additional international routes and domestic routes, intra-provincial routes as well are being discussed, so we're trying on all fronts to expand air access.

**J. BROWN:** Okay.

**A. PARSONS:** There are two things I'd like to add there.

The biggest issues we face is not the negotiations; it's the lack of equipment. That's the biggest issue that we consistently hear. That they want to do something but trying to get the planes, that's still not caught back up from a couple of years ago.

The other one is – hearing it more going to these conferences – the difficulty in which it takes to get to this province, sometimes I think has an impact on opportunities, when people have to have multiple connections internationally to get here, so that's something worth keeping a close eye on.

**J. BROWN:** Thank you so much, Minister.

What initiatives will be launched this year to improve cell and Internet access in underserved parts of this province.

**A. PARSONS:** I'll probably defer at some point to ADM Mansour, but what I would say is we got a couple of different ones that we're moving forward with. One is a similar one where we do small cell, where we put an EOI out to communities to see who's interested in improving, and it's sort of a three-way partnership between the provider, us and the community. So that's happening. We're talking very underserved communities, but also very small populations.

One difficulty I will point out there is that it's getting increasingly harder for some of these communities with their tax base to come up with their small portion of that. It's also getting very hard with the providers to get them to be a part of this as well.

We are working on some, I would call them sort of different initiatives, including not so much – cell coverage is one thing, but now we're working on the possibilities of hot spot coverage, which I think there was

something done up in Goose at one of the depots this year where you know there's a spot you can stop and get Wi-Fi access and things like that. Those tend to be more cost effective.

It's hard. I always use the Burgeo road as an example. It's a 150-kilometre desolate stretch. I don't think full cell coverage is a possibility and I don't think anywhere in the world it is. But if we can find a way to split that with access points, it's going to make things a lot easier and a lot safer.

So I'll defer now to the ADM to talk about maybe the latest initiatives and just where we've gotten on them.

**R. MANSOUR:** So starting with cellular first, we have had two cellular calls in 2018 and 2021 and IET put an investment of \$2.4 million. We leveraged \$7 million from partners, including federal government. We served 21 communities and all of those are completed except for one, which is Pouch Cove.

Most recently, in 2023, we allocated \$2 million and we put out a call. As Minister Parsons points out, we're at the point now where we're trying to work with the communities on the under-resourcing that they have. So we did a two-phase EOI, one with communities in which we got 34 submissions, and then with providers, in order to assess the costing given these constrictions. Negotiations are now currently underway with the providers on that most recent bid in order to create a cost-effective solution for everyone.

On Wi-Fi access: In 2022, we released our connectivity strategy. IET put an investment of \$20 million and the federal government put an investment of \$116 million, so we have a total pot of \$136 million. That has been fully allocated and awarded and work has started in communities. We expect that to be completed in '26-'27.

When that's complete, we anticipate that 99 per cent of Newfoundland and Labrador will have 50/10 service, so high-speed service.

On some of the points that Minister Parsons talked about, for example, the major roadways, we did a request for proposals. We put that out in December and it closed, I believe, in February. We got no bids, so we actually tried to even allocate some extra resources to entice providers in order to bid. As Minister Parsons points out, there are a lot of cost constraints for providers in order to be able to do that.

So we are exploring a hot-spot option. As Minister Parsons points out, Burgeo Highway is an example of where we need to examine and be a bit creative because, for example, wind will blow away some of those things. We know that TCAR has done it with depots and we're exploring similar options, but also some alternative options that may not be appropriate for the geography of that region.

So that's what we're doing currently.

**J. BROWN:** Perfect, thank you so much.

**R. MANSOUR:** No problem.

**J. BROWN:** I've noticed here under 1.2.02, it says that the financial and operations activities of Fisheries, Forestry and Agriculture are also captured here. What's the rationale for that?

**A. PARSONS:** That's a great question. Phil is actually the controller for that department as well, so I'll let Phil answer that one, I don't know.

**P. IVIMEY:** Yeah, there are a couple of departments across government that do have a shared resource for Finance and General Operations between multiple departments, this one being one. So I service IET as well as Fisheries, Forestry and Agriculture. My Finance and General

Operations group, we provide support to both departments.

There are a couple of other cluster groups, I think TCAR and I think MPA and Executive Council as well, there's one controller that would oversee those operations and stuff like that, too.

**J. BROWN:** Okay, that makes sense. It just caught me off guard, so I figured I would just ask.

Thank you so much.

Recently, the department signed a \$160,000 contract for three years with Displayco of Calgary for Expedition Management services in Houston and has an option for a two-year renewal. Is this common for the trade show industry for us to contract out something like that?

**A. PARSONS:** So on that one I'm probably going to have to defer to somebody, I don't know who would – Nena got that?

**OFFICIAL:** Yeah.

**J. COWAN:** Or me.

**A. PARSONS:** Or John?

**J. COWAN:** Yes, we normally have, I guess, agents who would typically go to trade shows. So we would put out an RFP. Most of the contracts that we have are long-standing contracts. People that we have a lot of experience with, but obviously who ever is the best bid wins, but it is normal for us to have people contracted who have experience in those locations.

**J. BROWN:** Okay, perfect. I just saw that there and I figured I'd ask.

Perfect, I'm done with this section. Thank you.

**L. PARROTT:** 1.2.02, under Property, Furnishings and Equipment, we saw an

overrun of 2½ times the budgeted amount. What caused such a high overrun? In this year's budget, there's a \$2,200 increase.

**A. PARSONS:** I think the variance is due to payment for equipment that was acquired in the '22-'23 fiscal year. However, due to invoicing issues with the vendors, some invoices were not paid until the '23-'24 fiscal year.

**L. PARROTT:** Okay.

**A. PARSONS:** As for the increase there, going back to Phil's previous answer, there's probably some rightsizing going on there, is probably the best way to put it.

**J. COWAN:** Yeah, so we also purchased a new plotter and scanner, that was an expensive piece of equipment, again because of Marketing and Promotions and the work that they do.

**L. PARROTT:** Okay.

Mr. Chair, what were the line items again? What was the last one?

**CHAIR:** 1.2.03.

**L. PARROTT:** So 1.2.03: What were the causes of fiscal year '23-'24s \$440,000 expense?

**A. PARSONS:** So Alex might jump in on this after.

We purchased equipment under the provincial Critical Mineral Strategy. So there was a lab analytics machine, gamma-ray spectrometer, X-ray fluorescent spectrometer – did I get that right?

**OFFICIAL:** Yeah.

**A. PARSONS:** Yeah, a laser-induced breakdown spectrometer. So that's a one-time purchase of equipment to go with that announcement last year.

**L. PARROTT:** Just back to one of the questions that my colleague asked about connectivity and cellphone service across the province. Jurisdictions around the world are constantly reporting that wind towers are having an effect on their cellular service. Has there been any consideration to that here for the province with what we have coming?

**A. PARSONS:** I can honestly say it has not presented itself as an issue in the department. When I say that, I have not had a single call on that. If it were to be an issue, then it would be something we would look at. But, right now, we are basically focused on trying to increase coverage with increasing costs, declining population in some of these areas, and a recognition that in some cases, it comes down to a cost analysis. I mean, some of the figures you see are scary.

Again, having been someone who gets an opportunity to go outside the province and see what goes on elsewhere, it's always the grass is greener on the other side. It isn't. It isn't better everywhere else, not even by a long stretch. Whether it's in the States or Europe, there are many places that are just as disconnected or poor serviced, but that doesn't mean that we don't want to have it because it's an expectation now.

**L. PARROTT:** Yeah.

No more questions on this heading.

**CHAIR:** Okay.

I'll ask the Clerk to read the headings.

**CLERK:** Executive and Support Services, 1.1.01 to 1.2.03 inclusive.

**CHAIR:** Shall these headings carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Motion carried.

On motion, subheads 1.1.01 through 1.2.03 carried.

**CHAIR:** We will move on to the next set.

**CLERK:** Mining and Mineral Development, 2.1.01 to 2.1.03 inclusive.

**CHAIR:** The Member for Terra Nova.

**L. PARROTT:** Thank you, Chair.

2.1.01: Despite coming in \$350,000 under budget, an additional \$790,000 has been budgeted for Salaries compared to the '23-'24 Estimates, what's the justification for the increase?

**A. PARSONS:** I'll probably get Alex to jump in with some more detail.

There were some vacancies here that would explain the, sort of, underspend this year, trying to get some of these positions filled. An additional part is additional funding that's going with the Critical Mineral Strategy and there is some funding for a lab-specific geoscience program that was approved, I think, in last year's budget; plus, the additional salary increases and adjustments that we mentioned in previous headings.

Did I get that right, Alex?

**A. SMITH:** Nailed it.

**L. PARROTT:** The division is budgeting an additional \$9,000 for Employee Benefits this year, what's the cause of the 60 per cent increase?

**A. PARSONS:** I think that ties into the same thing. This year, with the additional funding going under critical minerals, you'll see that spinoff there of additional funding required for employee benefits to go along with that, sort of, planned increase.

Right?

**A. SMITH:** Yes, the new Critical Mineral Strategy includes four new geologist positions and three new student positions for the summer. So with those additional positions, they attend additional conferences and such.

**L. PARROTT:** Okay.

The division is budgeting \$1.73 million for Transportation and Communications for the upcoming fiscal year despite coming in \$295,000 under budget in '23-'24. What are the additional costs the division expects this coming year?

**A. PARSONS:** The decrease was less-than-anticipated helicopter usage which I think was weather related, is my understanding, but Alex can touch base if there's more detail required.

The increase is the same thing. With the Critical Mineral Strategy there's just a shade under \$500,000 budgeted there, as well as \$414,500 associated with the lab geoscience. The same thing, most of the increases you see there are going with that plan that we just announced prior to Christmas.

**L. PARROTT:** Okay.

The division is doubling its Supplies budget to \$372,500. What's the justification and what caused last year's budget overrun of \$31,000?

**A. PARSONS:** The Supplies last year, there were some expenditures associated with the implementation of the strategy, which we did prior to Christmas. Then this year, the increase is the same thing, it goes to the Critical Mineral Strategy as well as the geoscience program that was approved.

**L. PARROTT:** The division is increasing it's Professional Services budget by \$45,300 in

the coming fiscal year. Can you outline what expenses this is going to cover?

**A. PARSONS:** So the same thing. It is additional expenditures associated with the implementation of the strategy, but maybe Alex can go and give a little bit more detail on what maybe our plans are might be a good idea because everything I am say here is that it is all increases due to the strategy, which it is, but Alex can talk a little bit more about what the plan is.

**A. SMITH:** The main focus of the work we're doing under the Critical Mineral Strategy with the geological survey is related to machine learning and artificial intelligence, really trying to train the computer to see patterns in analytical results. These Professional Services are related to help with some of the fine tuning of this computer work.

**L. PARROTT:** Is there a total estimate as to what the Critical Mineral Strategy is going to cost overall?

**A. PARSONS:** What did we announce?

**A. SMITH:** Overall, it was \$4.3 million for the strategy; \$1.3 million of that is for Junior Exploration Assistance; \$3 million is for Geological Survey work. But in this particular budget, because we spent some of that money on equipment last year, we're only looking at about \$1.3 million for the survey this year.

