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To: [Martin, Craig](#); [Mullaley, Julia](#); [Brown, Milly](#)
Cc: [Howard, Jacquelyn](#)
Subject: Oversight - news release and KM/QA
Date: Thursday, July 31, 2014 8:46:45 AM
Attachments: [KMs and QAs June 30.docx](#)
[Oversight Committee News Release - July 2014.docx](#)

Good morning,
Here is the final news release as well as the KM/QA document.
Pls advise of any further changes, etc. required.

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Oversight Committee Report
July 30, 2014
Key messages and QAs

Overarching message:

The people of Newfoundland and Labrador own the Muskrat Falls Project and Nalcor, both of which are critical to the future economic health of the province.

Both government and Nalcor have already undertaken extensive oversight on the Muskrat Falls Project. Many senior officials throughout government have been involved in oversight from initial planning to early engineering to financing and sanction.

To ensure the people of the province can have confidence with project management, Cabinet decided to strengthen and formalize our oversight of the project through this committee.

Government struck a committee of our most senior public service employees to monitor the project, both through the information being generated by existing oversight activities and by leveraging work being done currently to trigger extra measures for information and analysis.

The committee will monitor costs, scheduling and risk management to provide confidence that the project is meeting its intended outcomes and objectives in those areas.

Primary Messages:

We have confidence in the management of the project, and we want the people of the province to have that same confidence.

Government charged the Oversight Committee, on behalf of the people of Newfoundland and Labrador, to provide reliable and transparent oversight of the project's cost performance, schedule performance and cash flow requirements, so that the public can have confidence in the cost and schedule management of the project.

The Committee is chaired by the Clerk of the Executive Council, who holds the highest office within the public service and is our most senior executive.

The Committee also comprises other senior officials from executive council and the departments of Finance, Justice and Natural Resources.

In addition, the Committee has assembled a working group of professionals possessing specialized expertise in law, accounting, auditing, engineering and project management.

This working group will advise and inform the Committee as they review and analyze the information coming from the oversight activities.

Over the last four months, the Committee has developed the processes, protocols and systems they will need to effectively and efficiently fulfill their mandate.

The committee, in its efforts to be thorough and diligent in its work, contracted Ernst and Young LLP, an independent consultant, to determine international best practices for providing oversight to such a project, including information requirements and the appropriate governance structure for the committee.

The Oversight Committee has developed a framework within which they will interact with Nalcor, the Independent Engineer, and other oversight agents such as the auditors.

They have established reporting protocols, information gathering systems and processes by which they have access to all resources and information required to fulfill their mandate.

They will use existing oversight measures to leverage the additional information and analysis needed to perform their task and have triggered extra analysis and information being generated from existing oversight measures.

Secondary Messages:

Nalcor's role versus the role of the committee

Nalcor is comprised of individuals whose expertise lies in the development of major construction projects, such as Muskrat Falls. From day 1, these experts have been doing what they do best, which is the day to day management of the mega project.

The Oversight Committee was established to provide additional assurance to the people of the province. The committee will leverage Nalcor's expertise in large scale projects to ensure public interests are protected. This is not about duplication: Nalcor is providing best practice oversight while the committee is providing oversight on a different level.

The Provincial Government has provided significant oversight for this project since its inception. Independent experts have reviewed the project including Manitoba Hydro International, Navigant Consulting, the Board of Commissioners of Public Utilities, Dr. Wade Locke and Ziff Energy Group of Calgary.

Due diligence was also undertaken by the Government of Canada prior to issuing a federal loan guarantee 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.

As part of its regular business operations, the annual financial statements for Nalcor and each subsidiary are audited by an external independent public accounting firm. Nalcor's external independent auditor is currently Deloitte & Touche LLP (Deloitte). Primary oversight is provided by the Nalcor Board of Directors. These are qualified individuals who have a legal fiduciary responsibility to ensure the project is developed as planned. The Board of Directors have the Internal Audit group from within the company who report to the Board directly on all project elements.

