Hi folks,

Please find attached the latest iteration of communications materials, based on feedback provided today by Denise and Michelle. Welcome collective feedback on these materials.

Denise, let me know what time you would like to get together tomorrow to make edits to the QA – Minister Osborne is hoping to receive it as early as possible so he can start reviewing.

Best,
Marc

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Finance
April 16, 2019

Working Towards a Brighter Future – Budget 2019 Maintains Focus on Financial Sustainability While Delivering on Priority Investments

The Honourable Tom Osborne, Minister of Finance and President of Treasury Board, today released Budget 2019: Working Towards a Brighter Future, which maintains government’s commitment to long-term financial sustainability while also supporting job and industry development and improving access to government services.

Budget 2019 reflects the priorities of Newfoundlanders and Labradorians with advancements in health care and education and a focus on job creation and economic growth. Highlights include:

- Introducing Eye See Eye Learn Program with the Newfoundland and Labrador Association of Optometrists to provide children starting in kindergarten with free comprehensive eye exams.
- Allocating $2.5 million, growing to $5 million in following years to implement the Autism Action Plan.
- The addition of 15 new drug therapies to the Newfoundland and Labrador Prescription Drug Program, eight of which are for oncology.
- Lifting the age cap for those currently enrolled in the Insulin Pump Program to ensure continued coverage for individuals who rely on the program.
- Improving access to affordable child care through an investment of approximately $60 million, which will build on 1,000 child care spaces that have already been created.
- Continuing to implement the Education Action Plan, with $13 million toward added classroom resources to improve student outcomes.
- Investing $3 million to create a Digital Ocean Innovation Centre of Excellence to enhance the province’s digital capabilities in emerging technology sectors while supporting the goals of Advance 2030.
- Accelerating growth in the ocean technology industry with an investment of $2.5 million in a new 36,000 square foot facility at the Marine Institute’s Holyrood Marine Base.
- Introducing targeted programs in the aquaculture and mining industries at the College of the North Atlantic campuses in Burin and Grand-Falls Windsor in fall 2019 to help create new employment opportunities in key provincial industries.
Taking advantage of growing opportunities in the global aerospace industry, including establishing a non-destructive testing training program at the Gander College of the North Atlantic campus, introducing an aircraft training facility in St. John’s and exploring opportunities to expand provincial maintenance, repair and overhaul operations.

A $560.4 million investment in infrastructure, which is part of government’s $2.5 billion five-year plan announced in Budget 2018. This spending will support new and existing schools, roads and bridges, affordable housing and municipal infrastructure, and will generate 5,300 person years of employment.

$600,000 to advance construction of a new adult correctional facility in St. John’s to replace Her Majesty’s Penitentiary and $1 million to expand the Labrador Correctional Centre in Happy Valley Goose Bay.

The deficit for 2018-19 is $522 million, marking an improvement from mid-year when the deficit was projected to be $547 million.

Government will realize a surplus of $1.9 billion in 2019-20 while projecting deficits in 2020-21 and 2021-22. While this year’s surplus is positive short-term news as a result of the new and guaranteed revenue stream the province secured through its Atlantic Accord agreement, government remains focused and on track with its plan to return to an ongoing surplus in 2022-23 through our Way Forward Plan to put the province on stable financial footing.

Oil prices continued to show volatility in the 2018-19 fiscal year while moving above 2017-18 prices. In Budget 2019, government is forecasting its oil price at US$65 per barrel for 2019-20. This forecast is based on independent industry analysts and an oil risk adjustment of US$XX per barrel, growing to US$XX per barrel in 2022-23.

Expenses in 2019-20 are projected at $8.43 billion. This increase is the result of 100 per cent federally-funded initiatives, accounting changes relating to the establishment of a new oil and gas corporation and several one-time expenses that were not previously forecast. When these expenses are considered, the provinces total net expenses are $8.23 billion, lower than the original Budget 2018 projection. An explanation of these expenses is found in the backgrounder below.

Borrowing in 2018-19 was $1.425 billion, a decrease of $25 million from Budget 2018 projections. For Budget 2019, borrowing will be $1.25 billion, which is lower than the forecasted borrowing from Budget 2018 as a result of increased cash flow from Atlantic Accord funding.

The Provincial Government continues to address its fiscal challenges through ongoing cost-saving measures that have helped the province correct course since 2016. These include cuts to discretionary spending, fiscal management directed at
finding efficiencies and an expansion of the attrition plan for government departments and agencies, boards and commissions.

**Quote**
“Budget 2019 recognizes the effectiveness of our province’s balanced approach to fiscal management. Over the past four years we have steadily improved the province’s fiscal situation while continuing to advance programs and services that are important to the people of this province. We are proud of the advances we have made and we are excited to continue Working Towards a Brighter Future for the people of Newfoundland and Labrador.”
Honourable Tom Osborne
Minister of Finance and President of Treasury Board

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**Learn More**
Budget 2019 - [gov.nl.ca/budget2019](http://gov.nl.ca/budget2019)

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**BACKGROUNDER**

**One-time expenses and 100 per cent cost-recoverable expenses in Budget 2019**

<table>
<thead>
<tr>
<th>Expense</th>
<th>Cost</th>
<th>Explanation</th>
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</thead>
<tbody>
<tr>
<td>100 per cent federally-funded initiatives</td>
<td>$131 million</td>
<td>Spending fully recovered by the province through Federal Funding</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
<td>Notes</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>New oil and gas corporation</td>
<td>$36 million</td>
<td>Simple explanation needed to explain “net zero”</td>
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<td>Election 2019</td>
<td>$6 million</td>
<td>One-time expense which occurs in election years for “Elections NL” costs.</td>
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<tr>
<td>Inquiries</td>
<td>$11 million</td>
<td>One-time funding for [which inquiries?]</td>
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<tr>
<td>Little Bay Islands relocation</td>
<td>$10 million</td>
<td>One-time costs for the relocation of Little Bay Islands.</td>
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<td>Anything else?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$194 million</td>
<td></td>
</tr>
</tbody>
</table>
Our Financial Plan

Budget 2019 – Working Towards a Brighter Future, shows that government’s balanced approach is working. While we remain committed to the long-term financial sustainability of our province, we are also supporting job and industry development and improving access to government services.

Our Targets

Since 2016 our government has maintained a commitment to achieving our fiscal targets and staying the course to return to surplus. Our work to date and in Budget 2019 has helped us stay on course again this year.

- The revised deficit for 2018-19 is $522 million, which is an improvement from the original Budget 2018 forecast and the mid-year update.
- In 2019-20, there is a projected surplus is $1.94 billion. This is a significant increase from the Budget 2018 forecast deficit of $507 million.
- Government remains on track to return to an ongoing surplus in 2022-23.
- Budget 2019 revenues are $XXX billion, an increase of $XX million from Budget 2018 forecasts. This increase is largely as a result of the guaranteed revenue stream government secured from the Atlantic Accord agreement.
- The price of oil is forecast at US$65 per barrel, and the Canada to US dollar exchange rate is forecast at 76.5 cents. These are based on the forecasts of multiple industry analysts.
- Budget 2019 expenses are $8.43 billion. When the 100 per cent federally-funded programs are reflected, the total net expenses are $8.23 billion.
- Gross borrowing for Budget 2019 will be $... billion, lower than the original Budget 2018 forecast of $XXXX.

Smarter Government

The Way Forward plan is a smarter approach to governing. By taking steps to improve and modernize operations and to do more with less, government has made significant progress since 2016, including:

- Identifying opportunities for improved efficiency through a government-wide review of shared services opportunities in the delivery of human resources, information technology, finance and supply chain functions.
• Investing in a five-year Digital Government plan to improve the overall experience that residents and businesses have when interacting with government and to create greater efficiencies in how we do business.
• Reduced positions in government departments by just under 900 since 2016.
• Reduced government leased space by over 103,000 square feet since 2016, saving millions of dollars annually.
• Reduced the number of government vehicles by 10 per cent, resulting in savings on fuel, insurance and maintenance totaling hundreds of thousands of dollars annually.
• Reduced severance liability, with $253.5 million paid out to date. This includes $78.5 million contributed to RRSPs and $175 million paid in cash.  

Consumer Relief

In Budget 2019, government is taking steps to provide consumer relief, including:

• No tax or fee increases in Budget 2019.
• Eliminating the remaining 13 per cent tax on automobile insurance.
• The temporary deficit reduction levy is scheduled to be removed by December 31, 2019.
• Introducing a Heat Pump Rebate Program in partnership with NL Hydro. Homeowners can receive a grant of $1,000 toward the purchase and installation of an eligible heat pump.
• $123 million to deliver the Newfoundland and Labrador Income Supplement and the Newfoundland and Labrador Seniors’ Benefit, which puts money in the hands of low-income seniors, individuals, families, and persons with disabilities.
• Further reducing vehicle licensing fees by $5 for seniors and by 10 per cent for military veterans.

Strategic Investments

Our government is supporting Newfoundlanders and Labradors through investments in infrastructure and by maximizing resources through cost-shared initiatives. Budget 2019 includes:

• $29.1 million for new and existing schools, healthcare facilities, post-secondary institutions, roads and bridges, justice facilities, affordable housing and municipal infrastructure.
• Improving access to affordable child care through an investment of approximately $60 million.
• Continuing to implement the Education Action Plan, with $13 million toward added classroom resources.
• Lifting the age cap for those currently enrolled in the Insulin Pump Program to ensure continued coverage for individuals who rely on the program.
• Introducing Eye See Eye Learn Program with Newfoundland and Labrador Association of Optometrists to provide children starting in kindergarten with free comprehensive eye exams.

• Investing $3 million this year to create a Digital Ocean Innovation Centre of Excellence to enhance the province’s digital capabilities in emerging technology sectors while supporting the goals of Advance 2030.

• Accelerating growth in the ocean technology industry with an investment of $2.5 million in a new 36,000 square foot facility at the Marine Institute’s Holyrood Marine Base.
Finance
April 16, 2019

Provincial Government Eliminates the Tax on Automobile Insurance and Supports Consumers Through Budget 2019

Through Budget 2019, the Provincial Government is providing tax relief and reducing costs for residents across the province. Budget 2019 includes no tax or fee increases, and government is taking the additional step of eliminating the tax on automobile insurance. These changes will take effect by early July and will be retroactive to April 16, 2019. Those who renew their insurance between now and July will receive a rebate for the provincial tax portion of their insurance.

Rate Mitigation

Government will amend the Income and Employment Support Regulations to exempt payments from child support, Canada Pension Plan Disabled Contributor’s Benefit, and Canada Pension Plan Surviving Child Benefit for the purpose of determining eligibility for Income Support. These changes will put additional money in the hands of children and their caregivers.

In partnership with Newfoundland and Labrador Hydro, government is introducing a one-year, $1 million Heat Pump Rebate Program in 2019-20 to assist homeowners in increasing the energy efficiency of their homes. Through this pilot program, up to 1,000 Homeowners can receive a grant of $1,000 toward the purchase and installation of an eligible heat pump.

The Newfoundland and Labrador Income Supplement and Seniors’ Benefit support low income seniors, individuals, families, and persons with disabilities. In 2018, approximately 154,000 families received the Income Supplement and approximately 47,000 seniors and their families received the Seniors’ Benefit. In 2019-20 government is continuing to provide these valuable programs with a total investment of $123 million.

This year government is also reducing passenger vehicle licensing fees for senior citizens and military veterans. For seniors, the current fees will be reduced to $99 for counter service and to $89 for online service. For veterans the current licensing fees will be reduced by 10 per cent for counter service and online registration.

Quote
"Our government is committed to supporting consumers and residents of the province by continuously evaluating our taxes to find the balance between our revenue needs and the affordability of living here. We have committed to reducing
taxes as we are able, and the removal of the tax on automobile insurance will have a positive impact on the majority of people in Newfoundland and Labrador.”
Honourable Tom Osborne
Minister of Finance and President of Treasury Board

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Learn More
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Budget 2019
Q&As
April 16, 2019

Top Issues

1. How has the McKinsey report influenced this Budget?
   - As a government, we saw untapped potential in numerous industries that we know are primed to grow.
   - Since 2017 we have released and begun implementing work plans to grow the forestry, mining, agriculture, aquaculture, technology and oil and gas sectors.
   - We engaged McKinsey to help us build on this work and identify both short-term and longer-term global trends and how we can accelerate our growth in global markets.
   - McKinsey have global economic growth expertise, and provided a global scope review of our work to date under The Way Forward.
   - They provided a fresh and honest perspective on what we have done well, what we could be doing better and what we should start doing.
   - McKinsey identified priority sectors in three categories: high-potential sectors, targeted opportunities that advance key provincial priorities, and enabling industries that cut across industries to advance economic growth.

<table>
<thead>
<tr>
<th>High-potential priority sectors</th>
<th>Targeted opportunities</th>
<th>Cross-cutting enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocean technology</td>
<td>Agriculture</td>
<td>Investment attraction</td>
</tr>
<tr>
<td>Offshore oil</td>
<td>Forestry</td>
<td>Education</td>
</tr>
<tr>
<td>Mining</td>
<td>International education</td>
<td>Skills and workforce development</td>
</tr>
<tr>
<td>Aquaculture and fisheries</td>
<td>Aerospace</td>
<td>Digitalization</td>
</tr>
<tr>
<td>Tourism</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Several of the announcements in today’s budget result from direct recommendations in the McKinsey report or decisions made based on insights McKinsey provided. These include:
  - The Digital Ocean Innovation Centre of Excellence
  - Investing in the Marine Institute’s Holyrood Marine Base
  - Introducing targeted programs in the aquaculture and mining industries at College of the North Atlantic campuses across the province.
  - Exploring opportunities to make the province a major player in the global aerospace industry, including opportunities for Aircraft MRO and expanding course offerings in non-destructive testing at CNA Gander.
  - Issuing an Ocean Technology Sector Innovation Challenge
  - Expanding the 2018 Student Mentorship Program to all priority sectors identified in the McKinsey report.
  - Investing in geoscience exploration.
2. Now that you have seen it, what makes this report worth $1 million?
   - The report provides outside expertise, a fresh and honest perspective on what we have done, what we are doing and what we should be doing.
   - Through their extensive experience and exploration of our province's economic realities, McKinsey have identified 13 areas of focus to grow the economy, and have included specific examples of ways to generate the most from these areas.
   - The full potential of all of the initiatives identified by McKinsey is an increase of between $5 billion and $12 billion to our province's GDP. This far outpaces the $1 million spent on the report.
   - The full potential of the technology sector according to McKinsey is 3,000 jobs. It takes 94 year-round jobs in this sector to generate $1 million in income taxes.
   - The full potential of the aquaculture sector according to McKinsey is nearly 8,000 jobs. It takes 550 year-round jobs in the aquaculture sector to generate $1 million in income taxes.
   - It currently takes 1.5 days to generate $1 million in offshore oil royalties, on average, from an offshore project. If we are able to expand our offshore work as McKinsey believe we can, this timeframe will get even shorter.
   - In 2018, it took the Iron Ore Industry six days to produce enough minerals to generate $1 million in mining royalties. Even one new mine in operation could recoup the cost of this report in approximately six days.

3. Are there any tax or fee increases in Budget 2019?
   - There are no increases this year to existing taxes or fees.

4. Will any taxes be removed as part of this budget?
   - Yes. The remaining 13 per cent tax on auto insurance is being removed.
   - These changes will take effect by early July and will be retroactive to April 16, 2019.
   - Those who renew their insurance between now and July will receive a rebate for the provincial tax portion of their insurance.
   - We charge RST at the point of the retail sales transaction, so residents will see this reduction when they renew their auto insurance this year.
   - Furthermore, on December 31, 2019 the temporary deficit reduction levy will be removed as scheduled.
   - Those who currently pay the levy will see an increase in their paychecks starting in 2020.

5. Will any fees be removed or reduced as part of this budget?
   - We are reducing vehicle licensing fees for senior citizens and military veterans.
• For seniors, the current fees will be reduced to $99 for counter service and to $89 for online service.
• For veterans the current licensing fees will be reduced by 10 per cent for counter service and online registration.

6. Of all the taxes and fees you introduced in 2016, why did you choose to eliminate the tax on auto insurance?
• Reducing the tax on automobile insurance will have an impact on the greatest number of people. Automobile insurance costs affect residents and numerous industries in our province.
• We felt that someone had to step up to the plate right now to do something about auto insurance costs, given it is especially high in our province.

7. Since the change only occurs when you renew your insurance, isn’t this unfair to those who have already renewed in 2019?
• As a government, we are only able to control the tax policy side of such changes.
• We wanted to make this change as soon as possible to start providing immediate relief, but we only charge retail sales tax at the “point of sale,” i.e. when people renew their insurance.
• Those who have already renewed this year will have seen a two percentage point decrease when they renewed, and will see the remainder of their tax removed early in 2020 when they renew again.
• The same situation occurred when the RST on auto insurance was introduced in 2016 – only in reverse. In that year, those who had renewed early did not incur the RST until the following year when they renewed.

8. Can you really afford not to add any taxes or fees again this year?
• Government imposed taxes and fees must serve a public purpose, be set at appropriate levels and reviewed at regular intervals. Budget 2015 and Budget 2016 included comprehensive reviews of the provincial government's taxes and fees structure.
• The people of this province have paid and continue to pay their share through taxes, and we do not want to reach any further into the pockets of taxpayers in this province.

9. When will the temporary deficit reduction levy be removed?
• The temporary deficit reduction levy will be removed at the end of the 2019 taxation year.

10. The Independent Tax Review Committee suggested you should remove the levy early. Why not follow this recommendation?
• We made changes to the temporary deficit reduction levy in 2016 that exempted approximately 74 per cent of all tax filers.
• When looking at making a tax reduction, we wanted to make a reduction that would positively impact most people in this province.
• Reducing the tax on automobile insurance had an impact on the greatest number of people. Automobile insurance costs affect residents and numerous industries in our province.
• As the levy is already scheduled to be removed this year, we focused on removing the tax on automobile insurance.

11. Will the carbon tax increase this year?
• No – the provincial carbon tax was introduced on January 1, 2019, and is not scheduled to increase again this year.
• In future years, the provincial Gasoline Tax will be adjusted with a goal of Atlantic parity related to provincial taxation (including carbon tax) of fuel products.
• The carbon tax rates will only increase based on changes to Atlantic parity that allows for rate increases.

12. What is the current status of negotiations with the Newfoundland and Labrador Medical Association (NLMA)?
• We took time to finalize an amendment to the MOA on interest arbitration provisions.
• That is now complete and we are looking forward to beginning discussions on the MOA in the near future.
• This MOA will run from 2017 to 2021.

General

13. Are there any job cuts as a result of Budget 2019?
• There are no layoffs attached to Budget 2019.
• Government is focused on attrition to reduce the size of the workforce, a more gradual approach that will not shock the economy.
• We will not take such severe action as massive job reductions, as that would have far-reaching consequences on our economy and families throughout Newfoundland and Labrador.

14. What is in Budget 2019 to create jobs?
• McKinsey and Company have identified that at full potential, the province could add between 27,500 and 30,000 jobs, the majority of which are outside St. John’s. This includes potentially:
  o 7,800 jobs in aquaculture and fisheries;
  o 3,100 in Ocean Technology;
  o 6,300 jobs in tourism;
  o 8,000 jobs in offshore oil;
  o 2,900 jobs in mining; and
- 2,750 in other targeted opportunities.
- Our government has put significant efforts into advancing economic growth opportunities. In Budget 2019, these include:
  - Infrastructure for new and existing schools, healthcare facilities, post-secondary institutions, roads and bridges, justice facilities, affordable housing and municipal infrastructure. The five-year infrastructure plan will generate $580 million in economic activity and
  - person years of employment each year.
  - Investing $3 million to create a Digital Ocean Innovation Centre of Excellence to enhance the province's digital capabilities in emerging technology sectors while supporting the goals of Advance 2030.
  - Accelerating growth in the ocean technology industry with an investment of $2.5 million in a new 36,000 square foot facility at the Marine Institute's Holyrood Marine Base.
  - Taking advantage of growing opportunities in the global aerospace industry, including establishing a non-destructive testing training program at the Gander College of the North Atlantic campus, introducing an aircraft training facility in St. John's and exploring opportunities to expand provincial maintenance, repair and overhaul operations.
- Throughout our mandate we have formed partnerships through our industry summits and direct investments in business to help create a positive environment for long-term economic activity.
- Examples of our work in previous years include:
  - Husky Energy (West White Rose Extension): Upwards of 5,000 person years of employment and royalties, equity and taxes will exceed $3 billion over the life of this 25-year project.
  - Equinor (Bay du Nord): In-province employment of 22.3 million person hours over the life of the project (approximately 11,000 person years).
  - Vale/Voisey's Bay Underground Mine: 16,000 person years of employment during the five-year construction period, peaking at 4,800 in 2020. Once operational, 1,700 in jobs at the underground mine and Long Harbour processing plant, 2,135 person years in indirect and induced employment annually.
  - IOC's Wabush 3: Sustaining employment for roughly 1,800 employees.
  - Grieg Aquaculture: Approximately 800 new jobs with Grieg NL and in affiliated sectors.
  - Canada Fluorspar: 3,000 person years of employment in mining and milling will be created in the first 12 years of the mine's operations. 525 spinoff jobs are anticipated to be created as a result of the mine reopening.
  - Canopy Growth Corporation and Biome: will provide a safe supply of cannabis and create 265 sustainable new jobs;
  - PAL Aerospace: 150 person years of employment over five years.
  - S&P Data: Up to 500 jobs
15. How much have you got from zero based budgeting and where?
- $68 million in 2019-20 from government departments.

16. Where have you made cuts?
- In Budget 2019 we have made attrition and operating cuts, with $XX million from departments and ABCs.
- There is also annualization from past years of such cost-saving measures as attrition, operational efficiencies, zero-based budgeting and government renewal initiative.
- Our spending in 2017-18 was still $8.2 billion, with an increase of only 0.1 per cent.
- This is despite major increases to debt expenses, which have increased by 32.8 per cent between 2007-08 and 2017-18.

17. What impact will this Budget have on your net debt?
- There will be a decrease to net debt due to the surplus of $1.94 million.
- Net debt will decrease from $15.5 billion to $13.8 billion this year.

18. Have you reflected your savings from the 25 collective agreements you’ve reached in this Budget?
- Yes. This includes the four-year wage freeze, savings for changes to post-employment benefit and the payout of severance, which includes the $253.5 million already paid out for both unionized and non-unionized employees.
- Overall, these collective agreements are projected to save tens of millions every year going forward.

19. How much has government paid out in severance to date?
- To-date government has paid out $253.5 million in severance payments, reducing long-term liability.
- Some 600 employees have deferred payment to a later date, which represents $14.8 million. While this severance liability remains on the books, it will not grow.
- We have projected a further $XXX.X million in severance payments for groups such as the RNU and the NLTA, for whom payments have not yet begun.

20. If government is borrowing to pay off severance, is it really removing any liability?
- Yes. The severance liability will stop growing as a result of it coming “off the books.”
- Severance is an earned benefit that many other jurisdictions have attempted to eliminate, recognizing the benefits of doing so.
21. Have you reflected anticipated savings from the collective agreements that are not yet complete?
- No. At this point, we have only incorporated our assumptions regarding severance payouts for other unions into our borrowing projections.
- It would be premature to make any other assumptions regarding the outcome of ongoing collective bargaining.
- Our assumptions regarding severance are projections on the assumption that other unions will agree to severance payout, however this is in no way guaranteed.

22. How do you expect the public to respond to this Budget?
- I am hopeful that the public will recognize the theme of this budget, Working Towards a Brighter Future, and understand that we are making investments in areas that will support generations of Newfoundlanders and Labradorians to come.
- We are investing in priority areas such as healthcare, education and economic growth.
- At the same time, we are taking measures within government to reduce administration costs, improve efficiency and put us on a more sustainable path going forward.
- All decisions we make recognize the importance of returning to surplus, but also the importance of providing high quality services.

23. What difficult decisions have you made in this Budget?
- There is nothing easy about budget decisions.
- Our focus has been on maintaining spending levels, eliminating liabilities, stimulating our economy and delivering fair and equitable services to residents.
- Departments have looked deep into their operations to work smarter.
- We cannot shock the economy. Our approach is a marathon, it isn't a race. Taking a gradual approach amidst vocal pressure to make rash decisions is, in itself, a difficult decision.

Budget Forecasts

Deficit/Surplus

24. How has the 2018-19 deficit changed from the mid-year projection?
  (Mid-Year Deficit $547 million, Budget 2019 Deficit $522 million)
- The deficit for 2018-19 has improved by $25 million since the mid-year projections, and is now $522 million.
25. How does your 2019-20 deficit compare to what was projected in Budget 2018?
   (Budget 2018 $507 million deficit, Budget 2019 $1.94 billion surplus)
   • In actual fact, we will have a surplus of $1.94 billion in 2019-20, an improvement of $2.4 billion from the Budget 2018 forecast.

26. What caused this change in 2019-20 from a projected deficit to a surplus?
   • This change is largely as a result of the guaranteed revenue stream our government secured through our Atlantic Accord agreement.
   • As our government does accrual accounting, we must include all of the Atlantic Accord revenues in this fiscal year.
   • This is obviously positive short-term news, but we are still projecting deficits in 2020-21 and 2021-22, as we have projected for several years.
   • We remain focused on our plan to return to an ongoing surplus in 2022-23 through our Way Forward Plan to put the province on stable financial footing.

27. What would the deficit have been without the Atlantic Accord?
   • Without the Atlantic Accord revenues, the deficit would have been $576 million, an increase of $69 million from the Budget 2018 forecast.
   • Given the challenges faced in our economy this year, it isn't surprising to see this difference. These included:
     o The shutdown of large portions of the offshore from a significant storm event;
     o The ongoing shutdown of the FPSO Sea Rose for XX months which led to $XX million in deferred revenues; and
     o The continued volatility of oil prices.
   • We continue to work our plan, and we remain on track to return to surplus in 2022-23.

Revenue

28. What caused projected revenues to increase by $XXX million in 2019-20?
   • A major reason for this increase is the guaranteed revenue stream our government secured through our Atlantic Accord agreement, since on an accrual basis we are required to report all of these revenues in the 2019-20 fiscal year.
   • Personal income taxes, mining taxes and offshore oil royalties have also increased.

29. Why are revenues still so strongly tied to oil? Hasn't government reduced its reliance on oil?
   • In 2019-20 oil revenue represents only 11.5 per cent of total provincially sourced revenue. This has decreased during every year of our mandate.
• Government is working to diversify our economy. Diversification takes time. However, as you know diversification will ultimately reduce our dependency on oil.
• Even at this level, this still represents a significant part of our revenues, and can have significant impacts.

