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*Speaker: Honourable Wade Verge, MHA*

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The House met at 2:00 p.m.

**MR. SPEAKER (Verge):** Order, please!

Admit strangers.

**Statements by Members**

**MR. SPEAKER:** Today we have members' statements from the Member for the District of St. John's East; the Member for the District of St. John's South; the Member for the District of Bay of Islands; the Member for the District of Cape St. Francis; the Member for the District of Bellevue; and the Member for the District of Baie Verte – Springdale.

The hon. the Member for the District of St. John's East.

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

Mr. Speaker, from time to time, members of this House have the great joy of rising to salute a constituent who has reached 100 years of age. I do not think there are words to say how happy I am today to ask this House to congratulate not one, not two, but seven residents of St. John's East who have reached that landmark this fall.

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

**MR. MURPHY:** Glenbrook Lodge is the home of three new centenarians. On September 12, Mr. Isaac Barnes, originally from Coombs Cove, Fortune Bay, turned 100; on November 13, Joshua Coward reached the milestone; and on November 22, Bride O'Toole celebrated her 100<sup>th</sup> birthday.

At Tiffany Village, Kathleen Collins and Marie Maher had 100<sup>th</sup> birthday parties this fall; and at St. Patrick's nursing home, Ms Bridget Martin turned 100, and Gertrude Perks celebrated 102 years of life.

I had the pleasure of attending many of the parties held to honour these remarkable men and women, and I can tell you there is little I enjoy more than hearing the stories of their lives and the opinions fashioned by 100 years of wisdom and experience.

I ask all hon. members to join me in congratulating these seven men and women on their milestone birthdays.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** Shall we stand and join with the member –

[Applause.]

**MR. SPEAKER:** It is a time-honoured tradition that has happened twice now, I say to the Member for St. John's East.

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

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

Today I recognize the organizers of the Shea Heights Santa Claus Parade and tree lighting ceremony. The annual parade this year had floats, characters, and school teams. We had a beautiful day for families to watch the parade as it travelled the route, to the delight of all the children.

Following the parade was a tree lighting ceremony with plenty of cookies and treats. All of these festivities take a great deal of organization and effort by the volunteers who put these events together.

I ask all members of the House to join me in recognizing not only the great community spirit in Shea Heights, but the volunteers of this committee who put these events together.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** The hon. the Member for Bay of Islands.

**MR. JOYCE:** Mr. Speaker, I rise in this hon. House today to recognize Emily Bolt, a young woman from the Town of Meadows. Emily, a third-year psychology student at Grenfell campus, is known throughout the area for her beautiful singing and is often called upon to sing and play at various events, including the seniors'

homes, long-term care facilities, and fundraising events.

She is actively involved with the Holy Trinity Church in Meadows, is a member of the Vestry Committee and the Parish Council, has led church services, and often plays and sings at church events.

In keeping with her desire to give back to her church, Emily, joined by her playing partners, Ted Taylor and Bobby Hull, organized a Christmas and Gospel benefit concert at the church. They also invited local musicians Shannon Vallis, Louise Brake, Jamie Stone, Robyn Terry, and Ada Moores to perform, and the mummers even made an appearance.

The response and support was overwhelming, and last Tuesday night they played to a sold-out concert and presented a \$2,500 cheque to the Holy Trinity Church.

Mr. Speaker, I ask all members to join me in recognizing Emily and, indeed, all the performers for their tremendous contribution to the Holy Trinity Church.

Thank you, Mr. Speaker.

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

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

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

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

I rise in this hon. House today to recognize and congratulate Mr. Terry Hart on his retirement. Terry began his career with CKCM in Grand Falls-Windsor, and has worked in just about all aspects of the radio industry. He specialized in business news, positive news stories, and aired the *Good News Report*. He has won numerous news and other awards, including the inaugural Broadcast News Award for News Excellence.

Terry received Hospitality Newfoundland and Labrador's Ambassador Award for coverage of the tourism industry. He has interviewed Cuban President, Fidel Castro; Soviet President

Brezhnev; Muhammad Ali, among others. He has also met Queen Elizabeth, Prince Phillip, Princess Diana, Prince Charles, U.S. President Bill Clinton, and most of the Prime Ministers in Canada since the late 60s, and all Newfoundland and Labrador Premiers.

In 1980, he spent three days with Terry Fox during his run through Central Newfoundland. He has covered hijackings, the devastating air disaster at Gander, and the major events impacting this Province. He always did so with utmost respect.

Terry is passionate about sports. He is a member of the Newfoundland Baseball Hall of Fame, and for many years he has broadcast senior, junior, intermediate, and high school hockey games.

I ask all hon. members in this House to join with me in wishing Terry Hart all the best in his retirement.

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

**MR. SPEAKER:** The hon. the Member for Bellevue.

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

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

I rise in this hon. House today to recognize the thirty-sixth Annual Ecumenical Carol Service held by the Arnold's Cove Lions Club. All proceeds raised at the service went directly to the Children's Wish Foundation. This year, the service was held at the Anglican Church in Arnold's Cove on December 8, 2014 and I was joined by the Minister of Education and Early Childhood Development.

Children's Wish Foundation is a Canadian charity that helps Canadian children, families and communities by granting the wish of a child who is diagnosed with a life-threatening illness. With every wish that is granted, the foundation has given a child hope and something to look forward to for the future. This year, the Carol Service raised \$28,650, which is the equivalent of two wishes for children.

I would like to recognize Florence Peach for her thirty-six years of dedicated volunteer service with the Carol Service, and Howard Brown and Michael Penney for the fundraiser Fog Trot, which they too raised \$8,000.

I ask all members of this hon. House to join me in congratulating the Lions Club on another successful year for their carol sing and thank them for their services to the Province.

Thank you.

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

**MR. SPEAKER:** The hon. the Member for Baie Verte – Springdale.

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

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

A Copper Ridge Academy Level 3 student from Baie Verte had the time of her life on the weekend of November 13 to 16.

She was awarded the Spirit of Youth Scholarship and placed second at the Miss Achievement NL competition, at the gala event held in the Holy Heart theatre. This is a premiere scholarship program for young women between the ages of thirteen to eighteen, held in St. John's every year.

Lindsee Clarke, daughter of Eugene and Connie Clarke, had the opportunity to showcase her brilliance, her talent, her academics, and her fitness. She demonstrated why her twenty-four peers voted her as the person who best exemplifies what the Miss Achievement NL award is all about.

Lindsee, as a result of winning the award, walked away a little richer with \$700 in her back pocket. In speaking with her mom, I learned that Lindsee has met and made lifelong friends. She also participates extensively in school and community activities and can be relied upon to do any task that she is asked to do.

Mr. Speaker, I proudly ask that all colleagues in this hon. House join me in congratulating Lindsee upon her amazing achievement.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** Statements by Ministers.

### Statements by Ministers

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

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

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

I am proud to rise in this hon. House to speak to our government's recent funding partnership in support of the Translational and Personalized Medicine Initiative, or TPMI as it is known. I was pleased to attend the launch event late last month along with the Premier and a number of my Cabinet colleagues.

The TPMI is an important project and represents an innovative approach to delivering health care services. It has the potential to enhance care, reduce health care costs, and increase efficiencies, and we are very proud to support this initiative with a contribution of \$7.2 million over five years.

Mr. Speaker, the TPMI will bring the latest and most innovative discoveries in health research directly to patients in an effort to enhance care and treatment options. It will allow physicians to access a significantly greater wealth of evidence-based research, knowledge, and techniques directly at bedside. The potential applications are tremendous and will make a real difference in the lives of Newfoundlanders and Labradorians receiving care.

Mr. Speaker, three components comprise the initiative. First, the next generation hardware and software to help analyze data and inform policy decision making. Second, improvements to individual patient outcomes in families affected by genetic disease such as colon cancer, hearing health, arthritis and others. Finally, applied clinical health research to inform future health policy as a means to decrease health care costs while improving services.

It is exciting to see Memorial University yet again partnering with a leader like IBM, and this latest development further showcases the university's ability to deliver top quality research that will benefit the people of Newfoundland and Labrador. Together with the funding pledged by IBM and support from the provincial and federal governments, this project will see a total investment of \$50 million over five years.

Mr. Speaker, enhancing patient care through innovation, evidence-based research, and collaboration is essential to strengthening our health care system. It benefits patients in Newfoundland and Labrador, it benefits researchers, and it benefits the entire health care sector in the Province.

Thank you.

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

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

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

This is an important initiative for our Province, since this Province has some of the highest rates of diabetes, stroke, and blood pressure in all of Canada. Mr. Speaker, we have an aging population; 40 per cent of our provincial budget in this Province is spent on health care. So, anything we can do to improve these outcomes is greatly needed.

I would like to recognize IBM and Memorial University. Memorial is a world-class facility. We should be doing everything we can in partnering with them and supporting an environment that allows more innovative research and learning opportunities.

This announcement helps bring improvements to patient outcomes, how physicians treat patients, and how those physicians provide care for our patients.

Mr. Speaker, anything we can do – we need to be committed in this Province to providing better health care more efficiently, allowing our health care dollars to go further.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** The hon. the Leader of the Third Party.

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

I, too, thank the minister for the advance copy of his statement. The TPMI seems a good collaboration of Memorial, the Canadian Institute of Health Research, government, and others to strengthen health research in this Province.

Collecting patient information this way as part of research in order to give the best care and up-to-date therapies is innovative; but, beyond this activity, we also need to have the implementation of electronic medical records, which is way behind schedule, I remind the government. It is also one of the four priorities of the Newfoundland and Labrador Medical Association which stressed they would be working on this year.

Thank you very much, Mr. Speaker.

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

The hon. the Minister of Business, Tourism, Culture and Rural Development.

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

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

I rise today to share with the House the excitement that is building around the Fogo Island Inn and its growing reputation as a prestigious and unique international destination, offering an unforgettable encounter with Fogo heritage.

Mr. Speaker, the Fogo Island Inn has recently been recognized by *Vogue* magazine as a top-five winter vacation destination. *Vogue* has ranked the inn amongst its top destinations for outstanding winter holiday offerings, positioning the Fogo Island Inn against locations in Iceland, Greenland, Japan, and Norway.

The inn has also been recently named as a finalist for National Geographic's World Legacy award as one of three contenders in the Sense of Place Category. Operated by the Shorefast Foundation, the Fogo Island Inn has been nominated for this award because of the operator's steadfast commitment to protecting community heritage, and by offering of an experience that celebrates the intrinsic value of Fogo's culture, traditions, and lifestyle. Winners will be announced in Berlin in March.

Mr. Speaker, the Fogo Island Inn is no stranger to this kind of attention. Prominent press has included coverage in *Forbes* magazine, as well as the *New York Times*. The inn was also named to *MacLean's* 2014 list of "10 Places You've Got To See", and to the list of "50 Things That Will Make You Say Wow!" by Oprah Winfrey's own *O* magazine. Last year, the inn also won the Culture Tourism Award, which is presented by my own department in partnership with the Departments of Canadian Heritage as well as Hospitality Newfoundland and Labrador.

The Fogo Island Inn has made tremendous strides, some of which have been made possible because of strategic supporters like the Government of Newfoundland and Labrador. I am proud that through our various programs, the provincial government has been able to provide \$9.1 million to support the Shorefast Foundation and its efforts to make Fogo Island Inn a premiere international destination.

Mr. Speaker, it gives me great pleasure to recognize the outstanding efforts of the Fogo Island Inn. I offer heartfelt congratulations to the inn and its staff on all their recent success and international recognition, and I look forward to all their future achievements in promoting this wonderful area of our Province.

Thank you.

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

**MR. SPEAKER:** The hon. the Member for The Straits – White Bay North.

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

I thank the minister for the advance copy of his statement. I have been to Fogo Island, one of the four corners of the earth, where I met Zita Cobb, the brainchild of the Shorefast Foundation that has led to an award-winning social enterprise, the Fogo Island Inn. I have also had the pleasure of being hosted by the chef of the Fogo Island Inn who has roots in St. Anthony.

Those who have met Zita have heard the saying: The most important thing is to keep the most important thing the most important thing. Cobb has invested \$35 million of her own money to help build the hotel, then collected another \$18 million from provincial and federal governments, and \$23 million from private donations.

Net earnings from this business activity are allocated to the sole beneficiary and that is the trust, the charity; and subsequently, it is reinvested into local initiatives to strengthen cultural and economic resilience. I have toured their Wind and Waves Artisans' Guild. They have the Fogo Island Arts, the punt race, and they do the partridgeberry harvest festival. They have a Business Assistance Fund that has supported sixteen entrepreneurs, cod potting, an Ocean Interpretation Centre. They also have a Geology Residency Program.

On behalf of the Official Opposition, we would like to congratulate the staff at the inn.

Thank you.

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

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

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

I thank the minister for an advance copy of his statement. Congratulations to the visionary Zita Cobb, the Shorefast Foundation, and the people of Fogo for an incredible job on the Fogo Island Inn. Their work has made an impressive impact on the community, and bravo; \$9.1 million of the people's money, that is a lot of money. Heritage and museum groups across the Province continue to struggle with mere crumbs. Provincial historic sites are in poor repair and need proper investment; \$9.1 million, and we

cannot afford a Family Violence Intervention Court.

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

**MS ROGERS:** What are we to make of this, Mr. Speaker? What are we to make of this?

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

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

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

**MR. DALLEY:** Mr. Speaker, I truly wish I had the time to explain to her what to make of this, but I do not.

Mr. Speaker, I rise in this hon. House today to highlight the significant contribution the Growing Forward 2 program is making to the agriculture and agrifoods sector of this Province.

The initial Growing Forward program was cost-shared by the provincial and federal governments and implemented by the Department of Natural Resources. From 2008 to 2013, \$29 million was invested to promote the sector.