**L. PARROTT:** Okay.

Purchased Services were 5½ times over budget last year. What caused the high expense and what justifies this year's \$100,000 increase?

**A. PARSONS:** Do you want to touch on that?

**A. SMITH:** Again, when the plan was approved last year, we bought some equipment that would be needed for the

field work. So there was the capital equipment that was identified earlier, but as well there were some supplies, some field analytical sampling equipment that was bought in anticipation of the critical minerals work.

**L. PARROTT:** Is there any outline to the \$145,000 unbudgeted expense for Property, Furnishings and Equipment and can we expect a similar overrun this year?

**A. SMITH:** There should be no further purchases like that. That was to set us up for the program.

**L. PARROTT:** Okay.

2.1.02: There was a \$55,000 overrun in Salaries last year.

**A. PARSONS:** Same thing. That was the salary cost increases, negotiated and otherwise.

**L. PARROTT:** Okay.

Despite coming under budget two years in a row, Transportation and Communications budget remains the same. Is there any reason why we're not reducing it?

**A. PARSONS:** So that ties into the same thing as the last heading, the lower than anticipated helicopter usage. We're not actively lowering it, it's just if you can't get the chopper up, you can't get it up. The plan is to keep doing what was planned.

**L. PARROTT:** So is that like a standing offer type contract with a helicopter company or is it ...?

**A. SMITH:** Transportation and Infrastructure coordinates a provincial contract for helicopters. They have a booking service and we book hourly when we can get it. We're just charged an hourly rate based on that contract.

**L. PARROTT:** Okay.

There's a five-fold overrun in Professional Services allotment for last year.

**A. PARSONS:** So I think that was due to Moneris fees being higher for online payments for claim staking being higher than anticipated.

I don't know if Alex could jump in on that one.

**A. SMITH:** The overrun on Professional Services is related to the Mineral Rights Adjudication Board. Then there's an overrun on Purchased Services next that's related to Moneris fees that are charged to the department.

**L. PARROTT:** Well, I won't ask my next question.

What was the cause of the three-fold overrun for Property, Furnishings and Equipment?

**A. PARSONS:** I think that was we had to get some laptops to replace some outdated desktops.

**L. PARROTT:** Okay.

2.1.03: Since the Transportation and Communications allowance has not been fully extended for the last years, again, is there any reason why we're not reducing?

**A. PARSONS:** So this one's also tied in, I believe, to the helicopter usage. It's just a year last year where across the board on all three we're not getting the chopper as much as we would like to. But there's no plan to reduce that.

**L. PARROTT:** So everything comes from a different pot? It's not an overall budget for helicopter usage?

**A. SMITH:** All our budgeting is zero-based, so it's based on the program we have. For mineral development this past year, our helicopter – we saved money by sharing a

flight with Industry, is the reason we had savings there.

**L. PARROTT:** Okay.

A \$50,000 overrun in Professional Services, is there an explanation?

**A. PARSONS:** The variance was due to higher than anticipated Professional Services work required for orphaned and abandoned mines to meet Canadian Dam Association guidelines.

**L. PARROTT:** Purchased Services consistently come under budget. What accounted for the expenditures in this category last fiscal year? Could the amount allocated potentially be reduced?

**A. SMITH:** The way our budgeting is for our orphaned and abandoned mines, we have \$55,000 budgeted for Professional Services – I'm doing some math in my head here – \$49,000 and \$45,000 for Purchased Services. Depending on the type of work we do each year, that might be moved from Professional Services to Purchased Services. If it is a straight up fence repair, we don't hire a consultant to do the work. We repair the fences.

**L. PARROTT:** Okay.

What will the additional \$1.3 million allocated for Grants and Subsidies be used for?

**A. PARSONS:** So it has to do with the Critical Mineral Strategy, \$1.3 million going into that. That's the overlay, I guess. I don't know if there are anymore specifics to add.

**A. SMITH:** Yes, it's Junior Exploration Assistance specific to projects that are targeting minerals that are on the provinces critical mineral list.

**L. PARROTT:** That's the last subheading.

Yeah, I'm good on this one.

**CHAIR:** The Member for Labrador West.

**J. BROWN:** Thank you, Chair.

How many geological surveys were undertaken last year? Can you provide us with an overview of what knowledge was gained from these surveys?

**A. SMITH:** I want to preface this by saying that I'm an engineer and those folks are geologists and much smarter than I.

Last year, there were 10 different programs on the Island and six in Labrador. They ranged from geophysical surveys to soil sampling to detailed bedrock mapping.

**J. BROWN:** Perfect.

Was there any increased uptake in the prospector program?

**A. SMITH:** The Prospector Assistance program was actually down a little bit this year. But this year we were also able to work with the College of the North Atlantic. The college launched in November a pilot program for a combination of virtual and on-hands training for prospectors. There are 57 prospectors that signed up for that. The field component of that training is happening in June so at the end of June we should have 57 new prospectors that will be coming in looking for grants so we're expecting an uptake in Prospector Assistance.

**J. BROWN:** Yeah, perfect.

You answered my second question here because I had quite an old prospector, he's about 75 years old now, and he talked about how there are no new people in the field anymore like there used to be.

Under the Junior Exploration for the small companies, has there been an increase in smaller-scale mining exploration coming into the province given the critical minerals program?

**A. SMITH:** I'm just running with it at this point.

Over the last few years, there's been a real increase in exploration activity in the province. A lot of it driven by gold in Central, but a fair bit by critical minerals as well. Gold continues to do quite well, especially the big companies. But, generally, exploration worldwide is having some difficulties in raising funds to do the work.

So we have had a downturn this past year in the number of companies participating. But we have a program with ACOA for extra Junior Exploration Assistance targeted at critical minerals and it was fully implemented. So we're still quite active and doing well and we're excited about the potential for critical minerals.

**J. BROWN:** All right, perfect. Thank you so much.

Can we get an update on the Julianne Lake and if that's going back to RFP?

**A. PARSONS:** That's an active, active conversation. The plan, I think, is to advance that file soon. I can't give you an exact timeline, it's sort of out of my control a little bit. There are some factors we must keep in mind when we're doing something like that. But the plan is to see what the interest is in Julianne Lake.

**J. BROWN:** All right, perfect.

The same question for Strange Lake?

**A. PARSONS:** Strange Lake is not a conversation I have as much as I have one on Julianne Lake. But I think Alex or Paul or John could probably talk about it.

**A. SMITH:** Strange Lake certainly is of interest, but we've had some informal conversations with the Nunatsiavut Government who have rights in that area. They're not interested in this particular time in advancing it. They are very interested in

the potential and the opportunity there, though.

**J. BROWN:** Okay, yeah. That's fair enough there.

I guess going back with Nunatsiavut, too, can we get an update on uranium exploration there in south Northern Labrador, I guess?

**A. SMITH:** I know that there's been some difficulties in getting approval to explore for uranium in South Central Labrador. We're continuing to work with the company on that in dealing with the Indigenous groups.

**J. BROWN:** Okay, fair enough.

Can we get an update on Search Minerals and how's that going?

**A. PARSONS:** Search Minerals, it's funny, I haven't actually read the article yet, but there was an article on allNewfoundlandLabrador last night. It's a corporate issue, it's an internal issue. So we're quite aware, we do get calls on it. But it's not our place to insert ourselves at the moment.

What I would say is that we are very interested though. I'm personally interested to see where this goes. We realize the importance of the site, but I think Search needs to figure out what's going on there with their board and everything else and then we'll be in a better spot to sort of get a new update.

That was really active, say, in my first couple of years and then the last year, I think everything got a little bit sideways. That ship needs to get righted and then see where we are.

**J. BROWN:** All right.

How's the lobby with the federal government for high-grade iron ore added to the critical minerals list?

**A. PARSONS:** It's active. I mean, one of the best things that happened for us on that was to, obviously, have Quebec come on board and make the same play. I know there are conversations that still are ongoing in terms of where we are. That's a good question. There has been no decision made on that. We'll continue to lobby. We think it fits in with what the federal government wants and should want. Other than that, I don't know if there's anything to add at this point.

Whenever you're dealing with the bureaucracy of the federal government, it's always a really fun process. What I would say to you is – and you would know this, actually both of you, given your backgrounds in Labrador and in mining and knowledge – that one thing got us more attention in the last six months than just about anything else we've done, and globally. I mean, we've had various countries and jurisdictions, they know this, they have our critical minerals plan and they saw that and that was right up their alley. It's a massive, massive thing and, again, all the credit goes to the staff for advocating and putting it in ours. Quebec obviously saw it. So now we need the feds to get there, but it's like anything, we keep pushing it.

**J. BROWN:** Perfect. Thank you so much.

I guess this one is probably different than the last question, but given that the department uses in-house laboratory work, how much outside laboratory work does the department use for mineral analysis?

**A. SMITH:** We do use external labs for more specialized, specific analysis that it just wouldn't make sense to try to have that capacity in the province. I don't have the number off the top of my head but we certainly can provide that.

**J. BROWN:** Perfect. Thank you.

That's my final question. No, one more, sorry.

How many claims were staked last year by prospectors and has it resulted in any more from the exploration companies?

**A. SMITH:** We don't actually breakdown claims that were staked by prospectors or companies, but I can say that last year 24,000 were staked. That is down from – I think in 2021 we had 100,000 and in '22 about 28,000, but it is still much higher than historic. So we have, in total, 176,000 claims that are staked province wide.

**J. BROWN:** I misspoke, I have two more questions on this.

Can you provide an overview of currently how many mines are in the development phase or close to the development phase?

**A. SMITH:** In development phase, I mean, the biggest one right now is Calibre Mining, formerly Marathon, at the Valentine Lake project. I think they said they were 63 per cent in a conference I was at last week. They're our most advanced. We have Canada Fluorspar who continue to work towards restart. Maritime Resources, they have a prefeasibility they've obtained. Maritime has the Hammerdown project that has been released from EA, it is fully permitted. They've also purchased Signal Gold's Point Rousse Project. So they're looking at how those can work together to make it more economic. Champion, of course, just released the prefeasibility study. They have yet to register for EA, I don't think, but they continue to advance and that looks positive. Atlas Salt, their salt project was just released from EA. They've got a feasibility study but have not made a decision yet on the sanction of the project or not.

**J. BROWN:** Okay. That's fair. Thank you so much for that update.

And last: Does the government currently hold any liabilities for orphan and abandoned mines? How much and how is

that handled with the liability for those abandoned mines?

**A. SMITH:** We do hold liabilities for orphaned and abandoned mines. They're by definition former mine sites that the operators aren't around anymore. One hundred per cent of them date back to the period before rehabilitation standards and environmental considerations were part of it.

The total liability for the sites that we have, an estimate for closure costs, that's reported through the public accounts, I'm not exactly sure what the number is yet. But there is a scattering of smaller sites across the province that we don't think there is big liability there, but we actually haven't done the studies yet to determine.

**J. BROWN:** All right, perfect. Thank you so much, Alex.

**CHAIR:** The Member for Terra Nova.

**L. PARROTT:** Just two questions.

The first question is around, I guess, future potential projects, current projects. We refer to green steel and other green sources when we're talking about these projects and we know that, right now, from an electrification standpoint, we don't have the energy to supply new start-ups.