**Expenses**

30. You have had four years to reduce spending and you haven’t done it. How are you on track to return to surplus by 2022-23 if you can’t reduce spending?
• We continue to focus on expenditure control and smart reductions that do not negatively impact service delivery in our province.
• We are finding ways of delivering services more efficiently and at lower cost, and we continue to find savings through attrition and collective bargaining.
• We have put in place several saving measures that grow over time, including:
  o The elimination of severance, which will save upwards of $25 million per year.
  o Consolidating government’s vehicle fleet.
  o Decreasing government’s footprint by 10 per cent.
  o Consolidating collections activities.
  o The Digital Government plan, which will save tens of millions each year once fully implemented.
  o Gradually reducing the size of the public service.
• We are continuously revisiting our plans to ensure we remain on track, and we are still on track to return to surplus.
• We have stabilized spending since taking office. Maintaining consistent spending is a significant achievement, especially in healthcare where costs continue to rise.
• Between 2007-08 and 2015-16 expenses grew by 43.1 per cent, from $5.7 billion to $8.2 billion.
• Our spending in 2017-18 was still $8.2 billion, with an increase of only 0.1 per cent.
• This is despite major increases to debt expenses, which have increased by 32.8 per cent between 2007-08 and 2017-18, and also despite annual inflationary pressures.

31. Your spending has increased this year. How can you justify that given our fiscal situation?
• One reason our spending increased because of 100 per cent federally-funded programs, which count against our expenses despite the fact that all provincial costs are fully recovered.
• Another reason is for the creation of a new oil and gas corporation. This is a net-zero transaction, as expenses that previously appeared as part of Nalcor's
funding now appears as an expense on our books. There is no true change for the province’s fiscal position as a result of that change.

- There are also several one-time expenses in Budget 2019, including:
  - $6 million for Election 2019.
  - $11 million for inquiries, including the Muskrat Falls Inquiry and [what else?]
  - $10 million for the relocation of Little Bay Islands.
- When all of these costs are considered, expenses are $8.23 billion, lower than our Budget 2018 forecast for this year.

We continue to work our plan and we remain on track to return to surplus.

32. Will you ever make cuts and reduce spending?
- Spending is forecast to go down gradually as part of our fiscal plan. We have put in place several saving measures that grow over time, including:
  - The elimination of severance, which will save upwards of $25 million per year.
  - Consolidating government’s vehicle fleet.
  - Decreasing government’s footprint by 10 per cent.
  - Consolidating collections activities.
  - The Digital Government plan, which will save tens of millions each year once fully implemented.
  - Gradually reducing the size of the public service.
- We didn’t get into this problem overnight, and we won’t get out of it overnight.
- In our current economy, we can’t make decisions that will shock our economy. We must instead focus on delivering services in a more efficient and effective manner.

33. Before Budget your government made numerous high-profile spending announcements. Is this fiscally prudent?
- We have always used a balanced approach to fiscal management.
- These announcements were within forecast.
- We are focused on returning to surplus in 2022-23 while continuing to deliver services people rely on. We would not jeopardize that for the sake of making announcements.
- These spending announcements represent priorities of health care, education and job growth.
- These are areas where we should be spending money, as these areas benefit the people of this province.

Return to Surplus

34. How did you return to surplus this year?
- We will have a surplus in 2019-20 as a result of the new and guaranteed revenue stream the province secured through our Atlantic Accord agreement,
• This, combined with our commitment to staying a course towards returning to surplus in 2022-23 over the past three years put us in a position for an early surplus.

35. Did you make the Atlantic Accord deal front-end loaded so that you could return to surplus this year?
• As we follow accrual accounting standards, we must report all Atlantic Accord revenues this year.
• We aren't popping the champagne on returning to surplus this year – our work isn't done.
• We made the Atlantic Accord front-end loaded, with approximately 60 per cent of the revenues received by 2030.
• This helps us in the immediate term as we develop industry and work toward an ongoing return to surplus.
• This year's surplus is good short-term news, but our focus remains on returning to ongoing surplus in 2022-23.

36. Now that you've returned to surplus, what next?
• We will continue working our plan to return to ongoing surplus in 2022-23.
• We aren't popping the champagne on returning to surplus this year – our work isn't done.

37. Are you still on track to return to ongoing surplus by 2022-23?
• Yes. We have a solid plan, driven by the goals of:
  - Managing our fiscal situation;
  - Delivering valuable programs and services;
  - Getting better outcomes from our investments;
  - Creating an environment which supports economic development and job creation; and,
  - Creating opportunities for residents to excel in their careers.
• Our financial plan is one of balance. We are addressing spending in a methodical, long-term way within government while maintaining spending on services and programs outside government.

38. Is the province facing bankruptcy/default?
• No, our province is not facing bankruptcy.
• In 2016, we were facing significant challenges with the start of the wind down of several major projects and the collapse in commodity prices. These events challenged our revenue streams and our economy.
39. What measures are you taking to avoid bankruptcy/default?
- Every fiscal measure we have taken since Budget 2016 has been for the purpose of moving the province forward through this challenging period.
- We established our fiscal targets and path to surplus in that budget. We remained on track in Budget 2017 and 2018 and we remain on track again in Budget 2019.
- As the Premier and I have said, we are taking a balanced and steady approach taking into account the financial and economic impacts our decisions have on this province and its people.

Oil forecasts/exchange rate

40. What is the oil price forecast for Budget 2019?
- The average oil price forecasted for fiscal year 2019-20 is US$65 per barrel.
- Our oil is priced on the market using Brent as the benchmark, which currently trades at a higher price than (WTI) West Texas Intermediate.

41. The oil price forecast for Budget 2018 was US$63 per barrel. Was that forecast accurate?
- Realizing the risk of oil price volatility, the oil price forecast was a prudent estimate and was based on 11 oil price forecasters.
- Average oil price for 2018-19 was higher than expected at Budget 2018, with the actual 2018-19 fiscal year average at US$70.40 per barrel.

42. At the mid-year update you updated the oil price forecast to be US$74 for 2018-19, but you didn’t reach that. Was it a mistake to not keep the oil price low?
- At Budget and Mid-Year updates we always rely on a survey of 11 forecasters to forecast the price of oil.
- The consensus of these forecasters were projecting oil price to be higher than what was projected at budget time. In fact, the actual average price for the year turned out to be US$70.40 or US$7.40 higher than the US$63 projected at Budget.
- We adjusted our forecast of oil at Mid-Year Update to better anticipate where we expected to be by March 31, 2019 with the price of oil. As I have indicated, at March 31 the average oil price had reached US$70.40 for 2018-19.
- Our goal in oil forecasting is to be as accurate as possible on what we expect from oil prices, so that we can (as accurately as possible) reflect our financial position.
- Keeping oil price forecasts arbitrarily low does not mean that we are getting more money – at the end of the day, revenues are what they are.
43. What is the Canada-US exchange rate forecast for Budget 2019?
The Canadian dollar is forecast to average 77 cents U.S. for fiscal year 2019-20.

44. In Budget 2018, you expected the Canadian dollar to average 79 cents U.S. for the 2018-19. Was this accurate?
- Our Budget 2018 forecast for 2018-19 was based on a number of forecasters, and the exchange rate assumption reflected their views at that time. The lower than expected exchange rate was due in part because the US economy performed better than expected, and the Canadian economy did not perform as well as expected.

_Economy performance_

45. You speak about reasons for optimism in the economic forecast. What are these?
- There are many positive developments that bode well for the economic outlook.
- Capital investment is expected to rise by __ per cent, largely as a result of increased work on the West White Rose project and at Voisey's Bay.
- Real GDP is expected to grow by 4.1 per cent as a result of higher oil and mineral exports and capital investment.
- Real exports are expected to increase by 11.3 per cent.
- Employment is expected to average 228,100, up __ per cent from 2018.
- Unemployment is expected to fall to 13.1 per cent.
- Household income is expected to increase by 3.3 per cent.
- Retail sales are expected to increase by 0.9 per cent.
- Tacora is expected to begin iron ore production at the former Wabush Mines.
- Aquaculture production is expected to increase.

46. Consumer prices are projected to increase by 1.5 per cent. Is it becoming too expensive to live in this province?
- Consumer prices are expected to increase across the country. We are not alone in this.
- The Independent Tax Review Committee found that our taxation is in line with the rest of the country.
- We are continuously working to reduce costs for the people of this province.
- This year we are providing consumer relief:
  - The removal of the tax on auto insurance.
  - The levy is also scheduled for removal at the end of the year; and
  - We continuing to put forward programs such as the Heat Pump Rebate Program to help homeowners keep costs low.

47. The province's population is continuing to decline. What is government doing to address this?
Furthermore, we are working to diversify the economy to ensure that our younger generations have viable career paths in this province.
Our work in sectors such as aquaculture, technology, oil and gas and mining will generate significant jobs for future generations.

48. The real estate sector appears to be in significant trouble. Is government doing anything to support the sector?
- We are focused on diversifying and growing the economy. We know that the real estate sector grows with the economy, so that is our focus.
- The Federal Government imposed stress test had a detrimental effect on the real estate industry, and recent changes by the Federal Government should help that.

49. The McKinsey report put a lot of focus on aquaculture, but aquaculture production decreased in 2018. Is the industry meeting its full potential?
- Salmon production took a dip in 2018 due to Infectious Salmon Anemia (ISAv).
- Production is projected to increase over the next several years as Greig and Mowi (formerly Marine Harvest) Canada East advance their plans for increased production in this province.
- There is a great potential to develop the aquaculture industry to meet the growing global demand for seafood that cannot be met by the wild fishery alone.
- We will grow the aquaculture sector and be a world leader both in our development and in doing so in an environmentally responsible and sustainable manner.

Borrowing

50. What led to decreased borrowing needs?
- Details needed.

51. Why does Nalcor require an additional $XX million?
- Nalcor has seen changes between equity and dividend cash flows, which have led to this change.

Taxes

Tax Review Committee

52. How is the Tax Review Committee’s report reflected in this Budget?
- The Tax Review Committee was advisory only, but government gave serious consideration to the recommendations they put forth.
- We made the decision to focus on the tax on automobile insurance as an area where the burden on taxpayers could be reduced.
• We did not move to eliminate the temporary deficit reduction levy early because it would not have had as big a positive impact compared with the tax on automobile insurance, and it is already set to expire at the end of this year.
• The tax on auto insurance impacts a far greater number of residents in this province, and we prioritized that.
• We continue to explore recommendations around expanding consumption taxes and greater regional cooperation, but those are longer-term studies that were not complete for Budget 2019.

53. The Independent Tax Review Committee (ITRC) suggested that the province was not in a position to reduce taxes. Should you have removed the tax on auto insurance?
• We make all taxation decisions based on careful consideration of our fiscal needs and the tax burden faced by the people of this province.
• We believe that we can remove the tax on auto insurance while staying on course with our fiscal plan, and so we are making that change.
• We have always said that as we are able to reduce taxes we will do so. This is one of those times.

Budget impacts for stakeholder groups

54. What is in this budget for young people?
• Approximately $13 million has been committed for employment and training programs.
• Approximately $700,000 is allocated to build capacity and provide more flexible training in the province’s apprenticeship system by increasing offerings in an online format.
• $161 million is available for investment through the Labour Market Transfer Agreement, which will help people prepare for, find, and maintain employment.
• College of the North Atlantic programs that align with priority sectors such as aquaculture, mining and aerospace to support jobs of the future.
• More than $6.1 million available for investment through the Youth and Student Services Program. This money will be used for such things as contributing to organizations that assist youth through a variety of services ranging from career fairs to youth employment initiatives focusing on career development and education.
• $2 million over four years to develop The Way Forward on Workforce Development.
• Allocating $280,000 to expand the Student Mentorship Program to include summer career development opportunities in priority career paths in the agriculture, aquaculture, technology, forestry, mining, community, and oil and gas sectors.
Through the Green Jobs in Green Spaces for Youth, there is $138,000 for investment, which supports our ability to increase the number of student positions and enhanced customer service at parks.

$13 million for the Education Action Plan, an increase of $8 million from last year, to continue implementation of the plan and support better outcomes for students. Through the plan, we are implementing over 80 actions to ensure students have access to the supports they need and hiring 350 teacher resources over a three year period.

55. What is in this budget for seniors?
- Through the Newfoundland and Labrador Seniors’ Benefit, we provide up to $1,313 annually to adults aged 65 and older. Approximately 70 per cent of single beneficiaries of the Seniors Benefit are women.
- $270,000 for seniors organizations, which will provide additional funding up to $2,000 for programs to enhance their programming.
- When seniors renew their vehicle registration at the counter, the price will fall below $100. For seniors that renew online, the fee is now less than $90.
- We are applying a 10 per cent discount on vehicle registration for veterans that have a veteran plate. This is a sign of respect of our veterans.
- $95,000 for the Age-Friendly Newfoundland and Labrador Community Grant Program. Through this program we are working with communities to plan for our province’s aging population.
- Investing $300,000 for the Newfoundland and Labrador Community Transportation Program. This will further support our goal of supporting age-friendly, accessible and inclusive transportation projects.

56. What is in this budget for women?
- Extending parental benefits in the public service. While we recognize that social norms are changing, it is still predominantly women who take parental leave, and we want to ensure proper supports so that women have equal opportunity in the provincial workforce. As an employer, we want to lead by example.
- $150,000 to support newcomer women, through the introduction of an empowerment-focused employment and self-employment initiative.
- $3.2 million in operational funding to a wide-range of organizations including the Multicultural Women’s Organization of Newfoundland and Labrador, the Newfoundland Aboriginal Women’s Network and the Newfoundland and Labrador Sexual Assault Crisis and Prevention Centre.
- We continue support the great work of women’s centres and a new centre on the Northern Peninsula.
- $354,000 for bail supervision and electronic monitoring programs to help lower levels of recidivism and improve safety for women.

57. What is in this budget for low-income individuals?
- The Newfoundland and Labrador Income Supplement supports low income seniors, individuals, families, and persons with disabilities.
- We are eliminating the tax on automobile insurance in its entirety.
- Budget 2019 has no tax or fee increases
- Introduction of a one-year Heat Pump Rebate Program in 2019-20 to assist homeowners in increasing the energy efficiency of their homes through the installation of a heat pump. The program budget will be $1 million, and homeowners can receive a grant of $1,000 towards the purchase and installation of an eligible heat pump.

**Agencies, Boards and Commissions**

58. How is government addressing spending in agencies, boards and commissions?
   - **Information needed.**

59. What ABCs do you anticipate being able to make the major spending cuts you require?
   - We do not require major spending cuts, we require cuts that are gradual and balanced, and which do not "shock" the economy.
   - Health and education are our government's biggest areas of expenditure, so we will need to work with ABCs in those areas.
   - Through attrition and use of technology we will work to make these reductions in a gradual way that does not have an impact on services that people rely on.

**Attrition**

60. Are you assuming any further downsizing among non-bargaining unit employees?
   - Our intent is to address any work force impacts through attrition.
   - This may include bargaining and/or non-bargaining unit employees depending on the level of attrition, and the work force composition and impacts per department.

**Cannabis**

61. How much revenue did the province receive from cannabis in 2018-19?
   - Provincial revenue from cannabis sales was $6.5 million in 2018-19.
   - There has been $16.5 million in total sales to the end of February 2019.

62. How much revenue are you projecting from cannabis in 2019-20?
   - In 2019-20 we are projecting cannabis revenue of $22.8 million.
Please see attached. Notes related to our shop are confirmed/adjusted and comments/requests added to slides.

Thanks,
Dennis

From: Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Sent: Sunday, April 14, 2019 6:58 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Cc: Martin, Craig <CMartin@gov.nl.ca>; Jewer, Michelle <MichelleJewer@gov.nl.ca>; Maynard, Keith <KeithMaynard@gov.nl.ca>
Subject: Presentation

Dennis,

There are comments made in the notes section and comments added to the slides.

Please update and send back to me.

Thanks,

Corey Tucker, CPA, CA | Director (A)
Department of Finance, Budgeting Division
Government of Newfoundland and Labrador
P.O. Box 8700
St. John's, NL A1B 4J6
Email: tuckerc@gov.nl.ca
Telephone: (709) 729-1054
Budget 2019

Technical Briefing
April 16, 2019
Working Towards a Brighter Future

- Health and Healthy Living
- Infrastructure
- Seniors, Children and Inclusive Communities
- Education, Skills and Childhood Development
- Jobs and Industry Development
- Safe and Sustainable Communities
Working Towards a Brighter Future

- Health and Healthy Living
Working Towards a Brighter Future

- Infrastructure
Our Fiscal Performance

✓ Deficit Target for 2018/19 surpassed
✓ 2019/20 Reflects one-time $2.5 billion from Atlantic Accord
✓ Still on Track for Return to Surplus in 2022/23
✓ Still on Track for Total Expenses under $8 billion by 2022/23
✓ Maintaining the commitment of $200M annually for energy rate management at a consumer rate of 13.5 cents per kWh (2021)
## Economic Indicators - % Change

<table>
<thead>
<tr>
<th>Economic Forecast - NL</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP (% Change)</td>
<td>3.9</td>
<td>2.6</td>
<td>1.6</td>
<td>3.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Real GDP (% Change)</td>
<td>-2.9</td>
<td>4.1</td>
<td>0.2</td>
<td>2.4</td>
<td>-0.1</td>
</tr>
<tr>
<td>Household Income (% Change)</td>
<td>0.8</td>
<td>3.3</td>
<td>0.5</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Retail Sales (% Change)</td>
<td>-2.4</td>
<td>0.9</td>
<td>1.4</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Consumer Price Index (% Change)</td>
<td>1.6</td>
<td>1.5</td>
<td>2.0</td>
<td>2.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Housing Starts (% Change)</td>
<td>-21.7</td>
<td>1.9</td>
<td>-5.1</td>
<td>7.6</td>
<td>5.3</td>
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<tr>
<td>Employment (% Change)</td>
<td>0.5</td>
<td>1.2</td>
<td>-1.3</td>
<td>0.1</td>
<td>-0.2</td>
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<tr>
<td>Capital Investment (% Change)</td>
<td>-11.8</td>
<td>16.8</td>
<td>-18.2</td>
<td>-1.0</td>
<td>8.7</td>
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</table>
## Economic Indicators

<table>
<thead>
<tr>
<th>Economic Forecast - NL</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP ($ Millions)</td>
<td>34,362</td>
<td>35,242</td>
<td>35,802</td>
<td>37,203</td>
<td>37,636</td>
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<tr>
<td>Real GDP ($ Millions)</td>
<td>32,838</td>
<td>34,184</td>
<td>34,260</td>
<td>35,075</td>
<td>35,024</td>
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<tr>
<td>Household Income ($ Millions)</td>
<td>25,957</td>
<td>26,802</td>
<td>26,944</td>
<td>27,459</td>
<td>28,075</td>
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<tr>
<td>Retail Sales ($ Millions)</td>
<td>9,006</td>
<td>9,090</td>
<td>9,221</td>
<td>9,358</td>
<td>9,514</td>
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<tr>
<td>Consumer Price Index (2002=100)</td>
<td>137.9</td>
<td>140.0</td>
<td>142.8</td>
<td>145.6</td>
<td>148.6</td>
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<tr>
<td>Housing Starts</td>
<td>1,096</td>
<td>1,117</td>
<td>1,060</td>
<td>1,140</td>
<td>1,200</td>
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<tr>
<td>Employment (Thousands)</td>
<td>225.3</td>
<td>228.1</td>
<td>225.2</td>
<td>225.4</td>
<td>224.9</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>13.8</td>
<td>13.1</td>
<td>13.5</td>
<td>13.4</td>
<td>13.4</td>
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<tr>
<td>Capital Investment ($ Millions)</td>
<td>9,684</td>
<td>11,313</td>
<td>9,250</td>
<td>9,161</td>
<td>9,956</td>
</tr>
</tbody>
</table>
Oil Price Forecast

- Average of 3 Highest Forecasts
- Budget Price $65 US 2019/20
- Budget Risk Adjusted Price
- Average of 3 Lowest Forecasts

* 11 forecasters surveyed
# Exchange Rate Forecast

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada to US Exchange Rate</td>
<td>0.765</td>
<td>0.772</td>
<td>0.778</td>
<td>0.786</td>
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</table>

* Consensus average
Statement of Operations 2018/19 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Revised</th>
<th>Variance</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,673</td>
<td>7,751</td>
<td>78</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,356</td>
<td>8,273</td>
<td>83</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>(683)</td>
<td>(522)</td>
<td>161</td>
</tr>
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</table>
## Projected 2018-19 to Budget 2019-20 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018</th>
<th>Budget 2019</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>(522)</td>
<td>1,925</td>
<td>2,447</td>
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</table>
Revenue Variance

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018</th>
<th>Budget 2019</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
</tbody>
</table>

- Government of Canada transfers increased
  - Atlantic Accord $2.5B
  - 100% Cost shared $125M
- Offset by all other revenue sources $26M increase
Expense Variance

<table>
<thead>
<tr>
<th>Projected Revised 2018</th>
<th>Budget 2019</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
</tbody>
</table>

Expenses

- 100% cost shared $125M; other 100% cost recoverable is $5M
- One-time expenses: Election costs ($6.3M); Inquiries ($11.1M); Little Bay Island Relocation costs ($10M)
- Offset by other expense changes (including any new spending) - $5.7M savings
## Statement of Operations 2019/20

<table>
<thead>
<tr>
<th></th>
<th>Projection at Budget 2018</th>
<th>Budget 2019</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,760</td>
<td>10,350</td>
<td>2,590</td>
</tr>
<tr>
<td>Less: Oil Risk Adjustment</td>
<td>(25)</td>
<td>-</td>
<td>25</td>
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<tr>
<td>Net Revenue</td>
<td>7,735</td>
<td>10,350</td>
<td>2,615</td>
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<tr>
<td>Expenses</td>
<td>8,242</td>
<td>8,425</td>
<td>(183)</td>
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<tr>
<td>Deficit</td>
<td>(507)</td>
<td>1,925</td>
<td>2,432</td>
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## Fiscal Forecast – Return to Surplus

<table>
<thead>
<tr>
<th></th>
<th>2019-20 Forecast</th>
<th>2020-21 Forecast</th>
<th>2021-22 Forecast</th>
<th>2022-23 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>10,350</td>
<td>7,462</td>
<td>7,838</td>
<td>7,901</td>
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<tr>
<td>Total Expenses</td>
<td>8,425</td>
<td>8,238</td>
<td>8,088</td>
<td>7,808</td>
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<tr>
<td>Oil Revenue Risk</td>
<td>-</td>
<td>20</td>
<td>50</td>
<td>70</td>
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<tr>
<td>Adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Deficit</td>
<td>1,925</td>
<td>(796)</td>
<td>(300)</td>
<td>23</td>
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### Borrowing and Net Debt Forecast ($B)

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Borrowing</td>
<td>1.20</td>
<td>1.20</td>
<td>0.70</td>
<td>1.70</td>
<td>4.8</td>
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<tr>
<td>Net New Borrowing</td>
<td>1.16</td>
<td>0.43</td>
<td>0.35</td>
<td>0.14</td>
<td>2.1</td>
</tr>
</tbody>
</table>

- Borrowing over this period is down $400 million when compared to Budget 2018 primarily due to Atlantic Accord cash proceeds.

- Net Debt 2019/20 is $13.8 billion
Expenditure Growth and Control

Note: 2015/16 to 2017/18 are actual expenses, 2018/19 is budget revised, and 2019/20 to 2022/23 is budget forecast.
Net Debt as % of GDP

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
Budget 2019

THANK YOU
Tax Reductions

• Eliminating the remaining 13 per cent retail sales tax on automobile insurance premiums – Implemented by early July 2019, but will be retroactive to April 16, 2019
Fee Reductions and Incentives

- Reducing passenger vehicle licensing fees for senior citizens and military veterans:
  - Effective May 1st, current fees for seniors will be reduced to $99 for counter service and to $89 for online service.
  - Effective Aug 1st, current fees for veterans will be reduced by 10 per cent for counter service and online registration.

- Introduction of a Heat Pump Rebate Program in partnership with NL Hydro where homeowners can receive a grant of $1,000
Please see attached edits and comments from Craig's branch. This is the 4th out of 4 docs.

Thanks,
Dennis
Top Issues

1. How has the McKinsey report influenced this Budget?
   - As a government, we saw untapped potential in numerous industries that we know are primed to grow.
   - Since 2017 we have released and begun implementing work plans to grow the forestry, mining, agriculture, aquaculture, technology and oil and gas sectors.
   - We engaged McKinsey to help us build on this work and identify both short-term and longer-term global trends and how we can accelerate our growth in global markets.
   - McKinsey have global economic growth expertise, and provided a global scope review of our work to date under The Way Forward.
   - They provided a fresh and honest perspective on what we have done well, what we could be doing better and what we should start doing.
   - McKinsey identified priority sectors in three categories: high-potential sectors, targeted opportunities that advance key provincial priorities, and enabling industries that cut across industries to advance economic growth.

<table>
<thead>
<tr>
<th>High-potential priority sectors</th>
<th>Targeted opportunities</th>
<th>Cross-cutting enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocean technology</td>
<td>Agriculture</td>
<td>Investment attraction</td>
</tr>
<tr>
<td>Offshore oil</td>
<td>Forestry</td>
<td>Education</td>
</tr>
<tr>
<td>Mining</td>
<td>International education</td>
<td>Skills and workforce development</td>
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<tr>
<td>Aquaculture and fisheries</td>
<td>Aerospace</td>
<td>Digitalization</td>
</tr>
<tr>
<td>Tourism</td>
<td></td>
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</tr>
</tbody>
</table>

- Several of the announcements in today’s budget result from direct recommendations in the McKinsey report or decisions made based on insights McKinsey provided. These include:
  - The Digital Ocean Innovation Centre of Excellence
  - Investing in the Marine Institute’s Holyrood Marine Base
  - Introducing targeted programs in the aquaculture and mining industries at College of the North Atlantic campuses across the province.
  - Exploring opportunities to make the province a major player in the global aerospace industry, including opportunities for Aircraft MRO and expanding course offerings in non-destructive testing at CNA Gander.
  - Issuing an Ocean Technology Sector Innovation Challenge
  - Expanding the 2018 Student Mentorship Program to all priority sectors identified in the McKinsey report.
  - Investing in geoscience exploration.
• Investing in CNA's Hyper-Spectral Imaging Infrastructure.
• Undertaking a new approach to investment attraction.
• Extending the rural cellular service pilot program.

2. Now that you have seen it, what makes this report worth $1 million?
• The report provides outside expertise, a fresh and honest perspective on what we have done, what we are doing and what we should be doing.
• Through their extensive experience and exploration of our province's economic realities, McKinsey have identified 13 areas of focus to grow the economy, and have included specific examples of ways to generate the most from these areas.
• The full potential of all of the initiatives identified by McKinsey is an increase of between $6 billion and $12 billion to our province's GDP. This far outpaces the $1 million spent on the report.
• The full potential of the technology sector according to McKinsey is 3,000 jobs. It takes 94 year-round jobs in this sector to generate $1 million in income taxes.
• The full potential of the aquaculture sector according to McKinsey is nearly 8,000 jobs. It takes 550 year-round jobs in the aquaculture sector to generate $1 million in income taxes.
• It currently takes 1.5 days to generate $1 million in offshore oil royalties, on average, from an offshore project. If we are able to expand our offshore work as McKinsey believe we can, this timeframe will get even shorter.
• In 2018, it took the Iron Ore Industry six days to produce enough minerals to generate $1 million in mining royalties. Even one new mine in operation could recoup the cost of this report in approximately six days.

