

November 4, 2019



Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act* (File # NR-220-2019)

On October 21, 2019, the Department of Natural Resources received your request for access to the following records/information:

September 2019 Decision/Direction Note titled Request for Authorization of Audit Staff Travel for Hibernia and Terra Nova Audit Work.

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to the requested record. The responsive record is attached.

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a), 35(1)(g), 37(1)(a) and 40(1) of ATIPPA, 2015 as follows:

29. (1)(a) The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

35. (1)(g) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body.

37. (1)(a) The head of a public body may refuse to disclose to an applicant information, including personal information about the applicant, where the disclosure could reasonably be expected to threaten the safety or mental or physical health of a person other than the applicant

40. (1) The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party's personal privacy.

We acknowledge that it is unusual to redact the names of Government of Newfoundland and Labrador employees who are traveling or have traveled for business purposes but wish to advise that the use of the aforementioned two sections of *ATIPPA, 2015* is to protect the identity of 4 employees who will be travelling outside the province at a future date. To release the names of the employees prior to travel could cause harm to the employees as possibly their absence could lead to individuals knowing they are away from home potentially signaling that their homes are vacant and ripe for vandalism or break and enter and/or their families may be at risk given their absence from the province for a prolonged and defined period of time.

Please be advised that you may ask the Information and Privacy Commissioner to review the processing of your access request, as set out in section 42 of the *Access to Information and Protection of Privacy Act* (the *Act*). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner.

The address and contact information of the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy
Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John's, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the *Act*.

Please be advised that this letter will be published following a 72 hour period after it is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the letter posted to the Office of Public Engagement's website within one business day following the applicable period of time.

If you have any questions, please feel free to contact me at 709-729-0463 or rhynes@gov.nl.ca.

Sincerely,

A handwritten signature in cursive script that reads "Rod Hynes".

Rod Hynes
ATIPP Coordinator

Decision/Direction Note
Department of Natural Resources

Title: Request for Authorization of Audit Staff Travel for Hibernia and Terra Nova Audit Work

Decision/Direction Required:

- Travel authorization is requested for four auditors from the Royalties Division to travel to Calgary, Alberta for Hibernia and Terra Nova Project Owners' office site visits for royalty audits for the 2016 period for both projects.

Background and Current Status:

- All Hibernia and Terra Nova Project Owners are required to submit sales information with accompanying royalty payments to the Province and/or Natural Resources Canada as applicable on a monthly basis with an annual reconciliation filed in the following year.
- Audits are performed with respect to Project Owners' royalty filings on an annual basis.
- With respect to the Hibernia Project, the Hibernia Royalty Agreement provides that an audit period "...means the six (6) calendar years following the calendar year in which royalties were payable...". Thus, the Hibernia 2016 audit period expires December 31, 2022.
- With respect to the Terra Nova Project, the Royalty Regulations, 2003 provides that an audit period "...undertaken by the minister shall be conducted with respect to royalty share payable or an eligible cost under the Act and regulations, within the 5 years following the period in which that royalty share or cost was reported." Thus, the Terra Nova 2016 audit period expires December 31, 2022.
- Upon completion of annual audits, Preliminary Re-determinations are issued to the Owners of the Hibernia Project and Reassessments are issued to the Owners of the Terra Nova Project. These are based on audit findings which normally result in adjustments to royalty share amounts payable/received.
- With respect to the Hibernia Project, the Province previously issued re-determinations for royalties for the years 1997 to 2010. The 2011 audit will be issued this fall.
- With respect to the Terra Nova Project, the Province previously issued Reassessments for royalties for the years 2002 to 2012. [REDACTED]

S.29.1.a

S.35.1.g

Analysis:

Rationale for Travel

- The completion of the 2016 audit for both projects simultaneously at this time allows the Royalties Division to operate within its work plan as currently in place with respect to the completion of royalty audits.
- The audit function is essential to the effective administration of the Hibernia Royalty Agreement and enforcement of the Royalty Regulations, 2003 in ensuring compliance with the agreement and legislation respectively and ensuring the appropriate amount of royalty payments are received by the Province.

- Three of the Hibernia and Terra Nova Project Owners (office and records) are located and maintained in Calgary, Alberta, requiring out of province travel. Two of the other Project Owners located in Calgary are either making their records available at their St. John's office location or are sending it directly to NR.
- As in prior years, letters requesting specific audit information and documentation to be made available are being sent to all Hibernia and Terra Nova Project Owners, allowing adequate preparation time for the Project Owners.
- Auditor visits to Hibernia and Terra Nova Project Owner offices' in Calgary are required to gather the necessary audit documentation and support for completion of the 2016 Hibernia and Terra Nova royalty audits. All interest holders in the White Rose Project have offices in St. John's and do not require any audit fieldwork in Calgary. Each of the auditors have travelled to Calgary in the past for a similar audit trip.
- Due to the volume of work involved, travel for four (4) auditors for the period November 18, 2019 to November 21, 2019 to Calgary is required. This allows for 3 full days at each Project Owner office for three auditors with an additional auditor for assistance.