This first program was so successful that we did not hesitate to partner with our federal counterparts in Growing Forward 2. Over five years, we will contribute \$14.8 million, which is 40 per cent of the total \$37 million budget.

Growing Forward 2 is built on partnerships. Farmers and producers use this program to further enhance their entrepreneurial spirit, to be creative and innovative, and to help drive economic growth.

In 2013, the provincial and federal governments invested close to \$6 million in 158 projects under Growing Forward 2. Another \$6 million will be allocated for 130 projects in Newfoundland and Labrador during 2014. Here are some examples.

Pure Holsteins Limited in Little Rapids has a new, state-of-the-art milk production system because of Growing Forward 2. This is the first robotic milking system in Newfoundland and

Labrador and already this innovative project has resulted in an 18 per cent increase in milk production.

Lester's Farm Market Incorporated has a new harvester that improves crop harvesting speed and efficiency. Our investment will enable the farm to be more competitive and allow them to increase their acreage.

The Newfoundland and Labrador Federation of Agriculture, in partnership with the Young Farmers Forum, will be able to complete a training needs assessment and deliver a Young Farmer's Leadership Summit because of Growing Forward 2.

Growing Forward 2 continues to invest more than \$300,000 in agriculture in the classroom activities, including the Little Green Thumbs program which is being offered in seventy classrooms this year. School children learn to grow vegetables in their classrooms and to understand the value of food production and healthy eating.

Mr. Speaker, the Newfoundland and Labrador agriculture and agrifoods sector generates direct and indirect employment for approximately 6,500 men and women in Newfoundland and Labrador communities. The total value of the sector is more than \$500 million a year. I commend the excellent work being done through Growing Forward 2, and, Mr. Speaker, I look forward to building on these successes in years to come.

Thank you.

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

**MR. SPEAKER:** The hon. the Member for St. George's – Stephenville East.

**MR. REID:** I thank the minister for an advance copy of his statement.

Agriculture is indeed an important industry for Newfoundland and Labrador. Anything that government can do to grow the industry is always positive.

Growing Forward 2 is an excellent program that farmers and producers alike have availed of

since its inception in 2008. Although the number of farmers in the Province is steadily declining, the value of the industry continues to increase, now reaching over \$500 million.

Although the farming industry is expected to post modest gains in 2014, this is an industry that has enormous potential for growth. Given the right environment, this is an industry that can contribute to the diversification of our economy. I encourage government to continue to invest in the agricultural industry.

Thank you, Mr. Speaker.

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

**MR. SPEAKER:** The hon. the Leader of the Third Party.

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

I too thank the minister for an advance copy of his statement.

The Growing Forward program has indeed provided many benefits to the agrifoods sector for the last six years, and it is good that the second program has changed somewhat and is more responsive to the needs of small-scale agriculture and new entrants, but I would also ask the minister to consider that we need more resources to go towards our Province's food security. For example, by linking small farmers to local buyers and consumers, supporting value-added processing, and protecting our remaining arable land across the Province.

Thank you very much, Mr. Speaker.

**MR. SPEAKER:** Oral Questions.

### Oral Questions

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

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

Yesterday the Premier said that when the government made the fisheries innovation fund announcement – this is back in October, 2013 – they were celebrating a deal, a deal that allows

for the future of the fishery. In the documents that were tabled yesterday we have yet to see a signed, final agreement.

I ask the Premier: Is there a signed, final agreement on this fisheries innovation fund?

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

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

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

The fisheries innovation fund is directly related to negotiations through the CETA discussions that have been happening with the federal government, the Government of Canada.

Mr. Speaker, there has been a comprehensive set of discussions. There is a large number of documentation that has gone back and forth between the federal government and the Province, the Province and the federal government, that outlines a course of negotiations and discussions that have taken place that led to the agreement.

Mr. Speaker, I would like to point out that even this morning Senator Wells, representing the federal government, pointed out on the public airwaves that there was an agreement reached last year.

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

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

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

Yesterday the Premier said that the minimum processing requirements were an important aspect on what keeps the fishery alive in our Province. He also said that the removal of them would not have a negative impact on the fishery.

I ask the Premier: Why do you say on one hand that MPRs are fundamental to our fishery and on the other hand removing them would have no effect?

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

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



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

The member opposite should first remember, and it should be clear to everyone, that the discussion on removing MPRs was part of the CETA negotiations. It would directly relate to tariffs to shipments to the European Union. It does not impact our largest trading partner, such as the United States and China and other trading partners we have. This is strictly about our tariffs and our trading with the European Union.

Mr. Speaker, MPRs are enshrined in our legislation under the Fish Inspection Act. It is something that has been very important to Newfoundlanders and Labradorians for as long as the fishery has been alive, is the view of many, for a long, long time. It is important to us as a government as well.

When the federal government came knocking on our door and asked us to remove MPRs, we had a discussion, we had an agreement. That resulted in the fisheries innovation fund that we celebrated last year.

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

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

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

I remind the Premier the celebration that he had last year was supposed to lead to a meeting just today. Obviously, the celebration seems to be a little premature in my mind, I say, Mr. Speaker.

In government's May 14, 2014 letter, they referenced a 2006 independent review of MPRs. That report, which was done by Burke Consulting, did not put an exact value on MPRs, but it did recommend a further evaluation of the MPR system to be undertaken in two or three years to assess the impact on the industry.

I ask the Premier: Why hasn't this additional evaluation been completed?

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

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

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

I appreciate the member opposite's question. I want to go back to his preamble and his comments about the celebration this Province had last year, a celebration that we partnered with industry representatives that came together to celebrate the fisheries innovation fund agreement that we reached with the federal government.

Mr. Speaker, it is not unusual to celebrate when you reach a point in negotiations where you have a framework of an agreement, or as Senator Wells put it this morning, an agreement in principle – and that is what he said this morning publicly as well. It is not unusual for governments and organizations to celebrate such milestones. It was worthy of celebrating for Newfoundland and Labrador, because this fund is about the long-term benefits of the fishery, Mr. Speaker, right here in Newfoundland and Labrador.

I would say to the member opposite, the federal government had a similar type of celebration just this September when they had a much bigger and broader celebration than we had last year, when they brought members of the EU right here to Canada to celebrate the Comprehensive Economic and Trade Agreement that has yet to be reached, Mr. Speaker.

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

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

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

Well, I remind the Premier that the folks from the EU showed up for that celebration.

Mr. Speaker, the problem with this government is they went into negotiating with the federal government without having any idea of the value of MPRs on our fishery.

So I ask the Premier: Without having any idea of the value of MPRs, how did you arrive at the \$280 million figure?

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

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

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

Mr. Speaker, as has been indicated over and over again, this is a negotiation process where the federal government came to us – bilateral discussions with the Province of Newfoundland and Labrador and with the federal government, much like they would have with the other nine provinces and three territories. Within the scope of that, obviously we looked at all the chapters in terms of CETA, where we would have an understanding of where that would go, and agreed to it.

As well, to that, it would be the issue of the investment fund, which the federal government agreed to. Within the context of that, we came up with a number, certainly looking at what investments we have made over the past number of years. Since 2003, there is something like \$100 million been invested in the fishery in various forms. Some of those are part of the five pillars that we have certainly looked at.

So, collectively, with all of that, we see a way forward. This is an agreement for perpetuity. It is important that we have the infrastructure we need to move it forward. An agreement was made in negotiations and we expect that agreement to be honoured, Mr. Speaker.

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

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

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

Well, I am sure the minister, who has played a key role in all of this, realizes that the five pillars that they keep talking about really did not become part of this discussion until even earlier this year.

In government's October 30, 2013 letter, they claim that the federal government had placed a new condition, that the fund would only be up to \$400 million. However, the federal government was consistently using this language saying up to \$400 million for over a year. In fact, they used it over six times over the last year before this government even questioned them on that.

So I ask the Premier: You reviewed the letters, why did you not seek clarification on what the exact amount of the fund would be?

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

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

**PREMIER DAVIS:** Mr. Speaker, the terminology used by the federal government of up to \$400 million was not the new condition that was introduced recently by the federal government. The up to \$400 million was used because they were looking for a 70-30 split between the Province, and how much they put in was contingent on how much the Province was committed to.

If he reads the documentation, he will see documentation from October 2013 from Minister Charlene Johnson, minister of the day, who was negotiating with the federal government, that confirmed that we would put in our 30 per cent share of \$120 million and that leveraged \$280 million from the federal government.

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

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

**MR. BALL:** Well, the Premier knows that even in some of the latest correspondences between the provincial government and the federal government they continue to use the "up to", so if your commitment was there it obviously needed clarification.

That is the reason why I asked the question: Why didn't you seek clarification before you had the party celebrating this deal?

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

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

**PREMIER DAVIS:** Mr. Speaker, the value of the fund here is not a question in any way, shape or form. We were quite clear. The federal government were quite clear. They used the terminology up to \$400 million because it was contingent on the 30 per cent contribution by the Government of Newfoundland and Labrador.

We confirmed, and it is clear in the documentation, in the fall of 2013, in October 2013, our commitment of the 30 per cent, being \$120 million; therefore, that confirmed their contribution of \$280 million, Mr. Speaker.

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

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

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

The Premier, I am sure, as he has read this correspondence, also knows that much of this fund is contingent on the number of job losses that CETA would have on the fishers of Newfoundland and Labrador. This is a reason why the “up to” is critical in this discussion.

I say, Mr. Speaker, yesterday the Premier told the public that he had a meeting with the Prime Minister today on this very issue, but as we all know the meeting was not confirmed by the Prime Minister.

I ask the Premier: Since the meeting did not happen today, when will it happen?

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

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

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

I just reiterate the communications were clear. It was October 24, 2013, it is a public document, where we confirmed \$120 million towards the industry transition fund; and, as confirmed through a telephone conversation prior to this correspondence with the hon. Ed Fast, that would be equal to their 70 per cent share, \$280 million, Mr. Speaker. The documentation is very clear.

This is about the future of the fishery. This is about maintaining the fishery for many years to come, Mr. Speaker. It is about opportunities for rural Newfoundlanders and Labradorians – and maybe the member opposite can tell the people of the Province: Do you support Newfoundland and Labrador in ensuring that the federal government maintains their commitment of \$280 million to Newfoundland and Labrador to ensure

the future of the fishery? Does the hon. member support that position?

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

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

**MR. BALL:** I thank the Premier for giving me the opportunity to answer that question. Of course I support the people of Newfoundland and Labrador. I support the fishing industry in Newfoundland and Labrador. We always have.

What I also support, though, is that when you are going to negotiate, you understand what you are negotiating with. You know what you are giving away. You do not know that, I say to the Premier.

I ask the Premier one more time: Is there a meeting finalized with the Prime Minister or not?

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

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

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

**PREMIER DAVIS:** Mr. Speaker, I am glad the hon. member has confirmed that because yesterday he did not say he supported us today, he said he supported us a year ago. Now today he is supporting us today and I thank him for his support for the people of Newfoundland and Labrador. We support the fishery over here and I am glad that he is supporting it as well.

Mr. Speaker, I am glad he is saying that because the Prime Minister –

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

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

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

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

The hon. the Premier.

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

I thank the member opposite again for confirming his support because we know that members opposite did not all support this initiative with the federal government in securing the future of the fishery of Newfoundland and Labrador.

Mr. Speaker, I respect the fact that the Prime Minister has a very busy schedule. I have a busy schedule. I am sure the Leader of the Opposition has a busy schedule. We had indications and were given information yesterday that the Prime Minister would be available this afternoon. He was not able to. He is attending a funeral in Montreal today. We have a meeting scheduled for Friday afternoon.

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

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

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

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

The Supreme Court, almost six years, upheld an earlier decision of the arbitration board to compensate employees affected by the 2005 closure of thirteen provincial highway depots. The arbitration board, again, a year and a half ago ordered redress for the employees. These workers have proven their case, Mr. Speaker, and government owes them wages.

I ask the minister: When will government meet its obligations and compensate employees affected by the closure of these depots?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

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

**MR. WISEMAN:** Mr. Speaker, this government has demonstrated clearly that we respect the collective bargaining process. We have been very successful negotiating any number of collective agreements since we have been in government, and we will continue to honour and respect the provisions of those collective agreements.

Periodically, there will be some difference of opinion about the interpretation of that. That is

why we have arbitrations. That is why we have court rulings. When those arbitration hearings are held and court rulings uphold those decisions, we honour and respect those decisions and will implement their direction provided for in those cases.

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

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

**MR. OSBORNE:** Mr. Speaker, the court ordered a year and a half ago redress for these employees. They are waiting almost ten years for compensation.

According to an ATIPP request by our office, the Province still does not know how much this is going to cost or how much the 167 workers will receive in compensation.

Why has government dragged its heels, I wonder? These workers have been waiting almost ten years for compensation. When are you going to pay them?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

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

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

As I said a moment ago, we will continue to respect decisions of, whether it is an arbitration board or whether it is a court decision, and when we are provided that kind of direction and settlement of the case, then we will move forward and make the appropriate adjustments.

**MR. SPEAKER:** The hon. the Member for Virginia Waters.

**MS C. BENNETT:** Thank you, Mr. Speaker.

Yesterday, the Minister of Finance said that government was consulting economists. Well, Mr. Speaker, so are we. The economists and the financial experts and the people of the Province know that a mid-year update can be done now. In fact, the Minister of Finance said in this House on November 27 that it would be

available in eight to ten days. That was thirteen days ago.

I ask the minister: Will the people of the Province see the financial update before the House closes for Christmas?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

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

**MR. WISEMAN:** Mr. Speaker, Hansard is a wonderful thing in the House of Assembly. If you check it, you will find that every question is posed and every answer is provided. If you check Hansard from yesterday the very same question was posed, and let me give you the same answer. I may not get the exact same words, but the thrust will be the same.