3. Are there any tax or fee increases in Budget 2019?
• There are no increases this year to existing taxes or fees.

4. Will any taxes be removed as part of this budget?
• Yes. The remaining 13 per cent tax on retail sales on auto insurance is being removed.
  • These changes will take effect by the implementation of the RST. These will be retroactive to April 16, 2019.
• Those who renew their insurance between now and July will receive a rebate for the provincial tax portion of their insurance.
• We charge RST at the point of sale in the retail sales transaction, so residents will see this reduction when they renew their auto insurance this year. Those who renew their insurance between now and July will receive a rebate for the RST portion of their insurance.
• Furthermore, on December 31, 2019 the temporary deficit reduction levy will be removed as scheduled.
• Those who currently pay the levy will see an increase in their paychecks starting in 2020.
5. Will any fees be removed or reduced as part of this budget?
   - We are reducing vehicle licensing fees for senior citizens and military veterans.
   - For seniors, the current fees will be reduced to $99 for counter service and to $89 for online service.
   - For veterans the current licensing fees will be further reduced by 10 per cent for counter service and online registration.

6. Of all the taxes and fees you introduced in 2016, why did you choose to eliminate the tax on auto insurance?
   - Reducing the tax on automobile insurance will have an impact on the greatest number of people. Automobile insurance costs affect residents and numerous industries in our province.
   - We felt that someone had to step up to the plate right now to do something about auto insurance costs, given it is especially high in our province.

7. Since the change only occurs when you renew your insurance, isn’t this unfair to those who have already renewed in 2019?
   - As a government, we are only able to control the tax policy side of such changes.
   - We wanted to make this change as soon as possible to start providing immediate relief, but we only charge retail sales tax at the “point of sale,” i.e. when people renew their insurance.
   - Those who have already renewed this year will have seen a two percentage point decrease when they renewed, and will see the remainder of their tax removed early in 2020 when they renew again.
   - The same situation occurred when the RST on auto insurance was introduced in 2016 – only in reverse. In that year, those who had renewed early did not incur the RST until the following year when they renewed.

8. Can you really afford not to add any taxes or fees again this year?
   - Government imposed taxes and fees must serve a public purpose, be set at appropriate levels and reviewed at regular intervals. Budget 2015 and Budget 2016 included comprehensive reviews of the provincial government’s taxes and fees structure.
   - The people of this province have paid and continue to pay their share through taxes, and we do not want to reach any further into the pockets of taxpayers in this province.

9. When will the temporary deficit reduction levy be removed?
   - The temporary deficit reduction levy will be removed at the end of the 2019 taxation year, as previously scheduled.
10. The Independent Tax Review Committee suggested you should remove the levy early. Why not follow this recommendation?
   - We made changes to the temporary deficit reduction levy in 2016 that exempted approximately 74 per cent of all tax filers.
   - When looking at making a tax reduction, we wanted to make a reduction that would positively impact most people in this province.
   - Reducing the tax on automobile insurance had an impact on the greatest number of people. Automobile insurance costs affect residents and numerous industries in our province.
   - As the levy is already scheduled to be removed this year, we focused on removing the tax on automobile insurance.

11. Will the carbon tax increase this year?
   - No – the provincial carbon tax was introduced on January 1, 2019, and is not scheduled to increase again this year.
   - In future years, the provincial Gasoline Tax will be adjusted with a goal of Atlantic parity related to provincial taxation (including carbon tax) of fuel products.
   - The carbon tax rates will only increase based on changes to Atlantic parity that allows for rate increases.

12. What is the current status of negotiations with the Newfoundland and Labrador Medical Association (NLMA)?
   - We took time to finalize an amendment to the MOA on interest arbitration provisions.
   - That is now complete and we are looking forward to beginning discussions on the MOA in the near future.
   - This MOA will run from 2017 to 2021.

General

13. Are there any job cuts as a result of Budget 2019?
   - There are no layoffs attached to Budget 2019.
   - Government is focused on attrition to reduce the size of the workforce, a more gradual approach that will not shock the economy.
   - We will not take such severe action as massive job reductions, as that would have far-reaching consequences on our economy and families throughout Newfoundland and Labrador.

14. What is in Budget 2019 to create jobs?
   - McKinsey and Company have identified that at full potential, the province could add between 27,500 and 30,000 jobs, the majority of which are outside St. John’s. This includes potentially:
     - 7,800 jobs in aquaculture and fisheries;
• 3,100 in Ocean Technology;
• 6,300 jobs in tourism;
• 8,000 jobs in offshore oil;
• 2,900 jobs in mining; and
• 2,750 in other targeted opportunities.

• Our government has put significant efforts into advancing economic growth opportunities. In Budget 2019, these include:
  1. Investing $3 million to create a Digital Ocean Innovation Centre of Excellence to enhance the province’s digital capabilities in emerging technology sectors while supporting the goals of Advance 2030.
  2. Accelerating growth in the ocean technology industry with an investment of $2.5 million in a new 36,000 square foot facility at the Marine Institute’s Holyrood Marine Base.
  3. Taking advantage of growing opportunities in the global aerospace industry, including establishing a non-destructive testing training program at the Gander College of the North Atlantic campus, introducing an aircraft training facility in St. John’s and exploring opportunities to expand provincial maintenance, repair and overhaul operations.

• Throughout our mandate we have formed partnerships through our industry summits and direct investments in business to help create a positive environment for long-term economic activity.

• Examples of our work in previous years include:
  1. Husky Energy (West White Rose Extension): Upwards of 5,000 person years of employment and royalties, equity and taxes will exceed $3 billion over the life of this 25-year project.
  2. Equinor (Bay du Nord): In-province employment of 22.3 million person hours over the life of the project (approximately 11,000 person years).
  3. Vale/Voisey’s Bay Underground Mine: 16,000 person years of employment during the five-year construction period, peaking at 4,800 in 2020. Once operational, 1,700 in jobs at the underground mine and Long Harbour processing plant. 2,135 person years in indirect and induced employment annually.
  4. IOC’s Wabush 3: Sustaining employment for roughly 1,800 employees.
  5. Grieg Aquaculture: Approximately 800 new jobs with Grieg NL and in affiliated sectors.
  6. Canada Fluorspar: 3,000 person years of employment in mining and milling will be created in the first 12 years of the mine’s operations. 525 spinoff jobs are anticipated to be created as a result of the mine reopening.
- **Canopy Growth Corporation and Biome**: will provide a safe supply of cannabis and create 265 sustainable new jobs;
- **PAL Aerospace**: 150 person years of employment over five years.
- **S&P Data**: Up to 500 jobs

15. **How much have you got from zero based budgeting and where?**
- $68 million in 2019-20 from government departments.

16. **Where have you made cuts?**
- In Budget 2019 we have made attrition and operating cuts, with $XXX million from departments and ABCs.
- There is also annualization from past years of such cost-saving measures as attrition, operational efficiencies, zero-based budgeting and government renewal initiative.
  - Our spending in 2017-18 was still $8.2 billion, with an increase of only 0.1 per cent.
  - This is despite major increases to debt expenses, which have increased by 32.8 per cent between 2007-08 and 2017-18.

17. **What impact will this Budget have on your net debt?**
- There will be a decrease to net debt due to the surplus of $1.94 million.
- Net debt will decrease from $15.46 billion to $13.8 billion this year.

18. **Have you reflected your savings from the 25 collective agreements you’ve reached in this Budget?**
- Yes. This includes the four-year wage freeze, savings for changes to post-employment benefit and the payout of severance, which includes the $253.5 million already paid out for both unionized and non-unionized employees.
- Overall, these collective agreements are projected to save tens of millions every year going forward.

19. **How much has government paid out in severance to date?**
- To-date government has paid out $253.5 million in severance payments, reducing long-term liability.
- Some 800 employees have deferred payment to a later date, which represents $14.8 million. While this severance liability remains on the books, it will not grow.
- We have projected a further $XXX.X million in severance payments for groups such as the RNU and the NLTA, for whom payments have not yet begun.

20. **If government is borrowing to pay off severance, is it really removing any liability?**
• Yes. The severance liability will stop growing as a result of it coming “off the books.”
• Severance is an earned benefit that many other jurisdictions have attempted to eliminate, recognizing the benefits of doing so.

21. Have you reflected anticipated savings from the collective agreements that are not yet complete?
• No. At this point, we have only incorporated our assumptions regarding severance payouts for other unions into our borrowing projections.
• It would be premature to make any other assumptions regarding the outcome of ongoing collective bargaining.
• Our assumptions regarding severance are projections on the assumption that other unions will agree to severance payout, however this is in no way guaranteed.

22. How do you expect the public to respond to this Budget?
• I am hopeful that the public will recognize the theme of this budget, Working Towards a Brighter Future, and understand that we are making investments in areas that will support generations of Newfoundlanders and Labradorians to come.
• We are investing in priority areas such as healthcare, education and economic growth.
• At the same time, we are taking measures within government to reduce administration costs, improve efficiency and put us on a more sustainable path going forward.
• All decisions we make recognize the importance of returning to surplus, but also the importance of providing high quality services.

23. What difficult decisions have you made in this Budget?
• There is nothing easy about budget decisions.
• Our focus has been on maintaining spending levels, eliminating liabilities, stimulating our economy and delivering fair and equitable services to residents.
• Departments have looked deep into their operations to work smarter.
• We cannot shock the economy. Our approach is a marathon, it isn’t a race.
Taking a gradual approach amidst vocal pressure to make rash decisions is, in itself, a difficult decision.

Budget Forecasts

Deficit/Surplus
24. How has the 2018-19 deficit changed from the mid-year projection? 
(Mid-Year Deficit $547 million, Budget 2019 Deficit $522 million)
- The deficit for 2018-19 has improved by $25 million since the mid-year projections, and is now $522 million.

25. How does your 2019-20 deficit compare to what was projected in Budget 2018? 
(Budget 2018 $507 million deficit, Budget 2019 $1.924 billion surplus)
- Our forecast has improved from a deficit position to a surplus of $1.924 billion in 2019-20.
- In actual fact, we will have a surplus of $1.94 billion in 2019-20, an improvement of $2.4 billion from the Budget 2018 forecast.

26. What caused this change in 2019-20 from a projected deficit to a surplus?
- This change is largely as was a result of the guaranteed revenue stream our government secured through our Atlantic Accord agreement.
- As our government does accrual accounting, we must include all of the Atlantic Accord revenues in this fiscal year.
- This is obviously positive short-term news, but we recognize this is a unique event and we are still projecting deficits in 2020-21 and 2021-22, as we have projected for several years.
- We remain focused on our plan to return to an ongoing surplus in 2022-23 through our Way Forward Plan to put the province on stable financial footing.

27. What would the deficit have been without the Atlantic Accord?
- Without the Atlantic Accord revenues, the deficit would have been $5776 million, an increase of $7069 million from the Budget 2018 forecast.
- Given the challenges faced in our economy this year, it isn’t surprising to see this difference. These included:
  - The shutdown of large portions of the offshore from the November a significant storm which led to approximately $52 million in deferred royalties, and event;
  - The ongoing shutdown of the FPSO Sea Rose for XX months which led to $XXX million in deferred revenues; and
  - The continued volatility of oil prices.
- We continue to work our plan, and we remain on track to return to surplus in 2022-23.

Revenue

28. What caused projected revenues to increase by $2.6 billion XX million in 2019-20?
- A major reason for this increase is the guaranteed revenue stream our government secured through our Atlantic Accord agreement, since on an accrual basis we are required to report all of these revenues in the 2019-20 fiscal year.
- Personal income taxes, mining taxes and offshore oil royalties have also increased.

29. Why are revenues still so strongly tied to oil? Hasn’t government reduced its reliance on oil?
- In 2019-20 oil revenue represents only 11.5% per cent of total provincially sourced revenue, including the one-time Atlantic Accord revenue. This has decreased during every year of our mandate.
- Even at this level, this still represents a significant part of our revenues, and can have significant impacts.
- Government is working to diversify our economy. Diversification takes time. However, as you know diversification will ultimately reduce our dependency on oil.
- Even at this level, this still represents a significant part of our revenues, and can have significant impacts.

Expenses

30. You have had four years to reduce spending and you haven’t done it. How are you on track to return to surplus by 2022-23 if you can’t reduce spending?
- We continue to focus on expenditure control and smart reductions that do not negatively impact service delivery in our province.
- We are finding ways of delivering services more efficiently and at lower cost, and we continue to find savings through attrition and collective bargaining.
- We have put in place several saving measures that grow over time, including:
  o The elimination of severance, which will save upwards of $25 million per year.
  o Consolidating government’s vehicle fleet.
  o Decreasing government’s footprint by 10 per cent.
  o Consolidating collections activities.
  o The Digital Government plan, which will save tens of millions each year once fully implemented.
  o Gradually reducing the size of the public service.
- We are continuously revisiting our plans to ensure we remain on track, and we are still on track to return to surplus.
- We have stabilized spending since taking office. Maintaining consistent spending is a significant achievement, especially in healthcare where costs continue to rise.
- Between 2007-08 and 2015-16 expenses grew by 43.1 per cent, from $5.7 billion to $8.2 billion.
• Our spending in 2017-18 was still $8.2 billion, with an increase of only 0.1 per cent.
• This is despite major increases to debt expenses, which have increased by 32.8 per cent between 2007-08 and 2017-18, and also despite annual inflationary pressures.

31. Your spending has increased this year. How can you justify that given our fiscal situation?
• One reason our spending increased was because of 100 per cent federally-funded programs, which count against our expenses despite the fact that all provincial costs are fully recovered.
• Another reason is for the creation of a new oil and gas corporation. This is a net-zero transaction, as expenses that previously appeared as part of Nalcor’s funding now appear as an expense on our books. There is no true change for the province’s fiscal position as a result of that change.
• There are also several one-time expenses in Budget 2019, including:
  o $6 million for Election 2019.
  o $11 million for inquiries, including the Muskrat Falls Inquiry and [what else?]
  o $10 million for the relocation of Little Bay Islands.
• When all of these costs are considered, expenses are $8.23 billion, lower than our Budget 2018 forecast for this year.

We continue to work our plan and we remain on track to return to surplus.

32. Will you ever make cuts and reduce spending?
• Spending is forecast to go down gradually as part of our fiscal plan. We have put in place several saving measures that grow over time, including:
  o The elimination of severance, which will save upwards of $25 million per year.
  o Consolidating government’s vehicle fleet.
  o Decreasing government’s footprint by 10 per cent.
  o Consolidating collections activities.
  o The Digital Government plan, which will save tens of millions each year once fully implemented.
  o Gradually reducing the size of the public service.
• We didn’t get into this problem overnight, and we won’t get out of it overnight.
• In our current economy, we can’t make decisions that will shock our economy. We must instead focus on delivering services in a more efficient and effective manner.

33. Before Budget your government made numerous high-profile spending announcements. Is this fiscally prudent?
• We have always used a balanced approach to fiscal management.
• These announcements were within forecast.
• We are focused on returning to surplus in 2022-23 while continuing to deliver services people rely on. We would not jeopardize that for the sake of making announcements.
• These spending announcements represent priorities of health care, education and job growth.
• These are areas where we should be spending money, as these areas benefit the people of this province.

Return to Surplus

34. How did you return to surplus this year?
• We will have a surplus in 2019-20 as a result of the new and guaranteed revenue stream the province secured through our Atlantic Accord agreement,
• This, combined with our commitment to staying a course towards returning to surplus in 2022-23 over the past three years put us in a position for an early surplus.

35. Did you make the Atlantic Accord deal front-end loaded so that you could return to surplus this year?
• As we follow accrual accounting standards, we must report all Atlantic Accord revenues this year.
• We aren’t popping the champagne on returning to surplus this year – our work isn’t done.
• We made the Atlantic Accord front-end loaded, with approximately 60 per cent of the revenues received by 2030.
• This helps us in the immediate term as we develop industry and work toward an ongoing return to surplus.
• This year’s surplus is good short-term news, but our focus remains on returning to ongoing surplus in 2022-23.

36. Now that you’ve returned to surplus, what next?
• We will continue working our plan to return to ongoing surplus in 2022-23.
• We aren’t popping the champagne on returning to surplus this year – our work isn’t done.

37. Are you still on track to return to ongoing surplus by 2022-23?
• Yes, we have a solid plan, driven by the goals of:
  o Managing our fiscal situation;
  o Delivering valuable programs and services;
  o Getting better outcomes from our investments;
  o Creating an environment which supports economic development and job creation; and,
  o Creating opportunities for residents to excel in their careers.
Our financial plan is one of balance. We are addressing spending in a methodical, long-term way within the government while maintaining spending on services and programs outside government. We are cutting discretionary spending, and we are continuously looking for efficiencies in both departments and in agencies, boards and commissions.

**Debt/Fiscal Outlook**

**38. Is the province facing bankruptcy/default?**
- No, our province is not facing bankruptcy.
- In 2016, we were facing significant challenges with the start of the wind down of several major projects and the collapse in commodity prices. These events challenged our revenue streams and our economy.
- However, we are responding to those challenges by laying down plans to control expenditures, and by continuing to take measures to stimulate the economy.

**39. What measures are you taking to avoid bankruptcy/default?**
- Every fiscal measure we have taken since Budget 2016 has been for the purpose of moving the province forward through this challenging period.
- We established our fiscal targets and path to surplus in that budget. We remained on track in Budget 2017 and 2018 and we remain on track again in Budget 2019.
- As the Premier and I have said, we are taking a balanced and steady approach taking into account the financial and economic impacts our decisions have on this province and its people.

**Oil forecasts/exchange rate**

**40. What is the oil price forecast for Budget 2019?**
- The average oil price forecasted for fiscal year 2019-20 is US$65 per barrel.
- Our oil is priced on the market using Brent as the benchmark, which currently trades at a higher price than (WTI) West Texas Intermediate.

**41. The oil price forecast for Budget 2018 was US$63 per barrel. Was that forecast accurate?**
- Realizing the risk of oil price volatility, the oil price forecast was a prudent estimate and was based on 11 oil price forecasters.
- Average oil price for 2018-19 was higher than expected at Budget 2018, with the actual 2018-19 fiscal year average at US$70.40 per barrel.

**42. At the mid-year update you updated the oil price forecast to be US$74 for 2018-19, but you didn’t reach that. Was it a mistake to not keep the oil price low?**
• At Budget and Mid-Year updates we always rely on a survey of 11 forecasters to forecast the price of oil.
• The consensus of these forecasters were projecting oil price to be higher than what was projected at budget time. In fact, the actual average price for the year turned out to be US$70.40 or US$7.40 higher than the US$63 projected at Budget.
• We adjusted our forecast of oil at Mid-Year Update to better anticipate where we expected to be by March 31, 2019 with the price of oil. As I have indicated, at March 31 the average oil price had reached US$70.40 for 2018-19.
• Our goal in oil forecasting is to be as accurate as possible on what we expect from oil prices, so that we can (as accurately as possible) reflect our financial position.
• Keeping oil price forecasts arbitrarily low does not mean that we are getting more money – at the end of the day, revenues are what they are.

43. What is the Canada-US exchange rate forecast for Budget 2019?
The Canadian dollar is forecast to average 76.57 cents U.S. for fiscal year 2019-20.

44. In Budget 2018, you expected the Canadian dollar to average 79 cents U.S. for the 2018-19. Was this accurate?
• The Canadian dollar averaged 76.25 cents U.S. in 2018-19.
• Our Budget 2018 forecast for 2018-19 was based on a number of forecasters, and the exchange rate assumption reflected their views at that time. The lower than expected exchange rate was due in part because the US economy performed better than expected, and the Canadian economy did not perform as well as expected.

Economy performance

45. You speak about reasons for optimism in the economic forecast. What are these?
• There are many positive developments that bode well for the economic outlook.
• Capital investment is expected to rise by [redacted] per cent, largely as a result of increased work on the West White Rose project and at Voisey’s Bay.
• Real GDP is expected to grow by 4.1 per cent as a result of higher oil and mineral exports and capital investment.
• Real exports are expected to increase by 11.3 per cent.
• Employment is expected to average 228,100, up [redacted] per cent from 2018.
• Unemployment is expected to fall to 13.1 per cent.
• Household income is expected to increase by 3.3 per cent.
• Retail sales are expected to increase by 0.9 per cent.
• Tacora is expected to begin iron ore production at the former Wabush Mines.
• Aquaculture production is expected to increase.
46. Consumer prices are projected to increase by 1.5 per cent. Is it becoming too expensive to live in this province?
   • Consumer prices are expected to increase across the country. We are not alone in this. Canada's inflation rate is expected to be 2.3% in 2019.
   • The Independent Tax Review Committee found that our taxation is in line with the rest of the country.
   • We are continuously working to reduce costs for the people of this province.
   • This year we are providing consumer relief:
     o The removal of the tax on auto insurance.
     o The levy is also scheduled for removal at the end of the year; and
     o We continuing to put forward programs such as the Heat Pump Rebate Program to help homeowners keep costs low.

47. The province’s population is continuing to decline. What is government doing to address this?

   Section 29.(1)(a)
   • Furthermore, we are working to diversify the economy to ensure that our younger generations have viable career paths in this province.
   • Our work in sectors such as aquaculture, technology, oil and gas and mining will generate significant jobs for future generations.

48. The real estate sector appears to be in significant trouble. Is government doing anything to support the sector?
   • We are focused on diversifying and growing the economy. We know that the real estate sector grows with the economy, so that is our focus.
   • The Federal Government imposed stress test had a detrimental effect on the real estate industry, and recent changes by the Federal Government should help that.

49. The McKinsey report put a lot of focus on aquaculture, but aquaculture production decreased in 2018. Is the industry meeting its full potential?
   • Salmon production took a dip in 2018 due to Infectious Salmon Anemia (ISAv).
   • Production is projected to increase over the next several years as Grieg and Mowi (formerly Marine Harvest) Canada East advance their plans for increased production in this province.
   • There is a great potential to develop the aquaculture industry to meet the growing global demand for seafood that cannot be met by the wild fishery alone.
   • We will grow the aquaculture sector and be a world leader both in our development and in doing so in an environmentally responsible and sustainable manner.

Borrowing

50. What led to decreased borrowing needs?
Details needed.

51. Why does Nalcor require an additional $XX million?
   - This is simply the continuation of equity requirements for the completion of the Muskkrat Falls project consistent with the project budget cost update announced in June 2017.
   - Nalcor has seen changes between equity and dividend cash flows, which have led to this change.

Taxes

Tax Review Committee

52. How is the Tax Review Committee’s report reflected in this Budget?
   - The Tax Review Committee was advisory only, but government gave serious consideration to the recommendations they put forth.
   - We made the decision to focus on the tax on automobile insurance as an area where the burden on taxpayers could be reduced.
   - We did not move to eliminate the temporary deficit reduction levy early because it would not have had as big a positive impact compared with the tax on automobile insurance, and it is already set to expire at the end of this year.
   - The tax on auto insurance impacts a far greater number of residents in this province, and we prioritized that.
   - We continue to explore recommendations around expanding consumption taxes and greater regional cooperation, but those are longer-term studies that were not complete for Budget 2019.

53. The Independent Tax Review Committee (ITRC) suggested that the province was not in a position to reduce taxes. Should you have removed the tax on auto insurance?
   - We make all taxation decisions based on careful consideration of our fiscal needs and the tax burden faced by the people of this province.
   - We believe that we can remove the tax on auto insurance while staying on course with our fiscal plan, and so we are making that change.
   - We have always said that as we are able to reduce taxes we will do so. This is one of those times.

Budget impacts for stakeholder groups

54. What is in this budget for young people?
   - Approximately $13 million has been committed for employment and training programs.
• Approximately $700,000 is allocated to build capacity and provide more flexible training in the province’s apprenticeship system by increasing offerings in an online format.
• $161 million is available for investment through the Labour Market Transfer Agreement, which will help people prepare for, find, and maintain employment.
• College of the North Atlantic programs that align with priority sectors such as aquaculture, mining and aerospace to support jobs of the future.
• More than $6.1 million available for investment through the Youth and Student Services Program. This money will be used for such things as contributing to organizations that assist youth through a variety of services ranging from career fairs to youth employment initiatives focusing on career development and education.
• $2 million over four years to develop The Way Forward on Workforce Development.
• Allocating $280,000 to expand the Student Mentorship Program to include summer career development opportunities in priority career paths in the agriculture, aquaculture, technology, forestry, mining, community, and oil and gas sectors.
• Through the Green Jobs in Green Spaces for Youth, there is $138,000 for investment, which supports our ability to increase the number of student positions and enhanced customer service at parks.
• $13 million for the Education Action Plan, an increase of $6 million from last year, to continue implementation of the plan and support better outcomes for students. Through the plan, we are implementing over 80 actions to ensure students have access to the supports they need and hiring 350 teacher resources over a three year period.

55. What is in this budget for seniors?
• Through the Newfoundland and Labrador Seniors’ Benefit, we provide up to $1,313 annually to adults aged 65 and older. Approximately 70 per cent of single beneficiaries of the Seniors Benefit are women.
• $270,000 for seniors organizations, which will provide additional funding up to $2,000 for programs to enhance their programming.
• When seniors renew their vehicle registration at the counter, the price will fall below $100, to $99. For seniors that renew online, the fee is now less than $99 will be $89.
• We are applying a 10 per cent discount on vehicle registration for veterans that have a veteran plate. This is a sign of respect for our veterans.
• $95,000 for the Age-Friendly Newfoundland and Labrador Community Grant Program. Through this program we are working with communities to plan for our province’s aging population
• Investing $300,000 for the Newfoundland and Labrador Community Transportation Program. This will further support our goal of supporting age-
friendly, accessible and inclusive transportation projects

56. What is in this budget for women?
- Extending parental benefits in the public service. While we recognize that social norms are changing, it is still predominantly women who take parental leave, and we want to ensure proper supports so that women have equal opportunity in the provincial workforce. As an employer, we want to lead by example.
- $150,000 to support newcomer women, through the introduction of an empowerment-focused employment and self-employment initiative.
- $3.2 million in operational funding to a wide-range of organizations including the Multicultural Women’s Organization of Newfoundland and Labrador, the Newfoundland Aboriginal Women’s Network and the Newfoundland and Labrador Sexual Assault Crisis and Prevention Centre.
- We continue support the great work of women’s centres and a new centre on the Northern Peninsula
- $354,000 for bail supervision and electronic monitoring programs to help lower levels of recidivism and improve safety for women.

57. What is in this budget for low-income individuals?
- The Newfoundland and Labrador Income Supplement supports low income seniors, individuals, families, and persons with disabilities.
- We are eliminating the tax on automobile insurance in its entirety.
- There are no increases this year to existing taxes or fees. Budget 2019 has no tax or fee increases.
- Introduction of a one-year Heat Pump Rebate Program in 2019-20 to assist homeowners in increasing the energy efficiency of their homes through the installation of a heat pump. The program budget will be $1 million, and homeowners can receive a grant of $1,000 towards the purchase and installation of an eligible heat pump.

Agencies, Boards and Commissions

58. How is government addressing spending in agencies, boards and commissions?
- Information needed.

59. What ABCs do you anticipate being able to make the major spending cuts you require?
- We do not require major spending cuts, we require cuts that are gradual and balanced, and which do not “shock” the economy.
- Health and education are our government’s biggest areas of expenditure, so we will need to work with ABCs in those areas.
• Through attrition and use of technology we will work to make these reductions in a gradual way that does not have an impact on services that people rely on.

Attrition

60. Are you assuming any further downsizing among non-bargaining unit employees?
• Our intent is to address any work force impacts through attrition.
• This may include bargaining and/or non-bargaining unit employees depending on the level of attrition, and the work force composition and impacts per department.