Anticipated Costs

- Total anticipated costs of the travel is approximately \$10,764, which includes airfare, hotel, meals, incidental expenses and taxis for four (4) auditors. The Division has an approved travel budget of \$20,000 for FY 2019-2020. See Appendix A for a complete breakdown of the anticipated costs of travel.
- Price quotations obtained from travel agent (Harvey's Travel) with respect to airfare and hotel accommodations have been attached to the Journey Authorizations. The quoted rates appear to be at the higher end of the price range. Based on prior years' travel experiences, actual costs when booked were generally less than travel agent quoted costs.
- Note that the quoted price for airfare does not include standard checked baggage fees and this will be in addition to the approximate amount quoted. Similarly, the estimated hotel rate does not include standard taxes and fees such as tourism levies.

Alternatives:

- The only alternative to travelling to Calgary for the 2016 audit work is to not travel which would result in not being able to appropriately complete the related audit work and not being able to issue the related Notice of Redeterminations/Notice of Reassessments for results of audit findings. In this case, it would mean that the Province would forgo its 2016 audit rights for most of the Hibernia and Terra Nova Project owners.

Prepared/approved by: M. Norman / K. Slaney / D. Trask
Ministerial Approval:



September 26, 2019

APPENDIX A**BREAKDOWN OF ANTICIPATED TRAVEL COSTS**
(Costs for Airfare and Hotel based on pricing quotes from Travel Agent)

From St. John's, NL to Calgary, AB, November 18 – 21, 2019

Travel costs to be Incurred by:

- (1) [REDACTED] Senior Petroleum Auditor S.40.1
 (2) [REDACTED] Senior Petroleum Auditor 37.1.a
 (3) [REDACTED] Senior Petroleum Auditor
 (4) [REDACTED] Petroleum Auditor

Costs Estimate:

	Per Person	# Persons	Total
Flight per Person (St. John's to Calgary - Return)	\$ 1,200	4	\$4,800
Hotel per Person (\$200/night for 4 nights)	\$ 920	4	\$3,680
Per Diem Meals per Person (\$50.20/day for 5 days)	\$ 251	4	\$1,004
Incidental Expenses (\$5/per night for 4 days)	\$ 20	4	\$80
Misc. Taxis per Person	\$ 300	4	\$1,200
		TOTAL	\$ 10,764

Quote Obtained from Legrow's Travel**From:** Tina Ralph <tralph@harveystravel-cwt.com>**Sent:** Friday, September 20, 2019 3:08 PM**To:** Norman, Michael <MichaelNorman@gov.nl.ca>**Subject:** FW: Department of Natural Resources, Royalties Division request for quote

Hello Mr Norman

Here are travel prices for your review

Air Canada

Depart St John's Nov 17th 125pm arrive Toronto 348pm/connect 655pm arrive Calgary 920pm

Depart Calgary Nov 22nd 1145am arrive Toronto 541pm/connect 710pm arrive St. John's 1142pm

Tango \$1078.13 - does not include preassigned seating nor any checked baggage...you pay extra

Flex fare \$1267.88 includes 1 checked bag and seating

Air Canada

Depart St John's Nov 17th 555am arrive Toronto 818am/connect 1010am arrive Calgary 1234pm

Depart Calgary Nov 22nd 1205pm arrive Montreal 611pm/connect 910pm arrive St. John's 105am

Tango \$922.96 - does not include preassigned seating nor any checked baggage...you pay extra

Flex fare \$1072.46

Westjet

Depart St John's Nov 17th 545am arrive Toronto 758am/connect 9am arrive Calgary 1123am

Depart Calgary Nov 22nd 130pm arrive Toronto 717pm/connect 815pm arrive St. John's 1244am

Econo fare \$998.28 - does not include preassigned seating nor any checked baggage...you pay extra

Econo Flex fare \$1132.83 does include seating and 1 checked bag

Prices cannot be guaranteed until ticket issuance

Review and advise

Thanks Tina

Hi Mike,

I do see the following hotels available in that vicinity -

Delta Marriott - \$199
Westin Calgary - \$199
Sheraton Suites - \$199
Cecilia

Cecilia Thistle | **Corporate Travel Counsellor**
T: +1 709 726 1881 | F: + 1 709 726 0317 | toll free +1 877 726 1881