The people of Newfoundland and Labrador will have an update of where we will be for March 31, 2015 before Christmas. I stick to that commitment, Mr. Speaker. The people will have that before Christmas.

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

**MR. SPEAKER:** The hon. the Member for Virginia Waters.

**MS C. BENNETT:** Mr. Speaker, today the price of oil has fallen below \$65 a barrel, whereas your government has budgeted \$105 per barrel. Thousands of people and organizations will be impacted by this government's actions, as they were in 2013 when there were hundreds of layoffs.

I ask the minister: Will he provide the mid-year update before this House closes so we can debate it here in the House?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

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

**MR. WISEMAN:** Mr. Speaker, I am delighted the member opposite has recognized the significance of the decisions that government makes on a day-to-day basis. Any decisions we make with respect to our budget will affect

many lives in Newfoundland and Labrador. That is why it is critically important, that is why it is really, really important, that we make sure we understand what we are doing.

We are in a time of some uncertainty and some degree of unpredictability. We have seen lots of volatility in the price of oil in the last week or two, or ten days or so. I say, Mr. Speaker, without knowing and having a good feel for what that future looks like, to start making decisions about what next year's budget will be, or adjustments we may need to make in our expenditure level prematurely, would create a tremendous amount of unrest. So, we want to make sure, Mr. Speaker, that when we make budget decisions they are well informed.

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

**MR. SPEAKER:** The hon. the Member for Virginia Waters.

**MS C. BENNETT:** Mr. Speaker, we have asked the question repeatedly about whether or not the update will be released before the House closes.

Now I am going to change course, Mr. Speaker, and ask the minister: Why won't you commit to providing a mid-year update before this House closes?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

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

**MR. WISEMAN:** Mr. Speaker, unless the member has a crystal ball, I do not know when the House is closing. We are still here. No one has given any motion that the House will adjourn. So I say, Mr. Speaker, we may be here until Christmas.

What I am saying, Mr. Speaker, and let me repeat it again. What I have made is a commitment, because of the volatility we have seen in the last ten days we want to have a clear sense of what we can expect with respect to oil prices particularly, because that is our primary revenue stream. We need to have a real good feel for what that price will be taking us to March 31, 2015. Over the course of the next

little while we will be able to make sure we understand that better.

I will reiterate my commitment. The House and the people of Newfoundland and Labrador will have an update on our fiscal position for this fiscal year before Christmas.

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

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

**MR. KIRBY:** Mr. Speaker, this government's failure to support the literacy needs of Newfoundlanders and Labradorians is nothing short of shameful. They have cut library funding. They have closed libraries. They have cut library staff at public libraries in this Province.

I ask the Minister of Education: How do you expect students to value literacy when your government shows such disregard for it?

**MR. SPEAKER:** The hon. the Minister of Education and Early Childhood Development.

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

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

Mr. Speaker, that might be his opinion. It is not the opinion I am hearing back from educators, it is not the opinion I am hearing back from AECENL in terms of early literacy, and it is not the opinion I am hearing on the ground whenever I am out and about in the schools, Mr. Speaker.

What I am hearing is they are very thankful for the \$2.5 million, Mr. Speaker, that we have invested just in the last three years in terms of literacy partnerships, in terms of early learning opportunities, particularly with our libraries. What we also are hearing is about the positive support that comes from our parent resource kits for early learning opportunities as well.

Mr. Speaker, if I were to look at the K-12 system I would need more than Question Period to be able to answer, but let me start. The renewal of the K-12 English language arts

curriculum is one area where we have seen huge –

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

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

I am sure there is a follow-up.

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

**MR. KIRBY:** Mr. Speaker, if this government truly valued literacy they would not have cut specialist learning resource teachers who staff our libraries in schools. Now to make matters worse, district staff are out looking at carving up school libraries so they can jam in overcrowding classes of full-day Kindergarten students.

I ask the minister: How do you expect teachers to engage students in reading and in literacy activities when you are cutting the resources that they need to the bone?

**MR. SPEAKER:** The hon. the Minister of Education and Early Childhood Development.

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

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

To continue on, the renewal of the K-12 English language arts program is seeing huge improvements as well. A million dollars invested in resources for school libraries, classroom reading resources that have been implemented, a wide variety of materials for all of our K-6 classrooms, numeracy and literacy specialists have been hired, Mr. Speaker. The end result has seen a graduation rate this year of 93.7 per cent of our graduates in Grade 12, Mr. Speaker. We are seeing huge progress.

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

**MR. SPEAKER:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS DEMPSTER:** Mr. Speaker, over half of adults in our Province are below the literacy level required in a modern society. Government's own labour market plan says that

current workforce levels will pose challenges in filling new jobs. Meanwhile, Literacy NL is facing possible closure after an ending to its federal funding.

I ask the minister: Education and literacy are areas of provincial jurisdiction. Why are you allowing literacy funding to sit idle in an endowment fund while literacy organizations are on the brink of closing?

**MR. SPEAKER:** The hon. the Minister of Advanced Education and Skills.

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

**MR. O'BRIEN:** Mr. Speaker, the hon. member clearly does not understand the mechanism behind that endowment fund, to be quite honest with you. It cannot be used for core funding, it can be used for projects.

We have encouraged Literacy Newfoundland and Labrador to apply in regard to those projects. They are well able to, we have encouraged them to, and we are waiting for them. As a matter of fact, I anticipate getting them, and I will absolutely support it, but it cannot be used for core funding, Mr. Speaker.

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

**MR. SPEAKER:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS DEMPSTER:** What about the interest, Mr. Speaker, \$400,000?

Two weeks ago, the minister said the adult literacy plan promised almost eight years ago will be released soon. Last year, the acting minister said that information gathered in 2008 was outdated and government would need to seek input from stakeholders.

I ask the minister: Will you hold a consultation process before finalizing your plan so that you are at least working with current information?

**MR. SPEAKER:** The hon. the Minister of Advanced Education and Skills.

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

**MR. O'BRIEN:** Yes, Mr. Speaker, as the minister for over a year now, I have met with many of the stakeholders personally. We will be moving forward in regard to that literacy plan very soon, I say to the hon. member. As a matter of fact, it is a great piece of work done by a lot of the stakeholders, the input from the stakeholders, along with the staff of my department. We will be addressing it.

In the meantime, Mr. Speaker, I remind the hon. member, she said there was \$400,000 worth of interest in the endowment fund, but the answer is still the same: it cannot be used for core funding.

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

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

**MR. EDMUNDS:** Mr. Speaker, both the Minister of Natural Resources and the Minister of Labrador and Aboriginal Affairs support the application from Newfoundland and Labrador Hydro to increase residential rates for coastal Labrador communities by 11.4 per cent. They support the process rather than the people.

I ask the Minister of Labrador and Aboriginal Affairs: Why are you abandoning the people of Labrador in favour of a process that will see Labrador residents hit with the largest per cent of increase?

**MR. SPEAKER:** The hon. the Minister of Labrador and Aboriginal Affairs.

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

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

Time and time again people from across the way accuse me and the Minister of Natural Resources of supporting this rate increase. Government is not making this rate increase, Mr. Speaker. This is about Hydro going to the regulator to look for an increase to cover their costs. We support the viability of having reliable power put to the people on the North Coast of Labrador who need it.

Just last year the Northern Strategic Plan, managed through my department, put \$2.2

million into subsidies for those people that taxpayers all across this Province cover. They have to cover the cost of the product and service that is issued to them. It is the same everywhere, all over Canada.

It is not about abandoning people. It is about making sure that hydro is viable and that people get the power they need.

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

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

The hon. the Member for Torngat Mountains.

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

It is definitely not the answer that I was looking for. Mr. Speaker, businesses will see a 20 per cent increase in rates that will no doubt be passed onto the consumer who already pays enormous costs for food.

I ask the Minister of Labrador and Aboriginal Affairs: Do you also support NL Hydro's application to increase a 20 per cent rate in hydro to small businesses along the coast?

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

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

**MR. DALLEY:** Mr. Speaker, the member time and time again has stood in this House advocating for the people of coastal Labrador. I certainly support that, as do members on this side of the House. We have many, many examples of what we have done as a government.

Let's be very clear, Mr. Speaker, what is important here is that they are able to get the power when they need it. Mr. Speaker, everywhere in this Province – everywhere – there are challenges to pay their bills, but everywhere you have to pay for the service that comes and it is no different on coastal Labrador.

The only difference on coastal Labrador, Mr. Speaker, which this government supports, is that we subsidize the rates so that the business community only pays 32.5 per cent of their bill.

Granted, yes, the potential increase is high, but we will be there to support them with subsidies, like we have always done.

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

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

The hon. the Leader of the Third Party.

**MS MICHAEL:** Mr. Speaker, the fastest growing demographic in this Province is seniors. Some face an old age with little income and challenges in literacy and navigating the system. They are vulnerable to isolation and abuse.

I ask the Premier: Will his government create an independent office of the seniors' advocate, similar to those of the citizens' advocate and the Child and Youth Advocate?

**MR. SPEAKER:** The hon. the Minister of Seniors, Wellness and Social Development.

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

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

Mr. Speaker, the demographic that the member talks about is certainly one of the reasons that the Premier established a new department. It is to deal with the issues that seniors face on a daily basis.

Right now, we are not considering implementing a seniors' advocate. Mr. Speaker, we think there are many avenues that seniors and all people of the Province have in which they can get their issues addressed.

We will continue to support seniors through the programs that are available through Newfoundland and Labrador Housing. I met with Newfoundland and Labrador Housing yesterday. We have an entity there that will support all people of the Province but, in particular, seniors – a focus of that division and our government.

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

**MR. SPEAKER:** The hon. the Leader of the Third Party.



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

I ask the minister: Why won't they show the seniors of the Province that they are concerned enough about them to put in place an independent advocate focused on their issues?

**MR. SPEAKER:** The hon. the Minister of Seniors, Wellness and Social Development.

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

**MR. JACKMAN:** Mr. Speaker, as I have said, there are avenues that seniors have to address their needs. Through Mr. Fleming's office, the Office of the Citizen's Rep, is one example where seniors can have their issues addressed, should they need them.

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

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

**MS ROGERS:** Mr. Speaker, Cyra Rees submitted a Charter application challenging the Vital Statistics Act through the Supreme Court of Newfoundland and Labrador. Our act requires a trans person undergo reassignment surgery and a doctor verify their anatomy before their birth certificate gender markers can be changed. Court challenges forced Ontario and Alberta to change their act. Manitoba changed theirs willingly because it was the right thing to do.

I ask the Minister of Justice and Attorney General: Will she do the right thing now and change our Vital Statistics Act?

**MR. SPEAKER:** The hon. the Minister of Service Newfoundland and Labrador.

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

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

I thank the hon. member across the way for the question. In fact, I was waiting for it last week, I tell the hon. member.

Mr. Speaker, protecting the rights of all residents of Newfoundland and Labrador, including the transgender community, is of the very utmost

importance to this department, to this Premier, and to this government. This government believes that everyone has the right to be free from discrimination. We are committed to ensuring there are no unnecessary barriers in accomplishing this.

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

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

**MS ROGERS:** Mr. Speaker, I ask the minister: Why would she force our people to go to court for a basic human right about safety and dignity for trans people?

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

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

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

The member opposite would know, first of all, this is an issue currently before the courts, so we are not about, at all, to entertain a discussion in the House of Assembly on the merits of that case.

What I will say to the member, though, is she ought to recognize it was our government who made significant investment into changing the Human Rights legislation of this Province. I happened to be the minister of the day who did that, just last year, to provide for greater protection for people such as the one individual she is describing.

We certainly firmly believe that people in society have rights and their rights ought to be protected, but we are not about to debate the merits of an individual case that is before the courts here on the floor of the House of Assembly.

**MR. SPEAKER:** The hon. the Member for St. John's Centre has time for a very quick question.

**MS ROGERS:** Mr. Speaker, I ask the minister: Will she change the Vital Statistics Act, given that this is a safety issue for trans people, individuals in the Province everywhere?

**MR. SPEAKER:** The hon. the Government House Leader has time for a quick reply.

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

We certainly will continue to do due diligence of this particular file, as we have been doing for many years. That case that is being discussed here today, we will await the outcome of the court. If there are some recommendations there that suggest we ought to change the legislation, then we will certainly follow the recommendations of the court.

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

**MR. SPEAKER:** The time for Question Period has expired.

**MR. JOYCE:** A point of order.

**MR. SPEAKER:** The hon. the Member for Bay of Islands, on a point of order.

**MR. JOYCE:** Mr. Speaker, in questions to the Minister of Education, she clearly read from documents which she handed to the Minister of Health. So I ask that those documents be tabled that she was reading from, that she handed to the Minister of Health.

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

The hon. the Government House Leader, to the point of order.

**MR. KING:** Mr. Speaker, I think it was very obvious –

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

**MR. KING:** I think it is very clear to people here, as happens in Question Period every single day, when ministers stand on their feet they often take papers up, they reference papers, they glance down at notes. I think the rules of order that guide this House are very clear, Mr. Speaker, that unless ministers read directly verbatim from a paper we are granted the privilege of glancing from documents as a point of reference, and I think that is what the Minister of Education did here today.

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

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

The rules of the House are clear. If ministers, during Question Period, read directly from documents and it is requested that those documents be tabled, then the documents are to be tabled. As the Chair, I did not notice that the minister read directly from those documents. If she did, I will ask her to table them.

Presenting Reports by Standing and Select Committees.

Tabling of Documents.

Notices of Motion.