Voisey's Bay is just in the middle or close to completing a wind energy project up there, which takes some of the power off the grid. Labrador West is looking for expansion and if you go to Fermont, you see what they're doing up there, which makes us as a province look silly, based on access to power, I guess.

Is there any kind of a strategic plan, because it's not just green steel the world is going to want. They're going to want everything that comes out of our ground to be environmentally friendly. So, I guess, what's next? I mean, how do we get power

to these companies that are utilizing thermal generation and other sources?

**A. PARSONS:** Yeah, there is actually a study going on right now through Newfoundland and Labrador Hydro. They are leading it and working with the companies to see what that actual demand is. They're moving forward – and they had to pay to be a part of this as well. So number one, to see what the demand is, which I think we have an idea, and the second part is to figure out who wants to play ball and what are the best options.

We expect to have that back soon. I don't know if either of the gentlemen next to me have a timeline on that, but what I would say to you is this, that's the biggest issue that we face in Labrador. It's not an issue in the negative sense. It's an issue in the positive sense, that we have all this demand for the power. We have the power opportunities. It's just about how do we proceed in that, what's the smart choice to make.

You know, we also look at the bigger question, too, 2041, those conversations that are going on. So they're not small. They're big topics, big costs, big dollar figures for these, but that's where we're headed.

It's going to be an interesting year from that perspective to see where we go, keeping in mind all the other stakeholders that we have to keep conversations ongoing about that as well.

**L. PARROTT:** Okay.

One last question. From a community benefit standpoint, we build these projects – and I'll refer to Calibre just as an example, not as, I guess, a whipping boy – we talk about community benefits and we say 90 to 95 per cent local employment and local benefits and all that good stuff, but we don't break down that package by tender and it allows companies to circumvent the whole

premise. I say that based on if they're bringing in lower-paid people, i.e., the people who do the housekeeping and stuff at these camps and that, and then they're bringing their technical people from away, I think this province suffers from it.

Whereas, if we were to break down community benefits and enforce it per tender package that went out, it would allow us to have more control and utilize the employees that we have here in this province and make sure that the benefits were staying right here.

I guess it's two questions, really. Has the department looked at this type of an approach and how hard are we actually lobbying to get community benefits in place for all of the province, for all projects going forward?

**A. PARSONS:** So a couple of things and, again, I'll defer to Craig and Nena on this one as well because they do the active work with companies and operators and people like that. We deal with it from a provincial benefits point of view. I mean, if you're going to get into community benefits, that can be a different ball game. Just look at this province, just look out in the Come By Chance area, how many communities are you dealing with out there have become an issue. When we get into tender packages and stuff, that's probably a little more granular than I'm dealing with where I am.

Look, there are issues with everything, every jurisdiction will probably be able to report back something and say, should we do this or should we do that? But, overall, I think it's working well. I have just been out in Come By Chance last week, in that case there were no bodies left in this province to put to work. Every person that they could get – it's the only time I've see a union and the company work so well together and have that relationship.

I'll defer now to Craig and Nena maybe to add a little more substance to that but that's where I would go.

**N. ABUNDO:** When we have benefits agreements with projects, they are all very, very specific to the project. In doing that, they have commitments around procurement and around how they actually demonstrate those and there's a lot of reporting that comes into the province. We can't release all of that on a case-by-case basis, obviously, because of commercial sensitivities but we do monitor whether it's oil and gas or mining or upcoming wind projects, they will be monitoring. We investigate any complaints that we have and get in there to ensure that companies are meeting their commitments.

Sometimes there may be expertise that's not available in the province or other things that happen where they may have to go outside, but we are monitoring and working with companies to ensure that they are meeting their commitments and maximizing benefits to the people of the province.

**L. PARROTT:** Okay. Thank you.

No more questions.

**CHAIR:** No more questions.

The Member for Labrador West.

**J. BROWN:** I'm good.

**CHAIR:** You're good?

Seeing no further questions, I'm going to ask the Clerk to call those headings.

**CLERK:** Mining and Mineral Development, 2.1.01 to 2.1.03 inclusive.

**CHAIR:** Shall these headings carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, subheads 2.1.01 through 2.1.03 carried.

**CHAIR:** We'll go to the next heading now. I'll ask the Clerk to call the headings.

**CLERK:** Energy Development, 3.1.01 to 3.1.09 inclusive.

**CLERK:** The hon. Member for Terra Nova.

**L. PARROTT:** 3.1.01: What the cause for this year's salary increases?

**A. PARSONS:** There were vacancies last year, which explains the discrepancy on the lower end there. This year is the negotiated salary increases and routine salary adjustments that puts it above where it was anticipated.

**L. PARROTT:** Have those positions been filled?

**A. PARSONS:** Where are we on that?

**C. MARTIN:** Positions, at this point in time, there have been positions filled but there have also been vacancies. Essentially, what falls under here is our energy policy group from an electricity perspective, there's also our renewables group is under this section, Susan's shop. So we had a combination of, we've been staffing up on the renewable side, but we've had some people also exit and people moving in. Generally, we've been at a full complement but, at any point in time, we're not.

**L. PARROTT:** Okay.

Is there any reason not to reduce the Transportation and Communications budget considering the multi-year under budget performance?

**A. PARSONS:** That's a good question.

We always anticipate that we're going to use it. It's one of those things where we have it budgeted, we plan to use it, we want to use it. So we don't want to decrease that amount because the situation sometimes, too, is that when we need it, if it's not there, it becomes a difficult consideration.

**L. PARROTT:** Just give us a brief idea of what accounted for Professional Services expenditures this year.

**A. PARSONS:** I'll defer to Nena or Craig on what the expenditures under – oh, Susan. Sorry, Susan.

**S. WILKINS:** For Professional Services, we had to contract several external third-party advice for the competitive call for bids: a fairness advisor, a financial analyst, a business analyst, a risk and project management analyst to help the evaluation committee so it was a fair and transparent competition.

**L. PARROTT:** Okay.

What expenditures fell under Purchased Services and can this be, I guess, another example of an allotment that could probably be reduced based on multi-year under budget performance?

**S. WILKINS:** Sorry, can you repeat the question?

**L. PARROTT:** Yeah, it's 3.1.01. What expenditures fell under Purchased Services and it's another trend of multi-year under budget performance. I'm just wondering if there's any opportunity to decrease the budget in that department.

**S. WILKINS:** I'd have to defer that to Phil.

**P. IVIMEY:** The majority of expenses that you see under there under Purchased Services are for kind of routine operational items like Xerox copier rentals and there's a little bit of money there for some space for training and workshop sections and those

types of things. It was a little bit lower this year, I guess, primarily because Susan's group were engaged in the RFP process. So some of those funds might not have been utilized to 100 per cent of their capacity, but, again, we're planning for that next year.

**L. PARROTT:** Grants and Subsidies: Just wondering if I can get a brief overview of what the expectation is where Grants and Subsidies go.

**C. MARTIN:** So these Grants and Subsidies relate to the strategic plan diesel subsidy rebate program in Labrador. So they generally run in that range. Again, they were \$2.5 million last year and we've got the same budget this year. But this is still subject to the decision that happens each year. So the current program is only in place to June 30. There will have to be a decision between now and July 1.

**L. PARROTT:** Okay.

3.1.02: Last year's revised Salaries expenditure was \$650,000 less than the budgeted amount but the budgeted amount has not changed. Again, is there a possibility for a reduction or is this just positions not filled?

**C. MARTIN:** This is what we were talking about earlier when you asked a question about how the natural gas resource assessment was moving along. So the natural gas resource assessment project falls under this particular subhead. In this case, this was a new initiative in '23-'24, as a result, the budget never actually got approved through the House until June and then we had to start-up in terms of the actual recruitment of staff and issuing contracts and purchasing of equipment. So the project itself never really got under way until around September. As a result, we didn't complete the project last fiscal year and this is part of the funds that have been carried forward to this fiscal year to complete the project.

**L. PARROTT:** Okay.

There is a consistent multi-year under budget performance in Transportation and Communications here too. Has there been any thought in reducing the budget expenditure?

**C. MARTIN:** Most of this subhead relates to the same thing. The additional funding is there from a natural gas resource assessment. The intent is, once the assessment is completed, we plan on actually using it at trade shows and such so there will be additional travel for the staff in order to present on this. However, unfortunately, the project has not progressed as far as we anticipated last fiscal year.

**L. PARROTT:** Is there a timeline on the completion of this study?

**C. MARTIN:** Yes, the project is planned to be completed by the end of this fiscal year.

**L. PARROTT:** As a part of that study, I guess all the key offshore stakeholders are a part of it. Is that fair to say?

**C. MARTIN:** No, the study is primarily being done in-house. We have access to the geoscience, the subsea data and that for all of the projects. So we currently have six geoscientists working on this project, internally, all under contract. We've also additionally got contracts issued to companies in Alberta that are actually supporting their work as well.

**L. PARROTT:** We don't engage PRNL for any of that kind of stuff?

**C. MARTIN:** No.

**L. PARROTT:** Okay.

What accounts for the \$41,000 overrun in Supplies last year?

**C. MARTIN:** This, again, relates to the project. This is to do with professional service contracts that we require for that assessment. So, essentially, it's a reallocation of the money. The budget was in place from the project perspective, but I believe a bulk of it was in Purchased Services and had to move into Professional Services to cover off those contracts.

**L. PARROTT:** Okay. I'll make the assumption that's why there's a fourfold overrun in Professional Services this year, too.

Why was last year's Purchased Services allocation under expended? I guess the same answer?.

**C. MARTIN:** Yes, a combination. It would be a delay, but there's also some savings there as well as we went out to contract and purchased licences and such. We're able to get better prices on certain things where we were buying four additional licences.

**L. PARROTT:** Why has Property, Furnishings and Equipment been allocated 10 times over last year's original estimate?

**C. MARTIN:** This one also relates to the natural gas assessment project for '24-'25. So, again, it's a reallocation of the funding based on the actual expenditures seen. So the money was there from an overall budget perspective, but it's moving out of one area to another.

**L. PARROTT:** So the Property, Furnishings and Equipment has or hasn't been purchased if it started last June?

**C. MARTIN:** No, this is additional money for this fiscal year. That's to continue the licensing.

**L. PARROTT:** How many people are employed under that program?

**C. MARTIN:** In the program itself, there are six additional staff hired for this program.

The division itself consists of five individuals.

**L. PARROTT:** Okay.

3.1.03: What are the Grants and Subsidies going to provide this year?

**A. PARSONS:** This is 3.1.03?

So the C-NLOPB?

**L. PARROTT:** Yeah.

**A. PARSONS:** So this is for the operation of the board, which is 100 per cent cost covered from industry. The increase this year is due to a couple of things. One, the changing of their software. They're doing some digital technology additions. The other big thing for them is the expanded mandate under the renewables, which is coming. So I think that's the reason for the increase there.

**L. PARROTT:** Okay.

3.1.04: The last fiscal year, the Salaries expenditure wasn't fully used. Will it be used this year?

**A. PARSONS:** More detail will probably come from Craig or Nena. The variance under was vacancies and the variance over this year is the same thing, the negotiated increase, salaries, et cetera.

**L. PARROTT:** Are there currently vacancies?

**C. MARTIN:** There are currently three vacancies in the Benefits group at this point in time that we're recruiting for, one recently vacated; and I believe there is also one vacancy in the Royalties group.