The Committee

The committee is comprised of senior Provincial Government officials, including those that have been involved in oversight of the project since its inception.

The committee is supported by a working group of experienced professionals with specialized skills in the areas of law, engineering, project management, accounting and auditing. The working group includes internal resources as well as external consultants with specialized expertise in major capital project practice. This group will inform and advise the committee's work in monitoring the project on behalf of the people of the province.

The Mandate of the Committee

To provide reliable and transparent oversight of the project so that the public can have confidence that the project cost and schedule are well managed, that the project is meeting the cost and schedule objectives and that the cost and schedule risks are being reasonably anticipated and managed.

The oversight work of the Committee will not duplicate that of other oversight mechanisms. Rather, the Committee will fulfill its mandate using information already available through existing oversight activities and implementing additional measures to acquire any extra information needed.

Work completed to date

Over the last four months, the Committee has developed the processes, protocols and systems they will need to effectively and efficiently fulfill their mandate.

The committee, in its efforts to be thorough and diligent in its work, contracted Ernst and Young LLP, an independent consultant, to determine international best practices for providing oversight to such a project, including information requirements and the appropriate governance structure for the committee.

The Oversight Committee has developed a framework within which they will interact with Nalcor, the Independent Engineer, and other oversight agents such as the auditors.

They have established reporting protocols, information gathering systems and processes by which they have access to all resources and information required to fulfill their mandate.

They will use existing oversight measures to leverage the additional information and analysis needed to perform their task and have triggered extra analysis and information being generated from existing oversight measures.

Specifically, the committee has:

- Established a formal arrangement so that committee has access to all the materials and activities undertaken by the Independent Engineer
- Asked Nalcor to direct its independent external auditor to conduct additional auditing procedures with respect to the validity of costs charged to the project. This is in addition to any review that the Auditor General may undertake as part of his Office's audit of the Province's Public Accounts.
- Asked Nalcor to direct its independent external auditor to prepare annual financial statements for the project, separate from Nalcor's corporate financial statements.
- Gained an understanding of Nalcor's internal audit assurance framework as well as reviewed the Internal Audit Plan for the two year period 2014 and 2015 for the Project and has worked with Nalcor to prioritize areas for review.

To ensure that its work proceeds effectively and efficiently, the committee developed an oversight framework which is being released today and includes following key elements:

- The committee's Terms of Reference: its mandate and defined reporting frequency
- A list of information needs: the information currently accessed and the additional information from Ernst and Young needed as per best practices on mega-projects
- The reporting protocol: how information on project cost and schedule performance will be provided to the committee
- Existing sources of oversight: this will help the committee understand the work and reports of other oversight providers, use that work where appropriate and request Nalcor to direct these oversight providers to undertake further oversight activities and reporting when required so the committee can provide additional assurance to the people of the province

The Terms of Reference makes it very clear that the committee is mandated to provide reliable and transparent oversight of the project so that the public can have confidence that the project cost and schedule are well managed, that the project is meeting the cost and schedule objectives and that the cost and schedule risks are being reasonably anticipated and managed.

Role of Ernst and Young

Given the scale and complexity of the project, one of the first things the Committee did was to engage Ernst and Young, which is an independent consultant with specialized skills in major capital projects, to conduct a third party assessment of the oversight committee's protocols and to provide advice on what information would be needed to effectively monitor the project's cost, schedule and risk. We are pleased with the work undertaken to date.

Ernst and Young was also asked to provide advice about the committee's governance structure, including required resources and associated roles and responsibilities.

Ernst and Young made three main recommendations, all of which the committee has acted upon:

1. That the committee should review cost and schedule performance, forecasts and risk management, in addition to the validity of the costs incurred
2. The committee should be supported with specialized skills
3. The committee should align its information requests with conventional project controls and assurance practices and reporting rhythm of Nalcor

Shareholder Letter to Nalcor

The oversight committee has presented a shareholder's letter to Nalcor that states the required information and terms of reporting to the oversight committee. The committee has had ongoing correspondence with Nalcor; and much of the information requested in the shareholder's letter has already been made available to the committee for review.