### Notices of Motion

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

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

I give notice that I will ask leave to introduce a bill entitled, An Act To Amend The Municipalities Act, 1999. (Bill 41)

**MR. SPEAKER:** Further notices of motion?

Answers to Questions for which Notice has been Given.

The hon. the Government House Leader, are you going to ask leave to –

**MR. KING:** Yes, Mr. Speaker.

I apologize. The noise caught me a little bit.

With leave from my colleagues opposite, Mr. Speaker, I would like to move two bills forward for first reading.

**MR. SPEAKER:** Does the hon. the Government House Leader have leave?

**AN HON. MEMBER:** Leave.

**MR. SPEAKER:** Leave.

The hon. the Government House Leader.

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

I would like to call Motion 3, to ask leave to introduce a bill entitled, An Act To Amend The Pensions Funding Act And The Public Service Pensions Act, 1991. (Bill 39)

So moved by me, seconded by the Premier, that the bill be now read the first time.

**MR. SPEAKER:** It is moved and seconded that the hon. minister shall have leave to introduce a bill entitled, An Act To Amend The Pensions Funding Act And The Public Service Pensions Act, 1991, Bill 39, and that the said bill be now read a first time.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

Motion, the hon. the Minister of Finance and President of Treasury Board to introduce a bill, "An Act To Amend The Pensions Funding Act And The Public Service Pensions Act, 1991", carried. (Bill 39)

**CLERK:** A bill, An Act To Amend The Pensions Funding Act And The Public Service Pensions Act, 1991. (Bill 39)

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

When shall the bill be read a second time?

**MR. KING:** Tomorrow.

**MR. SPEAKER:** Tomorrow.

On motion, Bill 39 read a first time, ordered read a second time on tomorrow.

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

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

Once again, I ask leave to introduce a bill entitled, An Act To Modify Eligibility For Other Post-Employment Benefits. (Bill 40)

So moved by me, seconded by the Premier, that the bill be now read the first time.

**MR. SPEAKER:** It is moved and seconded that the hon. minister shall have leave to introduce a bill entitled, An Act To Modify Eligibility For Other Post-Employment Benefits, Bill 40, and that the said bill be now read a first time.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

Motion, the hon. the Minister of Finance and President of Treasury Board to introduce a bill, "An Act To Modify Eligibility For Other Post-Employment Benefits", carried. (Bill 40)

**CLERK:** A bill, An Act To Modify Eligibility For Other Post-Employment Benefits. (Bill 40)

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

When shall the bill be read a second time?

**MR. KING:** Tomorrow.

**MR. SPEAKER:** Tomorrow.

On motion, Bill 40 read a first time, ordered read a second time on tomorrow.

**MR. SPEAKER:** Petitions.

### Petitions

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

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

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

WHEREAS Labrador's coastal communities already pay extremely high hydro rates; and

WHEREAS small businesses are struggling to stay in operation against rising costs; and

WHEREAS Nalcor, a Crown corporation, is proposing an 11.4 per cent increase to residential hydro rates and 20 per cent to businesses;

WHEREUPON the undersigned, your petitioners, humbly pray and call upon the House of Assembly to urge government to work with Nalcor to establish rates that are fair and consistent.

As in duty bound, your petitioners will ever pray.

Mr. Speaker, I have risen on this a couple of times, and I have actually asked questions on it earlier today. It is the first time I have heard some encouragement from the government. I heard the Minister of Natural Resources, and I quote: We will be there to support them as we have always been. Mr. Speaker, I will hold them to that.

Before I get there, I would like to talk about a 25 per cent increase that was put on the table by Nalcor for Lake Melville and Labrador West. The question is, why was it pulled off the table? I will tell you why. Because the people in Central Labrador and the people in Labrador West did not like it, so it was taken off the table.

This government supports now to go after the crowd who are living up on the coast with diesel-generated power. It is okay to charge them? This government talks about fairness and equity. In this case, Mr. Speaker, I do not see it. I do not see it at all. I look forward to the minister strengthening his remarks where he is saying yes, we pulled it off the table for Central Labrador and Labrador West and I think we can do it again for everyone in the Province who has to pay outrageous rates.

I do not have a problem with 1.9 per cent. I do not even have a problem with 2.9 per cent. What I do have a problem with is 11.4 per cent and 20 per cent. That is what I would like to see this government negotiate with Nalcor and put a proposal to the PUB that shows fairness and equity everywhere in this Province, Mr. Speaker, and not isolated to areas that already pay extremely high amounts.

Thank you.

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

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

### Orders of the Day

#### Private Members' Day

**MR. SPEAKER:** The hon. the Member for Port de Grave.

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

I move, seconded by the Member for Bellevue:

WHEREAS the provincial government announced in the 2014 Budget in greater detail on November 4, 2014 that it will invest in two venture capital funds: Venture Newfoundland and Labrador and Build Ventures;

BE IT RESOLVED that this hon. House supports the provincial government's decision to help further diversify our economy and further strengthen the business climate of our Province by investing in venture capital funds.

That is the motion to be debated today, Mr. Speaker, and I thank you for recognizing me today.

Mr. Speaker, it is an honour today to rise in this House and provide my colleagues with some details on our venture capital announcement of November 4. The announcement was done at the Common Ground. Mr. Speaker, one of the things about doing all this is that sometimes when you go to represent one of the ministers your interest gets piqued in an area, and this is one of the areas. From a recent visit to Common Ground I got my interest piqued in venture capital and entrepreneurship in the Province of Newfoundland and Labrador.

Mr. Speaker, for those who do not know, the Common Ground is an entrepreneurial incubator where our up and coming business innovators can come together and build their businesses. Actually, just this morning, Mr. Speaker, as a follow-up to that, the Executive Director of Common Ground, Ms Jennifer Smith, met with

myself and the Minister of Business, Culture and Rural Development.

Mr. Speaker, one of the things that hit me when I was talking to Ms Smith this morning was the fact that she said, and I paraphrase, but it was: this city is vibrating with opportunities. The Common Ground right now is serving as a hub for over thirty entrepreneurs in the city and in this Province.

Ms Smith talked eloquently about the fact that there are great opportunities and great things happening for Newfoundland and Labrador, and having this fund, Mr. Speaker, will be great opportunities for some of these incubator businesses to grow and expand. Now, a lot of the businesses are in the technology sector, but the Premier said back in November it is an exciting time to live and work in Newfoundland and Labrador. Listening to Ms Smith this morning, it certainly is an exciting time to be living in Newfoundland and Labrador.

Once in a while I think maybe there are – the people opposite may not think, but the Province is going through a pretty prosperous time. The business opportunities and business optimism remains fairly high in this Province. In fact, if you talk to small business owners in our Province, they are very optimistic – maybe the most optimistic in the country.

Mr. Speaker, I can talk about my own local area and I can talk about some of the small businesses there that have invested and built new buildings. I think of that as well. Again, there is great optimism in the Province for business.

What we are trying to do here and what we have been trying to do, we have been trying to maximize the benefits of our non-renewable resources to invest in our programs, services, and our infrastructure. Mr. Speaker, we have also been looking at industry to support innovation and business development. By supporting innovation and business development, this would lead to diversity of our enterprises, which is crucial for the sustainable growth of the Province.

As well, we have to leverage some of our current resources to help create an economy that is stable and sustainable over the long term. Mr.

Speaker, that is a challenge. We hear all the time from members opposite that we are not diversifying our economy, we are not doing enough, but we have to be able to build diversity in our economy so that we have a sustainable future.

We also know that our Province has to be more than just oil or minerals. Mr. Speaker, it has to be about our people. It has to be about the ingenuity of our people. It has to be about the work ethic of our people, and it has to be about their ability to draw and their drive to succeed. That will always prove to be this Province's greatest resource, is the people, those young entrepreneurs who are prepared to go out there, take risk, and develop and grow new business in our Province.

In talking to Ms Smith, that is alive and well. Anybody who wishes to go to Common Ground any time of the day or night, by the sounds of it from Ms Smith, you will see those young entrepreneurs in action.

Mr. Speaker, in recent years, this Province's entrepreneurs have achieved remarkable success across a variety of sectors. I just want to take a moment to highlight two or three of these success stories.

Much of the success has been in our technological industries. Mr. Speaker, I was interested to learn about Sequence Bio, an early stage company that is at the forefront of genomics in their new drug research. Dr. Tyler Wish is one of the co-founders of this company. When we made these announcements, he said, "It is positive to see the partners involved in the creation of these funds come together to address the gap in the supply of early stage capital for companies like mine." He said, "Today's investment evens the playing field for Newfoundland companies."

Now, Mr. Speaker, that is fairly significant. This work would not be possible without successful partnerships and the world-leading expertise that has taken up residence in Newfoundland and Labrador over the past several years. Their efforts will not only help to establish the biotechnology sector in Newfoundland and Labrador, but it will also

lead to better health care and improved patient outcomes.

We spend a lot of time in this House talking about the need to improve our health care and to have better outcomes, and also the need to spend our money more wisely. With Dr. Tyler Wish and with this information, we will have better health care and improved patient outcomes.

Mr. Speaker, another company that I was very interested in, and when I did some research, was Verafin. Verafin was established in 2003, and Verafin was established by three young gentlemen. These gentlemen now are North American leaders in fraud detection software, with their product being used in over 1,000 banks and credit unions worldwide.

This company, this idea, that grew out of four students from Memorial University back in 2003 is now worth some \$150 million. Mr. Speaker, \$150 million this company is worth. This is a great example of how entrepreneurs in our Province have created success with the backing of angel investors and venture capital investment. When we talk about Verafin we are also talking about a lot employment – offices setup in the United States and other parts of Canada.

The last example I want to use is SubC Imaging. This came out of the Genesis Centre. It is a graduate of the Genesis Centre. The Genesis Centre is a centre at Memorial University. The Genesis Centre is doing some great work. SubC Imaging is doing some great work in innovative and ground-breaking business that is operating right here in our Province. SubC is leading edge in reliable solutions for video, image, and lighting requirements in the offshore and SubC markets.

Mr. Speaker, earlier today I was looking at a list and SubC basically works around the world. They have suppliers and distributors all over the world. It is amazing to think that a small company, born out of Newfoundland and Labrador, has distributors throughout the world for video and image lighting requirements in the offshore and SubC markets.

Mr. Speaker, that is great. That is wonderful. SubC is now employing eleven full-time staff,

operating two offices, and they are a great example of an innovative, high-growth enterprise that would be a great fit for venture capital like we announced in November.

We did a lot of consultation in the Province with investors who want to help support this industry, such as the Newfoundland and Labrador Angel Network and other stakeholders such as Memorial University. Memorial University, right now, exceeds \$100 million in research funding, placing them in the top fifteen institutions in the country – R&D research coming out of our university. Our government is determined that it is imperative we expand the source of finances required to establish and sustain entrepreneurial success right here in Newfoundland and Labrador.

This government has planned and will expand the funding opportunities for new businesses in this Province, thereby expanding opportunities for all Newfoundlanders and Labradorians. Mr. Speaker, we know what a positive difference access to venture capital can make to both new and established entrepreneurs. The three examples I gave, without venture capital and without somebody believing in them and without somebody investing in them, these businesses would have never got off the ground.

I was intrigued by this stat that I saw. I took this out of an article I saw, Mr. Speaker. In 2013, \$2 billion in venture capital was invested in Canadian companies. That was 31 per cent more than the year before.

Mr. Speaker, I was also struck with the fact that venture capital-backed companies outperform those or outcompete and outlast those that are not backed. Nearly 130 per cent, almost two-and-a-half times the sale growth is in venture company-backed firms versus non-backed firms. Those are very interesting stats.

Mr. Speaker, that is why in November this government invested a total of \$20 million in two venture capital funds. One venture capital fund, \$10 million in Venture Newfoundland and Labrador. By the government putting in \$10 million, we also leveraged another \$2 million from the business development corporation, and also \$2.5 million in private investors through the Angel Network. Our investment of \$10 million

got us about \$14.5 million in Venture Newfoundland and Labrador. We also put \$10 million in a Build Ventures Fund.

Mr. Speaker, the Build Ventures Fund was a pre-existing fund. It was privately managed by the Atlantic Canadian Regional Venture Fund currently partnered with the business development corporation, as well as our sister provinces in Atlantic Canada. The Government of Nova Scotia, the Government of New Brunswick, and the Government of Prince Edward Island, along with other private sector investors. That put the total investment in that venture capital fund to over \$60 million.

This Build Ventures supports early stage companies that have already had demonstrated sales. They have already had demonstrated sales, but they require, Mr. Speaker, some extra capital to rapidly expand and capture significant market share. This fund was started in 2013, making equity investments in early stage technology-based companies that have successfully gained early customers in what is expected to be a large global market.

Mr. Speaker, while there is no guarantee in the Build Ventures Fund that we would get a specific amount, the Government of Newfoundland and Labrador is confident that the Province will receive investments equal to or greater than the share of the total fund capital. In talking to Ms Smith, and being at the Common Ground a number of weeks back, I have no doubt that we will get our share or more of that particular fund.

Additionally, Mr. Speaker – because my time is running down, I just want to be quick – our government acted as a limited partner in the Venture Newfoundland and Labrador Fund providing a broad spectrum of direction to the fund manager. We are not involved in the day-to-day operations but we do have an arm's-length interest. Mr. Speaker, the venture capital model of investment has been a primary facilitator of the growth in the knowledge-based sectors in recent decades and it is anticipated that this will remain the case.

Mr. Speaker, I will get a chance to finish my comments at the end of the debate. I look forward to the comments that are going to be

made by all hon. members on both sides of the House.

Thank you.

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

**MR. SPEAKER:** The hon. the Member for Virginia Waters.

**MS C. BENNETT:** Thank you, Mr. Speaker.

It gives me great pleasure to stand in this House today and participate in this debate of government's private member's resolution as it relates to venture capital.

