

Date : 3/23/2014 6:16:07 PM

From : "Dalley, Derrick"

To : "Bown, Charles W."

Subject : RE: Q&A

Attachment : Muskrat Falls Oversight Mar 2014.docx;

Very helpful> I have drafted an outline of my speech – have a look – call me if you can>

From: Bown, Charles W.

Sent: Sunday, March 23, 2014 6:02 PM

To: English, Tracy; Morris, Paul J.; Quinton, Diana

Cc: Dalley, Derrick; Froude, Ian

Subject: RE: Q&A

This time with the attachment. Its also in the body below.

Charles

What is oversight

- Oversight is a process where the government, representing the people, has a fulsome understanding about the Muskrat Falls Project, including costs, schedule and potential risks.
- The Government will receive the same information that others providing oversight will see.
- Government Oversight is only one element of oversight on this project.
- Primary oversight is provided by the Nalcor Boards of Directors. These are qualified individuals who have a legal fiduciary responsibility to ensure the project is developed as planned.
- The Board of Directors will have an independent Internal Audit group from within the company report directly on all project elements.
- The Government of Canada will have oversight on the project from its role as provider of the federal loan guarantee.
- The project Lenders are also part of project Oversight.
- There is also an Independent Engineer that will be providing a specialized service to the Government of Canada and the Lenders. Government will also receive their reports.
- Project oversight is not about the day to day management of the project. We have extremely qualified people at Nalcor who have been hired because of their specific expertise in major construction projects.
- We cannot stand over the shoulders of the people at Nalcor. They have the expertise to build this project. If we get involved in the day to day management, then we will be the cause of cost and schedule pressures.

What information will be received

- The Oversight Committee will receive detailed information on project costs, schedule, contracts, engineering, construction etc.
- The Government will receive the same information that others providing oversight will see.
- Within the departments of Finance, Natural Resources and Justice, we have the same team of experts that have negotiated all of the major projects in the province on behalf of the government. We have a group of very qualified people with specialized skillsets.
- The Committee will supplement their qualifications with external experts and advisors as required.

What will be done with the information

- In the same fashion as other doing Oversight (Board of Directors, Internal Audit, Govt of Canada, Project Lenders, Independent Engineer) the Oversight Committee will do a review and assessment of the data.
- experts that have negotiated all of the major projects in the province on behalf of the government. We have a group of very qualified people with specialized skillsets.
- The Committee will supplement their qualifications with external experts and advisors as required.
- The Committee will report to Cabinet on its assessment of the data including costs, schedule and potential risks to each.

Who is going to be reviewing the information

- Within the departments of Finance, Natural Resources and Justice, we have the same team of experts that have negotiated all of the major projects in the province on behalf of the government. We have a group of very qualified people with specialized skillsets.
- The Committee will supplement their qualifications with external experts and advisors as required.

What will the Department of Natural Resources be doing?

- My officials will be represented on the Committee but it will be chaired by the Clerk of the Executive Council. The intent is to use the full resources of Government on this Committee.
- As you might expect, I have a tremendous team at my disposal. I have engineers, accountants, economists, geologists, geoscientists.etc.
- We have a collective expertise for all types of natural resource projects. I will be bringing whatever resources are required to assist the Clerk and the Committee.

Will information be made public

- The Committee will receive the same information that others providing oversight will see. This includes projects costs, schedule, engineering and construction reports, etc.
- We are committed to ensuring the public is advised on this project.
- Nalcor currently provides a monthly project report which will be supplemented by quarterly company reports, annual reports and a report on the project by their external auditor. In addition, the Independent Engineers report will be released as its provided.
- We will continue to ensure that commercially sensitive information on the project remains confidential.
- This is not to keep project information secret. Its meant to ensure that companies bidding on project contracts aren't able to acquire information that would enable them to bid up their contract process versus bidding as low as possible. This is important for all of us.

From: Bown, Charles W.
Sent: March-23-14 5:53 PM
To: English, Tracy; Morris, Paul J.; Quinton, Diana
Cc: Dalley, Derrick; Froude, Ian
Subject: Q&A

Tracy/Paul/Diana;

Ive put together some basic Q&A and responses. Please feel free to edit and also toss back some more difficult questions for me to draft responses. Stay away from softball questions.

Charles

Muskrat Falls - Oversight March 2014**Speech Outline**

1. Discuss Oversight

- a. What it means (Varies – example : Liberal in 2002)
- b. What it does not mean
- c. Governments role – responsibility – policy - future!
- d. Who is Nalcor – Builder of the project
- e. Nalcor Oversight - start to finish
- f. Roles: Prov. Govt. – Nalcor – Independent Body – Federal Govt – PUB - AG
- g. Phases of the Project

2. Pre – Sanction

- a. Explain process – detail of work
- b. Govt. – Nalcor – Independent Body
- c. List oversight
- d. List Conclusions – decision to proceed!

3. Sanction – Financing

- a. Final decision – level of oversight
- b. Federal Government - Loan Guarantee
 - i. Collateral Agent - Lenders
 - ii. Independent Engineer – define role – Phase I and II
 - iii. Outline type of oversight
 - iv. Certificate to proceed

4. Construction Phase

- a. Explain oversight
 - i. Nalcor – execute – do what they said they would do!
 - ii. Independent Engineer
 - iii. Independent Auditor - Deloitte – special report
 - Outline type of oversight
 - iv. Nalcor Reports – ¼ reports – Annual Report
 - v. Monthly reports – read content outline
 - vi. Board of Directors
 - Sample contents

5. Government of NL
 - a. Oversight Committee for Construction Phase
 - i. List members
 - b. Explain Role of committee
 - i. Review and analyze all information
 - ii. Report to Cabinet
 - iii. Cabinet Direction to Ministers
 - iv. Committee Report
 - c. Why now?

6. Summary of Oversight
 - a. List oversight to now
 - b. List Oversight for next 4 years?

7. Outline the key benefits for the project

8. Liberal Plans to Develop Lower Churchill
 - a. Compare key points

9. Where do Liberals stand on Muskrat Falls?
 - a. Labrador members
 - b. Paul Lane – Tom Osbourne
 - c. Cathy Bennett – full endorsement
 - d. Is Muskrat Falls the Right Thing to Do?
 - i. Need and Benefits
 - ii. Oversight
 - iii. Liberals tried in 2002
 - iv. Support from Liberal Caucus
 - v. Where does the Liberal Party Stand?