Cannabis

61. How much revenue did the province receive from cannabis in 2018-19?
• Provincial revenue from cannabis sales was $6.5 million in 2018-19.
• There has been $16.5 million in total sales to the end of February 2019.

62. How much revenue are you projecting from cannabis in 2019-20?
• In 2019-20 we are projecting cannabis revenue of $22.8 million.
Hi Dennis, As discussed this AM, here is the RST note. Marc and Craig's edits are reflected.
Briefing Note  
Department of Finance

Title: RST Elimination on Insurance Premiums for Autos

Issue: To provide information regarding the RST elimination on insurance premiums for autos, as announced in Budget 2019 (which includes motorcycles, ATVs, snowmobiles, trailers, and other recreation vehicles, but not watercraft).

Anticipated Questions
Q1. Why is government only eliminating the tax on autos?
Q2. Does government have any intention of eventually eliminating the remainder of insurance premiums tax?

Key Messages
A1. Today's announcement recognizes the high cost of auto insurance relative to the cost of other forms of insurance which we must purchase. Auto insurance impacts both residents and also businesses, so its removal has far reaching impacts. Transportation is essential to a well-functioning economy. Government is very pleased to be able to do something to ease the particularly high cost of insuring autos in this province.

A2. In the context of the province's fiscal situation, it is important that we maintain a broad mix of taxation to ensure that we do not lose important revenue instruments for when we need them. To this point in time there are no plans to eliminate the remaining RST on insurance premiums beyond auto insurance.

Today's announcement has to do with addressing the high cost of vehicle insurance, and it is not in any way an indication of a plan to eventually eliminate the general tax. In last year's Budget Government announced a plan to phase down the tax rate on auto insurance from 15% to 10% by 2022 starting with 13% in 2019, but this year Government is announcing an elimination of the tax on auto insurance effective today. Government has been consistent in stating that as our fiscal situation improves, the degree of taxation will be reduced. In the coming days, Government will be consulting with the insurance industry to discuss implementation matters.

A3. These changes will take effect by early July and will be retroactive to April 16, 2019. Those who renew their insurance between now and July will receive a rebate for the provincial tax portion relating to their auto insurance.

Background and Current Status:
- Budget 2019 proposes that for contracts of insurance entered into or renewed effective April 16, 2019, the 13% Retail Sales Tax on insurance premiums for automobiles be eliminated. This includes motorcycles, ATVs, snowmobiles, trailers, and other recreation vehicles.
- The scope of automobiles includes commercial vehicles, such as taxis, school buses, trucks (fire, police), tractor trailers, and fleet rated policies.
The 15% RST on insurance (subsequently reduced to 13% on autos for 2019) was reintroduced in Budget 2016 for contracts and renewals effective after June 30, 2016. It applies to the taxable premiums of contracts of insurance relating to property, risk, peril or events in the province, with exemptions for accident and sickness insurance, life insurance, and marine insurance (other than marine insurance on sport watercraft, when sport watercraft are 20 tons gross or less).

The cost for fiscal 2019-20 of eliminating the 13% tax on auto insurance is estimated to be about $60 million. Considering that the rate on auto insurance had previously been announced to be phased down to 10% the estimated cost of elimination is about $50.0 million for 2022-23.

The RST on auto insurance premiums, like other forms of insurance, is payable at the time of the sale or purchase of insurance. While it has been common practice among insurers, agents or representatives to extend payment terms to customers over a number of months, the seller of the insurance is required to levy and remit the tax upon the full premium amount at the time of the sale regardless of the payment terms.

If an insurance company is unable to break out the premiums that are associated with automobiles then the general rate of 15% must be applied to the whole policy.

Endorsements that are made throughout the term of a policy will follow the same approach that was used in respect of rate reductions announced for auto insurance in the 2018 Budget. That is, the tax rate charged for any policy changes will be based on the original contract of insurance and not the effective date of the policy change. Whether RST will apply to endorsements will be based on when the policy was entered into or renewed. The effective date of the endorsement itself is irrelevant.

Amendments to the Revenue Administration Act shall be required in order to eliminate the RST on auto insurance premiums.

It is noteworthy that the HST does not apply to insurance premiums. This means that businesses who pay the RST on their auto insurance could not claim an Input Tax Credit.

For additional clarification, there is a separate provincial Insurance Companies Tax which is imposed on all gross premiums that become payable by an insurance company during the year in respect of business transacted by that company in Newfoundland and Labrador. That tax has been in place since 1957 commencing at 2% and over the years slowly ramped up, with the most recent change being Budget 2016 where it was increased from 4% to 5%.
Craig here is the RST note I provided you on Thursday.

From: Norman, Wally
Sent: Thursday, April 11, 2019 5:35 PM
To: Martin, Craig
Cc: Haynes, Dale
Subject: RST Q&A for binder

Craig, attached is a Q&A for your review, for purposes of the lock-up binder.

Wally
Briefing Note
Department of Finance

Title: RST Elimination on Insurance Premiums for Autos

Issue: To provide information regarding the RST elimination on insurance premiums for autos, as announced in Budget 2019 (which includes motorcycles, ATVs, snowmobiles, trailers, and other recreation vehicles, but not watercraft).

Anticipated Questions
Q1. Why is government only eliminating the tax on autos?

Q2. Does government have any intention of eventually eliminating the remainder of insurance premiums tax?

Key Messages
A1. Today's announcement recognizes the high cost of auto insurance relative to the cost of other forms of insurance which we must purchase. Transportation is essential to a well-functioning economy. Government is very pleased to be able to do something to ease the particularly high cost of insuring autos in this province.

A2. In the context of the province’s fiscal situation, it is important that we maintain a broad mix of taxation to ensure that we do not lose important revenue instruments for when we need them. To this point in time there are no plans to eliminate the remaining RST on insurance premiums. Today's announcement regarding the elimination of the RST as it applies to autos has to do with addressing the very high cost of vehicle insurance, and it is not in any way an indication of a plan to eventually eliminate the general tax. In last year's Budget Government announced a plan to phase down the tax rate on auto insurance from 15% to 10% by 2022 starting with 13% in 2019, but this year Government is announcing an elimination of the tax on auto insurance effective today. Government has been consistent in stating that as our fiscal situation improves, the degree of taxation will be reduced. In the coming days, Government will be consulting with the insurance industry to discuss implementation matters.

Background and Current Status:

- Budget 2019 proposes that for contracts of insurance entered into or renewed effective April 16, 2019, the 13% Retail Sales Tax on insurance premiums for automobiles be eliminated. This includes motorcycles, ATVs, snowmobiles, trailers, and other recreation vehicles, but not sport watercraft 20 gross tons or less. Insurance in respect of such sport watercraft will continue to be taxed at the general rate of 15%.

- The scope of automobiles includes commercial vehicles, such as taxis, school buses, trucks (fire, police), tractor trailers, and fleet rated policies.

- The 15% RST on insurance (subsequently reduced to 13% on autos for 2019) was reintroduced in Budget 2016 for contracts and renewals effective after June 30, 2016. It applies to the taxable premiums of contracts of insurance relating to property, risk, peril or events in the province, with exemptions for accident and sickness insurance, life insurance,
and marine insurance (other than marine insurance on sport watercraft, when sport watercraft are 20 tons gross or less).

- The cost for fiscal 2019-20 of eliminating the 13% tax on auto insurance is estimated to be about $60 million. Factoring in that the rate on auto insurance had previously been planned for reduction to 12% (2020), 11% (2021), and 10% (2022), the cost of elimination is estimated at about $56.4 million for 2020-21, $52.6 million for 2021-22, and $50.0 million for 2022-23.

- The RST on auto insurance premiums, like other forms of insurance, is payable at the time of the sale or purchase of insurance. While it has been common practice among insurers, agents or representatives to extend payment terms to customers over a number of months, the seller of the insurance is required to levy and remit the tax upon the full premium amount at the time of the sale regardless of the payment terms.

- If an insurance company is unable to break out the premiums that are associated with automobiles then the general rate of 15% must be applied to the whole policy.

- Endorsements that are made throughout the term of a policy will follow the same approach that was used in respect of rate reductions announced for auto insurance in the 2018 Budget. That is, the tax rate charged for any policy changes will be based on the original contract of insurance and not the effective date of the policy change. Whether RST will apply to endorsements will be based on when the policy was entered into or renewed. The effective date of the endorsement itself is irrelevant.

- Amendments to the Revenue Administration Act shall be required in order to eliminate the RST on auto insurance premiums.

- It is noteworthy that the HST does not apply to insurance premiums. This means that businesses who pay the RST on their auto insurance could not claim an Input Tax Credit.

- For clarification, there is a separate provincial Insurance Companies Tax which is imposed on all gross premiums that become payable by an insurance company during the year in respect of business transacted by that company in Newfoundland and Labrador. That tax has been in place since 1957 commencing at 2% and over the years slowly ramped up, with the most recent change being Budget 2016 where it was increased from 4% to 5%.

Prepared / Approved by: D. Haynes / W. Norman
Minister Approval: April 11, 2019
Hi,

Please see attached fiscal indicators. Amanda will be back in the office tomorrow.

Thanks,
Dennis

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From: Hannaford, Amanda <Amanda.Hannaford@gov.nl.ca>
Sent: Saturday, April 13, 2019 7:12 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Subject: Select Fiscal Slides

Dennis,

29.(1)(a)

If you determine that you need anything further from me tonight, please text me [REDACTED]. Otherwise, I will pick this back up in the am with the aim to have them sent to you by noon.

Thanks,

Amanda Hannaford, MAS | Fiscal Policy Analyst
Department of Finance, Economic and Project Analysis Division
Government of Newfoundland and Labrador
Telephone: (709) 729-6671

<Key Fiscal Indicators - B2019 - Select Slides - Apr1319.pptx>
On Apr 14, 2019, at 2:48 PM, Tucker, Corey (Finance) <Tucker.C@gov.nle.ca> wrote:

--- Original Message ---
From: Jever, Michelle
Sent: Sunday, April 14, 2019 2:40 PM
To: Sharpe, Dennis; Tucker, Corey (Finance)
Cc: Martin, Craig; Norman, Wally
Subject: RE: SLIDE UPDATE - Tax Reductions and Fee Reductions and Incentives.pptx

I am in the deck now and will revise. Thanks Dennis.

--- Original Message ---
From: Sharpe, Dennis
Sent: Sunday, April 14, 2019 2:24 PM
To: Tucker, Corey (Finance) <Tucker.C@gov.nle.ca>
Cc: Jever, Michelle <Michelle.Jever@gov.nle.ca>; Martin, Craig <CMartin@gov.nle.ca>; Norman, Wally <WNorman@gov.nle.ca>
Subject: SLIDE UPDATE - Tax Reductions and Fee Reductions and Incentives.pptx

Hi Corey,

Are you still holding the pen on the Budget Day Briefing Deck?

If you are, can you insert these two slides in the deck, where the slide "Tax Reductions and Incentives" currently resides. And remove that current slide "Tax Reductions and Incentives" please.

If you are not holding the pen can you forward along please?

Thanks,

Dennis

Tax Reductions

• Eliminating the remaining 13 per cent retail sales tax on automobile insurance premiums – Implemented by early July 2019, but will be retroactive to April 16, 2019

• Temporary deficit reduction levy to be removed on December 31, 2019, as previously scheduled
Fee Reductions and Incentives

• Reducing passenger vehicle licensing fees for senior citizens and military veterans:
  • Effective May 1\textsuperscript{st}, current fees for seniors will be reduced to $99 for counter service and to $89 for online service.
  • Effective Aug 1\textsuperscript{st}, current fees for veterans will be reduced by 10 per cent for counter service and online registration.

• Introduction of a Heat Pump Rebate Program in partnership with NL Hydro where homeowners can receive a grant of $1,000
Date: 4/14/2019 10:48:38 AM
From: “Haynes, Dale”
To: “Martin, Craig”
Subject: RE: Tax Q&A for binder

From: Martin, Craig <CMartin@gov.nl.ca>
Sent: Sunday, April 14, 2019 10:48 AM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>; Haynes, Dale <DaleHaynes@gov.nl.ca>; Norman, Wally <wnorman@gov.nl.ca>
Cc: Tucker, Charles W <CharlesWTucker@gov.nl.ca>
Subject: RE: Tax Q&A for binder

The Carbon note is with Marc. The RST one reflects his suggestions.

From: Sharpe, Dennis
Sent: Sunday, April 14, 2019 10:47 AM
To: Haynes, Dale; Norman, Wally; Martin, Craig
Cc: Tucker, Charles W
Subject: RE: Tax Q&A for binder

Yes, thanks Dale.

Dennis

From: Haynes, Dale <DaleHaynes@gov.nl.ca>
Sent: Sunday, April 14, 2019 10:43 AM
To: Norman, Wally <wnorman@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>; Sharpe, Dennis <dsharpe@gov.nl.ca>
Subject: RE: Tax Q&A for binder

LOL, I can make the changes, with the understanding that MB may provide further edits to the RST note. D

29.(1)(a)

From: Norman, Wally <wnorman@gov.nl.ca>
Sent: Sunday, April 14, 2019 10:41 AM
To: Haynes, Dale <DaleHaynes@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>; Sharpe, Dennis <dsharpe@gov.nl.ca>
Subject: RE: Tax Q&A for binder

Dale, I am on my way in for a couple reasons so I can look at Craig’s comments no probs – unless you are looking for that pre-budget buzz 📣

From: Haynes, Dale
Sent: Sunday, April 14, 2019 10:34 AM
To: Martin, Craig; Norman, Wally; Sharpe, Dennis
Subject: RE: Tax Q&A for binder

Understood.

From: Martin, Craig <CMartin@gov.nl.ca>
Sent: Sunday, April 14, 2019 10:34 AM
To: Haynes, Dale <DaleHaynes@gov.nl.ca>; Norman, Wally <wnorman@gov.nl.ca>; Sharpe, Dennis <dsharpe@gov.nl.ca>
Subject: RE: Tax Q&A for binder

That’s the official messaging.

29.(1)(a)

From: Haynes, Dale
Sent: Sunday, April 14, 2019 10:33 AM
To: Martin, Craig; Norman, Wally; Sharpe, Dennis
Subject: RE: Tax Q&A for binder

Wally, I can make the changes that Craig has proposed if that is OK with you.

Dale

From: Martin, Craig <CMartin@gov.nl.ca>
Sent: Sunday, April 14, 2019 10:30 AM
To: Norman, Wally <wnorman@gov.nl.ca>; Sharpe, Dennis <dsharpe@gov.nl.ca>
Cc: Haynes, Dale <DaleHaynes@gov.nl.ca>
Subject: Tax Q&A for binder

Wally,

Please see the two attached Notes with my edits via Track Changes. The Insurance reflects Marc's input as well. Sharing the Carbon with him now.

Craig

From: Norman, Wally
Sent: Sunday, April 14, 2019 10:05 AM
To: Sharpe, Dennis; Martin, Craig
Cc: Haynes, Dale
Subject: FW: Carbon tax Q&A for binder

Craig here is the carbon tax note I provided you on Friday.

From: Norman, Wally
Sent: Friday, April 12, 2019 2:22 PM
To: Martin, Craig
Cc: Haynes, Dale
Subject: Carbon tax Q&A for binder

Craig, attached is a Q&A for your review, for purposes of the lock-up binder.

Wally
Please see the two attached Notes with my edits via Track Changes. The Insurance reflects Marc's input as well. Sharing the Carbon with him now.

Craig

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From: Norman, Wally  
Sent: Sunday, April 14, 2019 10:05 AM  
To: Sharpe, Dennis; Martin, Craig  
Cc: Heynes, Dale  
Subject: FW: Carbon tax Q&A for binder

Craig here is the carbon tax note I provided you on Friday.

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From: Norman, Wally  
Sent: Friday, April 12, 2019 2:22 PM  
To: Martin, Craig  
Cc: Heynes, Dale  
Subject: Carbon tax Q&A for binder

Craig, attached is a Q&A for your review, for purposes of the lock-up binder.

Wally
Title: Carbon Tax

Issue: To provide supplemental information related to the Province’s carbon pricing plan and the GNL’s commitment of “Atlantic Parity”.

Anticipated Questions

Q1. How does the province’s carbon tax differ from the federal tax being that is being imposed in other provinces and why is there no rebate for consumers under our carbon tax?

Q2. Will Carbon Tax Rates Be Increasing as a Result of this Budget?

Q3. What do you mean by increasing the carbon tax as it relates to Atlantic Parity?

A1. The “Made in Newfoundland” approach to carbon tax is tailored to our unique economic, social and fiscal realities. Our plan does not include a rebate; instead it includes a wide scope of carbon tax exemptions coupled with tax cuts that lessen the financial impact. Consumers did not see as pronounced an increase because the temporary tax on gasoline and diesel was reduced at the same time. Our plan also exempts home heating fuel, an important exemption for consumers.

A2: The provincial carbon tax was introduced on January 1, 2019, and is not scheduled to increase this year as a result of this Budget.

In future years, the provincial Gasoline-Carbon Tax will be adjusted consistent with the goal of maintaining Atlantic Parity relatively to provincial taxation (including carbon tax) of fuel products in the other Atlantic Provinces, and that will require a decision of government at the time. Our revenue forecast in the out years includes our projections in respect of that.

The revenue forecast for carbon tax in the out years includes projections with respect to increases in the tax. Based on our current view of Atlantic Parity we do project the carbon tax on diesel rising to $50 per tonne by 2022/23 and the tax on gasoline rising to $30 per tonne by 2022/23. Any actual increases to the tax will require a Budget decision of government at the time.

A3. As committed with the introduction of the Carbon Tax, the Government will not expose our economy to any competitive disadvantage relative to our Atlantic counterparts. Carbon tax rates will only increase based on provincial taxation (including carbon tax) of fuel products increases relative to the other Atlantic Provinces.

Background and Current Status:
- On January 1, 2019, the Provincial Government’s carbon tax came into effect. As part of this plan, the provincial carbon tax rates commenced at $20 tonne.
• The four cent temporary gas tax was eliminated and replaced with a federally-required 4.42 cent carbon tax, which equates to $20 per tonne.

• The five cent additional gas tax on diesel was eliminated and replaced with a federally-required 5.37 cent carbon tax, which equates to $20 per tonne.

• Home heating fuels will not be subject to the provincial carbon tax, as they would have been under the Federal Government's plan.

• The province has also exempted key sectors of the economy from the carbon tax including agriculture, forestry, natural resource exploration and the fisheries.

Prepared / Approved by: D. Haynes / W. Norman
Minister Approval:
April 11, 2019
Briefing Note
Department of Finance

Title: RST Elimination on Insurance Premiums for Autos

Issue: To provide information regarding the RST elimination on insurance premiums for autos, as announced in Budget 2019 (which includes motorcycles, ATVs, snowmobiles, trailers, and other recreation vehicles, but not watercraft).

Anticipated Questions
Q1. Why is government only eliminating the tax on autos?
Q2. Does government have any intention of eventually eliminating the remainder of insurance premiums tax?

Key Messages
A1. Today’s announcement recognizes the high cost of auto insurance relative to the cost of other forms of insurance which we must purchase. Auto insurance impacts both residents and also businesses, so its removal has far reaching impacts. Transportation is essential to a well-functioning economy. Government is very pleased to be able to do something to ease the particularly high cost of insuring autos in this province.

A2. In the context of the province’s fiscal situation, it is important that we maintain a broad mix of taxation to ensure that we do not lose important revenue instruments for when we need them. To this point in time there are no plans to eliminate the remaining RST on insurance premiums beyond auto insurance.

Today’s announcement regarding the elimination of the RST as it applies to autos has to do with addressing the very high cost of vehicle insurance, and it is not in any way an indication of a plan to eventually eliminate the general tax. In last year’s Budget Government announced a plan to phase down the tax rate on auto insurance from 15% to 10% by 2022 starting with 13% in 2019, but this year Government is announcing an elimination of the tax on auto insurance effective today. Government has been consistent in stating that as our fiscal situation improves, the degree of taxation will be reduced. In the coming days, Government will be consulting with the insurance industry to discuss implementation matters.

A3. These changes will take effect by early July and will be retroactive to April 16, 2019. Those who renew their insurance between now and July will receive a rebate for the provincial tax portion relating to their auto insurance.

Background and Current Status:

- Budget 2019 proposes that for contracts of insurance entered into or renewed effective April 16, 2019, the 13% Retail Sales Tax on insurance premiums for automobiles be eliminated. This includes motorcycles, ATVs, snowmobiles, trailers, and other recreation vehicles, but not sport watercraft 20 gross tons or less. Insurance in respect of such sport watercraft will continue to be taxed at the general rate of 15%.
The scope of automobiles includes commercial vehicles, such as taxis, school buses, trucks (fire, police), tractor trailers, and fleet rated policies.

The 15% RST on insurance (subsequently reduced to 13% on autos for 2019) was reintroduced in Budget 2016 for contracts and renewals effective after June 30, 2016. It applies to the taxable premiums of contracts of insurance relating to property, risk, peril or events in the province, with exemptions for accident and sickness insurance, life insurance, and marine insurance (other than marine insurance on sport watercraft, when sport watercraft are 20 tons gross or less).

The cost for fiscal 2019-20 of eliminating the 13% tax on auto insurance is estimated to be about $60 million. Factoring in considering that the rate on auto insurance had previously been announced to be phased down to 10% the estimated planned for reduction to 12% (2020), 11% (2021), and 10% (2022), the cost of elimination is estimated at about $56.4 million for 2020-21, $52.6 million for 2021-22, and about $50.0 million for 2022-23.

The RST on auto insurance premiums, like other forms of insurance, is payable at the time of the sale or purchase of insurance. While it has been common practice among insurers, agents or representatives to extend payment terms to customers over a number of months, the seller of the insurance is required to levy and remit the tax upon the full premium amount at the time of the sale regardless of the payment terms.

If an insurance company is unable to break out the premiums that are associated with automobiles then the general rate of 15% must be applied to the whole policy.

Endorsements that are made throughout the term of a policy will follow the same approach that was used in respect of rate reductions announced for auto insurance in the 2018 Budget. That is, the tax rate charged for any policy changes will be based on the original contract of insurance and not the effective date of the policy change. Whether RST will apply to endorsements will be based on when the policy was entered into or renewed. The effective date of the endorsement itself is irrelevant.

Amendments to the Revenue Administration Act shall be required in order to eliminate the RST on auto insurance premiums.

It is noteworthy that the HST does not apply to insurance premiums. This means that businesses who pay the RST on their auto insurance could not claim an Input Tax Credit.

For clarification, there is a separate provincial Insurance Companies Tax which is imposed on all gross premiums that become payable by an insurance company during the year in respect of business transacted by that company in Newfoundland and Labrador. That tax has been in place since 1957 commencing at 2% and over the years slowly ramped up, with the most recent change being Budget 2016 where it was increased from 4% to 5%.
Date: 4/14/2019 10:47:25 AM

From: "Sharpe, Dennis"

To: "Sharpe, Dennis", "Martin, Craig", "Hanrahan, Denise", "Tucker, Corey (Finance)", "Hillier, Cayla (FIN)"

Subject: RE: Who is holding pen on budget day briefing deck at the moment?

Corey is holding the pen.

---

From: Sharpe, Dennis

Sent: Sunday, April 14, 2019 10:45 AM

To: Martin, Craig <CMartin@gov.nl.ca>; Hanrahan, Denise <Hanrahand@gov.nl.ca>; Jewer, Michelle <MichelleJewer@gov.nl.ca>; Tucker, Corey (Finance) <TuckerC@gov.nl.ca>; Hillier, Cayla (FIN) <Chillier@gov.nl.ca>
Cc: Hannaford, Amanda <AmandaHannaford@gov.nl.ca>; Tucker, Charles W <CharlesWTucker@gov.nl.ca>; Norman, Wally <wnorman@gov.nl.ca>; Haynes, Dale <DaleHaynes@gov.nl.ca>

Subject: Who is holding pen on budget day briefing deck at the moment?

Thanks

Dennis
Hi John:

Here is the list of required budget documents required to be printed for Budget day.

Please note that I will be bringing the media kits to have embargoed at the QP with the other documents.

As usual, this list may or may not be altered.

Dale Haynes
Department of Finance
Thinking the Media kits would be the best way to circulate to them.

Historically the Deck has been presented, but feedback was they'd like less presentation and more qa's.

If we just put in their kits we can focus on QA at technical Briefing.

Sent from my iPhone

On Apr 15, 2019, at 7:44 PM, Barfoot, Scott <Scott@barfoot@gov.nl.ca> wrote:

I'm not sure if I have ever seen a PPT circulated to media.
Is this to be inserted in the media kits?

Attached is the final presentation for Budget Day. Feel free to distribute to the media as you see fit and we will assume when we get there at 10:30am that we are there to answer questions and not go through the presentation.

