

More

dbs.sullivan@gmail.com New Post Design Sign Out

UNCLE GNARLEY

Opinions On Newfoundland Politics That Bite

Most Popular Posts Last 30 Days

WHO TAKES ED
MARTIN SERIOUSLY,
ANYWAY?

FORENSIC AUDIT:
NALCOR IGNORED BIG
EARLY WARNING
SIGNS

LAW SCHOOL
IGNORES PROVINCE'S
FISCAL POSITION

WHEN POLITICIANS
DON'T EVEN KNOW
WHAT THEY DON'T
KNOW

BEWARE FEDERAL
SHAPESHIFTING ON
ATLANTIC ACCORD,
WARNS CABOT
MARTIN

SECOND FORENSIC
AUDIT REPORT:
EVIDENCE OF
MALFEASANCE?

WILL THE PUB GO FAR
ENOUGH ON RATE
MITIGATION?

POLL CLEAR AS MUD
BUT LIKELY CANCELS
SPRING ELECTION

Monday, 18 June 2018

NALCOR ALLOWED TO SECRETLY CENSOR REPORTS OF INDEPENDENT ENGINEER (PART I)

Imagine if the Auditor General allowed the Department or Agency it is auditing to edit or redact parts of its Report to the House of Assembly. Wouldn't the public lose all respect and trust afforded to that Office?

Evidence has now been uncovered showing that the "independence" expected of the Independent Engineer for the Muskrat Falls project, on behalf of the Government of Canada, was never established; that at the very beginning Nalcor was permitted to review, edit and redact the Reports before they became public.

The issue of independence was always a worry for the small group of critics of the project. Such scepticism was captured by an Uncle Gnarley Blog Post entitled How Independent is the Independent Engineer? It raised the question following the IE's first Report (November 29, 2013). Material evidence of complicity between the IE and Nalcor, which only recently came to light, suggests that those suspicions were justified.

The Uncle Gnarley article, written in June 2014, gives context to the latest revelation that Nalcor was the IE's editor and censor. At that time, the IE was MWH Americas Inc., since sold to Stantec Inc., a major environmental services contractor for Nalcor on the project. Following concerns over a potential conflict of interest expressed to the Minister of Natural Resources by David Vardy and Ron Penney — given Stantec's long-standing relationship with the crown corporation — the IE contract with Nalcor was reportedly sold again to senior staff of the local office.

Federal Complicity: The Untold Story of Muskrat Falls (Part I)

SUBSCRIBE HERE
: Get Your Posts by
EMAIL

Email address Submit



UNCLE GNARLEY READS



peckford42

An Idiot's Guide To
Bribing and Cheating
Your Way Into
College
4 hours ago



The Sir Robert Bond Papers

Unformation #nlpoli
1 week ago

Tom Adams
Energy - ideas for
a smarter grid
Where's the
"Geothermal
Revolution" (or even
the GSHIP
Revolution)?
3 months ago



BAY DU NORD:
TURNING GOOD NEWS
INTO DISBELIEF

WERE SNC LAVALIN
TROUBLES
OPPORTUNISTIC FOR
NALCOR?



About Des Sullivan



Des Sullivan

St. John's, Newfoundland
and Labrador, Canada

Uncle Gnarley is written by Des Sullivan, of St. John's. He is a businessman engaged in real estate, retail and development companies. A Director of Sullivan Capital Corporation, he is a former Executive Assistant to Premier's Frank D. Moores (1975-1979) and Brian Peckford (1979-1985). He also served as a Part-Time Board Member on the Canada-Newfoundland Labrador Offshore Petroleum Board (C-NLOPB). Uncle Gnarley permitted the use of his highly regarded name provided he could have full access to state his own rather unequivocal opinions. (A more detailed Profile of Uncle Gnarley is described in the very first Post entitled "Uncle Gnarley is alive and well" found on this site. Sullivan is a firm advocate of sound fiscal management by the provincial government and intends to use this Site as a forum for commentary on the major issues of the day. Says Sullivan,

A Debacle and the Federal Government's Role In It (Part II)

To give context to the issue of independence now being raised again, this two part article will take us back to the IE's first Report and why concerns were raised at the start. Part II will expose the evidence obtained giving proof to why those concerns were well-founded.

On June 9th, 2014 the Uncle Gnarley Blog reported:

"Unfortunately, the Report lacks the robustness one would expect from an overseer with MWH Americas' mandate. Possibly, the Firm attempted impartiality. It may have simply missed the mark. To be fair, the IE's Report offers some solid information and analysis, but one cannot dismiss its considerable limitations."

It continues:

"The services of Independent Engineer (IE) services for LCP (Lower Churchill Project) according to Nalcor's Expression of Interest document are for the benefit of "rating agencies, lenders, guarantors, and other organizations that may be involved in providing financing for LCP rather than on behalf of Nalcor or its partners..."

"Still MWH Americas Inc. was selected by Nalcor, its services are paid for by Nalcor, and it reports to Nalcor. That is at best an odd arrangement and the oddity is magnified by the absence of an arms-length relationship with its paymaster. Secondly, as in the case of any Report that puts claim to "independence", whether that of Judge, Arbitrator or Professional Engineer, it is the level of rigorous analysis which it employs, and the conclusions which follow, that constitute the best evidence of considered and impartial counsel. On that basis, too, the Report is deficient."

The question must therefore be raised: were those agencies, lenders and guarantors made aware of Nalcor's complicity in the product they received?