**L. PARROTT:** Okay.

What expenses and material purchases are classified under Employee Benefits, and with the accounts significant under-budget

performance, has there been any thought put into reducing this expenditure allowance?

**P. IVIMEY:** The budget under Employee Benefits would be for training for oil and gas courses. There is an introductory oil and gas course that's provided to new employees during the year, as well as for some other participation in conferences and sessions and local seminars. So there was just reduced requirement for that last fiscal but it's anticipated that the full allotment will be required for next year.

**L. PARROTT:** Okay.

**CHAIR:** Okay, we'll move on to the Member for Labrador West.

**J. BROWN:** Thank you, Chair.

Could we get an update on the potential sale or lease of the Bull Arm site and is there any other possibility for using this for any other kind of purpose, either shipbuilding or window work or any other green technology work that could be brought into the region.

**A. PARSONS:** Yes, Bull Arm, we're expecting more news soon. As you know, we put it out there. We are expecting the answers back, I think, this week, is it, or next week?

**OFFICIAL:** Last week.

**A. PARSONS:** Last week, the 23rd?

Basically, we do have interest in it. Now it's going to be a process internally to look at what has come in. I have not seen that yet. There has to be an analysis done by the team first, so I don't know whether to be optimistic or pessimistic yet on what has come in the door.

Generally, historically, I think it's been a bit pessimistic because the stuff that comes in is just not there for the value of the asset.

People want it for nothing, which is generally how it goes for government assets anyway.

Yes, there is absolutely possibilities. There are people who have interest in that site, not just for generally oil and gas as they talked about before, there was a lot of interest, I think, in Bay du Nord, a lot of people see it now as a staging point for the possibility of turbine development, bringing them in, whatever.

So we're looking to industry to see what's there. We've put it out there again. We think it can be more used than it currently is and whether that's somebody working with us or someone who wants to purchase it. You know, it's like any asset, we'll see what comes in, but it has to be a good argument, given the fact that it does belong to the taxpayers.

**J. BROWN:** Perfect, all right, perfect. Thank you so much there.

Has there been any internal or significant discussion or progress, I should say, in decisions to upgrade current hydroelectrical facilities such as the Churchill Falls project or the expansion of Bay d'Espoir?

**A. PARSONS:** So this is a very active, ongoing conversation about the different possibilities. Whether it's Bay d'Espoir, which I think is probably at the front, I would say, just given the size, cost, et cetera. Churchill Falls, I think, offers a very exciting opportunity there.

Again, when you look at the cost for the number of megas you're going to get from that, it's extremely exciting. Gull Island is always a conversation, it's one that generates – any time you go anywhere, people are aware of that. It's a massive undeveloped hydro resource. Then you have the overriding conversation of 2041, which always seems to be ongoing.

I don't know if John might want to add anything further to that. Put it this way: we know we have the assets, which when I go anywhere, from a general point of view, I say how lucky we are, because these aren't conversations other places are having. But when you look at the size, the timelines, what do we do next, and they're all interrelated, it's probably going to get to a conversation that the people at Hydro are going to have along with us.

**J. COWAN:** The minister pretty well laid it out very well. I think Bay d'Espoir would be the next-best project, certainly for the Island. I think Hydro has talked about that publicly with the PUB. But everything else the minister says is accurate.

**J. BROWN:** Thank you so much.

What is our current policy for data centres and other things from a provincial government point of view for them using power on the grid, compared to industry?

**A. PARSONS:** So I think what it comes down to, there's no policy, per se, in terms of – the policy is for electricity users and the problem we have up there is we don't have that firm power. They require significant power. So we haven't made a decision. In some jurisdictions they've said no, we're not doing it; or yes, we will do it. We are okay with it, if it fits into what we have available.

You get them coming in now, they're being more creative in the sense of the spinoff from what they do. Because they're not going to win anybody over from a jobs perspective, but then you get certain ones talking about an ancillary benefit in terms of taking the heat and putting into greenhouse operations.

Right now, what I would say is – and John could talk about the PUB aspect of this and the decision there – we'll entertain conversations, but we're very clear with them, as we are with anybody now, as we have severe constraints on available power.

So there's a big difference in the conversation between firm and non-firm.

That's probably the best I can say generally speaking.

**J. COWAN:** Again, the minister is correct. There was a significant number of asks for power for data centres at one point, but under the approach that's taken, they can't cause new builds because, I guess, those power groups tend to be very transitory; they tend to come and leave jurisdictions so it would be a significant potential cost to ratepayers so that the focus, I think, would be more on long-term employment such as mines.

**J. BROWN:** Perfect. Thank you so much.

Has there been any further conversations or developments relating to the Atlantic Loop in the last year? How's that going?

**A. PARSONS:** I can put it this way, John can talk about – there are different conversations. There is sort of the, not political conversations, but conversations between ministers and then there are conversations between the deputies and people like that.

John has had more conversations than I have. This is not really, from my perspective, an active conversation with the other provinces or with the federal government. We've made clear what we want to do and what we need to do. Our bigger concern is utilizing the resources that we have which, I think, can benefit many people.

We also engage in conversations with other jurisdictions about the fact that the power they receive – where it actually comes from. The Atlantic Loop, per se, though, is not a big conversation.

I don't know if John can talk a little bit more about his conversations with NRCan and other provinces.

**J. COWAN:** No, to the minister's point, there hasn't been any conversations around the Atlantic Loop since Nova Scotia said they weren't interested in pursuing the project as it had been proposed. NRCan, I think, continue to be interested in the project. We watch the project to make sure that the potential benefits for the province, but to the minister's point there have not been any conversations over the past year.

**J. BROWN:** Perfect. Thank you.

Can we have an update on how far the province has progressed in actualizing the Renewable Energy Plan?

**A. PARSONS:** Susan can probably talk a little more acutely about the three-year plan that we've put out and where we are in terms of that. I can sort of be general but I think Susan would do a better job than me, anyway.

**S. WILKINS:** So we've made significant progress in four of the focus areas, so if you'd like an example on each of them I can go through the four focus areas.

The first focus area was energy uses and markets. In the past two years, we've released the land nomination process, the call for bids process and the results of the call for bids. So that's about export market.

Under the regulatory framework, we have released the wind hydrogen fiscal framework, lifted the wind moratorium. We've done significant analysis on other policy that needs to be put in place, such as decommissioning, which there will be more information coming in the next few months.

On the third one, on partnerships, we have MOUs in place with the Port of Rotterdam; letters of intent with the City of Hamburg; we hosted 30 companies in October from the City of Hamburg, and the senator also came.

Under training and jobs, two examples would be around \$3 million was given to econext to do a workforce development gap analysis for clean energy, and the College of the North Atlantic with their wind and hydrogen technician program, started last year.

So those are four different areas and some examples. I'd be happy to sit down and give you a more detailed explanation.

**J. BROWN:** Perfect. Thank you so much, I appreciate that.

Given, I guess, the Renewal Energy Plan, is there any work being done to expand the scope of it or to, I guess, carry out for another five years or anything like that? Is there any work to expand on with the work that's being done right now?

**S. WILKINS:** We're in year three, so the plan is five years. We are actively working on hydrogen development action plan, and that will likely be out in this calendar year as well, that will expand on our domestic and export use of hydrogen and the opportunities that it prevails.

**J. BROWN:** Perfect.

There's been extensive work done on onshore wind, where are we to with the offshore wind plan?

**A. PARSONS:** I can speak generally about it and then I'll defer to others. The big development, obviously, was striking the MOU with the federal government back in December when we talk about the jurisdiction, when we talk about what was included and not included. There's work ongoing, obviously, with the C-NLOPB in terms of changing the regulators name and mandate.

We have legislation that will be ready to go, mirroring legislation. Right now, the legislation federally is at the Senate. I think it's actually about to get debated very soon.

It's gone through Committee and everything else.

I think the big thing there is just getting that legislation – I think a lot of eyes are on that legislation to see where that goes and part of what comes with that.

I mean, a side to that is that we've met with the FFAW, we've talked to them about – onshore was one thing, but offshore, they're going to want some consultation with that as well and we've been very open with them and sat down with them, then we get into what are the possibilities of offshore?

Offshore is going through a little bit of a – I mean, when you look down at the States and some of the changes that have happened there, companies are sort of looking to the feds to see where we are.

So from our perspective, we've indicated and signaled very clearly our intent to go offshore, to be available. How do we do it in terms of, you know, do we tie it in with our electrification of the rigs and things like that? Do people want to set up – I think a lot of the eyes right now are on the federal side of things to see that legislation and then we bring in ours.

I don't know if there's anything to add there on that one, John?

**J. COWAN:** I don't think so.

**A. PARSONS:** I've apparently covered it.

**J. BROWN:** Okay, thanks.

**CHAIR:** Okay, we'll move back to the Member for Terra Nova now.

**L. PARROTT:** Just from a wind standpoint, legislation changed to allow wind energy and move forward, obviously, but I'm just curious, is there any plan to – we all know that as these hydrogen projects stand up that they're going to require power from the grid, but there's going to be times when they

have excess power. Has there been any conversation around the ability to allow substantially higher – I know we do allow some to go back into the grid – but is there any consideration to allowing power to go back into the grid at a higher level?

**A. PARSONS:** It's absolutely a conversation that we're having, not just us, the company is obviously – there's us, but Newfoundland and Labrador Hydro is a big part of any of those. One of the big things when we were moving forward early on this was in terms of wind integration into our grid and that conversation is going to have to happen, and capacity, so I know Hydro was doing that.

Now there is a conversation between all these – I can't say all, but I'm sure they've all considered it internally, some have advanced it with us in terms of, you know, peak, non-peak, firm, non-firm, like, whether they tie in. It's not just our decision; we have to work with Hydro on that.

I guess the statement I use is, we put these companies through the wringer – and I've told them all this – during the process, we wanted them to be subjected to every bit of scrutiny that they could. Once they get through that though, it's incumbent on us to help them be successful. We're not talking financially, our plan is not to invest, our plan is not to subsidize; I know the feds have been doing that, as they should. Renewable energy requires subsidization in order to make it available, but we want to have these power conversations with them and find a way to help them achieve success.

It's probably a little more technical than I'm capable of delivering. This is more of a Walter Parsons, Jennifer Williams conversation; John also knows a fair bit about it, too.

What else could you add to that?

**J. COWAN:** Yeah, Hydro will issue an RFP. So they do want to incorporate or integrate

wind into the system. Obviously, with the wind-hydrogen proponents, they'd be interested in connecting to the grid. Hydro will tell you they don't want all the wind from one location; the wind needs to come from multiple locations to best maintain balance on the system. It optimizes how wind can be used. But yes, wind will be part of our grid.

**L. PARROTT:** All right.

From a hydrogen standpoint, I mean we're looking at being one of the world leaders in the production of hydrogen, and you're not hearing much conversation about utilization of hydrogen here in this province, as we're talking about a green future, and certainly all of the green minerals and future research and stuff that's going to happen.

Has there been any plan to try and incorporate hydrogen power plants into our system or any other utilization from a vehicle standpoint for powering some of our own resources?

