

## Communications Plan Executive Council

**Title:** Release of Oversight Report

**Issue:** Provincial Government releases first oversight report on the Muskrat Falls project.

<b>Consulted with:</b>	<b>Drafted:</b>	<b>Announcement:</b>
Department of Natural Resources	July 15, 2014	News release is planned

### Communications Analysis

#### Public Environment

- On March 24, the Provincial Government outlined its work to facilitate oversight of the Muskrat Falls Project. Minister Dalley delivered a ministerial statement in the House of Assembly to highlight government's actions and the new oversight committee. On March 26, a Private Member's debate was held in the House of Assembly. The Provincial Government distributed a news release to highlight that the majority of members of the legislature passed the motion in support of oversight to be undertaken by government during the construction phase of the project.
- The issue generated significant local coverage. Media were mainly interested in what information was going to be released publicly on the project and the timelines for the release of this information.
- In a news release issued on March 24, Opposition Leader Dwight Ball questioned Government's proposed new oversight committee for the Muskrat Falls mega-project, arguing that it is merely another political gesture meant to showcase their alleged new commitment to openness and accountability. "Five billion dollars has already been committed to this project, and we're only hearing about this oversight now," said Ball. "Proper management of any project, regardless of its size, means necessary review and due diligence, so it is telling that this Government has only just embraced this idea."
- In the same news release issued on March 24, Ball stated what is truly needed is accountability, and one option is calling in the Auditor General to look at the finances. "If Government was serious about being open and accountable to the people of this province, they would ask the Auditor General to review the project's finances under *Section 16* of the *Auditor General Act*," said Ball. "Failing that, they could invite the Public Utilities Board to carry out ongoing oversight."

But these options would mean real commitment to transparency with the Muskrat Falls project, something we have not yet seen from this Government.”

- In an interview with CBC on March 24, NDP Leader Lorraine Michael said this kind of overview can't be considered truly independent. "The oversight being touted by the Minister is still missing the truly independent oversight of an independent body, such as the Public Utilities Board."
- On April 2, Premier Marshall was on VOXM's Open Line to discuss the Provincial Government's commitment to oversight for the construction phase of the Muskrat Falls Project. Marshall stated that "we saw the oversight and we can see there's lots of oversight there, but we realize people wanted more." Further to that Marshall stated that "there's a ton of oversight and we've now added more professional oversight to the matter."
- On April 3 during a VOXM Backtalk interview, former Premier Roger Grimes was critical of oversight of the Muskrat Falls Project. Grimes stated that the committee is "still going to have to take whatever Mr. Martin and the group at Nalcor tell them at face value because none of them have any expertise themselves in electrical systems, in construction projects, in what's going on." Further to this, Grimes suggested to "do what they did in Nova Scotia, which is let an outside agency like the Public Utilities Board look at it because the Public Utilities Board has the ability to hire and engage experts in every area: electrical systems, construction projects, tendering processes - all those things. None of that expertise sits with the oversight committee that this government is setting up."
- Several Letters to the Editor in the Telegram by critics Ron Penney, David Vardy and Maurice Adams questioned the independence and timing of the new oversight committee, the need for the Auditor General to review the project and the role of the PUB.
- Recent public commentary and information presented in media articles suggest that the Provincial Government and Nalcor have a lack of transparency and openness when it comes to the Muskrat Falls Project. Questions on the project continue to be raised and the criticism has focused on a lack of oversight by the Provincial Government, poor fiscal management by the province and the amount of money spent by Nalcor to date.
- The merits of the Muskrat Falls Project continue to be debated, despite years of research and planning proving the value of the project to meet long-term energy demand. Misinformation presented in media articles, editorials and via social media has painted an inaccurate representation of the project and Nalcor. It has been a challenge to get fair, accurate information disseminated to the public.

## Strategic Considerations

- The Provincial Government publically committed to releasing the first report of the oversight committee by the end of July 2014. It will be essential to meet this deadline. Cabinet meets to discuss the oversight report on Monday, July 28. The report will need to be released to the public no later than Thursday, July 31.
- In addition to the oversight report, the shareholder's letter from government to Nalcor will be released. This letter will be of interest to media and others because it makes note of a number of reports that the oversight committee wishes to review. These reports have not been released publically by Nalcor and may not be available publically given commercial sensitivities, raising questions about accountability and transparency.
- Given that Cabinet will be meeting on July 28 on this, and the information is due to be released no later than July 31, questions may be raised as to whether or not Nalcor had seen the shareholder's letter and report in advance of Cabinet deliberations and whether they had any role in influencing the content of the materials.
- The level of oversight taken by the Provincial Government has been criticized over the past few months. Therefore, the first report must demonstrate the depth of oversight being undertaken by the Provincial Government and must clearly define next steps in the process.
- Because this is the first report of the committee, it may be considered to be the flagship for future reports. However, it is expected that future reports will contain more detail. Questions may be raised as to why it took so long to prepare this report given the level of information provided. It will be explained that it took time to set up the committee and to establish the template; and that the information gathered and evaluation undertaken will be refined as the committee moves further into the process.
- The effectiveness of the oversight committee may again be criticized because it is government-lead rather than being independent, and it is comprised of senior bureaucrats rather than experts in construction of dams. Identifying and defining the role of the chartered accounting firm should be considered. Ernst and Young has been engaged by government to conduct a third party assessment of the oversight committee's protocols and to help with the preparation of materials and reports.
- Critics and media may again ask for the Auditor General to open the books at Nalcor for a thorough review and have the Public Utilities Board undertake an independent assessment.