I was particularly pleased that the member opposite spoke about Verafin, which proudly resides in the District of Virginia Waters. I believe it is the largest employer, certainly the largest exporter that I have the pleasure of having in my district and representing here in the House of Assembly. I was certainly pleased to hear him speak about Verafin.

I was also interested in his initial comments when he spoke about visiting Common Ground and his interest being piqued. For me to be able to stand here and speak to this private member's resolution, my interest was piqued back in 1996.

What I would like to do today is talk a little bit about that experience in the area of venture capital, but I thought first what I would do is take the opportunity just to ground us in exactly what venture capital is.

As I am sure the members opposite understand, there are six stages in a venture round of financing for venture capital. There is the seed money, which goes to those entrepreneurs who are desperately trying to figure out if their idea is marketable, whether or not their idea can actually hit the ground running and turn a profit. Seed funding often comes from angel investors, which I am very pleased to say I was a member of that community and one of the initial investors on the Newfoundland and Labrador Angel Network.

Other ways of funding, seed funding include equity crowd funding, which is actually something that Common Ground did a few

weeks ago when they tried to come up with some funding to pay for their operating costs. There is also an emerging option for seed funding for new start-ups.

Early stage start-ups require very different supports and funding, and have expenses related to marketing and product development. Then as you move through the product development stage into early sales and manufacturing the products, funding is needed to actually put the idea – or the widget, as we like to call it – into operations.

Working capital is required at the stage where companies are selling the product but have not yet turned a profit. As I am sure many people in this House of Assembly would understand, just because you have a great idea, just because you can make it, just because it is profitable to make, it does not mean you can make it fast enough for your customers to buy. That working capital is important.

Then there is the issue of mezzanine funding, which is about those companies – and I would argue like Verafin – who have the potential and have grown substantially over the last number of years. Companies that are at a place where their employment size has increased drastically, and they have great opportunities ahead of them.

My experience with NLAN was very valuable. I had the opportunity as an angel investor to invest in three different investments. Each of those investments, one was related to an IT product, one was related to an ocean tech product, and another one was related to a business processing system. Each of those investments provided me an opportunity to understand from the investor's side why venture capital was a place where – as a Newfoundlander and Labradorian I wanted to put my money into businesses in Newfoundland and Labrador.

I will also say, I was a part of the consultation that NLAN undertook to lobby government to implement the changes that it has implemented. If my memory serves me correct, I was part of those consultations back in 2010. I am also pleased to stand here as an angel investor, an investor in it with a business partner, with a young woman who is a passionate entrepreneur

and we have been working together to grow her business.

All of these experiences, as well as experiences I have had in other provinces, highlight the huge differences between the investment environment in Newfoundland and Labrador, and what it has been up to this point, and what programs Newfoundland and Labrador did not have for private investors to keep their money here in this Province.

Venture capital is not only restricted to technology investment. It is important to any entrepreneur who is creating a new service, a new product and developing a market, to sell that product. Not only have I experienced the investment side as an investor and somebody who has taken my own equity and invested in companies, I have to go back to 1996 when as a young entrepreneur I had a small bit of money and I went out and found a venture capitalist who helped me buy my first business. Part of that purchase included the establishment of a board of directors that helped coach and mentor me along the way.

When you start your own business, as many people in this House of Assembly know, you really only have limited options. You can use your own money; you can do what is called bootstrapping, which is really taking your operations and funding it from the money that you are making right in your cash register; you can borrow – but the reality is if you do not have a track record, like many of those young entrepreneurs who are working in Common Ground right now, if you do not have a track record to borrow, then the banks and other financial institutions typically do not want to lend to you – or you need to borrow from others; or you need to bring in cash into your company from other investors.

What venture capital does is it allows young, eager entrepreneurs – and I would argue, like me – to grow our businesses into something that is very successful employing thousands of people. For the business operator there are definitely advantages. The difference between money that you borrow and money that goes into your company that is related to venture capital is that oftentimes it is patient capital, as both the original owner and the venture capitalist believe



in the long-term value of the company and growing the value long term.

With that money and that investment, comes valuable expertise and advice and industry knowledge from the venture capitalist. It could be knowledge around accounting, human resource management, market development, exporting, how to deal with patent legislation – a myriad of things that come as a result of not only the investor providing money, but the investor also providing knowledge.

One of the keys to venture capital, quite frankly, is that the investors typically provide mentorship, not only to the owner of the business but even, more importantly, to the management group who operates that business. One of the stunning things I think about venture capital investments is the fact that it has been proven to have a substantial impact on job creation. Two per cent of the US GDP – a full 2 per cent – is driven by venture capital. The ability for the US investors to invest their money back into US companies, creating jobs. So, obviously I am supportive of venture capitalists and the work that the Province has undertaken.

There are advantages to the economy. It has an impact on job creation. Now, I am not going to stand here and not say that venture capital is not risky. It requires that both sides of the agreement recognize the risk. There is a loss of control for the operator, or the owner of the idea, and there is also the risk for the investor of failure.

Three failures in an angel investing experience for me, it was an investment in the community and an investment to try to create jobs in Newfoundland and Labrador. It was an investment that I was proud to make, but it is a risk of venture capital. What it does bring, when you have outside investment coming into your company, is increased accountability and scrutiny. Some would argue this extra level often provides an opportunity to further risk mitigate.

As I was preparing for this debate today, and I looked at the chronological order of what has been discussed, I have to say, as a Member of this House of Assembly, I am confused. On March 27, in Budget 2014, government

announced a \$10 million venture capital fund, but during May 17 Estimates, a colleague of mine asked the question to confirm that the fund would use existing money. So this is not new money. This is money that is already budgeted under the Business Investment Fund and that the \$20 million is over time. It is not this year; it is over time, meaning several years.

On June 2, when we actually debated the bill, I asked for specifics around the tax credit because part of the uncompetitive platform that we had in Newfoundland and Labrador was that other jurisdictions had already implemented tax credits to keep their investors' money in their province, something that this government had not done.

On November 4, government released a press release stating that the investment fund would be \$20 million. Well, Mr. Speaker, I have been around the venture capital business for a long time, and the reality is very little of that capital will even be available for the businesses that need it now.

I would ask: What is in place for the businesses that need it now? Those young entrepreneurs who are working down in Common Ground today, who are creating the next best widget that is going to create a lot of jobs in Newfoundland and Labrador, need access to capital. I would ask: What is in place today? The funds government has announced will take time to percolate through the system and ultimately end up in the hands and invested in a way that provides that support to those young entrepreneurs.

So, I think it is a good step, but it is step that does not wipe away this government's failure in the past. What has the return been on the so-called \$2.1 million they have allegedly invested in business, development and attraction?

When the bill was introduced, former Minister Charlene Johnson said this was a very unique, made in Newfoundland fund. Venture capital and private equity in the industry has been around since the 1940s and is certainly not unique to Newfoundland and Labrador.

Quite frankly, I would argue that this is another case of spin before fact, similar to what we have

seen in the House on the alleged CETA deal over the last few weeks, where telling a story is more important than the facts and delivering the results. Then Minister Johnson went on to say that we were growing on par our technology industry. Mr. Speaker, there is a huge potential of growth that lies in our technology sector and other sectors and other ideas that are based in business.

Other provinces have been way ahead of us at a time when this government touted massive investments to advance business and support economic diversification, yet they struggled to get the money out the door and put policies in place that created the environment for businesses to succeed. Mr. Speaker, I support the intention of what the government is trying to do, but I will, and my colleagues will, continue to vehemently question their ability to turn their intentions into actions.

Thank you, Mr. Speaker.

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

**MR. SPEAKER (Cross):** The hon. the Member for the District of Exploits.

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

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

I appreciate the opportunity to speak on the private member's motion today brought forward by my colleague the Member for Port de Grave. I would like to make a comment to the Member for Virginia Waters, Mr. Speaker. I am certainly enthused with the fact that she had the opportunity to become an angel investor. A lot of us do not have that kind of money; we cannot do it. I am sure that if we did, we would love to be able to do it. I think for her it was a great opportunity to help some small industry or junior entrepreneurs to start up their business.

From way back when I was in business, Mr. Speaker, it was a struggle back then, but we had nowhere to go other than the chartered banks and institutions like that, and you paid through the nose for it. For the information of the Member for Virginia Waters, in Budget 2014 our government committed to \$17.7 million to help grow and compete in the markets; \$9.2

million for regional development through the Regional Development Fund; \$3.6 million to support growth and innovation for small and medium-sized business through the Business Development Support Fund.

Some quick facts, too, Mr. Speaker: through Budget 2014 approximately \$72 million will be invested in continuing tax credits and incentives for businesses which include initiatives such as small business tax, Manufacturing and Processing Profits Tax Credit, Direct Equity Tax Credit, Economic Diversification and Growth Enterprise Program.

Are we doing for business? Yes, we are. There are times we did not have to do it because the economy has been so robust that it was not necessary. When the opportunity came to invest in venture capital, as a government, we took that opportunity to do so.

Mr. Speaker, also, to further strengthen a competitive tax environment for small business in the Province, effective July 1 of this year the provincial government decreased the small business corporate income tax rate to 3 per cent. We are now tied with Nova Scotia for the lowest rate in Atlantic Canada. I think as a government we have been certainly investing in business in the Province of Newfoundland and Labrador.

A couple of examples that came from that – and I would like to also get into more of the venture capital, but we are talking investments. We are talking investments by this government and what we are doing for business and junior business, Mr. Speaker.

Just the rural broadband alone that we invested was \$1.33 million for Fortune Bay – Cape La Hune. Dynamic Air Shelters in Grand Bank; the Member for Grand Bank, I am sure, is quite familiar with Dynamic Air Shelters. I am sure he is quite pleased that our government was able to invest in this type of business, Mr. Speaker. I do not know the staff or how many employees, but I am sure it is probably between sixty and eighty, or eighty and ninety people employed there. I think the investments by this government are certainly showing through in the workforce that these companies are producing.

The Genesis Centre, funding of \$202,818. That is for ocean technology start-ups at MUN. There were also four funding approvals for Grey Island, Whitecap Scientific, ExtremeOcean Innovation, and EMSAT Corporation, Mr. Speaker. I think we have been doing very well as a government, and our investment in private industry.

In the meantime, as a government we have to foster a culture of creative thinking, Mr. Speaker. This venture capital is just another step and going to help the young, junior entrepreneurs to move forward. Venture capital – as the Member for Virginia Waters spoke on it and explained it somewhat because she is familiar with it – is a more high risk fund. What we decided to do as a government was to invest \$10 million in Venture Newfoundland and Labrador and \$10 million into Build Ventures.

The \$10 million in Venture Newfoundland and Labrador – and of course there was a commitment of \$2 million by the Development Bank of Canada, plus there is anticipated investment from private investors. That particular fund in itself is for start-up. It is at the beginning stages of when a business is thought of and the ideas are there, but they really need the money to get started. That particular fund is for Newfoundland and Labrador.

The Build Ventures fund is on a broader scale. It is more or less – what is it we call that one, the *Shark Tank*. What is the other one?

**MR. RUSSELL:** *Dragons' Den*.

**MR. FORSEY:** *Dragons' Den*. That is the one. Thank you the Member for Lake Melville.

In the *Dragons' Den* you go in and you present your case. You have already got an industry and a business. You have made some steps forward, but you need that extra funding to get to the markets to improve on your sales and your industry. That is what this fund is for, this Build Ventures.

We are becoming a part of a group that is also participated in by the provinces of Nova Scotia, New Brunswick, and Prince Edward Island, the Business Development Corporation of Canada, Business Development Bank of Canada, and

also a technology venture corporation, Mr. Speaker. This total fund will probably be around \$60 million that can be accessed through that particular fund.

It is commercially managed, which means there is a committee and a board where people will look at that particular application from the industry or the business that is looking for the fund. They then decide on whether or not they will invest in it. Most likely they will because it is more of a risk taker, but also it is the fact that – I see the Member for Bay of Islands is listening attentively. Thank you very much today. It is the fact that sales are two-and-a-half times that of non-backed firms.

Firms that are not backed by venture capital, the sales are not as great. The sales by backed firms of venture capital are two-and-a-half times the size of non-backed firms. The employee growth is over 50 per cent greater. That is an amazing fact, Mr. Speaker. We have been listening closely to the start-up business community and investors who have indicated that greater access to venture capital will support innovative companies operating in Newfoundland and Labrador, and lead to exciting new opportunities.

Another fact and some important information I guess we should get out there, Mr. Speaker, is that GrowthWorks manages funds by the following core principles. That is who will be managing this fund is GrowthWorks. The following core principles: structure strategic investments in growth-oriented companies, value portfolio assets conservatively, build vital industry connections, and minimize risk through diversification.

GrowthWorks have specialized teams in each core sector to identify and structure investments. As I was referring to earlier with the *Dragons' Den*, there are different investors there and they have different ideas, but they have all kinds of ways to market and promote certain products by certain business.

These teams also help the companies with GrowthWorks managed funds to grow with strategic management supports and advice. Companies get guidance from experienced leaders and in turn, the funds investors know

that these companies receive direction to help them thrive. Basically, they are getting not only funding, but they are also getting support, whether it is through administration or human resources and so on. They provide that as well as the funds.

Also, I guess noteworthy recently Tom Hayes, President and CEO of GrowthWorks Atlantic Ltd., said that he believes this time is right for public and private investors to create this pool of capital for budding entrepreneurs. He is very pleased to be involved in this exciting opportunity. That is what we are doing, Mr. Speaker, doing the very same as what is being expected and what they are looking for.