**A. PARSON:** Absolutely, that's the conversation here and abroad. Everybody is talking about the usage of hydrogen, and not just hydrogen, ammonia as well. Like, how can we use that in terms of our system, whether it's heavy transport, whether it's offshore, you name it.

One part of this – and Susan can sort of elaborate on this – is we will be putting out a hydrogen action plan this calendar year, which will talk about how do we bring it in and make it – like you say, where we're exporting it, everywhere else wants to go. Europe, generally, is more advanced than us, historically, when it comes to different power sources and what they do over there.

I think there are huge opportunities for us here to talk about the connections, whether it's Metrobus, whether it's in heavy industrial. I mean, we're seeing a lot of it. It's still very new, when you go to all these shows they'd look at the different vehicles that are hydrogen powered.

In fact, I mentioned that ammonia one, there is a lobby now – not a lobby, it's more of a company down in the States that's talking about ammonia usage. They have done pilots on using it in heavy transport and they're going to do a pilot this summer using it in tugboats.

A lot of it still is early on, and there are cost constraints and whatever else, but I think, obviously, whether it comes to the industry or setting up these power grids, there are a lot of ongoing conversations and we do see a future for it, but I think it's a bit early.

Susan can probably fill in the blanks there on that one.

**S. WILKINS:** No, you said it great, Minister. With the hydrogen development action plan that we're looking to release this calendar year, a big focus of that will be on domestic use of hydrogen.

**L. PARROTT:** Okay.

Other jurisdictions throughout the world have reutilized abandoned mines to create hydroelectric facilities just simply by filling up quarries and recirculating water and different things. One of the big things that you see with hydrogen usage throughout the world is the utilization of salt water. We don't only have a shortage of power but we've got a shortage of water throughout the world and we are, apparently, just going to give away a lot of fresh water.

I'm just wondering, how come we haven't pushed these companies to utilize salt water with a desalinization process and secondary resource from the salt that's a result of?

**J. COWAN:** In terms of the use of fresh water, Newfoundland and Labrador has the second largest water runoff in Canada, BC being number one, so it's largely fresh water that's from runoff sources. The Department of Environment just looked at the water sources that they're going to use and feel comfortable that that supply is there.

To your point on desalination, there are technologies being developed around the world and, at some point, we may pivot to that. I know for offshore platforms they're looking at actually having hydrogen developed on the platform offshore. So in those cases, certainly, we'd used desalination. I don't know if there is anything more to add, to be honest.

**S. WILKINS:** Also, it helps with the capital costs of the projects right now. If you have to desalinate, it's – I mean, I can't quote exactly how much the percentage is, but it is about 6 to 9 per cent more cost to the capital of the project.

**C. MARTIN:** I also want to note as well that with respect to the water, part of the fiscal system associated with the wind-hydrogen development is the water royalty, whereby we're extracting a value from the companies for the use of the fresh water.

**L. PARROTT:** Okay.

I don't argue that we're the second largest runoff of freshwater, but I'm just wondering where would we rank if Labrador was left out of that equation?

**A. PARSONS:** I have no idea.

**L. PARROTT:** I'm just asking from the aspect of all of these projects.

**A. PARSONS:** That's more of a Bernie Davis question. And part of us developing that, obviously, ECC would have been a part of that. So that wouldn't fall under me or my expertise or lack of. That would be more of a Bernard Davis, ECC, question and they would have been consulted when we're coming up with that so I can't tell you that.

**L. PARROTT:** Okay.

All right, 3.1.03, again: Is there any discussion around reducing your Transportation and Communications budget

given the multi-year under budget performance?

**A. PARSONS:** Which number was that?

**L. PARROTT:** 3.1.03.

**A. PARSONS:** Is that the C-NLOPB?

**L. PARROTT:** Energy Development.

**A. PARSONS:** I think we have different numbers here. So I have 3.1.01 is Energy Policy and then the next one is –

**L. PARROTT:** It's the C-NLOPB.

**A. PARSONS:** Okay.

**L. PARROTT:** Yeah. Sorry.

**A. PARSONS:** And you're saying reduce the T and C, but I don't have a T and C part of this, do I?

**OFFICIAL:** No.

**A. PARSONS:** So under my C-NLOPB –

**L. PARROTT:** That should be 04, my mistake.

**A. PARSONS:** Oh, okay, I didn't know if I was looking at the wrong one.

**L. PARROTT:** No, my mistake.

**A. PARSONS:** Any talk about reducing the Transportation as part of Royalties and Benefits? No, because last year was less than anticipated travel but there is the possibility that we will hit the target. The goal is to hit the target. There are various reasons to go into that. Sometimes a person is supposed to go and they don't. There might be an extra person. So we still intend on hitting that, I think.

**L. PARROTT:** Why was there no Professional Services expenditure last year

and can that allocation be reduced this year?

**A. PARSONS:** I'm going to take a stab at this one. This would fall under Professional Services, there was some royalty system work that we might have had to go outside but OCIO actually did it internally and there was no consulting required last year for economics and benefits. Some years there is, some years there isn't, so that I think explains why we didn't need to use that fund.

**L. PARROTT:** Okay.

3.1.05: What accounted for last fiscal year's under expenditure of Grants and Subsidies funding by \$7,622,000?

**N. ABUNDO:** I think that's primarily tied to underutilization of the Innovation and Business Development Fund, all of the other expenditures – and there may be a little bit of the OEI, Offshore Exploration Initiative – in there as well that wasn't fully subscribed.

**L. PARROTT:** Okay.

Why has there been a \$48-million reduction in estimated Grants and Subsidies?

**N. ABUNDO:** Again, that's due to the end of the OGIRA program. That's concluded, so that money was fully expended as of last year.

**L. PARROTT:** Okay.

3.1.06: Again, Grants and Subsidies were under expended, can someone just give me an overview?

**C. MARTIN:** So this is relating to the operations for the Oil and Gas Corporation. Basically, it's a combination of things. One, their expenditures are actually down as a result of they've had some turnover and that over there, but they're sort of in a holding pattern right now as we're going through the

potential sale process. The other piece is they also have some cash on hand; therefore, they've been spending their own cash rather than drawing down on the Grants and Subsidies.

**L. PARROTT:** Okay.

**CHAIR:** Okay.

The Member for Labrador West.

**J. BROWN:** Thank you, Chair.

**A. PARSONS:** Can I jump in here?

Before we start, can we take a little bathroom break here, if that's cool?

**CHAIR:** How long do we want to break for? Five, 10 minutes?

Let's do a 10-minute break.

**A. PARSONS:** Okay. Thank you, Chair.

**CHAIR:** So we'll be back at 10:40.

### Recess

**CHAIR:** Okay, we're going to call the meeting to order again and proceed with the headings 3.1.01 to 3.1.09.

I'm going to call on the Member for Lab West.

**J. BROWN:** Thank you, Chair.

So going back to the wind energy royalty, do you have a rough estimate on how much money the wind energy tax and the water fee would bring in, in the next five years? Has there been a study done on what we're potentially able to collect?

**C. MARTIN:** I don't have that information in front of me, but I would anticipate the amount, over the next five years, is going to be fairly low. Most of these companies have a construction lead time as they lead into

their projects, so within the next five-year period you're likely only going to see one of those companies start to operate and it'll vary.

The fiscal system is made up of – there are some water fees for the actual use of the water which is a portion of it. You've got the wind tax, which it, basically, starts charging as the turbines start producing power for the thing. The water royalty is similar to what you would see in any large capital project that we do in the offshore and that, whereby they start recovering their capital costs before they start paying substantive water royalties.

So from a revenue perspective, these projects you're see ramping up similar to what you've seen with offshore oil projects whereby they're paying certain taxes upfront in terms of their base amounts, a steady income stream with some basic water royalty as well, but as these projects get later in life and recover their capital costs, that's where the province's share would increase terrifically.

**J. BROWN:** And going with the capital cost recovery and waiting for that, was there a rational why we went with the offshore oil and gas kind of formula instead of like the mining formula, where royalty is collected as soon as the minerals hit the market, like from the mine? Why do we do the capital side instead of like we do with the mining industry?

**C. MARTIN:** So this is an emerging industry that's just starting out right now. As we're clear, a lot of these companies are requiring subsidies in order to make them buyable at this point in time from an economic perspective. So it's based around that, the fact that this is a new industry. From a project economics perspective, it's to create the space for the province to have that take. If we start imposing upfront, we start changing the project's economics dramatically which makes them attracting investment and such more challenging.

**J. BROWN:** Yeah, perfect. Thank you so much.

What is the planned procedure for dealing with orphaned or abandoned wells? Will the money collected in abandonment fees be sufficient once this starts happening?

**C. MARTIN:** Offshore?

**J. BROWN:** Yeah.

**C. MARTIN:** So that's administered directly by the Canada-Newfoundland and Labrador Offshore Petroleum Board. But, essentially, the companies all have to put in place their bonds or financial assurance to ensure that there's enough funds there to decommission the project when they come to project end. It's a combination of things that happen there. There are wells and that, that do get abandoned in real time when the projects are actually out there operating right now. However, from a decommissioning perspective at the end of the project, the board looks after the financial assurances to make sure the funds are there.

**J. BROWN:** Okay.

So are the funds adjusted for obviously cost inflation? You know, working in these markets right now, the cost is significantly increased, are the funds flexed to that to make sure that given inflation and all the other costs around, because we've seen it in the mining industry, just to make sure the funds will be there.

**C. MARTIN:** So the board does look at it from the perspective of the actual cost. We've been having some discussions with them, actually, in the last year or so in terms of what amounts are actually posted at this point in time. The other piece, though, is at the same time the costs are increasing from a decommissioning perspective, obviously with inflation and such, also knowledge and experience of other jurisdictions around decommissioning is also changing as well.

There was a point in time where jurisdictions would've required full removal of things like subsea templates and that. However, certain thinking is starting to go now the wells have to be plugged, but some of the subsea templates are actually left in place because they've become habitat for some underwater species and such.

So in terms of the actual cost that had been incurred, those are developing over time with respect to experience and practices of other jurisdictions, as well as new knowledge becomes available. So as costs increased, there are other things that may not require the same amount of activity that would've been contemplated, say, 10 years ago.

**J. BROWN:** Okay, perfect.

All right, so it's great that these conversations are actively happening.

Now that we have the MOU for the offshore wind development side of things, what are the next steps for the province and the federal government for these proposals? Has anyone come forward or is it just the building up of knowledge within the new version of the C-NLOPB? What are the next steps going forward with this?

**A. PARSONS:** I'll jump in. Obviously, people can fill in the gaps.

The big thing now is getting the legislation done federally and then provincially. It is planned on being mirror legislation, so hopefully the federal government will get theirs done before the session is done this spring and our plan is to bring something forward in the fall to match that. So that's the next step and I think people are keeping an eye on that prior to coming in. They want to see where that goes.

We had a lot of conversations early on. The offshore ones have sort of – most of the attention has been paid obviously to

onshore, but Susan might be able to fill in, put some colour to that.

**S. WILKINS:** Yes, as the minister said, we're focused on onshore right now because it's provincial jurisdiction and also offshore wind is more expensive than onshore wind and most companies are looking to use our land rather than our offshore at this point. However, we are looking to use offshore potentially in the future so we're going to continue the legislative work with the federal government and more information in the next few years.