## Target Audiences

### External

- Opponents of the Muskrat Falls Project
- Official Opposition
- Third Party
- Local media
- Residents

### Internal

- Premier's Office
- Communications Branch
- Department of Natural Resources
- Nalcor
- Selected MHAs

### Consultation

- N/A

### Objectives

- To release the first report of the oversight committee.
- To demonstrate the work being undertaken by the committee to ensure prudent oversight regarding the Muskrat Falls Project.

### Communications Strategy

#### Overall Approach

- As committed by government, the oversight report, shareholder's letter, and any other associated documents, will be released publically once approved by Cabinet.

#### Key Messages

- As promised, the Provincial Government has now released the first report of the oversight committee.
- The report includes information on the committee's governance structure, existing oversight sources, recent activities of the committee, the project's budget, and next steps.

- As the committee moves further into the process, information to be gathered and the evaluation to be undertaken will be refined. This will be reflected in future quarterly reports.
- The second report will follow in the fall and will include a detailed assessment of the scope, cost, schedule, and a review of potential risks associated with the project.
- In addition to the report, we are including a shareholder's letter that states the terms of reporting to the oversight committee.
- Prudent oversight of the Muskrat Falls Project is a priority for our government and it will continue through the construction and operation stages of the project.
- Government's oversight committee strengthens and formalizes the existing oversight for the construction phase of the Muskrat Falls Project. A departmental committee of Finance, Natural Resources, and Justice, chaired by the Clerk of the Executive Council, is focusing on project costs, scheduling, and overall project performance.
- The role of the committee is to review information provided by external auditors, the independent engineer and Nalcor; provide updates and discuss issues with relevant departments; meet regularly with Nalcor officials; report to Cabinet, which will provide direction to appropriate ministers as required; and provide quarterly updates to the public on project costs, scheduling, and project performance.
- Government is committed to providing reliable and transparent oversight and has engaged the chartered accounting firm Ernst and Young to conduct a third party assessment of the oversight committee's protocols and to help with the preparation of materials and reports.
- Extensive oversight has already been undertaken on the Muskrat Falls Project. Many senior departmental officials throughout government have been involved in oversight from initial planning, to early engineering, to our agreements with Emera, and most importantly to sanction and financing.
- Our government has also ensured that there has been more information made public about this project than any other project in the province's history, providing the opportunity for review by the public, government, and independent experts including Manitoba Hydro International, Navigant Consulting, the Board of Commissioners of Public Utilities, Dr. Wade Locke, and Ziff Energy Group of Calgary.
- In addition to our government's oversight, the level of external due diligence undertaken by the Government of Canada gave them the confidence and satisfaction in the Muskrat Falls Project prior to issuing a federal loan guarantee to back the \$5 billion financing for this development.

This effort by Canada was supported by experienced external legal advisors, independent financial advisors, an independent engineer, and an independent insurance consultant, all engaged directly by the Government of Canada.

- Furthermore, Nalcor's board of directors and internal audit department also provide oversight. The Provincial Government requires Nalcor to report regularly through annual transparency and accountability reports and regularly prepares financial statements which are audited by the external independent auditor and integrated into Nalcor's annual business and financial annual report. Nalcor holds public annual general meetings where the previous year's performance is discussed.
- It is a priority for our government to ensure information on the Muskrat Falls Project will continue to be made available to the public, while still protecting the commercial interests of the project.

### **The Announcement (and activities)**

- A news release will be distributed with a link to the report and other materials on the website.
- Key messages and QAs will be prepared for media inquiries.

### **Minister's Involvement**

- The Premier will be the lead in media inquiries, supported by the Minister of Natural Resources.

### **Interdepartmental Coordination**

- Key messages and QAs will be shared with departments involved with the oversight committee. This includes the Departments of Natural Resources, Finance, and Justice.

### **Briefing of Members of the House of Assembly**

- MHAs will be briefed as required.

### **Internal Communications**

- N/A

### **Follow-up Activities**

- Local media including VOICM's commentary shows will be monitored.

- Media inquiries will be handled by the Premier's Office and Communications Branch, supported by the Department of Natural Resources.

### **Evaluation Criteria**

- A media summary will be completed.
- The summary will be shared with the Premier's Office and Communications Branch, and the oversight committee.

### **Budget**

- N/A