Mr. Speaker, also in support of the venture capital, Dr. Tyler Wish, the co-founder of Sequence Bioinformatics, a local company that develops applications for personalized medicine, is applauding government's investment.

As I was listening to the Member for Virginia Waters, in a roundabout way, I think, she was applauding the very same thing because she understands venture capital and she knows how tough it is to get going in business and in industry, especially if you are in junior start-up and you are in more of a high-risk business you need that support. Most likely, most agencies like chartered banks will not look at you anyway.

Nancy Healey is the CEO of the St. John's Board of Trade and sponsor of the Newfoundland and Labrador Angel Network of investors, so she is quite aware of what venture capital does and what the Angel Network does. She has said the early-stage capital is essential to building new businesses, which is important.

Mr. Speaker, we have mentioned angel investors a number of times here today, but unlike angel investors, venture capital Newfoundland and Labrador is for start-up companies. This fund is fueled by institutions, supporting information technology, ocean technology, and manufacturing, so it is unlike an angel investor, but it is much the same.

As we were talking about it amongst ourselves as colleagues, we said it is much like – and we have all invested, I am sure, in mutual funds, not

a lot of money, but I am sure some of us have put some into mutual funds. Mutual funds are considered high risk. I think I managed to invest in mutual funds myself in a very small way, and you can probably get a good return on it when it is right. You can lose big on it, but you can also make big on it. Your returns are great.

Mr. Speaker, I think this is a great incentive today, and I am certainly supporting this private member's motion on venture capital.

Thank you very much.

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

**MR. SPEAKER:** The hon. the Member for The Straits – White Bay North.

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

I am pleased to follow my esteemed colleague, the Member for Virginia Waters, speaking about her own experiences as being supported by a venture capitalist and being a venture capitalist, and providing a lot of education, I think, for the House, really adding to the quality of debate here.

I just want to point out myself that I started as an entrepreneur at the age of sixteen without an investor. Since that time I have always found myself surrounded by business and lending. I worked for the former Department of Innovation, Trade and Rural Development at the time and in the private industry with an international marine and engineering consultancy with offices around the globe. With a business development corporation, there I would analyze and make recommendations on various types of lending, whether it be a direct loan or whether the corporation would make an equity investment and take shares in a particular company. So I know what it is like to deliver flexible financing and be a patient lender, which venture capital really is all about.

I wanted to point out that since I have been in this House as an Opposition member, I have been responsible for business. Looking at that and looking at the context on the government side when it comes to the Minister Responsible for Business, well, in Estimates of 2013 it was

the Member for Ferryland and then it became Charlene Johnson, following Terry French, and then we had the Minister of Education there for a brief period, followed now by the current Member for Grand Bank.

Since we see all of that shift and time, it really does not provide any level of stability or confidence in the people of the Province when you are constantly moving and doing that. When you do that in business and you do that in a form of venture capital, it does have impacts. If we look at where the Department of Business currently is, the PC government really has failed to deliver on the Business Attraction Fund. In 2012 there was \$15 million, but it only got \$8 million out the door.

Then in 2013, another \$15 million was invested, put forward, but only \$9 million was actually delivered in attracting business. Then in 2014, another \$15 million has been invested, but with no mid-year fiscal update we really do not know what is going on in terms of the expenditures of the Province. So, out of a \$45 million promised Business Attraction Fund, only \$17 million has actually been spent on attracting local business.

**AN HON. MEMBER:** (Inaudible).

**MR. MITCHELMORE:** Then if we look at the business development fund – I say to current Minister of Business, the relevance is the funds coming to fund this venture capital program is coming through the Business Attraction Fund.

So, the business development fund, in 2012, the PC government invested \$2 million, but spent only \$300,000. In 2013, the PC government invested \$16.2 million, but spent nothing. In 2014, another \$16.2 million is on the table, but no mid-year fiscal update so we really do not know what is going on with these particular funds or the investments and that has not been clear.

So, that is setting the context for, when we talk about lending and where this government has been, in terms of the investment.

**AN HON. MEMBER:** (Inaudible).

**MR. MITCHELMORE:** Now, I will answer the Minister of Business' questions: Do I

support venture capital? Of course I support venture capital.

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

**MR. MITCHELMORE:** I was in this House in 2013 when we were debating Bill 39.

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

**MR. MITCHELMORE:** Bill 39, not the infamous Bill 29, we were debating Bill 39, loan and guarantee immigrant investment fund, hundreds of millions of dollars sitting in a bank account. I brought up how British Columbia was investing in venture capital and doing it very successfully, in this very House. I talked about it again in Estimates of 2013 and brought that example up as to how you can use venture capital to lever investments and help work on diversifying an economy.

It is one tool. It is one element. It is not the answer, but it does provide another tool moving forward because we need – and I have talked about many times in this House – to advance the knowledge-based economy. That is something that venture capital can do. It is not exclusive to technology, but it does invest heavily, as the Member for Port de Grave was talking about, the innovative sectors.

It is unfortunate that the current Department of Business, Tourism, Culture and Rural Development dropped in the innovation – even the Member for Port de Grave did not pronounce it right, as many people in the community, it is a big joke, the naming of the current department. It is just long and nobody gets it right. That is very frustrating when you are talking about we need to have that level of innovation and that focal point on innovation and venture capital, when we look at the focus on life sciences and the biotechnology fields.

So I looked at government's dated export strategy back in 2007, I believe it was, and it talked about biotechnology and life sciences. One of the highlights was there was lack of critical mass of a strong life science cluster. This is government's own report. It talked about poor access to investment capital and the forms of export financing. Clearly, their department, back a number of years ago, talked about how

this sector was lacking financing. It is good to see that there is some final movement on this, because this is years ago from the government's own report.

The same thing with the ICT sector. It supports 3,900 employees, \$1.6 billion sector in the economy of Newfoundland and Labrador, and it talks about some of the challenges being the lack of private sector investment. Often because of the size of small companies, it means that companies are often unable to take advantage of opportunities to grow at a more aggressive pace.

For years and years and years this government has ignored their own reports when it comes to the export strategy, when it comes to the type of investment that is needed. It is good to see this type of tax credit come forward.

A Liberal government in New Brunswick took a very ambitious and aggressive approach when it comes to the amount of investment that an individual can put forward, and that is something we need to look at. As well as ocean technology industries, the lack of support for to demonstrate limited sources of private investment capital.

We are talking about capital, and apparently government has been doing it wrong for some time if we look at the Business Attraction Funds where money is not being invested into the community, into businesses that can accelerate and grow. I only hope the venture capital funds that are being established will provide that access to capital.

Also, the technical expertise and resources that businesses need to thrive, they need that and they need that expertise. Venture capital can provide that. There are some limits as well, as the Member for Virginia Waters talked about, because venture capitalists will want ownership of companies. Primarily, they want to have greater say. So, a business owner has to be prepared to give that up.

Now, I want to talk a little bit about venture capital, about how it brings significant management and technical expertise, which many companies need to really bridge into that big world of doing the export. We have some very good incubation companies that are

graduating and getting in there through the Genesis Centre. We have had thirty-six graduate since 2000. We have nine current tenants there, and half of them are in ocean technology.

We have an opportunity here where they can capitalize on this made in Newfoundland and Labrador fund. So can others as well, but I do have concerns. I put those forward in the House of Assembly, because when Terry French was minister – this was around the time of the Budget, and we have been through a number of ministers since then. French said the announced \$10 million in spending in the regional fund will be spread out over five to seven years. When we look at this \$10 million that is going into the fund, it is not \$10 million today. According to the minister, it is five to seven years.

Maybe the Minister of Business will get up and explain if it is a \$10 million cheque that is being cut to GrowthWorks and that is actually going in there. When the Premier got up and announced this on November 4, it was \$20 million. I have no documentation to prove there is \$20 million today going to the Atlantic fund or going to GrowthWorks for that made in Newfoundland and Labrador fund.

Actually, if we go into the Estimates, I have information when I asked the department of –

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

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

**MR. MITCHELMORE:** The current department in the Estimates, I asked what the investment was. The answer was – about the \$20 million. They said, “The total investment pot over time will be \$20 million.” They said that they are going to take, and this is in Hansard, “...this Business Attraction Fund based on calls for investment. We will be introducing a call this year, and we have projected roughly \$5 million for two calls.” Part of that will go into Newfoundland and Labrador and the other part will join the larger investment pot. You will see how robust the uptake is.

We have seen that with the current two funds the uptake has not been very robust. They have the cash flowed over three, four, or five years.

What is it? Is it three, four, five, six, seven, or ten years? That is where we need clarity. That is where we need to know.

The business community in Newfoundland and Labrador and in the Atlantic region want to know how much access to capital they would have through the venture capital fund from public dollars. As well, former Minister Terry French said he was hoping that any investment that was made with public funds would also be made public if it was made through the venture capital fund.

We need to know what type of regulation is being put forward and what type of public disclosure is being made on how these public funds will be spent. That is something that Terry French said when he was the minister. I do not know what is happening right now. Maybe the minister will clarify that.

It seems like there has been a lot of confusion as to what is happening in the particular funds. Is it \$20 million or is it only \$5 million, as the minister's own staff said in Estimates? Five million dollars is what was said: \$2.9 million for one fund, and \$2.1 million for another. That is the type of thing that is happening in Hansard.

This is why we get confused, and the business community gets confused. This is why people do not feel comfortable with the instability of things shifting and changing over and over and over. Only 6 per cent of all the funds that were dedicated for the Business Attraction Fund and the Strategic Enterprise Development Fund – those two funds combined, only 6 per cent of the funds got out the door.

That is a real challenge, but I am impressed to see that when you look at investing in funds, you look at the investment experience, the management experience, the technical expertise they bring, and GrowthWorks brings 200 years of investment experience and over \$200 million in assets in their current portfolio. There are a number of unanswered questions, and I will probably get to them at some other point in time, but we need to know what type of role government will be playing in that process. The member talked about and the press release outlines how they are going to play a limited

role in partnership, but there are still a number of questions that will be unanswered.

I wanted to highlight that this is something now that one pool of funds that was available for something else is now being diverted into venture capital. This is not increasing access to any new money from a public perspective. Any new access will come through angel investment. It will come through being able to access these Atlantic funds, but there was the introduction of a tax credit, which is a good thing.

We need to, and the start-up advocates have been pushing for years for the Atlantic Provinces to adopt a policy where the Atlantic Provinces would have some uniformity in terms of tax credits and being able to be an investor, maybe from Nova Scotia to invest in Newfoundland and Labrador, and vice-versa, to have that ability to make those contributions. Because we need to have a climate and we need to have that level of confidence for a business community in Newfoundland and Labrador.

I think we have significant opportunity. I am very pleased to see that venture capital is going to be one tool, one piece of utilization. I have been calling for venture capital since 2013, and I have been asking for it many times. I will certainly support this resolution going forward. It is something I have been asking for and I want to see it work. That is why the question is, how much money is really there? Provide that clarification, because it is not \$20 million. It is not \$20 million as announced by the former ministers, a slew of them. Some of them are no longer in this House, so they can no longer be accountable for their statements.

I would think that either the Minister of Business or the Member for Port de Grave should clarify government's investments in those particular funds and tell the people of the Province that it is over five to seven years, and that this investment is not just happening this year from this Budget. Because I would think that probably no business would be able to access this Newfoundland and Labrador fund in this year's Budget because it has not been created, the whole framework and ability. There is a lot of work left to do. We need to know what is actually happening and when that is going to become available. These are the types

of things that in an era of open government, be more open and provide those updates to people of the Province, but I will certainly support this particular piece of legislation.

Thank you.

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

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

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

It is indeed a privilege to get up here again today, like I always say, and represent the beautiful District of Cape St. Francis. I am glad that the Member for The Straits – White Bay North is going to vote in favour of this motion. You would never say by the way he was talking there earlier, so I am pleased he is supporting this.

The business climate in our Province, Mr. Speaker, we are very fortunate. I just listened to stats across Canada and you see where other provinces are to when it comes to creating business and small business. It seems that Newfoundland and Labrador are always in the front when you look at provinces right across Canada in growth.

Growth is very important. We have a lot of major industries on the go and everything else, but growth is very important when we see small businesses established in this Province. I have so much confidence in the people of Newfoundland and Labrador, the young people of Newfoundland and Labrador, and I think we can compete with anybody in the world.

Today we operate in that market. We operate in a global market where you can be in Pouch Cove and you can be doing business with people in England, in Germany, anywhere else in the world. That is the kind of market that there is today. Small businesses are set up all over the Province and it does not make any difference; you do not need to be in St. John's, you do not need to be in the major centres, you do not need to be in Corner Brook, but it is important that we, as government, make sure we are there to support these small businesses.

That is a lot of what this fund is doing today. What we are talking about today, the Venture Newfoundland and Labrador fund and the Build Ventures fund, is mainly designed for small and medium business. Mr. Speaker, we had a private member's statement here today about Fogo Island and business on Fogo Island. How good is it to see that we have business thriving in rural Newfoundland and Labrador, and that is what keeps rural Newfoundland and Labrador going is small business. Small business is the key to it.

Like I said earlier, your business today does not necessarily have to be in the major centres to survive. I look at what we are doing at the university, and I heard the Member for Port de Grave get up and talk about the investments we have made in the university and what we are doing here. I am so proud of our young people coming out of university because the ideas and what they have and what they have to offer to Newfoundland and Labrador, they want to stay here and they want their ideas to work in Newfoundland and Labrador.

Anything that we can do to help with their ideas, to get it to that stage where it can be developed and where they can get into the markets and later on they can hire, that is what it is all about, is investing our money so that we get a return on what we are doing.