**J. BROWN:** Perfect.

**C. MARTIN:** Also, with respect to the actual implementation of the MOU, there is mapping work that has to be completed first in order to set out the specific geographic coordinates for the areas that fall within provincial jurisdiction. Once that work is completed as well, they'll also be required to have regulations under the new accord legislation that's going through right now in order to enact that, to carve that specifically out of the accord act. Right now, it is conceptually carved out, but that will specifically carve it out on a geographic location, in which case then it will be fully within the jurisdiction of the province.

**J. BROWN:** Perfect.

And just a sidenote with that both onshore and offshore, what work is being done in the department on decommissioning of wind farm equipment given that some of the equipment – like the blades and stuff like that – is changed frequently and stuff like that. Are we working on having regulations in place for that work as well within the department and how would that look?

**A. PARSONS:** So I can lay it off but obviously Susan could fill in.

Absolutely, top of mind, decommissioning plans are part of this and have been a part of the process. So the work is ongoing and

obviously we want it in place before they start the actual construction. Susan can probably offer some follow up on that but that absolutely has been a top-of-mind question. I think not just internally but that is one of the ones you hear about out in the community as well. I can tell you the taxpayers won't pay for it; it will be industry funded.

**J. BROWN:** Perfect.

**S. WILKINS:** Minister, I don't think there is much more I can add to that. Yes, it is top of mind. Analysis is ongoing and more information will be forthcoming. For example, World Energy GH2, a condition of their release is a decommissioning plan to the satisfaction of the minister, so all companies will be in that same situation when they do their EAs.

**J. BROWN:** Thank you.

That was my final question for this section. Thank you.

**CHAIR:** The hon. Member for Terra Nova.

**L. PARROTT:** Just to circle back around on that question for well abandonment. With the potential sale of our royalties in the offshore, obviously we had some responsibility as a province with regard to well abandonment. Any potential sale, will that include the sale of our responsibilities?

**C. MARTIN:** Yes, with respect to our equity obligations right now, right now, the equity is being offered to the market for potential bids, so included in any purchaser's bid, they be basically taking over any liabilities, anything with respect to the equity. With respect to the royalties themselves, part of the royalty calculations, companies get to carry back the decommissioning costs, similar to in income tax, where you have loss carry back and claim back royalties. That liability will still rest with the province.

**L. PARROTT:** Any estimate as to what that amount is?

**C. MARTIN:** We don't have firm estimates on that, that's a piece that actually has been raised from a discussion perspective. Right now, it sort of goes back to Mr. Brown's question about the expectations in terms of total cost and that, in terms of what's going to actually be achieved. So from a public accounts perspective, it is disclosed on the public accounts through a note disclosure and that, but there's no actual book dollar-value liability associated with it.

**L. PARROTT:** Obviously, we know that Bay du Nord Project has been paused, but from its inception and the original government, I guess, contract – I think maybe back in 2018 – we might have said we have an agreement with them in principle. The project has exploded in an order of magnitude of probably 10 times or more than what it originally was.

Has there been any circle back on that specific agreement as to what it means for us as a province and, more specifically, from a work-package standpoint, the work that's going to be carried out here, because the amount of work has expanded astronomically?

**C. MARTIN:** Essentially, as we're all aware, Equinor sort of put the brakes on that project – those set of project plans last June, when they announced that they were putting the project aside and weren't going to be looking at it, I think they indicated up to three years that it would be shelved. Now, since then, they have come back really looking at the project themselves. They've had some recent RFPs issued and that, but right now the RFPs they've put out, basically, are covering all potential bases of development of the project.

So we don't know at this point. They're still doing their internal work as to what their preferred approach would be at this point

based on the results of those RFPs and that work that's ongoing.

We are, sort of, in a wait and see, right now. We've had some discussions with them but we're not into any actual formula negotiations until they get that work done and come back to indicate this is how they're looking at approaching the project at this point in time.

**A. PARSONS:** What I can tell you from my perspective is I meet with the country manager regularly. We'll just sit down and have a chat about where things go from his perspective in terms of both here and back in Norway.

There's no urgency for us to have a – we were very close before the pause to trying to have some kind of benefits deal, but there's no point in moving that until we see where this goes and how this project looks. What I would say, again, is that depending on what comes out of this, you know, we'll look at everything. I mean, things were very different in 2018 than they are in 2021, let alone 2024, so we'll have to look at that.

Our big thing, though, is we're trying to be encouraging that we do want a project here. People look at Canada and then people look at Newfoundland and Labrador. We've been very encouraging of the project. We would like to see something here. We would like to see maximum benefit but we're cognizant of how things were and how they've evolved and where we are now.

We've engaged every time they've asked. Right now, I think they need to figure out what they need to do to advance this project from an internal point of view in terms of their return and things like that.

**L. PARROTT:** Yeah, I guess from my standpoint, back in 2018, the PPP was much lower; the project looked at probably around three to four wellheads and now we're talking as many as 32; and the company, while they paused it, are certainly

out looking to possibly lease an FPSO which changes the whole look of that project. It would be a sad day in Newfoundland if we were left to do some subsea wellheads and some change in anchors and that type of thing.

And I understand it's paused but, I guess, we have some responsibility to try and find a way to move it forward as a province, ourselves, in order to encourage them to do the work and do whatever. When we look at Norway and the model they used with the Johan Castberg and other things that they do over there, I strongly feel that we should be pushing for as much work as we can possibly have here and I would hope that's what the department is doing.

**A. PARSONS:** There's no doubt that we keep that in mind. One of the things I always explain is it's one thing to have a deal but if people don't think it's a good deal then that's the difference. There's a difference between having a deal and having one that people appreciate, but I also think there's a big difference in having nothing, which I've also kept in mind.

So I don't get too caught up. I mean, the reality is when it gets paused, a lot of people go: Oh, it's the end of the world and everything is gone. And it's like no, come on. So I'm trying to stay level here, realizing that there has been nothing but ups and downs.

But coming back to your point. Yes, what's the point of having this if we're going to get less than ever before? These companies are very smart and sophisticated. They're just trying to increase what they're getting out of it and that's fine, but we have an expectation, too, that needs to be achieved.

**L. PARROTT:** Okay.

3.1.07: Just looking for an explanation on the lack of expenditures under this section last year compared to the \$187 million in expenditures '22 to '24.

**A. PARSONS:** Energy Initiatives?

I was going to say, did we have anything the year before?

**C. MARTIN:** So this is one of the holding locations in case money needs to be moved in so this would have been, not this year '23-'24, but in '22-'23, you would have seen an amount in there of about, I think – I'm don't want to quote the number now but it was the amount that was actually used to pay down the deferral account balance that was sitting at the C-NLOPB.

**L. PARROTT:** Okay. Yeah, gotcha.

**C. MARTIN:** Sorry, at the PUB.

**L. PARROTT:** 3.1.08: \$15,862,000 allocated in '23-'24 left entirely unexpended. Is there an explanation?

**C. MARTIN:** This is the capital funding there for the Oil and Gas Corporation seismic programs. So they did not undertake any actual shooting with new seismic data last fiscal year. However, what's not noted here, because the Estimates were completed prior to the actual expenditure, late in March, they actually did acquire seismic data, existing data in the amount of approximately \$12 million.

**L. PARROTT:** So this \$25 million is allocated specifically for seismic offshore and not for the study of it onshore?

**C. MARTIN:** That is the capital budget for the Oil and Gas Corporation, primarily, yes, for the seismic activities that are taking place in the offshore area.

**L. PARROTT:** And this year's funding, what is it going to provide for, the \$4.1 million?

**C. MARTIN:** This year's funding is for the actual staff, Beicip-Franlab and those types of activities for doing the analysis on the existing seismic data that's already been procured by the corporation. So, essentially,

this is the work that they'll be doing this year in support of the call for bids land accommodations.

**L. PARROTT:** Okay.

3.1.09: Why haven't Energy Initiatives expenditures been used for the last two fiscal years?

**C. MARTIN:** So this is also another Capital account that's there sitting as a holding place in case we need money. So you would have last seen money going through this account back when Muskrat Falls was still under construction and the province was putting capital over into Nalcor.

**L. PARROTT:** Okay.

And one last question: Can we get an update on the potential sale of OilCo? How many employees are currently there, how many are permanent and how many are under contract?

**A. PARSONS:** Yeah. So I can't give you the employee numbers; Craig might have that there. We are waiting back – obviously, that has been a part of an ongoing thing, when we talk about our equity stakes, OilCo has been a part of that as well. It's sort of been in – not in a holding pattern, we're waiting to see what we get back.

I had an update, but I got the date mixed up in my head, we're expecting a report back soon or .... Craig?

**C. MARTIN:** Essentially, OilCo was put to market; there were numerous companies who expressed interest in it. Any companies who actually wanted to put in an offer were required to sign a non-disclosure agreement in order to get the actual bid packages. Those packages went out I think a little over two weeks ago for the companies that entered into NDAs.

So we are anticipating getting non-binding offers back for review the latter part of May,

early June, at which point in time they'll be reviewed by essentially OilCo, by Nalcor Oil and Gas, by the province, and we'll be coming back with our recommendations then to the province.

**L. PARROTT:** Okay.

No further questions for this section.

**CHAIR:** Okay.

Seeing no further questions, I'm going to ask the Clerk to call those headings.

**CLERK:** Energy Development, 3.1.01 to 3.1.09 inclusive.

**CHAIR:** Shall those headings carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, subheads 3.1.01 through 3.1.09 carried.

**CHAIR:** Okay, we're going to move to the next heading.

I'll ask the Clerk to call those headings.

**CLERK:** Business and Innovation, 4.1.01 to 4.3.01 inclusive.

**L. PARROTT:** Thank you.

4.1.01: Salary expenditures have been under the estimated amount for the last two years. Any specific reason for this under expenditure, and is there any discussion about reducing the budget?

**A. PARSONS:** No, it's the same thing, variances due to vacancies. It's a continued challenge to find bodies. So it's not a case of we're not trying to hire; we want to hire.

That's why it's going up, actually, because there are salary increases anticipated and negotiated, so the goal is to continue to fill those positions.

In some cases, they get filled and then there's change, people moving about. I think that's the best answer to that one.

**L. PARROTT:** So do you feel that we're not competitive, or just the people aren't out there?

**A. PARSONS:** Honestly, I think it's challenging. I think government salaries, provincially, we're constrained compared to the federal government. We're constrained compared to the private. That's a reality, from top to bottom in the provincial government. That's just my opinion. That's how I feel. I think there are times when we lose people to the federal government or to bigger companies that private industry pays more. That's historically true and it's true now.

But, again, this is a challenge everywhere as well. You tell me one industry or company that's not having a challenge hiring, whether it's service industry, retail industry or anywhere else. It just is a constant competition for people right now. It's the big retire, and just the changes. Like I say, everybody has a theory on it, but I do think one of the issues is that sometimes we can't compete with the federal government and other entities. It's a bigger conversation, it's not just our department. That's just my opinion.

**L. PARROTT:** But I would argue your department is different than some other departments. We share the same opinion, if that makes you feel any better.

**A. PARSONS:** Absolutely. Let's just say not everybody in this House will, because the minute you try to do something differently, people – it's tough, it's tough. I'll just use Hydro. Hydro is not the same as core government. I'll put that out there, the

Auditor General might feel differently. So we can get into a whole big conversation on that, but I think we share an opinion I think on that one.