This information will be released to the public, as long as the commercial interests of the project are protected, which in turn, protects the interests of the people of the province.

Nalcor has continued to proactively release information to the public on the Muskrat Falls information, such as the recent cost update and ongoing monthly project reports.

Next Oversight Report

The second oversight report on the Muskrat Falls Project will follow in the fall.

It will include a detailed assessment of the scope, cost, schedule, and a review of potential risks associated with the project.

Questions and Answers:

You always claimed there was enough oversight, yet you have assembled this committee. Is this an admission that Nalcor wasn't providing enough oversight?

Nalcor, as the people's company, is managing the project with all due diligence and best practices of a world class corporation in charge of a mega project.

The independent engineer is providing due diligence on behalf of the Federal Government as the guarantor of the financing.

The provincial government, on behalf of the people of the province has strengthened its existing oversight, moving through the construction phase of the project.

The committee is supposed to report on the cost requirements, cash flow, scheduling and risk management, but those details are sketchy in this report. What have they been doing?

The committee had a great deal of work to do to set up the appropriate structures, processes and protocols for a complex undertaking involving a mega project and two layers of government, financial institutions and the corporation running the project.

They had to establish the relationship with the Independent Engineer; they had to work with Nalcor on the information requirements, the reporting protocols through various layers of the corporation and government; they assembled a working group with specialized expertise; they worked with EY to determine information needed and governance structure required to be effective and efficient.

They have completed a significant amount of work over the past four months and have laid a solid foundation for monitoring the project using international best practices and every efficiency, without duplicating the work already being done by existing oversight agents.

We are seeing that when the financing was put in place, the government knew the cost of the Project had already gone up. Why did you go ahead with the project?

We went ahead because it the best option for us to provide reliable power to the people of the province at stable rates.

Why didn't you reveal that the number was \$6.5 billion?

Since major contract packages were being finalized, releasing costs at that time could have been harmful to Nalcor's negotiating position, and by extension, could have been harmful to the interests of the people of the province. Protecting the commercial information at our corporation protects the interests of Newfoundlanders and Labradorians. Nalcor had always indicated that it would update the capital cost estimates once the major contracts had been let. That happened in June.

When did Government know about the \$6.5 million?

We became aware of the \$6.5 million figure during finalization of the federal loan guarantee.

Was Government aware of this before Nalcor's recent cost update announcement?

Yes. We were aware before the announcement.

What kind of oversight is the committee bringing to the project:

The committee is mandated to provide oversight and reporting so that the people have confidence that:

- The Project costs and schedule are well managed.
 - Are management processes well-designed?
 - Are contracts managed diligently?
 - Do financial drawdowns comply with established processes
- The project is meeting its cost and schedule objectives:
 - How does schedule performance and forecast compare to the plan?
 - How cost performance and forecast compare to the plan?
 - How does cost and schedule forecasts compare with current performance?
 - How cash flow forecasts reflect the project's funding requirements.
- The cost and schedule risks are being reasonably managed.
 - Are risks sufficiently identified and addressed?
 - Has Nalcor established adequate contingency to address outstanding Project risks?

What kinds of additional information and analysis has the committee asked for?

From the Independent Engineer:

1. To receive their reports at the same time as the Federal Government.

2. To attend meetings and take part in conference calls between the IE and Nalcor.
3. To participate in site visits and attend workshops with the IE.

From Nalcor's external auditors:

1. Annual financial statements for the project, separate from Nalcor's statements. (2013 will be available August 31, 2014)
2. Additional auditing with respect to validity of costs charged to the project.

From Nalcor's internal auditors:

1. Having studied the internal audit plan for the next year and a half, the Committee asked the internal auditors to prioritize areas for review.

What is the role of the Department of Natural Resources?

While the oversight committee is chaired by the Clerk of the Executive Council, officials with the Department of Natural Resources sit on the Committee. To facilitate the committee's mandate, the department will also provide a supportive role by conducting ongoing research, analysis and other activities as required by the committee.