Basically, government must be doing something right. We must be doing something right out there, Mr. Speaker, because if our growth is high – and I heard the other day that the economy here in the Northeast is still growing. In 2008, we went through probably the worst economic time in the world. This Province went through it like you would not believe. It was because we were invested and we were smart, making smart investments.

Again, I just want to talk about our economy and how strong it is. This is the key to it. This is a key factor. Rural Newfoundland and areas like where I am from, small business plays a major factor in what it is all about.

Mr. Speaker, venture capital starts and Venture Newfoundland and Labrador – I know the Member for Exploits explained it very well, how it starts at the early stages, but that is probably



the most difficult time for any company or group of companies to get started. If the idea is a great idea – I learned a lot about it over the last number of days with angel investors and stuff like this. I applaud the Member for Virginia Waters; I am glad that she could do it and invest in small business. I applaud all Newfoundlanders and Labradorians who can and take the chance on young people, take the chance on young businesses and new business.

It is not only young people; people can be old and start a new business. It does not make any difference. They need that idea, from when you get the idea to you get to the point to develop it, then you get the point for the growth and then the maturity of your idea – once you get it to market, then people really see the value of what you are doing; but it is the hard stage, and that is what this fund is for. The hard stage is to get it to the development stage.

It is great to see that we are investing and whatever we do it is investing – that is not what my talk is about today. I wanted to talk a lot about what we are doing and the reasons why it is so important to invest this \$20 million and what it does basically for our investors, how it benefits them, and also how it invests the business communities. Not only that, but how it benefits the citizens of Newfoundland and Labrador.

Mr. Speaker, I am very proud that just a short little while ago I was named Parliamentary Secretary to the Department of Business, Tourism, Culture and Rural Development. To tell you the truth, I am very impressed with the people who are working in that department and their plan for business and the enthusiasm for what they do and how they are involved in so many different sectors in this Province and trying to make this Province grow.

We have to diversify, Mr. Speaker. We cannot depend on oil. We cannot depend on our minerals. They are a non-renewable resource. When the oil is gone, we have to have businesses here before. We are looking at a time now where the price of oil is down and who knows what could happen, and we have to make sure we have the diversification in our society so people are employed here. It is a great time to

do it, because people want to invest in Newfoundland and Labrador.

We are leaders when it comes to oil and gas. We are leaders when it comes to ocean exploration and ocean technology. Right now, people in the rest of the world are looking at small businesses here in Newfoundland and Labrador and saying they have the expertise, maybe we can see what they are doing there. It is huge that we support these small companies, these technology companies that are out there, so they do have the expertise and they do have the know-how to get their companies off the ground, because they are wanted all over the world.

Like I said earlier, today's technology does not mean that you just supply something to somebody that is your next-door community or whatever. We are in a global market. It is a global market today. That is what we see out there, the global market. These investments that we are making on new enterprises, new early stages, getting them off the ground is huge.

It is huge because we have the technology here in our Province. We have the people, we have the smarts, we have the expertise, and we have the resources. We are here in the oil and gas industry that is world renowned, and people all over the world are looking at how we are doing things. Our mining industry is the same way. Our fishery is the same way, and how we are doing our fishery, and how we are looking at things in our ocean. I think it is SubC it is called in Clarenville and what they do, they have these remote controls and they can go with cameras and everything else – world renowned. They are growing, and that is all through venture capital investments that we are making.

Like I said, the Department of Business, Tourism, Culture and Rural Development, our main goal in that department is to get enterprises developed, small businesses and medium-sized businesses in this Province, to make sure they have the tools to go out there. What this does, it also makes them competitive nationally and internationally. So, the more you invest in this, and they can be competitive – because that is what we are dealing with, we are dealing with that market, a competitive market out around.

Mr. Speaker, I just want to talk a little bit about the benefits of small business and what small business does to communities all over this Province. From my district, the Town of Torbay has around not quite 8,000 people in the town. I called and wanted to know how many small businesses are in that town: 175 – 175 small businesses in a community with 8,000 people. That is all over the Province. You can go anywhere in this Province. I can go to different members on the other side and look at towns. Small business plays such an important role. Every time we invest in small businesses we are investing in communities. This is a real investment. As far as I am concerned this investment here is an investment in rural Newfoundland and Labrador. It is an investment that will benefit everyone down the road.

What does it do for the Province? Just look what it does on the tax base. We get employers paying taxes and employees who are paying taxes and they are benefitting. To start up a business in a small community, the community benefits from municipal taxes. It is a cycle. The more they can invest in their communities, the better our communities are going to be.

Venture capital after a while, Mr. Speaker, will be profitable. It will put money back in, we are hoping. This is the goal, to put money back into the provincial revenues so we can spend money on health care and so we can spend money on education. This is a whole cycle. This is an investment like anybody out there.

I know the member before just mentioned about the *Dragons' Den*. It is a great example of how people come in with an idea. The idea is there. You look at their idea and you say, well, maybe I will invest in that. That is a good idea. I will give you so much money to help you get started.

Every business needs that little kick, needs that little start, and needs that little jump to show that here we are, we have an idea. Here is our idea. We think it will work. We have the study done. We have the business plan done, but we just do not have the finances to bring that to the next level.

The managers will look at this and say okay, yes, that is a great idea. This technology

company can work. It is proven all over the world that this kind of technology can work in Canada, can work in the United States, and can work in Europe, anywhere. That is what this is all about.

The benefits are back to the communities. The benefits are back to the residents who live in that community. The benefits are back to everybody here in Newfoundland and Labrador because it is a cycle. Like I said, it will continue to grow. It will continue to put money back into the economy. Mr. Speaker, you are talking a lot of money. You are talking \$20 million.

Also, we have to applaud investors that take the opportunity to go and invest in these funds. What we are doing in this one, there is a Venture Capital Tax Credit. Mr. Speaker, what that is, 30 per cent is a non-refundable tax credit on investments made in venture capital in Newfoundland and Labrador. That is 30 per cent they can get a tax credit on. It is up to \$75,000 and that will go against your provincial taxes.

That is a great opportunity. That is a great credit that gives a person saying, I would like to invest in that business, but I do not know about it, I could invest in something else. This tax credit will give them the tools to say this is a good investment. I am going to get back my taxes on this. Everybody benefits.

We do need investors. We need angel investors. Just like the Member for Virginia Waters talked about, how to invest in a young group of people and young companies, new companies and stuff like that. She mentioned Verafin. Someone said they started off – I could be wrong, I am just trying to think on what I heard about the company. They started off with six university students, I do believe, and they have grown it to a \$150 million company, which is huge. It is unbelievable.

That is the type of investment. Not every investment is going to work. If every investment that we thought out there could work, we would all be investors and making fortunes of money. There are chances you have to take and these are the chances we are taking as government.

It is so important that we diversify our economy. The big thing today is that as a government – and I have to applaud the Premier for the great job he did on the new Department of Business, Tourism, Culture and Rural Development. Just look at the whole department. We are talking a tourism industry right now that is worth \$1 billion. Do you know why it is? It has to do with business. It has to do with young people, people having an idea and saying I can make it work in my community. That is where we need to do the investments. Do you know what we are doing when we invest in tourism and we invest in business and stuff like that? We are investing in rural Newfoundland.

People will always talk about and say, oh, you live on the Northeast Avalon, you are laughing. You have oil companies and new buildings getting built downtown and everything else. As a government, we want to invest in rural Newfoundland. This is a great way of doing it because it gives a person who has an idea – like I said we are living in a market, that is not only a market that was strictly in Newfoundland, and strictly in Canada, and strictly in the United States, it is a market today that is stretched worldwide.

We have the smartest and the most energetic and intelligent people in the world here in Newfoundland and Labrador. We have proven it. Right across the world we have proven it. You can go anywhere in this world and you will run into a Newfoundlander who is doing great in business, who is doing great in whatever.

Do you know what? All they need is that little break. That is what this venture fund will do. It will give people a break just so they can get a business started. That is where it is.

Like I said, there is a stage of how we go through business. We have an idea. Then we need to get people to catch on to our idea. Then we need to develop it. Then we need to grow it. Then it stretches out through. This fund will benefit all Newfoundlanders and Labradorians because it is a cycle.

As the money is invested it will come back through taxes and through employment in companies. Technology companies pay pretty good bucks, so we are not just talking people

make \$15 or \$20 an hour. We are talking high positions and high-end jobs. That money and those taxes go back into our economy.

This is a great investment into the future of Newfoundland and Labrador. It is an investment that we have to do because we need to make sure that we diversify our economy so that future generations have something to live here in Newfoundland and have a reason to go. They can look at young entrepreneurs all over this Province and say if he can do it, so can I.

Mr. Speaker, I am going to support this motion. I think it is a fantastic investment our government is making. I am glad the members across the way look like they are going to support it also.

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

**MR. K. PARSONS:** Thank you very much.

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

**MR. SPEAKER:** The hon. the Member for Signal Hill-Quidi Vidi.

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

I am glad to be able to stand and speak to the private member's motion today, a motion made by the government side of the House, "BE IT RESOLVED that this Honorable House supports the Provincial Government's decision to help further diversify our economy and further strengthen the business climate of our Province by investing in venture capital funds."

I find it very interesting that here we have in this private motion yet again something that is part of a long line of government re-announcements. We all remember hearing about this in Budget 2014-2015. Government is now making sure they remind everybody again how wonderful they are. They are finally going to start implementing the initiative and so are re-announcing it. I guess it will be a few more times when it will be re-announced as well.

Mr. Speaker, I do not have any problems with having venture capital funds. There are many examples of venture capital funds and I want to

speak to some of those during the time that I have here this afternoon. I do want to ask this government what it is going to do to make sure this venture capital fund, the one that they have set up, the one that was set up in this year's Budget, to make it successful.

For those who do not know the names, there were two funds that were set up in the Budget: Venture Newfoundland and Labrador and Build Ventures. Both of them are going to be managed by private firms. I understand that there is going to be \$10 million in each fund initially.

Mr. Speaker, it is fine to have these funds, but what is the government going to do – as my colleague from Cape St. Francis was just expounding over there – to make sure that people can access this money, and that people can find ways to actually be able to get at it, to use it for the good of what he was saying? To listen to my colleague from Cape St. Francis you would think that the whole of the Province of Newfoundland and Labrador's growth is going to depend on this venture capital fund. I need to point out to my colleague and his colleagues on the other side of the House that we had other funds under this government as well to help small business.

I absolutely believe in helping small business. I believe small businesses are the backbone of the economy. There is all kinds of proof of that. It is not large development projects like rigs. Rigs are important and we know the money we get from oil rigs in this Province, but they employ the smallest per capita number of people on those rigs.

Rigs are not the big employers in this Province. They might be while construction is going on, like in Bull Arm right now, but when it comes to the long term they are not the big employers. The big employers are small businesses and so small businesses should be supported.

We remember – and if we do not I am going to remind us, I think somebody else may have done it here this afternoon – that this government also had a fund called the Business Attraction Fund. There was a difference in the Business Attraction Fund. It was not a venture capital fund, which is an investment and you reap a tax

credit for your investment. The Business Attraction Fund was all government money. It was money that was supposed to help small business.

It was specifically for businesses that were outside of the Province to attract business into the Province. We know this fund was far from successful, Mr. Speaker. We have to ask why. Was it the rules? Was it that they were too cautious in the companies they looked at? Was it that there really were not companies out there, outside of the Province that wanted to come into this Province? They did not see business opportunities here?

We really do not know the reason why it was not successful. We do know that in 2012 the report of the Auditor General questioned the fund, and really wondered why so little money had been spent from it. The Auditor General pointed out that it really was a good way to diversify the provincial economy, to have money there for small business. Why was it that between 2006 and 2011 less than 15 per cent of the money in that fund was used?

The fund was actually, at that point, \$137.4 million for business attraction initiatives, but only 15 per cent of it over five years had been used. What is the success rate going to be with regard to this venture capital fund that the government is now setting up in which they had in this year's Budget?

It is not enough to say it is there, it is venture capital, people invest in it, and they get a tax break. That is not what is important about it. What is important about it is how many businesses are going to help get started, and how many businesses are going to be interested in going to that fund. What are the rules and regulations going to be? How easy is it going to be for businesses to be able to access the money?

I do not just want any old business accessing money, any old idea. We have to make sure businesses which are getting money from a fund like this have to have good plans, have to have a good track record, have to be able to show that to the best they can they are going to use the money wisely, and it will be of benefit to the

community and to the Province. That is for certain.

What is the government going to do? They are asking us to support the idea. I support the idea. I am not going to vote against that idea. I would like to know how they plan on making it work better than the Business Attraction Fund that we had previously.

What I would like to do, Mr. Speaker, is speak a bit to some of the funds that do exist. As I mentioned earlier I was going to do that. For example, you had a fund the Nova Scotian NDP government was behind back in 2011. The Nova Scotia Premier Darrell Dexter announced that the province would invest \$15 million in an Atlantic Canadian venture capital fund and he invited the other provinces in Atlantic Canada to do the same.

Certainly, that too is a privately-managed venture capital fund. It was created and we put money into that. I would like to see more information on how that fund works and if the investors, the people of Newfoundland and Labrador, will see a return on their investment.

How much money can we expect to make from Build Ventures, which is based on the model that was created with the Atlantic-Canadian venture capital fund? How much money are we going to get back? The money that we get back may not be in cash for the Province, it would be coming back, hopefully, in employment, in jobs, and in money going into the economy because of the success of small businesses.

One of the things that I am concerned about are the details, as I have said, especially with Venture Newfoundland and Labrador. There are a few questions that I have with regard to how the firm will invest our money with potential businesses. How is the money going to be invested that is in there, the \$10 million that goes in from this Province?