**L. PARROTT:** Same subheading, Supplies, Professional Services and Purchased Services have all been reduced this year. Is there any reason in particular?

**J. LUDMER:** Yes, that's due to the fact that last year we hosted the SEUS-CP conference and this year we're not.

**L. PARROTT:** Perfect.

Can you just give me a small overview of what Grants and Subsidies are going to be utilized for?

**J. LUDMER:** So the largest one there is going to be our contribution to ATIGA, the Atlantic Trade and Investment Growth Agreement, that's \$200,000. That's the province's contribution there. We also contribute \$38,000, that's an annual contribution, to the Atlantic Economic Council. That's under the Council of Atlantic Premiers. That's the province's annual contribution there. We gave \$10,000 in travel support to companies that went to Fort McMurray in the fall to attend the job fair there that we hosted. There was another \$5,000 there that went to Oceans Advance, an industry association, to support participation in a conference. So I think that would cover most.

**L. PARROTT:** Last year's federal revenue was under expended. Where did the remainder go?

**J. LUDMER:** Again, this is related to ATIGA and our costs when it comes to participating in ATIGA events. So that income comes from eligible costs that the province incurs to participate in these events. Those get reimbursed, essentially, by ACOA. So there is not a gap there, that just reflects lower than expected expenditure by the province. But we receive those funds in return.

**L. PARROTT:** There's no provincial revenue projected this year. Is there a reason?

**J. LUDMER:** That was also related to charges we issued to companies to participate in the SEUS-CP conference to help us cover some of the costs. So, again, we don't have that activity this year.

**L. PARROTT:** Okay.

4.1.02: Last year's Loans, Advancements and Investments allocations were under expended. Is there a reason?

**J. LUDMER:** Yes, so in this case, the province has certain commitments under the Investment Attraction Fund that rely on companies actually drawing down on those commitments. So, for example, our support to venture capital funds that they contribute and invest in start-ups in this province we had budgeted last year. They may issue capital calls anywhere between \$3 million and \$3.5 million. In the end, they only called out \$1.8 million. It's not something we can control but it means a gap there in the fund.

Similarly, CFI, we reached a contribution agreement to support the restart of the mine there to help them deal with water treatment issues on site. The agreement called for them to spend \$2.785 million on this project last year, but they were delayed in getting started and, in the end, submitted no claims whatsoever.

So between those two things alone, you have half of the Investment Attraction Fund going unspent.

**L. PARROTT:** I guess that's why it's been expanded this year, right?

**J. LUDMER:** Correct. There's \$1 million additional there that has come from the Department of Finance that will help us with CFI again in the coming year.

**L. PARROTT:** 4.2.01: Salaries were not entirely expended last year. Why is the budgeted amount kept the same? I guess it's the same answer, Minister, is it? Understaffing?

**A. PARSONS:** Same thing, yeah.

**L. PARROTT:** Last year's Employee Benefits expenditure was almost seven times higher than the budgeted amount. Any explanation?

**A. PARSONS:** So there might be more detail from someone else, but the biggest answer to that is higher attendance at conferences and the registration costs. Some of the registration costs, we've noticed at different conferences that we go to are higher. Plus, we are attending more now, is basically what it comes down to.

**L. PARROTT:** So we're paying for conferences from Employee Benefits?

**A. PARSONS:** That's what I got here.

Is that where we put it?

**OFFICIAL:** Yeah.

**A. PARSONS:** Okay, interesting.

**L. PARROTT:** So is any of this money taken from Salaries?

**A. PARSONS:** I don't think so. It's not my understanding. Phil might give a better answer on why each goes where and how that's done.

**P. IVIMEY:** Yeah, I guess it's a little bit of semantics or maybe a bit of a misnumber, but when you see Employee Benefits in here in terms of the Estimates, it's not what you traditionally think in terms of say like, a payroll or a salary expense. This would be employee benefits that the department is paying on behalf of the employee to attend conferences, seminars, training,

professional development, those type of things.

**L. PARROTT:** Gotcha, yeah. Clear as mud.

**P. IVIMEY:** Not strictly from a salary perspective or payroll point of view.

**L. PARROTT:** Transportation and Communications almost doubled, any reason?

**A. PARSONS:** That was the same thing. It says here there was a realignment of funds associated with the investment attraction funding and higher than anticipated travel expenditures due to two or three new conferences.

**L. PARROTT:** Okay.

Supplies almost quadrupled, any reason?

**A. PARSONS:** Yeah, I can't tell you what the specifics on that one were. I think Julian might have some on that.

**J. LUDMER:** Yes, the overruns you're seeing there from Employee Benefits all the way down to P, F and E, if you look on the right side of Purchased Services under the budget, that \$513,000 number, \$500,000 of that was temporary funding we received to support investment attraction activities, so those overruns there in the middle column are reflecting the expenditure of that \$500,000 because this year we put in place an investment attraction team.

They were recruited during the year. We had them fully staffed up in the fall and so, then, that team, now, has started their activities of marketing business research, market research travel, marketing and promotion, et cetera. So, really, all that expenditure you see is coming out of the \$500,000 and this team now being brought on board to really run those activities.

**L. PARROTT:** Okay.

I'm just curious what Grants and Subsidies allotment is going to be used for this year and where is the money coming from?

**J. LUDMER:** Grants and Subsidies are there to support our payments under the EDGE act. This year, we had fewer than expected claims under the EDGE act so that's what is reflected there in the under spend. We've kept that where it is for now because we still do have active EDGE companies.

**L. PARROTT:** There is just one, correct?

**J. LUDMER:** Yes, just one at the moment. In this past year, we were making the final payment to one, another one was completing, but for the moment, yes, just one going forward.

**L. PARROTT:** Okay.

4.3.01: Where is the funding for Grants and Subsidies coming from and what has led to the increase in this amount from last year?

**A. PARSONS:** IBIC funding traditionally comes from – where are we getting that from, I know the \$50 million, but the \$16 million?

**J. LUDMER:** That's the annual grant to IBIC that is provided by government each year, that's the \$16.836 million, and the additional funding is associated with the Rental Housing Development Loan Program that IET is now running.

**A. PARSONS:** That \$50 million this year is for that housing program that they announced a little while back. Our department actually administers it, even though I think it's run under Housing.

**L. PARROTT:** CSSD, I think.

**A. PARSONS:** Whenever they want something done, they come to us.

**L. PARROTT:** Makes sense.

I don't have any further questions on this section.

**CHAIR:** The hon. the Member for Labrador West.

**J. BROWN:** Thank you, Chair.

What are the key industries that government are looking to nurture and support in this province in this coming year through accelerated growth?

**J. LUDMER:** Sorry, could you repeat the question, (inaudible) back there?

**J. BROWN:** Oh, sorry, no worries.

I was just wondering what are the key industries that government are looking to support in the coming year through accelerated growth?

**J. LUDMER:** So we have a lot of support looking at the tech sector: health tech, ocean tech, software as a service, information technology. We will certainly continue that. We want to cultivate ocean tech as well. We certainly want to support those. We also do support and will continue to support companies in our energy service and supply sector. So we'll be looking not only at traditional, but also the clean energy tech. Those are going to be areas of emphasis as well under accelerated growth.

Also there we do support for trade promotion. So we have, for example, programs to offer travel support for companies that want to go to conferences and trade shows. We also help companies to develop and work on marketing plans, et cetera. That can be really across all sectors that we have here in the province. So it's quite a diverse range. We will continue to support those.

**J. BROWN:** Perfect, thank you very much.

Can we get an update on the work in progress of the Innovation Centre that was announced in 2022?

**A. PARSONS:** I can give a general one, but I think they can fill in the blanks probably a little bit better than me. I think actually it's due for an opening in the next couple of months, I think. They're trying to work out the scheduling. Is it May?

So what I can say is that they've been undertaking – I actually visited once back in December. The biggest thing they've been doing now is a huge renovation to get it up to snuff and ready. It's to that point. They do have some tenants there. I think Virtual Marine is one and I think they've been moving that front – who's the other crowd? Dave Finn is moving in there; atlanticxl, they're in there as well.

So yeah, you're going to see hopefully an unveiling of that soon.

Riham might have some better information.

**R. MANSOUR:** Yeah, my team went to see the centre in person last week. I believe the opening date is in June and my team is already working quite closely with them. They have been in the development of the Innovation Centre, but also now talking about renting out that space, maximizing the Innovation Centre. So work is ongoing and we're working closely with them now as they approach launch.

**J. BROWN:** Perfect, thank you so much for the update.

How many projects are currently funded here for research and development and regional development?

**J. LUDMER:** I'll start on the R & D funding. So what I can say is, in the last fiscal year, we approved 48 R & D projects. That was for a total of \$10.5 million and those projects leveraged an additional \$53.5 million in partner funding.

**R. MANSOUR:** Sorry, can you repeat your funding question for me?

**J. BROWN:** Oh, yeah.

How many projects are currently funded for regional development?

**R. MANSOUR:** Okay, so for regional (inaudible) development, under the Regional Development Program, (inaudible) had a little bit, but we did 99 files in the last year, for a total of \$6.87 million. Under the Canadian capacity building fund, we did 56 projects for \$284,000.

**J. BROWN:** Perfect. All right, that's my final question for this section.

Thank you.

**CHAIR:** Any further questions?

Seeing no further questions, I'll ask the Clerk to call those headings.

**CLERK:** Business and Innovation, 4.1.01 to 4.3.01 inclusive.

**CHAIR:** Shall those headings carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, subheads 4.1.01 through 4.3.01 carried.

**CHAIR:** I'll ask the Clerk to call the next headings.

**CLERK:** Industry and Economic Development, 5.1.01 to 5.4.01 inclusive.

**L. PARROTT:** Thank you.

**A. PARSONS:** Same.

**L. PARROTT:** The question is why have Salaries ....

Transportation and Communication has not been reduced despite multi-year under expenditure. Any room for ...?

**A. PARSONS:** That's a good question. Go ahead, Riham.

**R. MANSOUR:** Just very quickly, back on the Salaries as well, we actually hired six staff in the past year and to the minister's point about trying to bring to a full staff complement, we've been successful in doing that in the sector diversification division. As such, as the minister pointed out, we budget these in the anticipation that staff will use them, so we're hoping now with a full complement we will be able to maximize the full budget amount.

**L. PARROTT:** Okay.

What caused the significant overrun in Professional Services last year, and Purchased Services, two of them?

**R. MANSOUR:** So very quickly on Professional Services: We require technical consultant services during the year. We budgeted that for the RFP for cellular roadways and that was the one that actually we got no bids on. So it was a budgeted amount but we actually ended up not spending it.

For Purchased Services: That \$1.6 million was for the annual Atlantic Cable Facility, the ACF maintenance contract.

**L. PARROTT:** What programs do the allocated Grants and Subsidies fund apply to?

**R. MANSOUR:** What programs? So as I mentioned previously, under the Grants and Subsidies under Sector Diversification, in general, it's provided for kind of specific sector related initiatives. In '23-'24, we did Grants and Subsidies for the Atlantic craft

council, the Wholesale Show and Oceans Advance. But, in general, we use that sort of for specific sectors and supporting them effectively.