Michelle

Michelle Jewer, CPA
Assistant Deputy Minister
Financial Planning and Benefits Administration
Department of Finance
Government of Newfoundland and Labrador
709-729-4039
MichelleJewer@gov.nl.ca

See attached.
See attached.
Budget 2019

Technical Briefing
April 16, 2019
Working Towards a Brighter Future

- Health and Healthy Living
- Infrastructure
- Seniors, Children and Inclusive Communities
- Jobs and Industry Development
- Education, Skills and Childhood Development
- Safe and Sustainable Communities
Working Towards a Brighter Future

- Health and Healthy Living Initiatives, such as:
  - Mental Health Facility in St. John’s- $8.9M to start construction in 2019
  - Mental Health Unit in Happy Valley Goose Bay - $1.0M to start construction in 2019
  - Autism Action Plan - $2.5M (annualized to $5.0M)
  - 15 New Drug Therapies - $4.9M
  - Free Eye Exams to children starting kindergarten this Fall - $0.25M
Working Towards a Brighter Future

- Infrastructure Initiatives, such as:
  - Total infrastructure strategy $594.3M in 2019/20 including replacement of Her Majesty’s Penitentiary
  - $3 billion - 5 year rolling plan from 2019/20 to 2023/24
  - Average $580M in economic activity and 5,100 person years of employment
  - Maximizing federal cost shared arrangements for various infrastructure projects, reducing provincial requirement
Working Towards a Brighter Future

- Seniors, Children and Inclusive Communities Initiatives, such as:
  - Reducing passenger vehicle licensing fees for seniors & military veterans

- Jobs and Industry Development Initiatives, such as
  - Digital Ocean Innovation Centre of Excellence - $3.0M
  - Ocean Technology Competition Launch - $0.25M
  - Eliminating the remaining 13% retail sales tax on automobile insurance premiums
  - $1M increase to the ArtsNL grant program
Working Towards a Brighter Future

- Education, Skills and Childhood Development Initiatives, such as:
  - Maintain Post Secondary Tuition Freeze
  - $350K for Social and Emotional Learning curriculum in schools
  - $300K to increase Student Assistant hours
  - New Aquaculture Training Program at Burin Campus
  - New Non-Destructive Testing Program for Aerospace Sector at Gander Campus
  - New Geological Technician Program at Grand Falls Windsor
Working Towards a Brighter Future

- Safe and Sustainable Communities Initiatives, such as:
  - Electronic Monitoring Program - $254K
  - Bail Supervision Program - $100K
  - New Women’s Centre on Northern Peninsula - $142K
  - Fire Protection Vehicles and Firefighting Equipment Programs – $2.9M
  - Heat Pumps Rebate Program - $1.0M
  - Provincial Solid Waste Management Strategy - $347K
Our Fiscal Performance

✓ Deficit Target for 2018/19 surpassed

✓ 2019/20 reflects one-time $2.5 billion from Atlantic Accord Review

✓ Still on Track for Return to Surplus in 2022/23

✓ Still on Track for Total Expenses under $8 billion by 2022/23
Our Fiscal Performance (continued)

✔ Maintaining the commitment of $200M annually for energy rate management at a consumer rate of 13.5 cents per kWh (2021)

✔ Maintaining the scheduled expiry of the deficit reduction levy effective December 31, 2019

✔ Maintaining the approach regarding workforce reduction via attrition

✔ Maintaining the focus on efficiency and expense reductions
# Economic Forecast

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP ($ Millions)</td>
<td>34,362</td>
<td>35,242</td>
<td>35,802</td>
<td>37,203</td>
<td>37,636</td>
</tr>
<tr>
<td>Real GDP ($ Millions)</td>
<td>32,838</td>
<td>34,184</td>
<td>34,260</td>
<td>35,075</td>
<td>35,024</td>
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<tr>
<td>Household Income ($ Millions)</td>
<td>25,957</td>
<td>26,802</td>
<td>26,944</td>
<td>27,459</td>
<td>28,075</td>
</tr>
<tr>
<td>Retail Sales ($ Millions)</td>
<td>9,006</td>
<td>9,090</td>
<td>9,221</td>
<td>9,358</td>
<td>9,514</td>
</tr>
<tr>
<td>Consumer Price Index (2002=100)</td>
<td>137.9</td>
<td>140.0</td>
<td>142.8</td>
<td>145.6</td>
<td>148.6</td>
</tr>
<tr>
<td>Housing Starts</td>
<td>1,096</td>
<td>1,117</td>
<td>1,060</td>
<td>1,140</td>
<td>1,200</td>
</tr>
<tr>
<td>Employment (Thousands)</td>
<td>225.3</td>
<td>228.1</td>
<td>225.2</td>
<td>225.4</td>
<td>224.9</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>13.8</td>
<td>13.1</td>
<td>13.5</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>Capital Investment ($ Millions)</td>
<td>9,684</td>
<td>11,313</td>
<td>9,250</td>
<td>9,161</td>
<td>9,956</td>
</tr>
</tbody>
</table>
# Economic Indicators - % Change

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP (% Change)</td>
<td>3.9</td>
<td>2.6</td>
<td>1.6</td>
<td>3.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Real GDP (% Change)</td>
<td>-2.9</td>
<td>4.1</td>
<td>0.2</td>
<td>2.4</td>
<td>-0.1</td>
</tr>
<tr>
<td>Household Income (% Change)</td>
<td>0.8</td>
<td>3.3</td>
<td>0.5</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Retail Sales (% Change)</td>
<td>-2.4</td>
<td>0.9</td>
<td>1.4</td>
<td>1.5</td>
<td>1.7</td>
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<tr>
<td>Consumer Price Index (% Change)</td>
<td>1.6</td>
<td>1.5</td>
<td>2.0</td>
<td>2.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Housing Starts (% Change)</td>
<td>-21.7</td>
<td>1.9</td>
<td>-5.1</td>
<td>7.6</td>
<td>5.3</td>
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<tr>
<td>Employment (% Change)</td>
<td>0.5</td>
<td>1.2</td>
<td>-1.3</td>
<td>0.1</td>
<td>-0.2</td>
</tr>
<tr>
<td>Capital Investment (% Change)</td>
<td>-11.8</td>
<td>16.8</td>
<td>-18.2</td>
<td>-1.0</td>
<td>8.7</td>
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</table>
Oil Price and Exchange Rate Forecast

<table>
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<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada to US Exchange Rate</td>
<td>0.765</td>
<td>0.772</td>
<td>0.778</td>
<td>0.786</td>
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</tbody>
</table>
## Statement of Operations 2018/19 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Revised</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,673</td>
<td>7,751</td>
<td>78</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,356</td>
<td>8,273</td>
<td>83</td>
</tr>
<tr>
<td>Deficit</td>
<td>(683)</td>
<td>(522)</td>
<td>161</td>
</tr>
</tbody>
</table>

- Increase in revenue due to higher oil price and lower exchange rate partially offset by deferred royalties from the November storm shutdown (total variance is 1%)

- Decrease in expenses due to infrastructure and cost shared cash flow adjustments (total variance is 1%)
## Projected 2018/19 to Budget 2019/20 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>(522)</td>
<td>1,925</td>
<td>2,447</td>
</tr>
</tbody>
</table>
Revenue Variance ($M)

<table>
<thead>
<tr>
<th>Total Revenue</th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
</tbody>
</table>

- Government of Canada transfers increased
  - Atlantic Accord review $2.5B
  - 100% cost shared $125M
- Offset by all other revenue adjustments
## Expense Variance ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Gross Expenses</td>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
</tbody>
</table>

- 100% federal cost shared $125M
  100% cost recoverable $5M

- One-time expenses: Election costs ($6.3M); Inquiries ($11.1M); Little Bay Island Relocation costs ($10M)

- Offset by other expense changes (including any new spending) - $5.7M savings
Statement of Operations 2019/20 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projection at Budget 2018/19 for 2019/20</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,760</td>
<td>10,350</td>
<td>2,590</td>
</tr>
<tr>
<td>Less: Oil Risk Adjust</td>
<td>(25)</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>7,735</td>
<td>10,350</td>
<td>2,615</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,242</td>
<td>8,425</td>
<td>(183)</td>
</tr>
<tr>
<td>Deficit</td>
<td>(507)</td>
<td>1,925</td>
<td>2,432</td>
</tr>
</tbody>
</table>
### Fiscal Forecast – Return to Surplus ($M)

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>10,350</td>
<td>7,462</td>
<td>7,838</td>
<td>7,901</td>
</tr>
<tr>
<td>Less: Oil Risk Adjustments</td>
<td>-</td>
<td>20</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>10,350</td>
<td>7,442</td>
<td>7,788</td>
<td>7,831</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,425</td>
<td>8,238</td>
<td>8,088</td>
<td>7,808</td>
</tr>
<tr>
<td>Deficit</td>
<td>1,925</td>
<td>(796)</td>
<td>(300)</td>
<td>23</td>
</tr>
</tbody>
</table>
Expenditure Growth and Control ($B)

Note: 2015/16 to 2017/18 are actual expenses, 2018/19 is budget revised, and 2019/20 to 2022/23 is budget forecast.
Borrowing and Net Debt Forecast ($B)

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Borrowing</td>
<td>1.20</td>
<td>1.20</td>
<td>0.70</td>
<td>1.70</td>
<td>4.8</td>
</tr>
<tr>
<td>Net New Borrowing</td>
<td>1.16</td>
<td>0.43</td>
<td>0.35</td>
<td>0.14</td>
<td>2.1</td>
</tr>
</tbody>
</table>

- Borrowing over this period is down $400 million when compared to Budget 2018 due to Atlantic Accord cash proceeds
- Net Debt 2019/20 is $13.8 billion
Net Debt as % of GDP

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
Budget 2019

THANK YOU
Sent from my iPhone

Begin forwarded message:

From: "Roberts, Jessica" <JessicaRoberts@gov.nl.ca>
Date: April 15, 2019 at 2:04:19 PM NDT
To: "Tucker, Corey (Finance)" <TuckerC@gov.nl.ca>
Subject: Budget Day - Location Times & Depts

Jessica Roberts • Management Analyst I
Department of Finance • Budgeting Division
Government of Newfoundland & Labrador
PO Box 8700 • St. John's, NL • A1B 4J6
(t) (709) 729-2496  (e) jessicaRoberts@gov.nl.ca
<table>
<thead>
<tr>
<th>Location</th>
<th>Time</th>
<th>Names</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication Directors, EAs</strong> - Collective Bargaining Boardroom, Main Floor, East Block</td>
<td>8:00</td>
<td>Craig Martin – 699-5341, Michelle Jewer - 682-4720</td>
</tr>
<tr>
<td><strong>Independent Office</strong> - Tax Administration Boardroom, 3rd Floor, East Block</td>
<td>10:00</td>
<td>FIN: Lori Caines - 691-3968, BUD: Amy Christopher</td>
</tr>
<tr>
<td><strong>Caucus (MHA)</strong> – Caucus Boardroom, Main Floor, East Block</td>
<td>10:00</td>
<td>FIN: Dale Hayes – 699-6511, FIN: Rob Eddy – 689-1675, FIN: Gorvin Greening – 427-6514, BUD: Dwayne Rowe - 730-7667</td>
</tr>
<tr>
<td><strong>Business B Group</strong> – Training Room 4, Centre for Learning and Development, 5th Floor, West Block</td>
<td>12:00</td>
<td>FIN: Dean Batten - 740-0090, BUD: Ken Curtis, Comms: Krista Dalton - 685-6492</td>
</tr>
<tr>
<td><strong>Social Group</strong> – Collective Bargaining Boardroom – Main Floor, East Block</td>
<td>12:00</td>
<td>FIN: Maxine Kearsey – 682-1570, BUD: Jillian Doran – 689-2258, Comms: Gina MacArther – 730-2977</td>
</tr>
<tr>
<td><strong>Advanced Education &amp; Skills</strong> – 3rd Floor, West Block Executive Boardroom</td>
<td>1:00</td>
<td>AES: Debbie Dunphy – 5141</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>1:00</td>
<td>EDU: Jennifer Dunn - 1841</td>
</tr>
<tr>
<td><strong>ADM</strong> - Training Room 1, Centre for Learning and Development, 5th Floor, West Block, Contact Robyn Kenny 7666</td>
<td>1:15</td>
<td>FIN: Daniel McKelvie - 685-6353, Craig Martin - 699-5341, Michelle Jewer - 682-4720</td>
</tr>
<tr>
<td><strong>Conference Call - Banking</strong></td>
<td>1:45 - 2:15</td>
<td>BUD: Corey Tucker - 330-4733, FIN: Janice Butt -</td>
</tr>
<tr>
<td><strong>Media Lookup</strong></td>
<td>9:00 - 1:50</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone Number</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Craig Martin</td>
<td>699-5341</td>
<td></td>
</tr>
<tr>
<td>Denise Hanrahan</td>
<td>730-6716</td>
<td></td>
</tr>
<tr>
<td>Wally Norman</td>
<td>693-9260</td>
<td></td>
</tr>
<tr>
<td>Dennis Sharpe</td>
<td>687-9144</td>
<td></td>
</tr>
<tr>
<td>Cathy Whalen</td>
<td>691-8573</td>
<td></td>
</tr>
<tr>
<td>Queen’s Printer</td>
<td>John Over - 5343, Cell 682-2017</td>
<td></td>
</tr>
<tr>
<td>Bill Voisey, Building Manager (TW)</td>
<td>5091</td>
<td></td>
</tr>
<tr>
<td>Barbara Jordan</td>
<td>(No Cell)</td>
<td></td>
</tr>
<tr>
<td>Sharon Furlong</td>
<td>725-1132</td>
<td></td>
</tr>
<tr>
<td>Heather Connors</td>
<td>3775 Cell: 699-1155</td>
<td></td>
</tr>
<tr>
<td>Jodi Penney</td>
<td>2946 Cell: 770-6867</td>
<td></td>
</tr>
<tr>
<td>Corey Tucker</td>
<td>1054 Cell: 330-4733</td>
<td></td>
</tr>
<tr>
<td>Jennifer Crummey – Trans &amp; Works</td>
<td>5399 Cell: 685-0071</td>
<td></td>
</tr>
</tbody>
</table>
Hi,

We have a 2:30 meeting planned toady in the focus room to sit down with Craig to discuss the Budget day lockup.

Although this email is sent to all in EPAD, only those who are participating in the budget day lockups need to attend. I didn't want to accidentally leave someone off the email, so I sent it all.

Wally, can you please let your staff know as well? Sorry for the short-notice, I hope 2:30 works for you. Let me know if that presents a conflict.

Thanks,
Dennis
On Apr 15, 2019, at 7:41 PM, Budgell, Marc <MarcBudgell@gov.nl.ca> wrote:

Hi Minister,

Please find below my understanding of your schedule for tomorrow. Please let me know if you have any questions or concerns, or if you would like to see changes.

Best,
Marc

Budget Day Schedule Morning
- 8:25 a.m. to 8:30 a.m. Stop into Communications Director/EA briefing
- 8:30 a.m. to 8:40 a.m. Photo shoot with Premier
- 8:40 a.m. to 11 a.m. Press conference prep and speech review
- 11 a.m. to 11:30 a.m. Press conference
- 11:30 a.m. to 12:15 p.m. Lunch and speech review

Budget Day Schedule Afternoon
- 12:15 p.m. to 1:15 p.m. Visit Lock-ins
  - Caucus Lock-In (Caucus Room)
  - Social Lock-In (Collective Bargaining Boardroom)
  - Business Group A (CLD 5th Floor West Block, Training Room 2)
  - Business Group B (CLD 5th Floor West Block, Training Room 4)
  - Labour Group (CLD Training Room 3)
- 1:15 p.m. to 1:30 p.m. Interview with VOCM (Boardroom adjacent to lock-in)
- 1:30 p.m. to 1:45 p.m. Interview with CBC Here and Now (Boardroom adjacent to lock-in)
- 1:45 p.m. to 1:55 p.m. Interview with The Telegram (Boardroom adjacent to lock-in)
- 1:55 p.m. head to HOA

Marc Budgell | Communications Director
Finance/Human Resource Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John’s NL A1B 4J6
(t) 709 729-2477
Hi Minister, see below. Graydon Pelley has come to Comms Branch late in the evening wondering if he is able to enter a lock-up as they are a new party.

Best,
Marc

From: Budgell, Marc
Sent: Monday, April 15, 2019 10:50 PM
To: Walsh, Doris A. <doriswalsh@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>; Hanrahan, Denise <Hanrahand@gov.nl.ca>
Subject: RE: Budget Lock-In

Hi Doris,

Copying Craig and Denise here.

Best,
Marc

From: Walsh, Doris A. <doriswalsh@gov.nl.ca>
Sent: Monday, April 15, 2019 10:48 PM
To: Budgell, Marc <MarcBudgell@gov.nl.ca>
Subject: Fwd: Budget Lock-In

Marc,

Received the request below. Do you want to handle this or I can just reply that our lock-in is for media only.

Sent from my iPhone

Begin forwarded message:

From: Graydon Pelley <nlaflincelt.contac@gmail.com>
Date: April 15, 2019 at 9:40:09 PM NDT
To: <doriswalsh@gov.nl.ca>
Subject: Budget Lock-In

Hi there,

I was wondering if all party leaders were allowed into the lock-in to hear the budget. The NL Alliance just received confirmation of registration from Elections NL this past Friday around 5pm. I will be in the HoA tomorrow in the gallery; however if I could be permitted into the lock-in, I would appreciate it, if others are allowed in besides the media.

Thank you,
Graydon Pelley
Leader of NL Alliance
HI John:

Here is the list of required budget documents required to be printed for Budget day.

Please note that I will be bringing the media kits to have embargoed at the GP with the other documents.

As usual, this list may or may not be altered.

Dale Haynes
Department of Finance
# 2019 Budget Documents Distribution

<table>
<thead>
<tr>
<th>Location</th>
<th>Time</th>
<th>Estimates</th>
<th>Economy</th>
<th>Speech</th>
<th>Media Kits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premier's Office</td>
<td>Before 9:00 AM</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Office of the Minister of Finance</td>
<td>Before 9:00 AM</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Media (Arrive @ 9:15)</td>
<td>9:30 AM</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Official Opposition</td>
<td>10:00 AM</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td>NDP</td>
<td>10:00 AM</td>
<td>15</td>
<td>15</td>
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<td>10</td>
</tr>
<tr>
<td>Independents</td>
<td>10:00 AM</td>
<td>7</td>
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<td>6</td>
</tr>
<tr>
<td>Government Caucus</td>
<td>10:00 AM</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>House of Assembly</td>
<td>10:30 AM</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>0</td>
</tr>
<tr>
<td>Social Sector</td>
<td>12:00 PM</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Business Lockup</td>
<td>12:00 PM</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Labour Group</td>
<td>12:00 PM</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>296</strong></td>
<td><strong>296</strong></td>
<td><strong>296</strong></td>
<td><strong>198</strong></td>
</tr>
</tbody>
</table>
Dennis,

Michelle was looking for Ken or Rose to sit in on a banking call tomorrow at 2:00pm. They'll be walking through the Budget Deck and they wanted someone for the economy slides.

Can you please arrange in the AM.

Thanks

Craig

Sent from my iPhone
Janice – can you please send the attached presentation?

Thanks,

Michelle

Michelle Jewer, CPA
Assistant Deputy Minister
Financial Planning and Benefits Administration
Department of Finance
Government of Newfoundland and Labrador
709-729-4039
MichelleJewer@gov.nl.ca
Budget 2019

Technical Briefing
April 16, 2019
Working Towards a Brighter Future

- Health and Healthy Living
- Infrastructure
- Seniors, Children and Inclusive Communities
- Jobs and Industry Development
- Education, Skills and Childhood Development
- Safe and Sustainable Communities
Working Towards a Brighter Future

• Health and Healthy Living Initiatives, such as
  • Mental Health Facility in St. John’s- $8.9M to start construction in 2019
  • Mental Health Unit in Happy Valley Goose Bay - $1.0M to start construction in 2019
  • Autism Action Plan - $2.5M (annualized to $5.0M)
  • 15 New Drug Therapies - $4.9M
  • Free Eye Exams to children starting kindergarten this Fall - $0.25M
Working Towards a Brighter Future

- Infrastructure Initiatives, such as
  - Total infrastructure strategy $594.3M in 2019/20 including replacement of Her Majesty’s Penitentiary
  - $3 billion - 5 year rolling plan from 2019/20 to 2023/24
  - Average $580M in economic activity and 5,100 person years of employment
  - Maximizing federal cost shared arrangements for various infrastructure projects, reducing provincial requirement
Working Towards a Brighter Future

- Seniors, Children and Inclusive Communities Initiatives, such as
  - Reducing passenger vehicle licensing fees for senior citizens and military veterans

- Jobs and Industry Development Initiatives, such as
  - Digital Ocean Innovation Centre of Excellence - $3.0M
  - Ocean Technology Competition Launch - $0.25M
  - Eliminating the remaining 13% retail sales tax on automobile insurance premiums
  - $1M increase to the ArtsNL grant program
Working Towards a Brighter Future

- Education, Skills and Childhood Development Initiatives, such as
  - Maintain Post Secondary Tuition Freeze
  - $350K for Social and Emotional Learning
  - $300K for additional Student Assistants
  - New Aquaculture Training Program at Burin Campus
  - New Non-Destructive Testing Program for Aerospace Sector at Gander Campus
  - New Geological Technician Program at Grand Falls Windsor
Working Towards a Brighter Future

• Safe and Sustainable Communities
  • Electronic Monitoring Program - $254K
  • Bail Supervision Program - $100K
  • New Women’s Centre on Northern Peninsula - $142K
  • Fire Protection Vehicles and Firefighting Equipment Programs – $2.9M
  • Heat Pumps Rebate Program - $1.0M
  • Provincial Solid Waste Management Strategy - $347K
Our Fiscal Performance

✓ Deficit Target for 2018/19 surpassed

✓ 2019/20 reflects one-time $2.5 billion from Atlantic Accord Review

✓ Still on Track for Return to Surplus in 2022/23

✓ Still on Track for Total Expenses under $8 billion by 2022/23
Our Fiscal Performance (continued)

✓ Maintaining the commitment of $200M annually for energy rate management at a consumer rate of 13.5 cents per kWh (2021)

✓ Maintaining the scheduled expiry of the deficit reduction levy effective December 31, 2019

✓ Maintaining the approach regarding workforce reduction via attrition

✓ Maintaining the focus on efficiency and expense reductions
# Economic Forecast

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP ($ Millions)</td>
<td>34,362</td>
<td>35,242</td>
<td>35,802</td>
<td>37,203</td>
<td>37,636</td>
</tr>
<tr>
<td>Real GDP ($ Millions)</td>
<td>32,838</td>
<td>34,184</td>
<td>34,260</td>
<td>35,075</td>
<td>35,024</td>
</tr>
<tr>
<td>Household Income ($ Millions)</td>
<td>25,957</td>
<td>26,802</td>
<td>26,944</td>
<td>27,459</td>
<td>28,075</td>
</tr>
<tr>
<td>Retail Sales ($ Millions)</td>
<td>9,006</td>
<td>9,090</td>
<td>9,221</td>
<td>9,358</td>
<td>9,514</td>
</tr>
<tr>
<td>Consumer Price Index (2002=100)</td>
<td>137.9</td>
<td>140.0</td>
<td>142.8</td>
<td>145.6</td>
<td>148.6</td>
</tr>
<tr>
<td>Housing Starts</td>
<td>1,096</td>
<td>1,117</td>
<td>1,060</td>
<td>1,140</td>
<td>1,200</td>
</tr>
<tr>
<td>Employment (Thousands)</td>
<td>225.3</td>
<td>228.1</td>
<td>225.2</td>
<td>225.4</td>
<td>224.9</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>13.8</td>
<td>13.1</td>
<td>13.5</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>Capital Investment ($ Millions)</td>
<td>9,684</td>
<td>11,313</td>
<td>9,250</td>
<td>9,161</td>
<td>9,956</td>
</tr>
</tbody>
</table>
# Economic Indicators - % Change

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP (% Change)</td>
<td>3.9</td>
<td>2.6</td>
<td>1.6</td>
<td>3.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Real GDP (% Change)</td>
<td>-2.9</td>
<td>4.1</td>
<td>0.2</td>
<td>2.4</td>
<td>-0.1</td>
</tr>
<tr>
<td>Household Income (% Change)</td>
<td>0.8</td>
<td>3.3</td>
<td>0.5</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Retail Sales (% Change)</td>
<td>-2.4</td>
<td>0.9</td>
<td>1.4</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Consumer Price Index (% Change)</td>
<td>1.6</td>
<td>1.5</td>
<td>2.0</td>
<td>2.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Housing Starts (% Change)</td>
<td>-21.7</td>
<td>1.9</td>
<td>-5.1</td>
<td>7.6</td>
<td>5.3</td>
</tr>
<tr>
<td>Employment (% Change)</td>
<td>0.5</td>
<td>1.2</td>
<td>-1.3</td>
<td>0.1</td>
<td>-0.2</td>
</tr>
<tr>
<td>Capital Investment (% Change)</td>
<td>-11.8</td>
<td>16.8</td>
<td>-18.2</td>
<td>-1.0</td>
<td>8.7</td>
</tr>
</tbody>
</table>
Oil Price and Exchange Rate Forecast

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada to US Exchange Rate</td>
<td>0.765</td>
<td>0.772</td>
<td>0.778</td>
<td>0.786</td>
</tr>
</tbody>
</table>

Average of 3 Highest Forecasts

Budget Price

Budget Risk Adjusted Price

Average of 3 Lowest Forecasts
### Statement of Operations 2018/19 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Revised</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,673</td>
<td>7,751</td>
<td>78</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,356</td>
<td>8,273</td>
<td>83</td>
</tr>
<tr>
<td>Deficit</td>
<td>(683)</td>
<td>(522)</td>
<td>161</td>
</tr>
</tbody>
</table>

- Increase in revenue due to higher oil price and lower exchange rate partially offset by deferred royalties from the November storm shutdown (total variance is 1%)

- Decrease in expenses due to infrastructure and cost shared cash flow adjustments (total variance is 1%)
## Projected 2018/19 to Budget 2019/20 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>(522)</td>
<td>1,925</td>
<td>2,447</td>
</tr>
</tbody>
</table>
### Revenue Variance ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
</tbody>
</table>

- Government of Canada transfers increased
  - Atlantic Accord review $2.5B
  - 100% cost shared $125M

- Offset by all other revenue adjustments
Expense Variance ($M)

<table>
<thead>
<tr>
<th>Total Gross Expenses</th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
</tbody>
</table>

- 100% federal cost shared $125M
  100% cost recoverable $5M

- One-time expenses: Election costs ($6.3M); Inquiries ($11.1M); Little Bay Island Relocation costs ($10M)

- Offset by other expense changes (including any new spending) - $5.7M savings
## Statement of Operations 2019/20 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projection at Budget 2018/19 for 2019/20</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,760</td>
<td>10,350</td>
<td>2,590</td>
</tr>
<tr>
<td>Less: Oil Risk Adjustment</td>
<td>(25)</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>7,735</td>
<td>10,350</td>
<td>2,615</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,242</td>
<td>8,425</td>
<td>(183)</td>
</tr>
<tr>
<td>Deficit</td>
<td>(507)</td>
<td>1,925</td>
<td>2,432</td>
</tr>
</tbody>
</table>
## Fiscal Forecast – Return to Surplus ($M)

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>10,350</td>
<td>7,462</td>
<td>7,838</td>
<td>7,901</td>
</tr>
<tr>
<td>Less: Oil Risk Adjustments</td>
<td>-</td>
<td>20</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>10,350</td>
<td>7,442</td>
<td>7,788</td>
<td>7,831</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,425</td>
<td>8,238</td>
<td>8,088</td>
<td>7,808</td>
</tr>
<tr>
<td>Deficit</td>
<td>1,925</td>
<td>(796)</td>
<td>(300)</td>
<td>23</td>
</tr>
</tbody>
</table>
Expenditure Growth and Control ($B)

$ Billion


$7.6 $7.8 $8.0 $8.2 $8.4 $8.6 $8.8 $9.0 $9.2 $9.4

Gross Expenses - Current Forecast

Gross Expenses (2015/16 + Pop & CPI)

Note: 2015/16 to 2017/18 are actual expenses, 2018/19 is budget revised, and 2019/20 to 2022/23 is budget forecast.
# Borrowing and Net Debt Forecast ($B)

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Borrowing</td>
<td>1.20</td>
<td>1.20</td>
<td>0.70</td>
<td>1.70</td>
<td>4.8</td>
</tr>
<tr>
<td>Net New Borrowing</td>
<td>1.16</td>
<td>0.43</td>
<td>0.35</td>
<td>0.14</td>
<td>2.1</td>
</tr>
</tbody>
</table>

- Borrowing over this period is down $400 million when compared to Budget 2018 due to Atlantic Accord cash proceeds

- Net Debt 2019/20 is $13.8 billion
Net Debt as % of GDP

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
Budget 2019

THANK YOU
Craig: Attached is the Budget housekeeping measures for the Caucus Chair. Please approve or edit.

Rob/Gorvin, once Craig signoffs of on this, please print a copy that we can hand to the Chair.

29.(1)(a)

<Budget 2019 Housekeeping Announcements.docx>
From: "Haynes, Dale"
To: "Martin, Craig"
Cc: "Norman, Wally", "Greening, Gorvin", "Eddy, Rob"
Subject: Housekeeping
Attachment: Budget 2019 Housekeeping Announcements.docx;
Craig: Attached is the Budget housekeeping measures for the Caucus Chair. Please approve or edit.

Rob/Gorvin, once Craig signoffs of on this, please print a copy that we can hand to the Chair.