As you might expect, the department has a tremendous team at its disposal including engineers, accountants, economists, geologists, geoscientists, etc. We have a collective expertise for all types of natural resource projects. The department will be bringing whatever resources are required to assist the Clerk and the committee.

Will information be made public?

We are committed to ensuring the public is advised on this project. As such the oversight committee will provide quarterly reports to the public starting with the report being released today.

We will continue to ensure that commercially-sensitive information on the project remains confidential. This is 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.

The Muskrat Falls Project was officially sanctioned in December 2012. Why wasn't oversight in place?

Oversight has been in place throughout all stages of the Muskrat Falls Project - from initial planning, to early engineering, to our agreement with Emera, and most importantly to sanction and financing.

The Muskrat Falls Project belongs to the people of Newfoundland and Labrador, and it is imperative that it receive appropriate oversight. The committee formalizes Provincial Government oversight of the project during the construction phase for the benefit of all Newfoundlanders and Labradorians.

Bill 29 prevents the Provincial Government from releasing Cabinet documents. How can you say all information related to the Muskrat Falls Project and the committee will be made public?

The Provincial Government is committed to ensuring the public has access to as much information as possible. An abundance of information and documents are publicly available. Some examples include:

- Provincial Population Growth Strategy: What We Heard
- ATIPP Departmental Response Timelines
- Registered Nurse Workforce Model Report
- CYFS Child Protection and In-Care Quarterly Reports, Adoptions Quarterly Reports, Youth Corrections Quarterly Reports
- Midwifery Report
- Reports related to the Legal Aid and the Sherriff's Office Review

Will the Provincial Government allow the Auditor General the opportunity to audit Nalcor?

The Auditor General has full jurisdiction to undertake an audit of Nalcor. However, it should be recognized that the Auditor General has a responsibility as well to ensure that commercially-sensitive information is not released. Commercially-sensitive information is protected under the Energy Corporation Act. This means that all records being disclosed by Nalcor must be reviewed with both the ATIPP Act and the Energy Corporation Act in mind.

There have been calls for true independent oversight of the Muskrat Falls Project. Provincial Government and Nalcor oversight is not true independent oversight. We need oversight, so what is government going to do about it?

There is independent oversight of the Muskrat Falls Project. Independent experts have reviewed the project including Manitoba Hydro International, Navigant Consulting, the Board of Commissioners of Public Utilities, Dr. Wade Locke and Ziff Energy Group of Calgary.

Due diligence undertaken by the Government of Canada prior to issuing a federal loan guarantee 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.

As part of its regular business operations, the annual financial statements for Nalcor and each subsidiary are audited by an external independent public accounting firm. Nalcor's external independent auditor is currently Deloitte & Touche LLP (Deloitte).

When did government receive the final first report?

This first report was submitted to Cabinet on July 28, 2014.

Did Nalcor have a say in the first report in terms of what was included and publically released?

Nalcor was consulted on the first report from the perspective of:

- Fact checking any information that originated from Nalcor
- Ensuring there were no legal issues arising
- Ensuring that Nalcor had an opportunity to raise any commercial sensitivity issues for consideration by the Committee
- Advising Nalcor of any issues identified by the Committee and provide Nalcor an opportunity to respond to such issues

This process of report vetting is common to most oversight reports, including the compliance audits undertaken by the Auditor General on Provincial Government departments and programs on an annual basis.

Was Cabinet privy to any earlier draft versions of the oversight report?

This first report was submitted to Cabinet on July 28, 2014.

Was Nalcor privy to any earlier draft versions of the oversight report?

Nalcor was consulted on the first report from the perspective of:

- Fact checking any information that originated from Nalcor
- Ensuring there were no legal issues arising
- Ensuring that Nalcor had an opportunity to raise any commercial sensitivity issues for consideration by the Committee
- Advising Nalcor of any issues identified by the Committee and provide Nalcor an opportunity to respond to such issues

This process of report vetting is common to most oversight reports, including the compliance audits undertaken by the Auditor General on Provincial Government departments and programs on an annual basis.