The June 2014 post expressed alarm that the IE had swallowed Nalcor's excessive optimism ("delusion" might have been a better word) over the Water Management Agreement, ignoring the "extreme uncertainty associated with Hydro Quebec's legal action". In the same Report, it accepted what the post suggested was "at best a preliminary analysis of the problem and possible remediation measures" pertaining to the North Spur. It took this position without being in possession of a full analysis, telling Nalcor to forward the additional studies recommended by the Consultants "when available".

The Rogue
Bayman
It's Time to Have a
Talk About Rural
Newfoundland &
Labrador
1 year ago



John Gushue . . .
Dot Dot Dot
Inspector Chalmers
goes to the land of
Pulp Fiction
1 year ago

RANT AND ROAR
The Trial
3 years ago



NL Blogger's Daily

Muskrat Falls – I
Believe in the
Power of
Newfoundland and
Labrador



Blog Archive

► 2019 (17)

▼ 2018 (113)

► December (9)

► November (8)

► October (11)

► September (9)

► August (10)

► July (5)

▼ June (6)

CHES CROSBIE
TESTED:
"MISTAKE" TO
REPLACE
MADNESS?...

TONED DOWN,
REDACTED
WITH
DELETIONS:
DID NALCOR
WR...

"Newfoundland and Labrador inspires debate on a variety of issues, a veritable Muskrat Falls of opinion". Readers are invited to leave their opinions, too. Uncle Gnarley will post every Monday, and more often as events warrant.

[View my complete profile](#)

The third issue with the first IE's Report was the conclusion reached in this sentence: "In our opinion, and based on past experience, the Integrated Project Team consisting of SNC-L (the borrower's Engineer) and Nalcor (the borrower) are qualified to design, contract, manage, commission, operate and maintain the three projects currently under design and construction for the LCP (Lower Churchill Project)."

The Blog post noted that the "IE had come to its conclusion, notwithstanding the fact that SNC-Lavalin's capabilities are virtually non-existent on the project management team of Muskrat Falls, that neither the President nor the VP of Nalcor have mega project expertise, that according to one source knowledgeable of Nalcor's management, 19 of the 20 senior Nalcor hires possess no mega-construction expertise and the 20th person has no experience at a senior project management level."

Rightfully, the post asked: "Where is this "past experience" to which the IE refers and on what basis does the IE believe such a management deficiency is prudent or that the interests of all the Parties to the project are protected?"

Finally, the post zeroed in on what has been a great torment — the project schedule — because it bears heavily on the issue of cost. The post read:

"A fourth nugget is the IE's concern over Nalcor's Integrated Project Schedule prepared by Nalcor. In its own words, the IE found "that it is generally complete as far as listing contracts, but it is a Gantt chart without activity linking, critical path(s), float time, etc., and is not suitable to the level of detail we require and had expected to view to allow us to form opinions... we cannot express an opinion as to the likelihood of the contracts being completed as scheduled." (p. 174)

A Gantt Chart, or bar chart, is a common tool used by firms to illustrate a project's schedule and the interdependence of certain activities, milestone targets and schedule status.

The IE is noting the lack of sophistication employed by Nalcor in the planning of this large project. Yet it stated that it "cannot express an opinion" on the project's status.

The finding ought to have constituted proof of inexperience and an additional signal of Nalcor's deficient project management team.

If the post had been written only recently, flag-wavers for Nalcor might justifiably have alluded to the benefits of hindsight. But that post was written in June 2014; the debacle to which Nalcor was heading - even then - as plain as the nose on your face!

NALCOR
ALLOWED TO
SECRETLY
CENSOR
REPORTS OF
INDEP...

NORTH SPUR:
THE
ELEPHANT IN
THE ROOM

"EXTREMELY
FRUSTRATED"
PREMIER
GOES TO
SNC-
LAVALIN...

LIBERAL PARTY
WILL IGNORE
THE ABACUS
POLL AT
THEIR...

- ▶ May (8)
- ▶ April (12)
- ▶ March (13)
- ▶ February (10)
- ▶ January (12)
- ▶ 2017 (113)
- ▶ 2016 (98)
- ▶ 2015 (88)
- ▶ 2014 (90)
- ▶ 2013 (106)
- ▶ 2012 (64)



Of course, the IE exhibited no greater courage in any of its subsequent Reports on the Muskrat Falls project. Was that because it never independent, having allowed Nalcor to soften any critical or sensitive statements that might have called attention to the situation?

ATIPPA information that recently came into the hands of this blogger, via the person referred to in other posts as “citizen sleuth”, suggests that Nalcor was given the opportunity to edit out unwelcomed truths — not that there ever existed a government or public mindset to shut the project down.

Nalcor was given access to the IE’s Reports for editing and redaction purposes prior to their public release.

Those matters will be discussed next time. But, for now, readers may want to re-evaluate two recent Uncle Gnarley Posts dealing with the Federal Government’s complicity in the project.

To the issues raised in them we might now add a few more, such as: Was the choice of the Independent Engineer an independent and objective process? What oversight, if any, did the Government of Canada apply to the work of the Independent Engineer?

There is grave concern that, just as former Premier Tom Marshall put a sticker called “Oversight” on a Committee of public servants who neither had the expertise nor the independence to carry out the job, the Federal Government also applied “Independent” to an Office of oversight that may never have possessed any such freedom or capacity.

The proof?

Next time.

Posted by Des Sullivan at [Monday, June 18, 2018](#)

Reactions: [funny \(1\)](#) [interesting \(1\)](#) [informative \(1\)](#)



Labels: [Independent Engineer on Muskrat Falls MWH Americas Inc.](#); [Muskrat Falls](#); [Nalcor](#)

52 comments:

Anonymous 18 June 2018 at 08:56

Boondoggle!!! Boondoggle!!! Boondoggle!!!

[Reply](#) [Delete](#)