29.(1)(a)
Budget 2019 Housekeeping Announcements

1. Member of the House of Assembly and other participants may enter the Government Caucus room at any time for an advanced reading of embargoed budget documents, but cannot leave until the end, with the following exceptions:
   
   a. Members of the House of Assembly may leave when called to the House and proceed directly to the House to take their seats.

2. No cellular phones, palm pilots, blackberries or other communication devices are permitted to be used in the lockup area. Any of these items that are brought into the lockup must be turned off and given to the staff representatives at the beginning of the lockup.

   The only exception to this Rule shall be Members of the Provincial Cabinet.

3. MHAs and other participants are reminded that media interviews are not permitted during this time.

4. Members of the House of Assembly proceeding to the House may take handwritten notes.

5. Embargoed Budget documents are not permitted to be delivered to the House of Assembly or Gallery.

6. Other participants proceeding to the House of Assembly or Gallery before 2PM must leave all budget documents, related materials and laptop computers (except handwritten notes) in the lockup area.

7. Participants who will not be proceeding to the House of Assembly or Gallery are permitted to take their budget documents, related materials and laptop computers after the Minister commences the Budget Speech.

8. Should a Member or other Participant wish to smoke during the lockup period, an official from the Department of Finance shall accompany the Member to a Designated Smoking Area.
Michelle,
Thomas is working on the IR website for tomorrow and I have requested some of the required information from Corey.

Thomas had sent me an email below with changes for MY that did not get updated.

Janice

Actually – here is most recent email thread re: IR website.

Thomas

Link below is only accessible internally.

Thomas

Thomas, 
Should the link below still be accessible? I am getting an error. Thanks.

Janice

IR website has been updated to reflect MY2018 as discussed. Minor changes to include revised borrowing requirement for 18/19 and links to MY2018 financial reports. Latest debt issue has also been added to ‘bond database’ as discussed.

Can be viewed here:
Please let me know if OK to post live.

Thomas

From: Skinner, Thomas  
Sent: Tuesday, November 13, 2018 11:30 AM  
To: Butt, Janice <jbutt@gov.nl.ca>  
Subject: RE: IR Website

Janice,

Edits are in progress – will let you know when ready to review.

Thomas

From: Butt, Janice  
Sent: Monday, November 12, 2018 3:29 PM  
To: Skinner, Thomas <thomas.skinner@gov.nl.ca>  
Subject: FW: IR Website

Thomas,

Please see below and let me know when this is in the development environment and we can walk down through it. Thanks.

Janice

From: Jewer, Michelle  
Sent: Sunday, November 11, 2018 10:30 AM  
To: Butt, Janice <jbutt@gov.nl.ca>  
Subject: FW: IR Website

Janice

Thanks,

Michelle

Michelle Jewer, CPA  
Assistant Deputy Minister  
Financial Planning and Benefits Administration  
Department of Finance  
Government of Newfoundland and Labrador  
709-729-4039  
Michelle.Jewer@gov.nl.ca

From: Hanrahan, Denise  
Sent: Sunday, November 4, 2018 10:15 AM  
To: Jewer, Michelle <Michelle.Jewer@gov.nl.ca>  
Cc: Penney, Jodi <jodipenney@gov.nl.ca>  
Subject: Re: IR Website

Looks ok. We should further re the website after mid year.

On Nov 2, 2018, at 5:07 PM, Jewer, Michelle <Michelle.Jewer@gov.nl.ca> wrote:

See below. I am ok with the changes. Do you want to review as well before going live?

M

Michelle Jewer, CPA  
Assistant Deputy Minister  
Financial Planning and Benefits Administration  
Department of Finance  
Government of Newfoundland and Labrador  
709-729-4039  
Michelle.Jewer@gov.nl.ca

From: Butt, Janice
Michelle,

Please see the link below and let me know if you have any issues. Only minor changes at this point.

Janice

From: Skinner, Thomas
Sent: Friday, October 5, 2018 11:02 AM
To: Butt, Janice <jbutt@gov.nl.ca>
Subject: IR Website

Janice,

IR website has been updated to reflect most recent debt issue. Minor changes to ‘Home’ (‘2018-19 Borrowing Program’ and ‘Most Recent Bond Issue’) and ‘Borrowing Program’ (‘2018-19 Borrowing Program’ table – same as on ‘Home’) pages. Also added links to Nalcor quarterly releases on ‘Quarterly Finances’ page. Let me know if OK to post live - development page here:

http://inform.stats.gov.nl.ca/investorrelations/default.aspx

Thomas

Thomas Skinner | Manager, Capital Markets and Financial Assistance
Department of Finance
Pensions and Debt Management
Government of Newfoundland and Labrador
P.O. Box 6700, St. John’s, NL A1B 4J8
☎: thomasaskinner@govnl.ca
📞: (709) 729-2039
From: Hicks, Ken <khicks@gov.nl.ca>
Sent: Monday, April 15, 2019 1:35 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>; Aucoin, Rosalita <raucoin@gov.nl.ca>
Subject: McKinsey Summary suggested revision

I also replaced some sentences with similar ones from the press release.

"As part of The Way Forward, the Provincial Government contracted McKinsey and Company (McKinsey) to provide global insights on areas of longer-term economic potential for Newfoundland and Labrador. Their report, released today, explores our province's economic realities and identified 12 areas of focus to grow the economy. McKinsey has forecasted that the 12 opportunities identified have the potential to generate an incremental increase in GDP of between $5 billion and $12 billion and generate 27,000 and 30,000 new jobs. McKinsey identified priority sectors in three categories: high-potential sectors, targeted opportunities that advance key provincial priorities, and enabling industries that cut across industries to advance economic growth. The high priority areas are: Ocean Technology, Offshore Oil, Mining, Aquaculture and Fisheries and Tourism. They also included specific examples of ways to generate the most from these areas. The report provides a global perspective on work completed to date under The Way Forward and includes recommendations for each priority sector to maximize growth opportunities."

Ken Hicks
Manager of Technical Analysis
Economic and Project Analysis Division
Department of Finance
(709) 729-2146

From: Sharpe, Dennis <dsharpe@gov.nl.ca>
Sent: Monday, April 15, 2019 12:12 PM
To: Hicks, Ken <khicks@gov.nl.ca>; Aucoin, Rosalita <raucoin@gov.nl.ca>
Subject: FW: Syndicate Economists-Minister’s Opening Remarks-Budget 2019.docx

Hi,
Can you update the opening remarks doc as indicated in yellow below and send back to me please. Thanks,

From: Martin, Craig <CMartin@gov.nl.ca>
Sent: Monday, April 15, 2019 11:11 AM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Subject: Re: Syndicate Economists-Minister’s Opening Remarks-Budget 2019.docx

Dennis,

Can you update the opening remarks to reflect today's announcements re: Rate Mitigation and McKinsey Report and send back.

Thanks
Craig

On Apr 12, 2019, at 3:22 PM, Sharpe, Dennis <dsharpe@gov.nl.ca> wrote:

Craig,

Please see a draft Minister’s Thank you and opening remarks document for the Syndicate Economists conference call.

If you want anything changed just let us know.

Thanks,
Dennis

From: Hicks, Ken <khicks@gov.nl.ca>
Sent: Friday, April 12, 2019 3:20 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Revised version.

< Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx >
From: Walsh, Doris A. <doriswalsh@gov.nl.ca>
Sent: Monday, April 15, 2019 5:34 PM
To: Budgell, Marc <MarcBudgell@gov.nl.ca>; Barfoot, Scott <ScottBarfoot@gov.nl.ca>; Card, Jason <JasonCard@gov.nl.ca>; Sulley, Erin <ErinSulley@gov.nl.ca>
Cc: Joyce, Luke <Luk Joyce@gov.nl.ca>; Bruce, Glenn <GlennBruce@gov.nl.ca>; Higdon, Geoff <GeoffHigdon@gov.nl.ca>; Collins, Chrysta <ChrystaCollins@gov.nl.ca>

Subject: Media attending the Budget lock-in

FYI

40 media have registered to attend the media lock-in.

Allnewfoundlandlabrador.com
Alex Bill
Courtney Zwicker

CP
Holly McKenzie-Sutter

CBC
Rob Antle
Ted Blades
Katie Breen
Peter Cowan
John Gushue
Fred Hutton
Arianna Kelland
Todd O'Brien
Chris O'Neil Yates
Meghan McCabe
Lee Pitts
Terry Roberts
Mike Rossiter
Larry Short
Carolyn Stokes
Bruce Tilley
Stephanie Tobin

Radio Canada
Patrick Butler
Marie Isabelle Rochon

The Independent
Drew Brown
Russell Williams
Tom Baird
Hans Rollman

Le Gaboteur
Marilyn Guay Racicot

NTV
Glenn Andrews
Tony Barrington
Michael Connors
Geri Lynn Mowat
Kelly-Anne Roberts

Telegram
Ashley Fitzpatrick
Joe Gibbons
Barb Sweet
David Maher

VOCM
Paddy Daly
Andrew Hawthorn
Ben Murphy
Linda Swain
Sent from my iPhone

Begin forwarded message:

From: 'Hannah, Amanda' <Amanda.Hannah@gov.nl.ca>
To: 'Sharpe, Dennis' <Dsharpe@gov.nl.ca>
Subject: Fiscal Indicators

Dennis,

Please find attached the full deck for fiscal indicators. Slides 19 and 20 are not yet updated. As soon as I get that data, I will update those two slides and resend.

Also attached is the backup for the net debt slide sent last night.

There are a couple of minor changes from what I sent you yesterday: in the first slide it says that PE and SKs budgets are not yet released but this should say PE and AB. The other is for the net debt to GDP slide, I smoothed the lines to make them look nicer.

Amanda Hannah, MAS | Fiscal Policy Analyst
Department of Finance, Economic and Project Analysis Division
Government of Newfoundland and Labrador
Telephone: (709) 729-6671
## Net Debt and GDP

**Budgets 2016, 2017 and 2018**

<table>
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<tbody>
<tr>
<td><strong>NET DEBT</strong></td>
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<tr>
<td>NL - Budget 2016</td>
<td>12,633</td>
<td>14,662</td>
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<tr>
<td>NL - Budget 2017</td>
<td>12,504</td>
<td>14,251</td>
<td>15,234</td>
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<tr>
<td>NL - Budget 2018</td>
<td>12,504</td>
<td>13,598</td>
<td>14,638</td>
<td>15,528</td>
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<tr>
<td>NL - Budget 2019</td>
<td>12,504</td>
<td>13,598</td>
<td>14,674</td>
<td>15,414</td>
<td>13,768</td>
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<tr>
<td><strong>GDP</strong></td>
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<tr>
<td>NL - Budget 2016</td>
<td>30,133</td>
<td>29,656</td>
<td>30,301</td>
<td>30,616</td>
<td>31,191</td>
<td>31,902</td>
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<tr>
<td>NL - Budget 2017</td>
<td>29,967</td>
<td>30,503</td>
<td>31,486</td>
<td>32,905</td>
<td>33,562</td>
<td>34,344</td>
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<tr>
<td>NL - Budget 2018</td>
<td>31,112</td>
<td>32,429</td>
<td>32,850</td>
<td>33,454</td>
<td>33,864</td>
<td>35,060</td>
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<td>34,362</td>
<td>35,242</td>
<td>35,802</td>
<td>37,203</td>
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<td><strong>NET DEBT to GDP (%)</strong></td>
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<tr>
<td>NL - Budget 2016</td>
<td>49%</td>
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<tr>
<td>NL - Budget 2017</td>
<td>48%</td>
<td>50%</td>
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<tr>
<td>NL - Budget 2018</td>
<td>44%</td>
<td>45%</td>
<td>47%</td>
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<tr>
<td>NL - Budget 2019</td>
<td>44%</td>
<td>45%</td>
<td>39%</td>
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Budget 2019 Key Fiscal Indicators
## Fiscal Indicator Summary (Budget 2019)

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<thead>
<tr>
<th>Year</th>
<th>Surplus/ (Deficit)</th>
<th>Revenue</th>
<th>Expenditure</th>
<th>Net Debt</th>
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<td>594</td>
<td>8,137</td>
<td>7,543</td>
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<td>2011-12</td>
<td>974</td>
<td>8,812</td>
<td>7,838</td>
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<tr>
<td>2012-13</td>
<td>(195)</td>
<td>7,505</td>
<td>7,701</td>
<td>8,348</td>
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<tr>
<td>2013-14</td>
<td>(389)</td>
<td>7,487</td>
<td>7,876</td>
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<td>2014-15</td>
<td>(1,006)</td>
<td>6,921</td>
<td>7,927</td>
<td>10,330</td>
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<tr>
<td>2015-16</td>
<td>(2,206)</td>
<td>5,977</td>
<td>8,183</td>
<td>12,504</td>
</tr>
<tr>
<td>2016-17</td>
<td>(1,148)</td>
<td>7,157</td>
<td>8,305</td>
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<td>2017-18</td>
<td>(911)</td>
<td>7,280</td>
<td>8,191</td>
<td>14,674</td>
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<td>2018-19</td>
<td>(521)</td>
<td>7,751</td>
<td>8,273</td>
<td>15,414</td>
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<td>2019-20</td>
<td>1,924</td>
<td>10,350</td>
<td>8,425</td>
<td>13,768</td>
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<tr>
<td>2020-21</td>
<td>(797)</td>
<td>7,462</td>
<td>8,238</td>
<td>14,598</td>
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<td>2021-22</td>
<td>(301)</td>
<td>7,838</td>
<td>8,088</td>
<td>14,836</td>
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<tr>
<td>2022-23</td>
<td>22</td>
<td>7,900</td>
<td>7,808</td>
<td>14,994</td>
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<tr>
<td>2023-24</td>
<td>(16)</td>
<td>8,173</td>
<td>8,094</td>
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<td>2024-25</td>
<td>428</td>
<td>8,635</td>
<td>8,057</td>
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### Provincial Comparison (2019-20)

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<th>Province</th>
<th>Data Release</th>
<th>Surplus/ (Deficit)</th>
<th>Revenue</th>
<th>Expenditure</th>
<th>Net Debt</th>
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<tr>
<td>NL</td>
<td>B2019</td>
<td>1,924</td>
<td>7,764</td>
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<td>13,768</td>
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<td>2018Q2</td>
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<td>2,033</td>
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<td>NS</td>
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<td>15,276</td>
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<td>NB</td>
<td>B2019</td>
<td>23</td>
<td>9,846</td>
<td>9,823</td>
<td>14,056</td>
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<tr>
<td>QC</td>
<td>B2019</td>
<td>2,504</td>
<td>115,638</td>
<td>113,034</td>
<td>174,699</td>
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<tr>
<td>ON</td>
<td>B2019</td>
<td>(10,279)</td>
<td>154,165</td>
<td>163,444</td>
<td>359,943</td>
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<tr>
<td>MB</td>
<td>B2019</td>
<td>(360)</td>
<td>17,025</td>
<td>17,480</td>
<td>26,131</td>
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<td>SK</td>
<td>B2019</td>
<td>34</td>
<td>15,025</td>
<td>14,991</td>
<td>12,362</td>
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<td>AB</td>
<td>2018Q3</td>
<td>(7,900)</td>
<td>51,600</td>
<td>59,500</td>
<td>37,700</td>
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<td>BC</td>
<td>B2019</td>
<td>274</td>
<td>59,047</td>
<td>58,273</td>
<td>46,282</td>
</tr>
</tbody>
</table>

Provincial data based on most recently published fiscal data available at the time of NLs Budget 2019

Remaining 2019 budgets: PE, AB
Surplus/Deficit
NL SURPLUS/(DEFICIT)

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division.
NL SURPLUS/(DEFICIT) PER CAPITA

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
SURPLUS/(DEFICIT) PER CAPITA
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Budget Documents and Financial Reports; and Statistics Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
NL SURPLUS/(DEFICIT) AS A % OF GDP

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; Statistics Canada and Conference Board of Canada.
SURPLUS/(DEFICIT) AS A % OF GDP
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Budget Documents and Financial Reports and Financial Reports; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
Revenue
NL REVENUE PER CAPITA

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
NL REVENUE PER CAPITA WITH OIL REVENUE

Note: Oil revenue per capita forecast is at Budget 2019 and includes oil royalties and offshore CIT.

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
REVENUE PER CAPITA
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
REVENUE PER CAPITA WITH OIL & GAS REVENUE HIGHLIGHTED
2019-20 PROVINCIAL COMPARISON

Gross Revenue per Capita
35.(1)(d) 35.(1)(g)

Oil & Gas Revenue per Capita

Note: AB oil and gas revenue is based on their Budget 2018; AB Budget 2019 is not yet released.

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
NL REVENUE AS A % OF GDP

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
REVENUE AS A % OF GDP
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
Expenditure
NL EXPENDITURE DEBT VS NON-DEBT

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division.
NL EXPENDITURE PER CAPITA

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
NL EXPENDITURE PER CAPITA MODIFIED SCALE

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
EXPENDITURE PER CAPITA
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
NL EXPENDITURE AS A % OF GDP

Budget 2019  Budget 2018  Budget 2017  Budget 2016

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
EXPENDITURE AS A % OF GDP
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
DEBT EXPENDITURE PER CAPITA
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
DEBT EXPENDITURE AS A % OF GDP
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
PROGRAM EXPENDITURE PER CAPITA
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
**PROGRAM EXPENDITURE AS A % OF GDP 2019-20 PROVINCIAL COMPARISON**

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; RBC Fiscal Tables; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
DEBT EXPENDITURE AS A % OF REVENUE
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Public Accounts and Budget Documents; and RBC Fiscal Tables. Not strictly comparable over time or across provinces due to differences in accounting policies.
Net Debt
NET DEBT PER CAPITA
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Budget Documents and Financial Reports; and Statistics Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
NET DEBT AS A % OF GDP
2019-20 PROVINCIAL COMPARISON

Source: Department of Finance, Economic & Project Analysis Division; Provincial Budget Documents and Financial Reports; Statistics Canada; and Conference Board of Canada. Not strictly comparable over time or across provinces due to differences in accounting policies.
Summaries
# NL Fiscal Indicator Summary (Budget 2019)

<table>
<thead>
<tr>
<th>Year</th>
<th>Surplus/(Deficit) per capita</th>
<th>Revenue per capita as a % of GDP</th>
<th>Expenditure per capita as a % of GDP</th>
<th>Debt Expenditure per capita as a % of GDP</th>
<th>Program Expenditure per capita as a % of Revenue</th>
<th>Debt Expenditure as a % of Revenue</th>
<th>Net Debt per capita as a % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>$1,137 2.0%</td>
<td>$15,588 28%</td>
<td>$14,450 26%</td>
<td>$1,604 3%</td>
<td>$12,847 23%</td>
<td>10%</td>
<td>$15,815 28%</td>
</tr>
<tr>
<td>2011-12</td>
<td>$1,856 2.9%</td>
<td>$16,784 26%</td>
<td>$14,929 23%</td>
<td>$1,504 2%</td>
<td>$13,425 21%</td>
<td>9%</td>
<td>$14,927 23%</td>
</tr>
<tr>
<td>2012-13</td>
<td>($371) -0.6%</td>
<td>$14,260 23%</td>
<td>$14,630 24%</td>
<td>$1,482 2%</td>
<td>$13,149 22%</td>
<td>10%</td>
<td>$15,860 26%</td>
</tr>
<tr>
<td>2013-14</td>
<td>($737) -1.1%</td>
<td>$14,205 22%</td>
<td>$14,942 23%</td>
<td>$1,614 2%</td>
<td>$13,327 20%</td>
<td>11%</td>
<td>$17,235 26%</td>
</tr>
<tr>
<td>2014-15</td>
<td>($1,905) -2.9%</td>
<td>$13,104 20%</td>
<td>$15,009 23%</td>
<td>$1,456 2%</td>
<td>$13,553 21%</td>
<td>11%</td>
<td>$19,559 30%</td>
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<td>2015-16</td>
<td>($4,177) -7.1%</td>
<td>$11,318 19%</td>
<td>$15,495 26%</td>
<td>$1,708 3%</td>
<td>$13,787 23%</td>
<td>15%</td>
<td>$23,677 40%</td>
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<td>2016-17</td>
<td>($2,168) -3.6%</td>
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<td>$15,686 26%</td>
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<td>$13,881 23%</td>
<td>13%</td>
<td>$25,684 43%</td>
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<td>($1,723) -2.8%</td>
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<td>$1,888 3%</td>
<td>$13,609 22%</td>
<td>14%</td>
<td>$27,761 44%</td>
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<tr>
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<td>($993) -1.5%</td>
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<td>$15,747 24%</td>
<td>$1,885 3%</td>
<td>$13,861 21%</td>
<td>13%</td>
<td>$29,340 45%</td>
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<tr>
<td>2019-20</td>
<td>$3,670 5.5%</td>
<td>$19,739 29%</td>
<td>$16,069 24%</td>
<td>$1,935 3%</td>
<td>$14,134 21%</td>
<td>10%</td>
<td>$26,258 39%</td>
</tr>
<tr>
<td>2020-21</td>
<td>($1,522) -2.2%</td>
<td>$14,250 21%</td>
<td>$15,733 23%</td>
<td>$1,885 3%</td>
<td>$13,861 21%</td>
<td>13%</td>
<td>$29,340 45%</td>
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<td>2021-22</td>
<td>($576) -0.8%</td>
<td>$15,012 21%</td>
<td>$15,492 22%</td>
<td>$1,935 3%</td>
<td>$14,134 21%</td>
<td>10%</td>
<td>$26,258 39%</td>
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<tr>
<td>2022-23</td>
<td>$43 0.1%</td>
<td>$15,180 21%</td>
<td>$15,003 21%</td>
<td>$1,935 3%</td>
<td>$14,134 21%</td>
<td>10%</td>
<td>$26,258 39%</td>
</tr>
<tr>
<td></td>
<td>Surplus/(Deficit)</td>
<td>Revenue</td>
<td>Expenditure</td>
<td>Debt Expenditure</td>
<td>Program Expenditure</td>
<td>Debt Expenditure</td>
<td>Net Debt</td>
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<td>per capita</td>
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<td>per capita</td>
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<tr>
<td>2018-19</td>
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<td>(993)</td>
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<td>$15,747</td>
<td>24%</td>
<td>$1,885</td>
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<td>23%</td>
<td>$15,890</td>
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<td>$1,915</td>
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<td>3,670</td>
<td>5%</td>
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<td>$16,069</td>
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<td>$15,821</td>
<td>26%</td>
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<td>2020-21</td>
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</tr>
<tr>
<td>Budget 2019</td>
<td>(1,522)</td>
<td>-2%</td>
<td>$14,444</td>
<td>21%</td>
<td>$15,733</td>
<td>23%</td>
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<td>$15,632</td>
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# NL FISCAL INDICATOR SUMMARY

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<tr>
<th></th>
<th>Surplus/(Deficit)</th>
<th>Revenue</th>
<th>Expenditure</th>
<th>Debt Expenditure</th>
<th>Program Expenditure</th>
<th>Debt Expenditure</th>
<th>Net Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>per capita</td>
<td>as a % of GDP</td>
<td>per capita</td>
<td>as a % of GDP</td>
<td>per capita</td>
<td>as a % of GDP</td>
<td>per capita</td>
</tr>
<tr>
<td><strong>2021-22</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget 2019</td>
<td>(576)</td>
<td>-1%</td>
<td>$14,781</td>
<td>21%</td>
<td>$15,492</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Budget 2018</td>
<td>(469)</td>
<td>-1%</td>
<td>$15,120</td>
<td>22%</td>
<td>$15,453</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td><strong>2022-23</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget 2019</td>
<td>43</td>
<td>0%</td>
<td>$15,082</td>
<td>21%</td>
<td>$15,003</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Budget 2018</td>
<td>109</td>
<td>0%</td>
<td>$15,630</td>
<td>22%</td>
<td>$15,356</td>
<td>22%</td>
<td></td>
</tr>
</tbody>
</table>

35.(1)(d) 35.(1)(g)
# Provincial Comparison Summary (2019-20)

<table>
<thead>
<tr>
<th>Data Release*</th>
<th>Surplus/(Deficit)</th>
<th>Revenue</th>
<th>Expenditure</th>
<th>Debt Expenditure</th>
<th>Program Expenditure</th>
<th>Debt Expenditure as a % of Revenue</th>
<th>Net Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>per capita</td>
<td>as a % of GDP</td>
<td>per capita</td>
<td>as a % of GDP</td>
<td>per capita</td>
<td>as a % of GDP</td>
<td>per capita</td>
</tr>
<tr>
<td>NL  B2019</td>
<td>$3,670</td>
<td>5.5%</td>
<td>$19,739</td>
<td>29%</td>
<td>$16,069</td>
<td>24%</td>
<td>$1,935</td>
</tr>
<tr>
<td>PE  2018Q2</td>
<td>$20</td>
<td>0.0%</td>
<td>$13,165</td>
<td>28%</td>
<td>$13,145</td>
<td>28%</td>
<td>$838</td>
</tr>
<tr>
<td>NS  B2019</td>
<td>$35</td>
<td>0.1%</td>
<td></td>
<td></td>
<td>$13,165</td>
<td>28%</td>
<td>$838</td>
</tr>
<tr>
<td>NB  B2019</td>
<td>$30</td>
<td>0.1%</td>
<td>$12,743</td>
<td>26%</td>
<td>$12,714</td>
<td>26%</td>
<td>$876</td>
</tr>
<tr>
<td>QC  B2019</td>
<td>$296</td>
<td>0.6%</td>
<td>$13,676</td>
<td>26%</td>
<td>$13,368</td>
<td>25%</td>
<td>$1,064</td>
</tr>
<tr>
<td>ON  B2019</td>
<td>($711)</td>
<td>-1.1%</td>
<td>$10,667</td>
<td>17%</td>
<td>$11,309</td>
<td>18%</td>
<td>$923</td>
</tr>
<tr>
<td>MB  B2019</td>
<td>($263)</td>
<td>-0.5%</td>
<td>$12,436</td>
<td>22%</td>
<td>$12,768</td>
<td>23%</td>
<td>$795</td>
</tr>
<tr>
<td>SK  B2019</td>
<td>$29</td>
<td>0.0%</td>
<td>$12,754</td>
<td>18%</td>
<td>$12,725</td>
<td>18%</td>
<td>$589</td>
</tr>
<tr>
<td>AB  2018Q3</td>
<td>($1,806)</td>
<td>-2.3%</td>
<td>$11,796</td>
<td>15%</td>
<td>$13,602</td>
<td>17%</td>
<td>$556</td>
</tr>
<tr>
<td>BC  B2019</td>
<td>$54</td>
<td>0.1%</td>
<td>$11,711</td>
<td>19%</td>
<td>$11,558</td>
<td>19%</td>
<td>$555</td>
</tr>
<tr>
<td><strong>All Provinces Weighted Average</strong></td>
<td>$(369)</td>
<td>-0.6%</td>
<td><strong>$11,711</strong></td>
<td><strong>19%</strong></td>
<td><strong>$11,558</strong></td>
<td><strong>19%</strong></td>
<td><strong>$555</strong></td>
</tr>
</tbody>
</table>

* Remaining 2019 budgets: PE, AB

---

(35.1)(d) 35.(1)(g)
Ok, will let others know.

We are delayed a few more minutes. Will call in shortly.

Thanks

Craig Martin

Sent from my iPhone

On Apr 11, 2019, at 7:17 PM, Young, Rebekah <rebekah.young@scotiabank.com> wrote:

Great, thanks.  