The oversight committee was created in March. Why has it taken so long for government to release the first report?

The oversight committee has taken the time to ensure it has the appropriate information and mechanisms in place to fulfill its mandate and objectives of:

- Providing reliable and transparent oversight on the cost and schedule performance of the project.
- Establishing a direct and effective communication channel to Cabinet and the general public.

As such, the activities over the last several months have been targeted towards ensuring the committee has the appropriate information, resources and processes to fulfill its mandate and objectives. This includes defining processes, establishing protocols and engaging stakeholders.

What else has the oversight committee being doing since March?

Over the past few months, the committee has concentrated on collecting and reviewing information provided by external auditors, the independent engineer and Nalcor. An Executive Director has been assigned to implement the objectives of the committee in a timely manner. The chartered accounting firm Ernst and Young has been engaged to conduct a third party assessment of the committee's protocols and to help with the preparation of materials and reports. We are pleased with the work undertaken to date.

In addition to the report, the committee has presented a Shareholder Letter to Nalcor that states the terms of reporting to the committee and directs Nalcor to provide pertinent information to the committee. The committee has had ongoing correspondence with Nalcor and much of the information requested in the Shareholder Letter has already been made available to the committee for review. It is expected that Nalcor will release this information to the public, as long as the commercial interests of the project are protected. Nalcor has continued to proactively release information to the public on the Muskrat Falls Project, such as the recent cost update and ongoing monthly project reports.

What is the role of Ernst and Young?

The Major Capital Project Team at Ernst & Young LLP, an independent consultant with specialized resources in the area of major capital projects, was engaged to provide advice to the committee to clearly define its role and ensure it would have the information, resources and processes it requires to fulfill its mandate. Further, Ernst & Young LLP has been retained, at this time, as a consultant to the committee as part of the working group.

Can we see the Shareholder Letter?

Along with the first report, the Shareholder Letter is now publically available.

Will the information referenced in the Shareholder Letter be made public?

Much of the information requested in the Shareholder Letter has already been made available to the committee for review. It is expected that Nalcor will release this information to the public, as long as the commercial interests of the project are protected. Nalcor has continued to proactively release information to the public on the Muskrat Falls Project, such as the recent cost update and ongoing monthly project reports.

When did Government know about the \$6.5 million?

We became aware of the \$6.5 million figure during finalization of the federal loan guarantee.

Why did Government not release the \$6.5 million figure at that time?

Nalcor had indicated for several months that there was a possibility of an increase in cost for the Muskrat Falls Project.

We did not release the figure as Nalcor was in the process of negotiating and awarding a number of contracts. For a number of months, Nalcor had indicated that upon the completion of major contracts for the project, a revised capital cost would be provided. The capital cost update was provided in June.

Was Government aware of this before Nalcor's recent cost update announcement?

Yes. We were aware before the announcement.

Government keeps talking about the commercial interests of the project. What does this really mean and why is government keeping information from the public?

We firmly believe that oversight, transparency and the release of information on the Muskrat Falls Project to the public is critical. We understand why people want to know more about the project and how it is progressing.

It is important to find the right balance of providing the public with cost information on the project and protecting consumers. We will continue to ensure that commercially-sensitive information on the project remains confidential. This is 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 in the best interest of all Newfoundlanders and Labradorians.

Did Nalcor have a role in determining when the report would be issued?

The report release date was set out in March.

If not, what exactly was Nalcor's role in the report?

Nalcor is the Provincial Government's crown corporation and the Muskrat Falls Project is the province's asset. The role of the committee is to report to Cabinet and the public, independently of Nalcor, for the purposes of overseeing Nalcor's management in the construction of this project as it relates to the project costs and schedule performance.

How are we supposed to trust Nalcor and the information they provide on the Muskrat Falls Project? As far as we see, they are only increasing project costs and jacking future electricity rates.

