

[MENU](#) [Nfld. & Labrador](#)

## A bruising day for Ed Martin as premier testifies at Muskrat inquiry

Dwight Ball recalls the Astaldi crisis, and how it rattled his confidence in Nalcor, former CEO



Terry Roberts - CBC News

Posted: July 04, 2019



Newfoundland and Labrador Premier Dwight Ball testified Thursday at the Muskrat Falls public inquiry. (Terry Roberts/CBC)

[Read Comments](#) 

It was another bruising day for Ed Martin at the Muskrat Falls inquiry Thursday, with Premier Dwight Ball testifying how he lost confidence in the former Nalcor CEO very quickly after assuming the province's top political post in late 2015.

But Ball was also forced to make an embarrassing admission about how an attempt to reduce the threat of methylmercury contamination downstream from the controversial hydroelectric project fell through the cracks in government.

ADVERTISEMENT

## Final witness for Phase II

Ball testified Thursday at the public inquiry investigating why the project is billions over budget, at least two years behind schedule, and now represents 30 per cent of the province's staggering net debt.

Ball is the last witness to testify for Phase II of the inquiry, which began holding public hearings in September 2018 and has now heard from nearly 130 witnesses. Much of his testimony Thursday was related to the circumstances that led to Martin's controversial departure from Nalcor three years ago.

The Liberals, with Ball as leader, swept to power in the Nov. 30, 2015 provincial election and inherited a Muskrat Falls project that had already seen its construction budget increase from \$6.2 billion to \$7.65 billion.

But on his first meeting with Martin a few days after the election, Ball said the Nalcor CEO advised him of a serious situation with Astaldi, the main Muskrat contractor, that might cost an additional \$200 million of taxpayers' money to resolve.

## Astaldi problem causes headache

Ball said he was told that talks with Astaldi had been ongoing for 12 to 18 months, and that ousted PC premier Paul Davis had been informed of the situation months before.

"That took me by surprise," Ball testified.





Former Nalcor Energy CEO Ed Martin lost his confidence after the Liberals won a 2015 election, Dwight Ball testified. (Terry Roberts/CBC)

In response, the Liberals engaged the firm EY to review the cost, schedule and risks of Muskrat. Before long, that \$200-million headache morphed into a full-on financial migraine that rattled the new premier's confidence in both Martin and Nalcor.

Over the next several weeks, Martin disclosed the Astaldi problem might cost up to \$650 million, while EY put the cost at \$800 million.

"By now, you're really starting to question what's happening with processes, what's happening with transparency, what's happening with due diligence," Ball said under questioning from inquiry co-counsel Barry Learmonth.

I had concerns putting the same person in the room to negotiate an amendment to the contract without giving us any indication you could actually solve the problem with an unlimited amount of money.

- Dwight Ball

The premier's comment reinforced a long-running narrative at the inquiry, one portraying a Crown corporation that shielded critical information from government, its lone shareholder.

Martin, meanwhile, wanted to negotiate a new agreement with Astaldi, but the new premier was having none of it.

"I was now past the point where Nalcor would be doing this on their own," he said.

## Astaldi facing insolvency

Astaldi was awarded a \$1-billion contract to build the powerhouse and other critical components in late 2013, but the company suffered a string of setbacks and ran into financial trouble.

Nalcor had a rock-solid contract with Astaldi, but enforcing its terms might drive the contractor into insolvency and further jeopardize the project.

- [Welcome, minister. We have a problem. Summing up Siobhan Coady's dizzying intro to Muskrat Falls](#)
- [Ed Martin's lawyer challenges claim his client 'imposed' unrealistic Muskrat targets](#)

If there would be talks with Astaldi, Ball wanted EY at the table with Martin.

"I had concerns putting the same person in the room to negotiate an amendment to the contract without giving us any indication you could actually solve the problem with an unlimited amount of money," Ball said.

But Martin was never given a negotiating mandate by the Liberals, mainly because some strong language in the 2016 budget speech ignited a series of meetings that eventually led to Martin's departure.

## Dwight Ball no Ed Martin cheerleader

Martin wanted the premier to publicly support his leadership and the project, but the premier refused.

"I could not go out and be a cheerleader or a supporter, which I was asked to do, and that was the ultimatum that was given to me. I was not going to do that," Ball said under questioning from Geoff Budden, lawyer for the Muskrat Falls Concerned Citizens Coalition.

Martin departed on April 20, 2016 with millions in severance and other entitlements, as per his contract, and was quickly replaced by veteran Fortis executive Stan Marshall, who was given full authority by the premier to negotiate with Astaldi.

Ball left no doubt about how much he trusted Marshall.

"I put my confidence and faith in Mr. Marshall to lead those discussions, and (he) brought it to a successful conclusion by December of that year," said the premier.

One of four massive turbines is shown being lowered into place at the Muskrat Falls power generating station in this May 2019 photo. (Nalcor Energy)

---

Astaldi was eventually paid nearly double the original contract, but was booted from the project late last year after the company ran out of money.

Ball had this to say when asked how he felt about Martin's departure: "Anyone that would sit into a room and watch someone walk out; I mean that's not a moment you celebrate. People's lives are impacted here. There's families that are impacted. But a decision had to be made."

- [Too late to mitigate: Inquiry hears how wetland capping no longer a Muskrat option](#)

Meanwhile, the premier was forced on the defensive over wetland capping at the Muskrat reservoir.

An expert advisory committee recommended more than a year ago to carry out targeted capping in the reservoir in order to mitigate methylmercury contamination downstream.

Government agreed, and Nalcor applied to the environment department last summer for a permit to do the work.

But the permit was never granted, and by mid-January, it was too late to do the work.

- [A Nalcor populated with utility experts would never have approved Muskrat, says Stan Marshall](#)
- [How Stan Marshall upended generation tunnel vision at Muskrat Falls](#)

Ball said he was surprised and frustrated the issue fell through the cracks, and blamed one of his departments for the oversight.

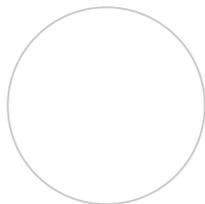
"If there was a gap to be found here, or work that was not completed, it would have been in Municipal Affairs and Environment," said the premier.

Ball, meanwhile, will continue his testimony on Friday.

[Read more articles from CBC Newfoundland and Labrador](#)

## ABOUT THE AUTHOR

---



**Terry Roberts**

CBC News

Terry Roberts is a journalist with CBC's bureau in St. John's.

- [Follow Terry Roberts on Twitter](#)