Here are the confirmations so far:

Confirmed:
Scotiabank: Rebekah Young, Marc Desormeaux
RBC: Robert Hogue, Ramya Muthukumaran
CIBC: Andrew Grantham
NB: Warren Lovely

Waiting confirmation:
TD: Derek Burleton
BMO: Robert Kavcic

Best,
Rebekah

---

From: Sharpe, Dennis [mailto:dsharpe@gov.nl.ca]
Sent: April-11-19 2:41 PM
To: Young, Rebekah <rebekah.young@scotiabank.com>
Cc: Martin, Craig <CMartin@gov.nl.ca>; Desormeaux, Marc <marc.desormeaux@scotiabank.com>; Aucoin, Rosalita <raucin@gov.nl.ca>; Hicks, Ken <khicks@gov.nl.ca>
Subject: RE: NL Department of Finance Economic Discussion with Syndicate members

Hi again Rebekah,

Below is the conference call information for participants:

---

Attendees – Department of Finance:
Tom Osborne – Minister
Denise Hanrahan – Deputy Minister
Craig Martin – Assistant Deputy Minister, Economic, Fiscal and Statistics Branch
Rose Aucoin – Economist
Ken Hicks – Economist
Dennis Sharpe – Director, Economic and Project Analysis Division

When you have a list of syndicate attendees, could you email to me please?

Finally, please see attached a copy of the presentation. As you know, where some of the material contained in is for Budget day release, the contents are confidential.

Looking forward to our discussion.
From: Young, Rebekah <rebekah.young@scotiabank.com>
Sent: Wednesday, April 10, 2013 3:11 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Cc: Martin, Craig <CMartin@gov.nl.ca>; Desormeaux, Marc <marc.desormeaux@scotiabank.com>
Subject: RE: NL Department of Finance Economic Discussion with Syndicate members

Hi,

Yes, sorry BMO should be on the list too. Why don’t we plan on using a conference line as there will no doubt be one or two that cannot make it in person.

Cheers,
Rebekah

From: Sharpe, Dennis <dsharpe@gov.nl.ca>
Sent: April-10-19 1:37 PM
To: Young, Rebekah <rebekah.young@scotiabank.com>
Cc: Martin, Craig <CMartin@gov.nl.ca>; Desormeaux, Marc <marc.desormeaux@scotiabank.com>
Subject: RE: NL Department of Finance Economic Discussion with Syndicate members

Hi again Rebekah,

Just following up to let you know that on our end, we are going to go with a voice conference call rather than video.

Once the Minister is free, at 4:30 NL time, we will give you a call. Given that we are voice conference calling, will you and the other syndicate members be in one room? If that is your plan, we can just call the number, otherwise, if you will be at different locations we can arrange a conference call dial-in number and send to you ahead of time. If you are going to be in one boardroom, can you give me the phone number to call?

Also, after a second read of the invitees I noticed that BMO was not in your list. And, maybe your list wasn’t intended to be exhaustive. Would you also send an invite to a colleague at BMO? I have two names, Douglas Porter and Grant Williams, but not sure who would be the most appropriate.

We are working on the presentation, and as soon as we have it completed I will email you a copy for distribution.

Thanks again,
Dennis

From: Young, Rebekah <rebekah.young@scotiabank.com>
Sent: Wednesday, April 10, 2013 1:45 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Cc: Martin, Craig <CMartin@gov.nl.ca>; Desormeaux, Marc <marc.desormeaux@scotiabank.com>
Subject: RE: NL Department of Finance Economic Discussion with Syndicate members

Great, thanks. Looking forward to the discussion.
Rebekah

From: Sharpe, Dennis <dsharpe@gov.nl.ca>
Sent: April-10-19 12:14 PM
To: Young, Rebekah <rebekah.young@scotiabank.com>
Cc: Martin, Craig <CMartin@gov.nl.ca>; Desormeaux, Marc <marc.desormeaux@scotiabank.com>
Subject: Re: NL Department of Finance Economic Discussion with Syndicate members

Hi Rebekah,

That’s great news. So 4:30 NL time on Monday it is. Thanks for helping on such short notice.

The usual members would be fine.

I am hoping to have the slide deck ready to send to you later today.

Thanks,
Sent from my iPhone

On Apr 10, 2019, at 1:18 PM, Young, Rebekah <rebekah.young@scotiabank.com> wrote:

Hi,

That would work for us. We can send out the invitations, along with your presentation. Have you by chance kept an updated list of syndicate members or shall we reach out to the usual (Lovely at National, Burleton at TD, Grantham at CIBC, and Hogue at RBC)?

Rebekah

From: Sharpe, Dennis [mailto:dsharpe@gov.nl.ca]
Sent: April-10-19 11:41 AM
To: Young, Rebekah <rebekah.young@scotiabank.com>
Cc: Martin, Craig <CMartin@gov.nl.ca>; Desormeaux, Marc <marc.desormeaux@scotiabank.com>
Subject: RE: NL Department of Finance Economic Discussion with Syndicate members

Thank you Rebekah.

Since my last email, some schedules have been shifted around. Would Monday April 15, 4:30 NL time work for you and syndicate members?

If you could send the invitations, I would greatly appreciate that.

Thanks,
Dennis

From: Young, Rebekah <rebekah.young@scotiabank.com>
Sent: Wednesday, April 10, 2019 1:05 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Cc: Martin, Craig <CMartin@gov.nl.ca>; Desormeaux, Marc <marc.desormeaux@scotiabank.com>
Subject: RE: NL Department of Finance Economic Discussion with Syndicate members

Hi Dennis,

We would be more than happy to accommodate. Marc and I are available this Friday morning if that works on your end. If not, let us know and we can work around other times. Once we have a time, we can work to arrange video, with conference call as a fall back.

Could you also clarify if you would send around invitations to other members of the syndicate or we would do that?

Best,
Rebekah

Rebekah Young | Director, Fiscal & Provincial Economics
Scotiabank | Economics
Scotia Plaza, 40 King Street West, 63rd Floor, Toronto, Ontario Canada, M5H 1K1
T: 1.416.862.3876
M: 1.416.617.5614
rebekah.young@scotiabank.com
Scotiabank is a business name used by The Bank of Nova Scotia

From: Sharpe, Dennis [mailto:dsharpe@gov.nl.ca]
Sent: April-10-19 10:20 AM
To: Young, Rebekah <rebekah.young@scotiabank.com>
Cc: Martin, Craig <CMartin@gov.nl.ca>
Subject: NL Department of Finance Economic Discussion with Syndicate members

Hi Rebekah,

I am emailing you on behalf of our Minister, Tom Osborne, who has expressed an interest in having again this year, a 1 hour video conference with economist members of the syndicate in advance of our Budget.

Janice Butt, in Debt Management gave me your contact information and indicated that you are Mary Webb's replacement. As you know, Mary would arrange these events for us.
I apologize for this late request, given that our Budget is Tuesday April 16th.

We were looking to have the discussion this Friday at a time that would suit you and the members; or Monday (April 19th) at or after 3:00pm NL time.

If you can accommodate us, once you have a preliminary day and time, I can confirm that our Minister will be available.

I should also mention that if a video conference format is problematic on such a short notice, we would certainly be happy with a voice conference call.

Thank you, and again my apologies for this short notice request. I appreciate anything that you can do to facilitate this request.

Dennis Sharpe
Director, Economic and Project Analysis
Department of Finance
Government of Newfoundland and Labrador
709-729-5735

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Thank you Denise. We certainly look forward to hearing more about this later today.

Regards,
Travis

---

From: Hanrahon, Denise <Hanrahon@gov.nl.ca>
Sent: Monday, April 15, 2019 8:57 AM
Subject: Fwd: NLIS 2 - Premier Ball Releases Plan to Protect Residents from the Cost Impacts of Muskrat Falls

FYI

Begin forwarded message:

From: "Releases, News" <news@gov.nl.ca>
Date: April 15, 2019 at 10:25:23 AM NDT
To: "Releases, News" <news@gov.nl.ca>
Subject: NLIS 2 - Premier Ball Releases Plan to Protect Residents from the Cost Impacts of Muskrat Falls

NLIS 2
Executive Council
Natural Resources
April 15, 2019

Premier Ball Releases Plan to Protect Residents from the Cost Impacts of Muskrat Falls

Today, the Honourable Dwight Ball, Premier of Newfoundland and Labrador, was joined by the Honourable Siobhan Coady, Minister of Natural Resources, to release "Protecting You from the Cost Impacts of Muskrat Falls." It is designed to protect residents from increases to electricity rates and taxes resulting from the Muskrat Falls project that would affect the cost of living.

It is the culmination of a series of important steps taken to protect residents. The Provincial Government restored the Board of Commissioners of Public Utilities' (PUB) appropriate role in giving oversight to the Muskrat Falls Project when it engaged the PUB in examining options to mitigate the impact of Muskrat Falls. The Provincial Government has used the interim report produced by the PUB to inform its plan and future actions. In addition, the Provincial Government secured a federal commitment to further engage with Newfoundland and Labrador to expeditiously examine the financial structure of the Muskrat Falls Project, so that the province can achieve rate mitigation.

To manage electricity rates, approximately $725.9 million is expected to be required to address Muskrat Falls costs in the first full year of electricity generation.

To address this cost, the proposed framework includes:
- NL Hydro Net Operations Savings and Revenue ($178.2 million)
  - Includes fuel savings from NL Hydro's Holyrood Thermal Generating Station relating to transition to Muskrat Falls power and non-Muskrat Falls regulated revenue increase
- Newfoundland and Labrador Investment ($249.1 million)
  - Committed $200 million in Nalcor dividends towards rate management through the budget process; and
  - $49.1 million in Hydro surplus export sales
- Reducing Expenses ($39.4 million)
  - $20 million through efficiencies and reducing duplication at Nalcor;
  - $12 million by reducing operation and maintenance costs on Muskrat Falls generation and transmission by 15 per cent; and
  - $7.4 million by reducing the amount of diesel fuel used for electricity generation in isolated areas; using renewable energy.
- Raising Revenue ($59.2 million)
  - $15 million by fuel switching to electricity in public buildings;
  - $35.5 million by adding value to energy surplus; and
  - $8.7 million by selling carbon performance credits to carbon emitters, as the Holyrood Thermal Generating Station uses less fuel and decreases Greenhouse Gas emissions.
Managing Financing ($200 million)

- The Federal Government has agreed to enter into a formal process with the Provincial Government to identify ways that the province can achieve rate mitigation.
- As part of the process, Canada and Newfoundland and Labrador agree:
  - To undertake a thorough analysis of the underlying drivers of expected electricity rate increases;
  - To consider all options including those identified in the interim PUB report, to achieve rate mitigation;
  - To work closely with the province to sell more of its electricity in markets outside the province such that the province can realize greater returns from its electricity generating capacity;
  - To consider options for how the Lower Churchill projects’ affordable, clean energy can further the governments’ mutual commitment to fighting climate change; and
  - To conclude the discussions in as expeditious a manner as possible, so that the key policy issues are identified before the PUB prepares its final report.

For a copy of the plan, visit www.gov.nl.ca/muskatfallsframework.

Quotes

“I promised Newfoundlanders and Labradorians that they will not bear the burden of higher electricity rates or taxes as a result of Muskrat Falls. My government will deliver on that promise by increasing revenues, reducing costs, and continuing our work with the Federal Government to achieve the best possible outcomes for the people we both serve.”
Honourable Dwight Ball
Premier of Newfoundland and Labrador

“Our government inherited a project over budget and behind schedule. Through diligence and hard work we now have the project under control. This is the next step in that process — one that will protect you from feeling the financial impacts of Muskrat Falls.”
Honourable Siobhan Coady
Minister of Natural Resources

“The seven Members of Parliament for Newfoundland and Labrador know that rate mitigation is an important issue to the people of this province, and we intend to deliver. Our Federal Government made a firm commitment to further engage with the province to expeditiously examine the financial structure of the Muskrat Falls Project, so that the province can achieve rate mitigation. We will do just that.”
Honourable Seamus O’Regan
Minister of Indigenous Services, Government of Canada

Learn more
Protecting You from the Cost Impacts of Muskrat Falls
Mitigating Muskrat: 38 Month Review
Reference Question to Board on Rate Mitigation Options and Impacts
Minister Coady Releases Interim Report on Muskrat Falls from Board of Commissioners of Public Utilities
Follow us on Twitter: @GovNL and @NR_GovNL

Media contacts
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709-729-3960
erin.sulley@gov.nl.ca

Lisa Lawlor
Natural Resources
709-729-5777, 631-8155
lisa.lawlor@gov.nl.ca

Rachel Rappaport
Office of the Honourable Seamus O’Regan, Minister of Indigenous Services
819-934-2796

2019 04 15 10:25 a.m.
Changes to Automobile Insurance Legislation Provide Better Value for Consumers

Changes to the Automobile Insurance Act and the Insurance Companies Act will receive second reading in the House of Assembly today. The changes are intended to help stabilize insurance rates while enhancing consumer protection to benefit the people of the province.

Some of the key changes to the legislation include an increase in the deductible from $2,500 to $5,000 for bodily injury claims; introduction of treatment protocols for common injuries as the primary payer; no access to the Uninsured Automobile Fund for losses by uninsured motorists; direct compensation for property damage; requirement for insurance companies to notify the Registrar of Motor Vehicles of the cancellation or expiration of insurance policies; and changes to procedural rules for motor vehicle collision claims.

Proposed amendments will also provide a mandated insurance discount for winter tire usage, implementation of underwriting guidelines concerning the optional use of telematics, and changes to the rate setting process.

The proposed amendments can be found in the backgrounder below.

In addition, as part of Budget 2019 the Provincial Government will eliminate the remaining tax on automobile insurance. More details will be provided on Budget Day.

There are also other changes to be implemented that are part of the Provincial Government’s suite of measures to stabilize insurance rates that do not require changes to auto insurance legislation, including permitting electronic proof of auto insurance and plate-to-owner program.

The proposed amendments are the result of feedback received through the Board of Commissioners of Public Utilities’ independent review of the automobile insurance system, as well as public consultations in the spring of 2018 on government’s EngageNL website, and consultations with stakeholders such as
Recognizing that driver behaviours also play a role in helping stabilize insurance rates, the Provincial Government is committed to highway safety and continually updates the Highway Traffic Act to keep current with safety practices.

A number of recent changes to the Highway Traffic Act include enhanced move-over provisions; changes to reflect the legalization of cannabis; introduction of a one-metre rule; strengthened distracted driving rules, excessive speeding and street racing provisions; as well as penalties for stuntng. Changes were also made to the Act to deter impaired driving including mandatory ignition interlocks, impoundment of vehicles and zero tolerance for novice drivers and drivers under age 22.

Quotes

Our number one priority during the automobile insurance review has always been the consumers of Newfoundland and Labrador. When we initiated the review, our goal was to identify opportunities to keep rates as low as possible and help bring stability to the industry. We recognize that we cannot provide a single quick fix for the high insurance rates in our province but, together, the amendments we have introduced today will help achieve our objective.
Honourable Sherry Gamelin-Walsh
Minister of Service NL

The amendments strike a balance between stabilizing insurance rates for the consumer while maintaining access to justice for victims. I want to thank the Public Utilities Board for their comprehensive report that contributed greatly to the first significant review of auto insurance in almost 15 years.
Honourable Andrew Parsons
Minister of Justice and Public Safety and Attorney General

Learn more
Independent Review of Automobile Insurance System Complete
Provincial Government Releases Results of Public Consultations on Automobile Insurance
The Way Forward

Follow us on Twitter: @GovNL, @ServiceNL and @JPS_GovNL

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Krista Dalton
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729-4748, 685-6492
kristadalton@gov.nl.ca

Lesley Clarke
Justice and Public Safety
709-729-6985, 699-2910
lesleyclarke@gov.nl.ca

BACKGROUNDER

Amendments to the Automobile Insurance Act

<table>
<thead>
<tr>
<th>Issue</th>
<th>Current Legislation</th>
<th>New Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnostic and treatment</td>
<td>Accident victims submit claims for treatment expenses and, if applicable, the</td>
<td>Protocols to be adopted for treatment of common injuries such as sprains, strains and whiplash so accident</td>
</tr>
<tr>
<td>protocols</td>
<td>victim is required to first claim expenses under their private health insurance.</td>
<td>accident victims can seek treatment immediately and without prior approval of the insurer, with direct</td>
</tr>
<tr>
<td></td>
<td></td>
<td>billing to the automobile insurance company. These benefits will be paid prior to accessing their private</td>
</tr>
<tr>
<td></td>
<td></td>
<td>health insurance.</td>
</tr>
<tr>
<td>Direct Compensation for Property Damage (DCPD)</td>
<td>Motorists deal with an adult driver's insurance company for their property damage claims.</td>
<td>Motorists will deal with their own insurance company on property damage claims where they are not at fault, contributing to a faster resolution of the claim and a more consumer friendly experience.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Deductible</td>
<td>$2,500 deductible from all pain and suffering awards.</td>
<td>Deductible being doubled, to $5,000.</td>
</tr>
<tr>
<td>Mandatory reporting of insurance cancellation</td>
<td>Only cancellation of policies for commercial vehicles, taxis, ambulances, buses and school buses are required to be reported to the Registrar of Motor Vehicles.</td>
<td>Insurers will be required to report a cancellation of any auto insurance policy to the Registrar of Motor Vehicles.</td>
</tr>
<tr>
<td>Procedural changes</td>
<td>Lengthy timelines for adjustment and settlement processes for accident victims.</td>
<td>Claim adjustment and settlement process for bodily injury claims will be streamlined.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There will be a requirement to apply for accident benefits where available.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Notice of intention to commence an action within 120 days.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A health provider examination may be required at insurers expense.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Damages reduced by the amount of accident benefits to avoid double counting.</td>
</tr>
<tr>
<td>Rate setting process</td>
<td>Insurance companies face an onerous and time consuming process to change rates.</td>
<td>Full filings will be required every three years.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There will be a mechanism for quick approval of rates where changes are no more than three per cent in a given year, and no more than six per cent cumulatively over three years.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fleet rated risks would be outside the PUB process, allowing taxi companies and others to negotiate their rates with willing insurers.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More publication of information by the PUB, to inform consumers.</td>
</tr>
<tr>
<td>Statutory review</td>
<td>No requirement in law to review auto insurance.</td>
<td>There will be a requirement to review auto insurance laws at least every five years.</td>
</tr>
<tr>
<td>Telematics</td>
<td>Telematics is an option to</td>
<td>An optional use of telematics</td>
</tr>
<tr>
<td>Issue</td>
<td>Current Legislation</td>
<td>New Legislation</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Uninsured automobile coverage</td>
<td>Uninsured motorists involved in an accident are still eligible for compensation from the uninsured fund.</td>
<td>Uninsured motorists will be prohibited from accessing the Uninsured Automobile Fund for any heads of damage.</td>
</tr>
<tr>
<td>Winter tires</td>
<td>Some insurers provide discounts for winter tire use.</td>
<td>All insurers will be required to apply a winter tire discount.</td>
</tr>
</tbody>
</table>

**Amendments to the Insurance Companies Act**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Current Legislation</th>
<th>New Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission rate for taxis and limousines</td>
<td>Facility Association pays brokers six per cent commission rate for taxis and limousines.</td>
<td>Commission rate for taxis and limousines will be cut in half, to three per cent.</td>
</tr>
<tr>
<td>Risk sharing pools</td>
<td>No provision for risk sharing pools to provide an alternative to Facility Association for higher risk drivers.</td>
<td>Facility Association to develop risk sharing pools in its plan of operation.</td>
</tr>
</tbody>
</table>
Parking Restrictions in Place at Confederation Building for Budget Day

Parking in front of East Block, Confederation Building, for tomorrow (Tuesday, April 16) will be available only to media and invited guests attending the Budget Speech.

In addition, the parking lot at the northeast entrance to East Block, near the House of Assembly entrance, will be available to permit holders for Zones A, B, C, invited guests, and persons with disabilities only.

Parking restrictions will be in place all day beginning at 6:00 a.m. Signs will be in place as a reminder.

Parking for visitors to Confederation Building Complex for purposes other than the Budget is available in the remaining parking lots. Metered parking for the public is also available adjacent to West Block. Visitors must use the Visitor Entrance near the link on the north side of the Complex.

Department of Transportation and Works
Hi folks,

We need to put a copy of the Budget PowerPoint you folks were developing in the binder for the Premier's Office, can you please provide?

We also need to include the QA, which I know isn’t complete. I received feedback last night from Dennis that I will incorporate, and I will share an updated version early afternoon for any final feedback before it is provided to the PO.

Scott has been given a 5 p.m. deadline to provide this material.

Best,
Marc

Marc Budgell | Communications Director
Finance/Human Resource Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John's NL A1B 4J6
(t) 709 729-2477
Subject: Security Sweeps in lock up rooms

Keith Budden, Manager of Network & Security Services, OCIO has informed me of the process for security sweeps during budget lock ups. As you are either involved in the lock up rooms or for other logistics I have included you on this email for your information. Below are the details:

1. Prior to lock ups OCIO remotely takes readings of the electronic activity of each room to identify a baseline (Currently happening)
2. The day of the lock ups they will again take reading from each room to ensure everything has remained the same
3. A CSS will be assigned to each lock up room and will physically be there as the lock up is closing.
4. Remotely the room will again be scanned, should something need to be checked more closely the CSS is contacted. They will immediately notify the finance staff responsible for that lock up room to hold on until the CSS can do a more in-depth physical room scan.

BARBARA JORDAN
Manager of Operations

DEPARTMENT OF FINANCE
Government of Newfoundland & Labrador
5 Mews Place, St. John's, NL, A1B 4M4
Tel: 709-779-5465, Fax: 709-779-0383
barbara.jordan@gov.nl.ca

http://www.fin.gov.nl.ca/

This message may contain legally privileged and confidential information intended only for the individual or entity named author. If you are not the intended recipient please do not access, disclose or disseminate the contents of this e-mail. Please inform the sender if you are not the intended recipient and delete this e-mail from your system. Thank you for your co-operation.
See below. I am reviewing now.

Begin forwarded message:

From: "Jewer, Michelle" <MichelleJewer@gov.nl.ca>
To: "Martin, Craig" <CraigMartin@gov.nl.ca>, "Hannahan, Denise" <DeniseHannahan@gov.nl.ca>, "Budgell, Marc" <MarcBudgell@gov.nl.ca>
Subject: FW: Speech

Hello,

Attached is the speech for your review.

Scott

From: Penney, Kevin P
Sent: Monday, April 15, 2019 10:14 PM
To: Barfoot, Scott
Subject: Speech
Working towards a brighter future
Working towards a brighter future

Delivered by
Hon. Tom Osborne
Minister of Finance and
President of the Treasury Board
at the
4th Session of the 48th General Assembly
of the House of Assembly
Tuesday, April 16, 2019
Introduction

Thank you Mr. Speaker.

Today, marks our fourth budget in the first mandate of this administration.

We are a government that is firmly focused on the future. However, it is important to understand where we have been, where we are, and what is on the horizon for Newfoundlanders and Labradors.

Mr. Speaker, I am an optimistic person – someone who very much takes a glass is half full view – but the financial challenges we faced when forming government bears repeating.

Within hours of the Premier being sworn-in, he was advised by senior government officials that without quick and decisive action, the ability to pay public service employees and deliver services such as health and education may have been compromised.

Mr. Speaker, our province was on the brink.

As frightening a scenario as that was, our actions have set the province on a course to overcome the tall task of addressing the fiscal crisis that faced Newfoundlanders and Labradors – left unchecked, it would have had dire consequences on our economy and future generations.

We have been responsible. We have been accountable.

We have balanced the fiscal pressures with the need to:

- Advance critical infrastructure;
- Create an attractive environment for investment and job growth;
- Improve access and outcomes in health care and education; as well as,
- Clean-up the mess of Muskrat Falls.

Today, our financial outlook is significantly improved.
Mr. Speaker, the Official Opposition paints a doom and gloom picture of the provincial economy. There is – in fact – nothing further from the truth.

There is still much work to be done to create a brighter future.

However....

They cannot dispute that we have well-exceeded the expectations set in the PC’s final budget in 2015. The facts are that:

- The total number of people working in Newfoundland and Labrador last year was higher than what was forecasted in Budget 2015;
- In 2018, employee compensation was almost a quarter of a billion dollars higher than forecasted in 2015;
- Last year, project investment was one billion dollars higher than projected in Budget 2015; and,
- Retail sales were higher than the 2015 Budget projected they would be.

<table>
<thead>
<tr>
<th></th>
<th>Budget 2015 Projections for 2018</th>
<th>Actual / Preliminary Estimate 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>222,800</td>
<td>225,300</td>
</tr>
<tr>
<td>Employee Compensation</td>
<td>$14.8 billion</td>
<td>$15 billion</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>$8.5 billion</td>
<td>$9.7 billion</td>
</tr>
<tr>
<td>Retail sales</td>
<td>$8.96 billion</td>
<td>$9.01 billion</td>
</tr>
</tbody>
</table>

Mr. Speaker, despite years of unprecedented oil revenues pouring into the treasury, there is no mistaking that the lasting legacy of the previous administration is a poorly-conceived hydro-electric project.

Today, the Muskrat Falls Project accounts for more than one-third of the province’s total direct and indirect debt. And, our bond rating agencies have identified it as the largest downward pressure on Newfoundlanders and Labradorians.
We've had to borrow and borrow again to fund this over-budget, behind schedule project.

We were collectively left holding a stack of bills instead of putting that money into services and programs that are important to hard-working Newfoundlanders and Labradorians.

Through the work of the Premier, the Minister of Natural Resources and strengthened project management, the project is on more stable footing. And, by leveraging the expertise of the Public Utilities Board we will be able to take informed steps to manage electricity rates.

As with previous budgets, we are required to make an equity investment to Nalcor Energy. This year, that investment exceeds more than half a billion dollars.

**Where we are**

Mr. Speaker, as I said at the outset I wanted to paint a picture of the starting point for our government.

The past is the past. And, that's where I will leave it.

As I look at the faces on this side of the House of Assembly, I see a united team of MHAs under the leadership of a Premier who has a vision for the province that we all rally behind.

As a government, we feel good with the progress that we have made and are incredibly optimistic for the future.

Our optimism is fueled by nine consecutive months of employment gains and increasing retail sales. The Conference Board of Canada and Atlantic Provinces Economic Council both forecasted that Newfoundland and Labrador will be among the leaders in economic activity this year.

The gains that we have made highlight the value of our plan – The Way Forward.

Our plan is a smarter approach to governing that has well-positioned Newfoundland and Labrador for the future.
Mr. Speaker, the progress that has been made, and the momentum that we are building, would not have been achievable without the tremendous support of our public service employees.

Unheralded in their work, they touch every aspect of our daily lives – everything from maintaining our roads to delivering health care; and from educating our youth to supporting economic development.

They have been our trusted partners and advisors.

They have been innovative and open to delivering services in a more effective manner; and, together, we negotiated agreements that recognized the financial challenges and provided much-needed job security.

As the Minister of the Human Resource Secretariat, I take pride in that collective and collaborative approach as it marked the first time in the province’s history that wage freezes were negotiated for four years.

On behalf of the Premier, Cabinet, and our team of MHAs, I extend a heartfelt thank you to all public service employees.

As we navigate our Way Forward, we will continue to work closely with the public service and leverage their expertise and passion for the communities they call home.