The Muskrat Falls Project will ensure a reliable, least-cost source of energy that will result in long-term stable rates. With the recent update from Nalcor, it is clear that we are continuing to head in the right direction – a least-cost project providing reliable power, stable rates, substantial economic and employment benefits and returns to the province for future generations.

The report seems kind of thin. Is this really what we have waited since March for?

Being the first quarterly report of the committee, it was necessary to take the time to ensure the committee had the appropriate tools and information to meet its objectives.

As such, the first quarterly report provides an overview of:

- The committee's governance and terms of reference
- Existing sources of assurance/reliance
- Recent activities of the committee
- What will be contained in the next report

As the project progresses, the content and focus of each quarterly report will adjust as appropriate.

Due to the recent timing of Nalcor's revision to the project budget baseline and the expected receipt of information and reporting from Nalcor regarding the recent budget revision, the committee was not in a position to comment on the project costs and schedule for the July quarterly report. The report for the quarter ending September 30, 2014, will include this information.

If the committee determines there are any material issues that arise before the next quarterly report, the committee will issue an interim report.

When will the next report be issued?

The next quarterly report is expected to be released in November.

If the committee determines there are any material issues that arise before the next quarterly report, the committee will issue an interim report.

This report should contain more information. How can you stand by these reports and claim to be open and transparent on the Muskrat Falls Project?

Due to the recent timing of Nalcor's revision to the project budget baseline and the expected receipt of information and reporting from Nalcor regarding the recent budget revision, the committee was not in a position to comment on the project costs and schedule for the July report. The committee's next quarterly report will contain relevant scope areas including analysis of the project's cost and schedule performance and the results of the other assurance procedures undertaken by or on behalf of the committee.

If the committee determines there are any material issues that arise before the next quarterly report, the committee will issue an interim report.

How can this committee claim to be independent when the committee is spear-headed by government bureaucrats?

Independence on the committee is demonstrated in a variety of ways including:

- Utilizing independent sources of information for its analysis such as the info from the Independent Engineer, MWH, Nalcor and its subsidiaries, external auditors
- Following the recommendations of independent consultants, Ernst & Young LLP regarding the information and resources necessary to oversee the Project.

Are you confident in the amount of oversight on this project?

Prudent oversight of the Muskrat Falls Project is a priority for the Provincial Government. As such, the Provincial Government has ensured that there has been more information made public about this project than any other project in the province's history. The Provincial Government has provided 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 Provincial Government oversight, the Government of Canada conducted its own analysis which gave them the confidence to issue the \$5 billion federal loan guarantee to finance this development. This analysis 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 group provide oversight. The Provincial Government requires that Nalcor provide annual transparency and accountability reports and regularly prepare audited financial statements which are integrated into Nalcor's annual business and financial annual reports. In addition, Nalcor holds public annual general meetings where the previous year's performance is discussed.

Prudent oversight of the Muskrat Falls Project will continue through the construction and operation stages of the project.

Are you confident in Nalcor's ability to manage the project?

Nalcor has significant oversight in place for the Muskrat Falls Project, including:

- An Internal Audit group that reports to the Board of Directors
- Annual Reports and an Annual General Meeting to report on progress
- Annual Transparency and Accountability Report for filing in the House of Assembly
- Public monthly project benefits reports

Nalcor will issue quarterly consolidated financial statements later this year. The company will retain an external independent auditor to review project-related costs and to prepare a report consisting of consolidated financial statements.

Do you trust Nalcor and believe they have given you all the information related to this project?

Ernst & Young were engaged by the Provincial Government to undertake a review of the project with the lens of what information would be required for the oversight committee to perform its mandate. This information has formed part of the Shareholder Letter issued to Nalcor. As per that letter, the committee has full authority to request whatever additional information they should require as a result of any questions or issues that may arise as a result of the review of that information.

The Provincial Government continues to say it is open and transparent and fully committed to oversight throughout all aspects of the Muskrat Falls Project. How can you say this when the committee was only formed in March and this report contains the bare minimum of information?