**L. PARROTT:** Under 5.2.01, same question: Salaries under expended again for the last few years. Obviously, it is a shortfall in staff. Has the department hired people?

**R. MANSOUR:** This is the Regional Economic Development, so our staff are all around the province and we filled several vacancies. There was a real push in this past year, we filled vacancies in Port Saunders, St. Anthony, Corner Brook, Gander and St. John's. We have also kind of adjusted the selection criteria to open it to a wider pool of candidates. So there is a continued focused effort to try to bring candidates in.

**A. PARSONS:** I think we're trying to get one up in Labrador, too, are we not?

**R. MANSOUR:** We have had one online and we're continually pushing. We do have staff in other areas of Labrador and we're trying to leverage our networks to encourage applications, so that's one we're really pushing for, particularly after the Lab West Summit.

**L. PARROTT:** Multi-year under expenditure in the allocation of Transportation and Communications, again, it's not reduced.

**R. MANSOUR:** And again that will tie again to staff. So with more staff we're hoping to maximize that full amount.

**L. PARROTT:** Okay.

Just looking, any specific expenses which were accounted for under Purchased Services last year?

**R. MANSOUR:** Under Purchased Services, no, nothing kind of unanticipated. In fact, we sort of went underneath under the Purchased Services because of vacancies

in the positions. So we're hoping again to maximize that full amount for next year.

**L. PARROTT:** Okay.

5.3.01: Why was Grants and Subsidies allocation only reduced by \$3 million, given its multi-year under expenditure? Could this amount not have been reduced further?

**R. MANSOUR:** We are seeing a year-on-year increase, in fact, in the amount of funding that's being used. So compared to last year, we did an increase of more than \$1.2 million in our Regional Development Program. So that's just from last year, and, similarly, our Community capacity program.

The way these funding cycles work is we sort of do all of our payments at the end of the year because we're pushing sort of for accounting reasons, but what we're actually seeing is, at the start of this year, because word is spreading about the success of these programs and how businesses and not for profits can leverage these funding opportunities, we're actually seeing us being approached at the beginning of the year. So we've just finished the last cycle and we're already being approached for new funding opportunities. So we're anticipating that this spend will be achieved.

**L. PARROTT:** Just a brief overview of how you're getting word out to the general public and these businesses about how to access these grants and what grants actually exist.

**A. PARSONS:** So I can give you one little thing on that and Riham can follow up here.

One of the things we just announced, and one of the things I've found, sometimes I think that we don't have a true understanding, people don't have a true understanding of all the different funding pots that are there. Some do, and the ones that do take advantage of it, they go to it and that's what it's there for. It's there for us to spend. But a lot of times people don't.

So one of the things we've done here is we've created navigator positions that we're going to try to really advertise widely. Sometimes I get frustrated with government's communication model because we'll put out press releases and not many people are seeing that. If the media wants to report it, great; if they don't, there's nothing we can do. We need to get the news out there.

So we're creating navigator positions to help navigate through the system of what we have, not just within our shop, but over in permitting, over in Crown Lands, over in whatever. Whatever we can do to make it easier for business to access what is there to be offered.

I can't say it was my idea, although I was fully supportive and we made it a part – Minister Coady had a lot to do with it. The St. John's Board of Trade, they were the ones talking about it. So we worked on it, got it there. It is being used elsewhere. It comes back to this red tape reduction as well which, at the end of the day, it's not so much red tape reduction as helping people find out where they got to go.

We're trying to do more on that. I'm always open to new ways to communicate that information out there in the public because I'm a big believer in: we had funding allocated, let's spend the funding. But a lot of people don't know and a lot of people, unless it's sort of put right in front of their viewpoint, they don't necessarily ask either.

**L. PARROTT:** No, fair. It's one of the biggest questions my office gets for sure.

**A. PARSONS:** Yeah.

**L. PARROTT:** We do our best to send them in the right direction but we don't always have that information at our hands. What we find, and maybe just food for thought, is that our communication strategy works fairly well in the urban areas, but when you get to the rural areas of the province, where some of

these people really need grants probably a little more, they don't have the information, they don't have access to it. So I don't know if we do it better, I don't know if it's a matrix, but navigators are a great idea for sure.

**A. PARSONS:** Yeah, and again, it comes down as incumbent on us – I think it's incumbent on all of us because we all want the same thing. We want our businesses to succeed. So whether it's me as an MHA, either of you guys, that's what it's there for, for us to help to get it out to our businesses.

We can get into a philosophical conversation about the communication of it. Put it this way, we could be knocking it out of the park and I want to knock it farther out of the park. We can always do better, so I am always open to ideas on that one.

**L. PARROTT:** Okay.

5.4.01: There was an increase in Salaries for this year. Is there an explanation?

**A. PARSONS:** That one is the same thing, negotiated increases for the people doing that line.

**L. PARROTT:** Okay.

\$80,400 budgeted for Transportation and Communications, last year there was an under expenditure. Same deal?

**A. PARSONS:** That comes down to they were late starting. It's going to ramp up so you're going to see more of the people in the GTF travelling back and forth. They were late getting going so they didn't use up the money that was allocated but you're probably going to see more. In fact, the Green Transition Fund people, for instance, were just out at Central MinEx in Gander last week, we had two people on the ground there for that. They will be going to these trade shows. I have no doubt they're going to use that funding this year, or that's my guess anyway.

**L. PARROTT:** Operating Accounts came in significantly under budget last year. Why has the budget been so significantly increased for this year?

**R. MANSOUR:** As the minister mentioned, the team only, sort of, took off the ground in June and that was the planned allocated amount. As the minister mentioned, even within the short time that they've been running, since June, they've been up and running, our team. So they've done over 75 introduction conversations and the plan is to do more of that. So that accounts for the Transportation and Communication.

I want to make sure I've addressed your question. Is that right?

**L. PARROTT:** No, it's good.

**R. MANSOUR:** It is mostly because the team is starting late so this is accounting for a full year ahead.

**L. PARROTT:** What is the source funding provided for Grants and Subsidies and why wasn't any of the funding allocated for Grants and Subsidies expended last year?

**A. PARSONS:** The resources under West White Rose, we have \$100 million over the next 10 years. In terms of the actual spending, I think it has to do with the actual timelines and stuff.

**R. MANSOUR:** Yeah. Again, first, we have to hire a team and then set-up an EOI, so after the budget was approved, we are able to launch an EOI in June and that closed in August. We got 107 requests already from that. Only 42 of those were eligible. We've already done seven projects in that last month, we've approved those. So that's just the start now of GTF where we're starting to approve and get that money out.

We've approved seven projects for \$1.7 million. So whatever wasn't spent in the previous year has been pushed ahead so that we spend the whole \$100 million. But

we're anticipating now that we'll be able to do so. We're hoping that we're going to finish from the first call by June, all the projects that we put under review, and we'll set up a new launch now for Q2, Q3.

**L. PARROTT:** (Inaudible.)

**A. PARSONS:** No.

**R. MANSOUR:** No, if anything, we're going to encourage more applications.

**CHAIR:** The Member for Labrador West.

**J. BROWN:** All right, thank you so much.

How much work was done with the food processors' forum on creating a provincial food network and how is that going under the economic development?

**A. PARSONS:** It's not something I have much involvement in. I don't know if – the food processors ...?

**J. BROWN:** Network – it was the food processors' forum.

**A. PARSONS:** Forum.

**J. BROWN:** Yeah, on provincial food network.

**A. PARSONS:** Yeah, I can honestly say I don't have any involvement with that. I don't know if that falls somewhere else. I've spoken at the manufacturing conference, but not the food processing –

**J. BROWN:** Okay, yeah, no worries.

**OFFICIAL:** Maybe FFA.

**A. PARSONS:** Could be FFA? It might be FFA.

**J. BROWN:** Yeah.

**OFFICIAL:** They do food security.

**A. PARSONS:** Yeah. Okay.

**J. BROWN:** You were just supporting, okay.

Obviously, you mentioned earlier that the Green Transition Fund was late starting out. What was the reason for the late start with the Green Transition Fund getting out the door?

**A. PARSONS:** Just trying to get the bodies into the positions, going through the hiring process, which is out of our control going through the public service or whatever. Just standard stuff. So that's the reason it was late. The other thing, too, is that you had to put out the call for bids, get everything back in, go through, grade it.

You'll see more now. That work's been done, you're going to see a pretty steady flow of announcements coming soon. We did have more interest than what the actual fund is, so we're going to try to get them all out and then get the next round in. Last year, we didn't get the full 10 out. This year, we might do an overage.

**J. BROWN:** Okay, to make up for the – there's only six right now, right?

**A. PARSONS:** What's that?

**J. BROWN:** There's only six that are through the first process.

**A. PARSONS:** The money will be fully allocated; you will see more in the next month, I can guarantee you.

**J. BROWN:** All right, perfect.

That was my final question, thank you.

**L. PARROTT:** I don't have any more questions, so I'm just going to end off and I think that will conclude this, except for what the minister has to say.

I'd like to thank the department, certainly for all the work you put into the Estimates and

the work that you guys do to make the minister look good, it shines through here today.

I'll say through my role as the shadow Cabinet minister, I deal with the minister directly and certain people inside the department and I've never had an issue. It's always very professional and I respect and appreciate the responses we get when we ask questions, so thank you all for the hard work you do. I know that these days aren't necessarily easy preparing for. Good job, and again thank you all for your honesty, especially the minister.

Thanks.

**CHAIR:** The Member for Lab West.

**J. BROWN:** Yeah, I agree. Thank you so much. Every year I look forward to the IET Estimates. I always have a great time and they answer my questions. Even outside of this day, you've always answered my questions and that so I really appreciate it. Thank you all for being here. It's always a fun time.

**CHAIR:** The minister.

**A. PARSONS:** Chair, I won't belabour this, but I appreciate the comments from my colleagues and that's the desire here. This is a department that's got a massive, massive mandate and it's very clear that I'm surrounded by really competent, excellent servants of the province. We're very lucky to have all of them. Again, that's why I'm happy to let them shine here because their expertise is what I rely on. I mean, that's the reality. They're experts in what they do and I'm just really happy to be here and be a part of it. I think we've got a great relationship because there are wins to be had in this department, but there are also viewpoints outside from people that are knowledgeable that we entertain.

So on that note, thank you, Chair.

Thank you, everybody.

**CHAIR:** Okay.

We've got a few procedural things we have to do to conclude the hearing.

I'll ask the Clerk to call these headings.

**CLERK:** Industry and Economic Development, 5.1.01 to 5.4.01 inclusive.

**CHAIR:** Shall these headings carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Carried.

On motion, subheads 5.1.01 through 5.4.01 carried.

**CHAIR:** We have to do the totals now, do we?

**CLERK:** The Total.

**CHAIR:** Shall the Total carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Carried.

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

**CHAIR:** Shall I report the Estimates of the Department of Industry, Energy and Technology as carried.

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Carried.

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

**CHAIR:** Thank you.

Okay, we don't have any further meetings at this time, so we can conclude this hearing now, I believe. There's nothing else we need to do.

I want to thank everyone for their participation today in the hearing and the insightful questions.

I need a motion to adjourn.

**L. STOYLES:** So moved.

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

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

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

Carried.

Thank you.

On motion, the Committee adjourned sine die.