I would like to see if we could use the investment in a company to buy an equity stake. Is that one of the things that could happen? I would like to see negotiation to have members of their portfolio management team hold positions on the board of directors of the companies they invest in. Is that something that

is possible? Allowing them to have some say in future decisions that a company makes in regard to company strategy and execution. Is it only money that is going to be passed over, or can expertise be shared? Is that something that can happen?

This is the kind of thing we do not know about, that we have not heard about from this government as they put this private member's motion forward. What I would like to see is whether or not this government is interested in investing in small businesses that are social enterprise businesses.

What I would like to see is a social enterprise fund, which is something that this government has not talked about. I have no problem with for-profit businesses that are started by entrepreneurs. We have to understand that entrepreneurs are not just individuals. Groups of people putting together a social business, a social enterprise are also entrepreneurs. They are using the entrepreneurial spirit. What is this government doing to promote a social enterprise fund which could support the non-profit sector that really has played such a role in the economy in this Province?

I know that recommendation some years ago was made to this government back in 2011 before the general election of that year. It was made by one of our major bodies here in the Province, the community service sector. They recommended a social enterprise fund, but the government does not seem to have listened.

The thing is that it is a good investment to put money into social enterprises that are rooted in the community. It was something that some of the Regional Economic Development Boards were doing well. When ACOA abandoned the Regional Economic Development Boards, our Province abandoned them as well, instead of realizing how significant some of them were in the economy of this Province. They were extremely significant. Yet, no analysis was done and no evaluation was done. We had some very, very significant social enterprises, businesses, not-for-profit businesses going on. That too is an investment because you are investing in the people in a community. You are investing in the community where the social enterprise is found. You have people who are being employed.

Sometimes it is a cultural effort that is going on that enhances the community. That also enhances tourism. There are so many aspects of a social enterprise. This is where I would like to see this government start looking.

You also have another form of venture capital in Atlantic Canada. It is the Labour-Sponsored Venture Capital Corporations Tax Credit. The idea first came from Quebec. Quebec, of course, has a very socialist culture, and historically is probably one of the most socialist parts of the country. They realized that if communities were going to be able to flourish, it was the labour movement that realized it meant putting some money out there for communities to be able to access and for businesses to be able to access. It was in 1982 that the Quebec Federation of Labour proposed a solidarity fund. I remember that solidarity fund proposal. It was at a provincial economic summit conference and a lot was made of that notion of the solidarity fund.

We have a similar one here in Newfoundland and Labrador which is the NL Labour-Sponsored Venture Capital Tax Credit. It is also an important venture. People get a tax credit for putting money into this. Unfortunately, right now there is only one fund registered, to date, under the provincial Labour-Sponsored Venture Capital Tax Credit program. In actual fact, it has been around now since 2004. This is my concern.

Here we have a venture capital tax fund which has been here in the Province since 2004 and there is only one fund registered, to date, under that capital tax credit program. I would like to see growth in that. What is government going to do to ensure that with this venture capital fund, for example, we are going to see growth? How are we going to ensure that there will be more funds registered under the provincial Labour-Sponsored Venture Capital Tax Credit program?

It is not enough to have it on paper. We have to make sure that companies can access it. I personally would like to see companies that are not-for-profit companies being able to access the money as well, that it does not have to be called a social enterprise fund in order for not-for-profits to be able to access the money, understanding that the investment is not just an

investment that brings back money, but investment in the community that creates employment and creates money going into the economy of our communities.

Thank you very much, Mr. Speaker.

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

**MR. SPEAKER:** The hon. the Member for Baie Verte – Springdale.

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

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

First of all, again, I would like to thank the people of Baie Verte – Springdale district for their support and for them placing me here in this House of Assembly. I guess, Mr. Speaker, you might get tired of me saying that, but we take our jobs very seriously. I am grateful to be here.

I am also pleased to speak on this private member's motion today put forward by the Member for Port de Grave. Furthermore, Mr. Speaker, I would like to thank the minister and his department officials for their briefing. It was very comprehensive and very thorough indeed. I am very grateful to speak on this motion today.

Mr. Speaker, for the purpose of those people who probably just got off work, who are just preparing supper and tuned in to the House of Assembly channel, I just want to answer the question; what is venture capital. I find it a very intriguing and very interesting concept. Venture capital is financial capital provided to early-stage, high-potential growth start-up companies.

A venture capital fund earns money by owning equity in the companies it invests in, which usually have a novel technology or business model in high-technology industries such as biotechnology and IT. Or in our case it could be ocean technology as well. A substantial element of risk is involved when you are investing in venture capital, but there is huge potential and a real good financial return, potentially, Mr. Speaker. That is what venture capital really is, in a nutshell.

Is there a need in this Province for venture capital? Some might ask us that question, Mr. Speaker. Yes indeed, there is a need. Newfoundland and Labrador lags behind all other jurisdictions in the financing and development of start-up and early-stage technology companies. As a government we conducted discussions and roundtables with MUN, the Newfoundland and Labrador Angel Network, and other entrepreneurs around the Province.

They have stressed that there is a huge gap in investment capital between Newfoundland and Labrador and Atlantic Canada. We want to close that gap, Mr. Speaker. Also, the two venture capital funds that are active in this Province have exhausted their available funds.

Is there a need? Yes, Mr. Speaker, we know that the economy is robust and a sizzling economy which provides a lot of opportunities for us around the Province. The opportunity is now. We have to seize the opportunities that exist in this Province. In this Province we have a fast-growing economy, one of the best and one of the strongest in Canada.

We are poised to become leaders in ocean technology, for example. Yes, there is a need to leverage investments from resource sector industries such as oil and gas to diversify and drive growth in sustainable knowledge-based industries. As well, we do indeed have strong research and development supports as well.

Venture capital, Mr. Speaker, is a very good way to diversify the economy by, us, as a government creating and fostering a climate in which investors will take that high risk, and grow their business and companies, and yes, so that their companies and firms can grow internationally and nationally, globally.

What I will do now, Mr. Speaker, is take a different approach. I will ask some questions and I will provide the answer as well, or try my best. Question number one: How will Newfoundland and Labrador businesses benefit from the two funds – that is a very important question – Venture Newfoundland and Labrador and Build Ventures?

The answer is in addition to having access to capital, which is one, to allow entrepreneurs to grow their businesses, they will also benefit from business advice and mentoring that is associated with venture capital firms. They will also have access to business networks that venture capital firms have with potential customers, partners, and other investments right across Canada and around the world, Mr. Speaker.

Another question that Newfoundlanders and Labradorians might ask: How can we ensure that Newfoundland and Labrador companies benefit or gain access to funds available through the Build Ventures fund? The answer is this Province has a growing technology industry that we are all aware of. It is on par with their Atlantic counterparts and is used to competing nationally and internationally for market share. The main issue is that many are just undercapitalized, Mr. Speaker. Through our investment these firms will have equal access to all firms in the region, to over \$60 million in venture capital.

The fund manager has committed to spending the necessary time in our Province of Newfoundland and Labrador, to work with partners, and look for good companies in which they can invest in.

As a government, Mr. Speaker, we want them to invest in the best deals throughout the region, as well as the Province. A successful fund will attract even more investors and partners back to the region and back to the Province. As a government, we are very confident that we have a significant number of early stage start-ups that can successfully compete for access to these investments.

Another question you might ask, Mr. Speaker, is how will these funds compare to other jurisdictions? By investing in two funds we will be putting Newfoundland and Labrador on a level playing field with other provinces in Canada. Most provinces have multiple venture capital funds to support the varying needs of companies that are in different stages of the development. Atlantic Canada is no different.

Nova Scotia and New Brunswick, for example, have maintained venture capital seed funds for

several years. In addition to their investment in Build Ventures, they have also supported other funds managed by private fund managers, Crown corporations and the like, thereby developing a venture capital investment culture, Mr. Speaker.

Another question, why did you invest in two venture capital funds? Why did you not invest in just one rather than two? Here is the answer. We identified that there are two significant gaps in the financing continuum. Venture capital funds are set up to support companies at different stages of development, start up and very early stage companies that need help to make their idea to a commercially viable product, and companies that are further along in their development and need to reach market success.

To address both gaps, Mr. Speaker, we had to invest in companies that addressed companies in different stages of their development. The Venture Newfoundland and Labrador fund will invest in start-up and very early stage companies, whereas the Build Ventures fund provides opportunity for companies that are further along in their development.

Another question you might ask, Mr. Speaker, is what is the benefit of the two venture capital funds to taxpayers of the Province? It is a very good question indeed. There are a number of indirect benefits that people throughout the Province of Newfoundland and Labrador will experience as a result of these venture capital funds. Through these two funds there will be significant investments in local companies that will increase employment, particularly in high quality positions.

As well, there will be return back to the Province through an increase in business taxes and personal income tax resulting from the increase in successful new enterprises, business or firms, and premium employment positions. Also, once the funds become profitable, there will be a financial return on investment back to the Province.

Venture capital backed companies, they outperform – according to statistics, according to research – they out compete, and they outlast firms that are not backed with venture capital.

In addition to that fact, Mr. Speaker, venture capital backed companies have greater employee growth as well.

Mr. Speaker, that gives us real good reason why, as a government, we should diversify our economy. One way to diversify our economy is to invest in venture capital because most companies around the world, I would imagine, grow in this fashion.

I am pleased to support this motion today and to be able to speak to it. With these remarks, Mr. Speaker, I will conclude.

Thank you very much.

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

**MR. SPEAKER:** The hon. the Member for Port de Grave to close.

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

As I stand here, Mr. Speaker, I want to thank the hon. colleagues from both sides of the House who participated in the debate today: the Member for Exploits, the Member for Virginia Waters, the Member for The Straits – White Bay North, the Member for Cape St. Francis, the Member for Signal Hill – Quidi Vidi, and last but not least, the Member for Bay Verte – Springdale.

Mr. Speaker, it has been an interesting debate, an educational debate. As I said, my interest got piqued a few weeks ago when I went to visit the Common Ground and to represent the minister. In talking to Ms Smith at Common Ground, there is a great entrepreneurial spirit in Newfoundland and Labrador. I want to thank the Member for Virginia Waters for her contributions, because it takes contributions like that which makes young entrepreneurs successful. I think many members on this side of the House today gave the Member for Virginia Waters that credit.

I am not sure, I wrote down here about a tax credit, and the Member for Virginia Waters brought it up. We do have a provincial government that will provide a tax credit or implement a venture capital tax credit as an incentive for private investors to partner in



capitalizing this fund. They will provide a 30 per cent non-refundable tax credit on investment, capped at a maximum of \$75,000 credit to be applied against provincial taxes. So there are some tax incentives being applied.

My colleague for The Straits – White Bay North, he went all over the place and tells me I did not even get the name of the department right today, but I probably did not. So, we will check that one out. He was talking about tax incentives and this government did not provide any tax incentives, or very little tax incentives.

I just want to make a point to my hon. member. In Budget 2014, there was approximately \$72 million invested in business and business tax credits, everything from the Small Business Tax Credit to the Manufacturing and Processing Profits Tax Credit, to the Direct Equity Tax Credit, to the Economic Diversification and Growth Enterprises Program.

So, there have been some incentives, I say to the hon. member, made by this government in giving businesses a break and enabling them to grow and expand. I just wanted to make that little point before I close today.

The last point I wanted to make is that investments in these funds will certainly give our Province a competitive edge. We are having a two-pronged approach. I know the hon. the Member for Signal Hill – Quidi Vidi was talking about the Build Ventures fund and the Atlantic Canada fund. It was a partnership between all the Atlantic Provinces now. It supports early-stage companies, I say to the hon. member, which are able to generate – they are already generating cash flow and they have a sustainable operation. They are sustaining operations, but it is not enough to meet the rapidly expanding new markets that they are going in. So, it is a business that is always in the early stage but needs that support to capitalize on markets and market opportunities. That is where the venture capital program comes.

The Venture Newfoundland and Labrador capital, I say to the hon. member, allows for those businesses that are just starting to get that edge that they can get to that stage. So it is a two-pronged approach, I say to the hon. member. By having the two-pronged approach

with the Venture Newfoundland and Labrador fund and the pan-Atlantic building fund, it gives access to capital for all these entrepreneurs who need it and who need to grow their business.

She also talked about the need for advice. I think it was said by both hon. members from the Opposition, that this also provides you advice and an extensive business network because these people, the private investors come in and they coach you and they partner with you and they give you the opportunity to learn from their business experience. By partnering in the venture capital funds, this provides our entrepreneurs, basically, endless opportunities to coach and be partnered through business experience with those already involved.

For us as a government, obviously, the spirit of our investment reflects our commitment to supporting the innovation and exploring new ways to do business. Obviously, business is changing. It changes all the time, and this gives us an opportunity to get in and talk about ways of exploring new business.

Even in our meeting this morning with the minister, with Ms Smith, she talked about how government needs to change their programs to reflect the changing business environment in the Province. The minister this morning committed to looking at some of that so we can change our programs to meet the changing business environment here in the Province. As we go along, we believe the venture capital funds will address the gaps to meet the growing demand for venture capital in the Province.

I would like to close with a quote from Nancy Healey, who is the CEO of the St. John's Board of Trade, and a sponsor of the Newfoundland and Labrador Angel Network. She said, "The creation of this fund is an effective way to exploit these opportunities and address the critical gap in the supply of early stage capital." By working together – that is government, the private sector, and all partners – we are creating a stronger, more innovative, and diversified economy, and a stronger and more prosperous Newfoundland and Labrador.

Once again, I thank all the hon. speakers today. We will close debate on that, Mr. Speaker. I thank everybody for their participation today.

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

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

All those in favour of the motion put forward by the Member for Port de Grave?

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

The motion is carried.

This being Wednesday, and the business being concluded, the House now stands adjourned until tomorrow at 1:30 o'clock.