The Provincial Government is committed to prudent oversight of the Muskrat Falls Project. As such, the Provincial Government has ensured that there has been more information made public about this project than any other project in the province's history.

Being the first quarterly report of the committee, it was necessary to take the time to ensure the committee had the appropriate tools and information to meet its objectives.

Given the recent timing of Nalcor's revision to the project budget baseline and the expected receipt of information and reporting from Nalcor regarding the recent budget revision, the committee was not in a position to comment on the project costs and schedule for the July quarterly report. The next quarterly report will include this information. If the committee determines there are any material issues that arise before the next quarterly report, the committee will issue an interim report.

Why can't you just let the PUB take a role in the Muskrat Falls Project? You realize by not doing this, the Provincial Government does not look open and transparent at all.

The PUB still has a role in Muskrat Falls, including the review of electricity rates.

The Shareholder Letter lists a number of documents related to the project. Have you seen these documents? Do you have these documents? Are these documents going to be made public?

The Provincial Government has seen many of these documents in the past some of which have been sent to the Provincial Government prior to the establishment of this committee. Others have been added at the recommendation of the committee and as a result of the Ernst and Young report.

The full reporting of this information will be received by the committee by the end of July/first week of August for the month ended June 30, 2014.

DRAFT
Executive Council
Natural Resources
July 31, 2014

Making Responsible Decisions Through Strong Governance

Oversight Committee Releases First Report on the Muskrat Falls Project

The Honourable Tom Marshall, Premier of Newfoundland and Labrador, today announced the release of the Oversight Committee’s first report on the Muskrat Falls Project.

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“The Muskrat Falls Project is owned by the people of the Province and is one of the country’s largest and most important major capital projects. A project of this magnitude and importance requires strong oversight by Nalcor Energy and the Governments of Newfoundland and Labrador and Canada. The release of the Oversight Committee’s first report demonstrates our government’s commitment to ensuring prudent oversight of the project on behalf of the people of the province.”

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- The Honourable Tom Marshall, Premier of Newfoundland and Labrador

The Oversight Committee was formed by Government to strengthen and formalize existing oversight of the Muskrat Falls Project. The Committee has been mandated to provide reliable and transparent oversight so that the public can have confidence in the management of project costs, schedule and risk.

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This first report presents the work done by the Committee since its appointment and includes information on its governance structure and processes, the existing project oversight measures, the project’s budget and schedule, and next steps. The Oversight Committee engaged Ernst and Young, an independent third party consultant with specialized skills in major capital projects, to conduct an assessment of the Oversight Committee’s terms of reference and to provide advice on what information would be needed to effectively monitor the project’s cost, schedule and risks. The Ernst & Young report is also being released today.

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“The Provincial Government has been involved in oversight of the Muskrat Falls Project 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.”

- The Honourable Derrick Dalley, Minister of Natural Resources

The Committee’s terms of reference and a shareholder’s letter that details the terms of Nalcor’s reporting to the oversight committee are also being released today. The report and all associated documents are available online at LINK?

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The next quarterly report will be available in fall 2014 and will provide an assessment of the management of project cost, schedule and risk

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QUICK FACTS

- The Provincial Government today released the oversight committee’s first report on the Muskrat Falls Project and it is available at LINK.
- Established in March 2014, the Oversight Committee is comprised of senior officials from the Departments of Finance, Natural Resources and Justice supported by a working group, and chaired by the Clerk of the Executive Council. With a mandate to provide additional assurance about the project to the people of the province, the Committee’s focus is on project costs, scheduling and risk.
- Prudent oversight is a priority for the Provincial Government and will continue through the construction and operation stages of the Muskrat Falls Project.
- Extensive oversight continues to be undertaken by the Provincial Government, the Government of Canada, Nalcor Energy, project lenders and independent experts.
- It is a priority for the Provincial Government to ensure information on the Muskrat Falls Project continues to be made available to the public, while still protecting the commercial interests of the project.

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