Mr. Speaker, The Way Forward has been guided by our engagement with residents and businesses.

They have been clear...do better with less. Reduce government expenditures and maintain a high level of investment in health care, education, business development and other government services.

Mr. Speaker, it has required careful balancing but we are meeting those expectations.

- The annual deficit has been reduced from over $2 billion in 2015-16.
- Spending has held steady after a 10-year period when provincial budgets increased by more than 50 per cent. That is even more notable when you consider that eight provinces grew their expenditures at a higher rate than this province over the last three years.
And, reducing the number of government vehicles by 10 per cent will result in savings on fuel, insurance, and maintenance totaling hundreds of thousands of dollars annually. By reducing our leased space by more than 103,000 square feet since 2016, we are saving millions of dollars annually.

Since forming government, we have made a commitment to reducing the size of the public service, which we believe can be achieved without mass lay-offs.

This year we have made a reduction of approximately 100 additional positions, bringing our total reduction of positions to date to just under 900 within government departments. We have also made reductions in our agencies, boards, and commissions and have introduced legislation that improves our ability to work with government entities on identifying cost-savings and addressing staffing levels through attrition.

That's notable progress.

From a health care perspective, the cost of delivering care grew by more than 50 per cent between 2007 and 2015 due to many factors including the introduction of new drugs and new technologies. This considerable growth and how to best manage it is an issue being experienced by all provinces.

Our government has made great strides to curb that growth rate and make better use of the roughly $3 billion that is spent on health care annually. In fact, the Canadian Institute for Health Information has reported that Newfoundland and Labrador has seen the third lowest growth rate in Canada over the last three years.

Mr. Speaker, we have achieved this while making significant – and necessary improvements – to home and community care supports, mental health and addictions services, health infrastructure and primary health care.

By working smarter and being open to partnerships, we are:

- Well into construction of a new 145 bed long-term care home in Corner Brook;
- Building a new ambulatory care unit in Carbonear, which is in addition to the 28 long-term care beds that were opened in the community;
Weeks away from starting construction of a new protective care unit in Botwood, long-term care homes in Gander and Grand-Falls-Windsor, as well as a new mental health and addictions hospital here in St. John’s; and,

Construction of a new acute care hospital in Corner Brook will start later this year.

That’s just health care.

That doesn’t include the improvements to transportation infrastructure or new schools being constructed in such communities as Gander, Paradise, Coley’s Point or Bay d’Espoir.

Mr. Speaker, that’s our goal...that’s our legacy – better services; better outcomes.

As we continue our Way Forward to returning to surplus, we will build on the progress made to date. We will continue to improve and modernize government operations, as well as continue our government-wide shared services review.

There are opportunities for government departments and organizations to work smarter and share such back-office services as human resources, information technology, finance and supply chain functions.

Once fully implemented, shared services will improve efficiencies and save government tens of millions of dollars annually with absolutely no impact on public facing services.

This can be summed-up in two words....

Smarter Government.

We need to capitalize on these opportunities.

Through our Way Forward plan, our government is working with industry, community, other levels of government, as well as academic and research institutions to support economic development and job growth.

With more than $18 billion attracted in new investment in such industries as oil and gas and mining, the message is strong –
Our approach is working.

Newfoundland and Labrador is open for business, and companies from around the world want to do business in our province.

Our collaborative approach to working with businesses – both large and small – are leading to business development, creating jobs and benefiting communities.

In the technology sector, companies like Provincial Aerospace, Quorum, and Bluedrop are expanding their teams and taking on new business opportunities.

Dildo Brewing in the Trinity Bay area and Port Rexton Brewing, which has turned into a pillar of the Bonavista Peninsula’s tourism scene, are a part of a growing craft brewing industry. We expect another 10-to-12 craft brewing operations to open – in part due to the actions that our government implemented to make the industry more attractive.

In the environmental industries, Hi-Point Industries in Bishop’s Falls is well-positioned for growth and expansion; And, in Deer Lake, Juniper BBQ Scraper is expanding its marketing efforts into Ontario and parts of the United States.

We are also teaming-up with municipalities and the Federal Government to ensure infrastructure is in place to attract investment and business development such as the recent announcement to develop an industrial park in St. Lawrence to support the mining and aquaculture sectors.

S+P Data, which is a North American contact centre that we supported in 2018, is well on its way towards creating 500 new jobs with close to 300 people already employed at its Village Mall location. This brings significant benefits across the entire North East Avalon.

Leveraging our considerable natural resources,

- In the Placentia Bay area, approximately 1,900 people were working on the West White Rose Project earlier this year;
- Vale’s construction of its underground mine at Voisey’s Bay will extend the mine’s life by at least 15 years. With construction underway, there are approximately 2,000 people working on the project in Labrador and in Long Harbour; and,
IOC has started its new open pit in Wabush, which will help sustain roughly 1,800 jobs and the mine for up to 50 years.

It is great to see a growing number of women take advantage of the opportunities attached to these projects. Our diversity and inclusion plans are helping people overcome barriers to work on these exciting projects, which strengthens our communities and the provincial workforce.

We’ll continue this important work, and encourage young women to seek out careers in the natural resource sectors.

**Fiscal Review: 2018-19**

Mr. Speaker, the revised deficit for 2018-19 is $522 million, which is an improvement from mid-year when the deficit was projected at $547 million.

**STATEMENT OF OPERATIONS 2018-19**

<table>
<thead>
<tr>
<th></th>
<th>Budget 2018 Projection</th>
<th>Revised</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,673</td>
<td>7,751</td>
<td>78</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,356</td>
<td>8,273</td>
<td>83</td>
</tr>
<tr>
<td>Deficit</td>
<td>(683)</td>
<td>(522)</td>
<td>161</td>
</tr>
</tbody>
</table>

We cannot undo years of an ill-fated approach to managing the province’s finances with the stroke of a pen.

Every decision requires careful reflection on how it aligns with our goal of better services and better outcomes. We consider things such as how it will impact women, youth, seniors, industry, and low income individuals.

Quite simply Mr. Speaker, every dollar must be stretched as far as possible.

Actions taken through this zero-based budgeting approach at the outset have netted $68 million in
annualized savings over the last three years. This year, we have identified an additional $428,400 in savings.

**Fiscal Forecast**

Looking toward 2019-20, economic indicators show reasons for optimism:

- We have had nine consecutive months of year over year job growth.
- Employment in the province is expected to average 228,100 person years of employment in 2019, which reflects continued growth over 2018.
- Household income is expected to increase by 3.3 per cent.
- Capital investment is expected to rise by 16.8 per cent as a result of the West White Rose and Voisey's Bay projects.
- Oil production is projected to increase by 12.1 per cent.
- Real GDP is expected to grow by 4.1 per cent; and
- Real exports are expected to increase by 11.3 per cent.

These positive indicators point to the success of our job creation and economic diversification efforts.

**Return to Surplus**

As a result of the newly signed Atlantic Accord agreement, in the 2019-20 fiscal year we will realize a surplus of $1.9 million. This is the province's first surplus since Budget 2011.

Mr. Speaker, while it is obviously excellent news, our job is not done. We are still projecting deficits in 2020-21 and 2021-22. We must remain diligent and focused on our plan to returning to a sustainable surplus in 2022-23.

Today we remain on track to do just that.
RETURN TO SURPLUS

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>10,350</td>
<td>7,462</td>
<td>7,838</td>
<td>7,901</td>
</tr>
<tr>
<td>Less: Oil Risk Adjustments</td>
<td>-</td>
<td>20</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>10,350</td>
<td>7,442</td>
<td>7,778</td>
<td>7,831</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,425</td>
<td>8,238</td>
<td>8,088</td>
<td>7,808</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>1,925</td>
<td>(796)</td>
<td>(300)</td>
<td>23</td>
</tr>
</tbody>
</table>

Revenue

Revenue forecasts have increased significantly from Budget 2018 projections, largely as a result of the new and guaranteed revenue stream that our government secured through Atlantic Accord negotiations.

Through the Atlantic Accord agreement we receive fixed cash installments from 2019 until 2056, and these funds are “front-end loaded,” with approximately 60 per cent received by 2030. In 2019, we will receive $134.9 million from the first installment.

In 2019-20, revenue is expected to reach $10.3 billion. Even excluding the Atlantic Accord, revenues are projected to continue trending upward between now and 2022-23.

Our current estimate of the impact of the shutdown of the Searose FPSO is a deferral of $82 million for fiscal year 2018-19.

Mr. Speaker, in 2016, our government had no choice but to make difficult decisions.

None of us wanted to do this but it was necessary to address the financial crisis that Newfoundland and Labrador was facing.

We have already eliminated the Temporary Gas Tax. This year, marks the end of the Temporary
Deficit Reduction Levy.

Mr. Speaker, with Budget 2019 consumers can rest easy – there are no tax or fee increases.

Last year, we began to gradually decrease the tax on automobile insurance.

We continue to stand-by our commitment of rolling back taxes and fees when we’re able to do it.

This year, we are eliminating the tax on automobile insurance in its entirety.

**Price Assumptions**

While the average price of oil in 2018-19 moved above 2017-18 numbers, oil prices showed continued volatility. Recognizing this, forecasts are carefully considered, and are based on the forecasting models of 11 industry analysts.

In Budget 2019, we are forecasting oil at US$65 per barrel for 2019-20, and the Canada to US exchange rate to be 76.5 cents.

**OIL PRICE FORECAST**
Expenses

EXPENDITURE GROWTH AND CONTROL

This past year, we started the process of paying out severance to public service employees, which will eliminate a long-term liability from our books and save taxpayers over $25 million annually once fully implemented. To date, $253.5 million has been paid out.

Of the total paid out to nearly 23,000 public service employees, $78.5 million was contributed to RRSPs and $175 million was paid out in cash, which is benefiting the overall economy and small businesses.

PROJECTED 2018-19 TO BUDGET 2019-20

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018-19</th>
<th>Budget 2019-20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>(522)</td>
<td>1,925</td>
<td>2,447</td>
</tr>
</tbody>
</table>
Borrowing

In Budget 2018 we forecasted gross borrowing of $1.45 billion, however our actual borrowing in 2018-19 was $1.425 billion.

For Budget 2019, borrowing will be $1.20 billion, which is lower than Budget 2018 projections due to increased cash flow from the Atlantic Accord.

BORROWING AND NET DEBT FORECAST ($B)

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Borrowing</td>
<td>1.20</td>
<td>1.20</td>
<td>0.70</td>
<td>1.70</td>
<td>4.8</td>
</tr>
<tr>
<td>Net New Borrowing</td>
<td>1.16</td>
<td>0.43</td>
<td>0.35</td>
<td>0.14</td>
<td>2.1</td>
</tr>
</tbody>
</table>

- Borrowing over this period is down $400 million when compared to Budget 2018 due to Atlantic Accord cash proceeds
- Net Debt 2019/20 is $13.8 billion

Our Horizon

Mr. Speaker, Newfoundland and Labrador’s future is bright. As a province, there is incredible potential and opportunities for future generations.

As outlined in The Way Forward, our government is focused on leveraging the strengths of such high-growth industries as agriculture, aerospace, mining, aquaculture, and ocean technology.

Our collaborative approach to advancing sector work plans has created the conditions for accelerated business development and job growth.

I would like to thank the many industry, labour, academia and community stakeholders who have come to the table with open minds and a vision to work collectively to identify actions to achieve ambitious goals.
By working collectively, we are better positioning Newfoundland and Labrador as a leader nationally and globally. We are positioning the province for success.

And, we are backing up that support with more than $100 million in industry development, which will help create new jobs.

Building on the progress that has been made in these sectors, we engaged McKinsey, which is a globally-recognized firm to help identify additional opportunities and to expand on our track-record for business development, creating new jobs, and contributing to community development.

As acknowledged by McKinsey, a key ingredient in realizing these goals is for government, business, and educational institutions to work collectively to ensure that the right skills-mix is available. We need to align the needs of businesses with workforce qualifications.

**Aquaculture**

Mr. Speaker, the aquaculture sector is on pace to exceed the goal identified in The Way Forward plan to double the size of the industry.

Mowi (formerly Marine Harvest) Canada East and Grieg Aquaculture have made major investments that will expand the local industry, increasing local employment and creating opportunities for the development of the local supply chain and associated technology companies.

In particular, as identified in the report from McKinsey there are several attractive opportunities for an emerging supply and services sector including equipment, eggs and smolt, harvesting, secondary processing, waste management and feed.

As the industry grows, we will take advantage of the economies of scale and the opportunity to further diversify the industry in new directions with business development and new jobs.

In Budget 2019, a new 18-week Aquaculture Training Program will begin to be piloted this fall at the Burin Campus.

This new program, supported by an investment of more than $236,000, will address skill shortages in the sector by targeting both the basic skills needed to obtain and maintain employment as well
as the technical skills required for employment in aquaculture operations, in partnership with the Marine Institute and in consultation with industry.

Ocean Industries

Mr. Speaker, another area identified by McKinsey are the considerable opportunities attached to the global ocean economy, which is anticipated to double in size by 2030. It is an industry that requires a new wave of innovation, science and technology.

Whether it is remote monitoring, unmanned underwater vehicles, simulation, or subsea imaging technologies, Newfoundland and Labrador is a leader in this industry with proven results in developing offshore resources safely and responsibly.

Mr. Speaker, Newfoundland and Labrador represents approximately 50 per cent of Canada’s ocean economy. The newly-created Atlantic Ocean Supercluster will build off this collective activity and help grow the ocean economy into one of the most significant and valuable segments of Canada’s economy. It will help open-up new opportunities for businesses to compete globally and help create new jobs for young, innovative Newfoundlanders and Labradorians.

Our government will be a partner of the supercluster and enhance the province’s innovation infrastructure to encourage entrepreneurship.

We have been working with industry, as well as Memorial University’s Marine Institute – which is one of the top maritime universities in the world – to identify infrastructure needs, expand innovation service providers to offer dedicated support to businesses in the ocean technology sector.

In Budget 2019, $2.5 million is being contributed towards the construction of a new 36,000 square foot facility at the Marine Institute’s Holyrood Marine Base.

The Marine Institute’s Holyrood Marine Base is an integral part of the innovation ecosystem in Newfoundland and Labrador.

In addition to supporting education and research, the new facility will accelerate the growth of
ocean technology firms through the provision of space and latest technologies to test products.

As recommended by McKinsey, this year we will invest $250,000 to launch an ocean technology competition, focused on developing solutions that solve Newfoundland and Labrador’s unique challenges.

Oil and Gas

Through Advance 2030, our government is working with industry to position Newfoundland and Labrador globally as a preferred location for oil and gas development.

Our government has worked hard to support geo-science and seismic work to reduce the risk and increase the attractiveness for the global industry to carry out exploration.

With four producing oil and gas fields, current exploration work commitments totaling $4.3 billion, more than 650 leads and prospects and an ongoing seismic program with more than 20 basins mapped, our ocean industries are poised for growth.

They are big numbers.

Consider this....for every $100 million spent in offshore exploration, 307 person years of employment are created and close to $50 million in economic activity is generated.

With a targeted focus by government, by 2030 there will be:

- shorter times from discovery to production;
- a more robust service and supply service;
- commercial gas production will be started; and,
- Newfoundland and Labrador will be home to a world-class energy cluster.

We also anticipate 100 new exploration wells being drilled and that our offshore will be producing over 650,000 barrels of oil equivalent per day and direct employment totaling more than 7,500 people.
Consider the enormous potential if one in five or one in six of these results in a profitable projection – the jobs and new revenue that will be created for the province.

It is a sector that is still in its relative infancy and is primed to grow by leaps and bounds.

To support our goals and build an industry in an environmentally-sustainable manner, the Provincial Government is transitioning the oil and gas subsidiary of Nalcor into a stand-alone Crown corporation. It will bring a dedicated focus to this important work.

In Budget 2019, we have $9 million available for investment in the Innovation and Business Development Fund which will assist in supporting enhancing supply and service capabilities, business development and infrastructure. It will help achieve the goals of Advance 2030.

Furthermore, our partnership with Equinor marks an exciting first step into a new frontier for the province’s oil and gas industry – deepwater production in Bay du Nord.

Through our negotiation with Equinor, we secured $75 million to establish a deepwater centre of excellence. This will help drive research and development, greater subsea technology, digitalization and related areas of ocean innovation.

Given the remote offshore operating environment for oil producers our offshore, digital innovations could substantially benefit the local industry and accelerate the pace of innovation already underway.

This is why we are investing $3 million this year to create a Digital Ocean Innovation Centre of Excellence for this valuable work to occur. The centre will enhance the province’s digital capabilities in emerging technology sectors, as well as support the goals of Advance 2030 and the Ocean Supercluster.

In Budget 2019, we are also contributing a further $2.5 million to support a Subsea Centre of Excellence for training, research, and product testing.

The future is bright for this industry.
Mr. Speaker, we have learned from the mistakes of previous governments who became too reliant on oil and gas.

We will grow this promising industry, while taking important steps to diversify the economy and create jobs, which protects ourselves from the volatility of commodity prices.

Mining

Great potential exists for us to further grow the mining industry in Newfoundland and Labrador in areas such as Western Labrador’s ore developments, in Central Newfoundland’s gold opportunities, and in southern Labrador’s rare earth elements. The electrification of vehicles will provide significant upside for metals like nickel and cobalt while China’s increasing demand for higher quality iron ore to reduce environmental impacts is resulting in premiums for our ore.

This potential has been magnified in response to the recent re-opening of the Beaver Brook Antimony Mine in central Newfoundland and the 100 new jobs that will be created and the start of mining of fluorspar in St. Lawrence which employs more than 250 people.

Additionally, mineral shipments projections for this year are 38 per cent higher than 2018. It is also an industry that is forecasted to employ 5,100 people directly in operations, as well as an additional 1,200 from mining construction, bringing the total employment forecast for 2019 to 6,300 – an 11 per cent increase from 2018.

To sustain this progress, $4.6 million is available for investment in Geological Survey; And, $1.7 million through the Mineral Incentive Program, which includes $100,000 for the Junior Exploration Assistance Program to encourage mineral exploration.

McKinsey identified a need for greater science in geo-science exploration. This year, we are adding $250,000 to expand the Geo-Science Exploration Program.

As reflected by the benefits of seismic activity in the offshore, with greater geosciences capacity comes greater exploration and greater investment.

This year, we are also investing more than $858,000 to pilot a new Geological Technician Certificate Program at the College of the North Atlantic’s Grand Falls-Windsor campus and is
scheduled to begin this fall.

This builds on McKinsey's recommendation to strengthen the connection between industry and courses provided through our post-secondary institutions.

The College of the North Atlantic and Memorial University are also leading a hyperspectral imaging project that digitizes provincial core samples to produce new advanced data that will be publically available in support of the mining sector.

We are pleased to contribute $1.5 million to this project, which marks an important step in achieving a goal of Mining the Future 2030 to double annual exploration to $100 million dollars per year.

Aerospace

Mr. Speaker, McKinsey has identified the huge opportunity for new jobs and new investment in the maintenance, repair and overhaul in the airline industry.

When I initially read the recommendation, I thought it was a bit of a pipe dream.

It will surprise many but this work is already taking place here as Provincial Aerospace has existing contracts with airlines for repairs and maintenance to smaller aircrafts at their Torbay hangar, and EVAS has similar contracts in Gander.

Leveraging these strengths, there is exciting potential to expand our global reach and support the creation of hundreds of high-paying jobs on larger aircrafts.

With such capacity already here, it is very clear that this is no pipe dream. It is a very real opportunity.

Globally, the aircraft maintenance, repair and overhaul sector has steadily grown to US$133 billion market, which is led by the growth in the commercial aircraft segment and growing global fleets and a move by airlines to outsource more labour-intensive checks.
It is anticipated that globally there will be labour shortages, which we believe creates a unique opportunity for Newfoundland and Labrador given our central location and existing capacity.

I recently had the good fortune of joining the Ministers of Tourism, Culture, Industry and Innovation and Advanced Education, Skills and Labour to announce a key step to explore opportunities for additional growth potential for this industry through a $200,000 investment.

Expanding on McKinsey’s recommendations of better collaboration between government, industry and post-secondary institutions, we are capitalizing on growing opportunities, including establishing a non-destructive testing training program at the College of the North Atlantic campus in Gander.

The Department of Advanced Education, Skills and Labour, is adding a trade designation for the Air Maintenance Engineer Program at the College of the North Atlantic campus in Gander. We will be the second province in Canada to make this designation.

We are also working with the college and Federal Government on further plans to upgrade and modernize the College of the North Atlantic’s Gander campus aerospace programming.

Combined, upgrades to the Gander campus and the non-destructive training program will be supported by the Provincial Government and College of the North Atlantic investing more than $1 million.

We look forward to working with such companies as EVAS Air and Provincial Aerospace to identify further opportunities that take full advantage of the growing market maintenance, repair and overhaul industry.

McKinsey has also identified the need to establish aerospace training programs in St. John’s, as part of the review to explore additional growth potential for this industry. This will be investigated.

**Investment Attraction**

We have done good work in attracting new investment to our province that is spurring economic activity and creating jobs.
Through McKinsey’s analysis it was identified that greater investment attraction efforts can spur the growth of individual sectors such as supply and services in the aquaculture industry by injecting capital that might not be available for new projects.

To support a new approach to investment attraction, we are allocating $500,000 to build on existing resources. Funding will facilitate proactive and industry-specific investment attraction activity engaged to target prospective clients.

Our new investment attraction approach will pursue opportunities through the execution of strategic and proactive investment attraction activity to achieve economic development objectives in priority sectors.

Aligned with the need for greater investment attraction, we need to be able to improve the ability for small businesses to access the capital they need to launch their operations.

To help fill this gap, we are partnering with credit unions in Newfoundland and Labrador to develop a pilot initiative for a small business loan guarantee program. The partnership would see government provide guarantees, to a certain amount, for term loans, working capital, and lines of credit issued by credit unions to grow and expand businesses.

This pilot initiative is a great opportunity to focus extra supports on specific sectors.

**Rural Cellular Project**

Mr. Speaker, there are areas in our province that are challenged to attract service providers to invest in cellular infrastructure given smaller populations or their remoteness.

Investment in cell service infrastructure has many benefits including better business communications and connectivity in local and export markets; supports tourism development strategies to increase visitation and enhance visitor experiences; and improves essential health, public safety and security communication requirements.

This past year, we introduced a new Cellular Service Pilot Project that proved to be successful with the total impacted population reaching more than 12,000 people.
Building on this success, the Minister of Tourism, Culture, Industry and Innovation will be extending the pilot initiative in 2019-20 to reach additional areas of the province.

Community Sector

In Newfoundland and Labrador, community sector organizations are woven into every facet of daily life. Every day, we all benefit from their work.

Today, our government is releasing The Way Forward with Community: A Sector Work Plan to Advance the Social and Economic Contribution of Community Organizations.

This work plan can truly be called a community sector work plan because it was developed in close collaboration with community sector partners, led by the Community Sector Council Newfoundland and Labrador. This is the sixth work plan to be released by our Cabinet Committee on Jobs.

Together, we will pursue opportunities that strengthen the economic contributions of the community sector and remove barriers that prevent the community sector from reaching its full potential. Our collaborative actions will foster the conditions necessary for vibrant community organizations that contribute to the economic and social fabric of Newfoundland and Labrador.

This joint work plan involves researching the direct and indirect employment impacts of the community sector to the provincial economy. The community sector supplies 16,000 jobs to the provincial economy. Through this collaborative 31-point work plan we will take actions to help the sector achieve its full potential. Realizing this potential includes reaching the following growth targets by 2024:

- Increasing the number of people employed in the community sector; and
- Creating high-profile partnerships between the community, public and/or private sectors.

Together, we will undertake important work, including:

- Examining funding policies to identify opportunities for enhancing the financial sustainability of community organizations;
Evaluating the Provincial Government’s current multi-year funding arrangements, reflecting input from current recipients and engagement with the broader community sector, to inform a transparent process in further expansion of multi-year funding; and,

Hosting a summit later this year to discuss issues of importance, and facilitate networking and professional development.

Mr. Speaker, I am very pleased to announce an investment of $2.5 million to support professional development, collaboration and partnerships for community sector organizations throughout our province as part of the launch of our joint work plan – The Way Forward with Community.

Greener Communities

Mr. Speaker, I believe that Budget 2019 is a plan that balances our fiscal priorities with the need to be a partner in economic success, with the need to support families and contribute to greener communities.

Our government is committed to the support and development of a clean economy and climate resilient infrastructure. We are working on initiatives to support an environmentally- and economically-sustainable future.

Our five-year Climate Change Action Plan is designed to help reduce greenhouse gas emissions, stimulate clean innovation and growth, and build resilience to the impacts of climate change.

Budget 2019 commits $15.1 million in provincial funds to leverage federal funding through the Low Carbon Economy Leadership Fund.

In March, the Premier and Minister of Municipal Affairs and Environment announced a series of programs that will be supported by this fund, including the Home Energy Saving Program, the Energy Efficiency in Oil Heated Homes Program, the Climate Change Challenge Program, the Freight Transportation Fuel Efficiency Program, and the Fuel Switching and Energy Efficiency in Public Buildings Program.

This year $346,800 is committed to support the review of the Provincial Solid Waste Management Strategy. We are committed to ensuring the protection of the environment. Through a review of
the system, we will ensure the strategy successfully addresses a broad scope of waste management issues and is both modern and efficient.

In Budget 2019, the Department of Municipal Affairs and Environment, in partnership with Newfoundland and Labrador Hydro, will introduce a one-year Heat Pump Rebate Program to assist homeowners in increasing the energy efficiency of their homes. The program budget will be $1 million, and homeowners can receive a grant of $1,000 towards the purchase and installation of an eligible heat pump.

Mr. Speaker, it is well-known that transportation is a large contributor to Greenhouse Gas emissions and through The Way Forward on Climate Change we have made it a priority to increase electric vehicle usage. Renewable electricity from Muskrat Falls presents new opportunities to reduce emissions through vehicle electrification.

Through an investment of $2 million in Budget 2019, the Department of Municipal Affairs and Environment, in collaboration with Newfoundland and Labrador Hydro, will pursue funding opportunities with the Federal Government to enhance the electric vehicle charging station network. This will include accepting applications from the private and not-for-profit sectors to establish charging stations across the province.

New Health Initiatives

Mr. Speaker, this year, the Minister of Health and Community Services will be launching a new program that will provide children starting kindergarten with access to a free, comprehensive eye exam from an optometrist.

Our government will contribute $250,000 in coverage for children by supporting the Newfoundland and Labrador Association of Optometrists to deliver the Eye See Eye Learn Program.

This initiative will allow children to overcome potential barriers to eye exams and contribute to a more positive learning experience, as well as an overall improvement to their quality of life.

Mr. Speaker, the introduction of regulated midwifery services in the province will bring significant value to the health care system and expectant mothers.
In Budget 2019, we have allocated $370,000 to establish the first location in Gander with a team of three full-time registered midwives. The first midwife will be on the ground this spring.

Discussion is ongoing with regional health authorities and the future expansion of midwifery services.

Our government will increase services and supports for people across the autism spectrum and their families.

This year, we have allocated $2.5 million, growing to $5 million in following years to implement an Autism Action Plan. This plan will take a whole of government approach in the provision of services to people with autism and their families.

This year, our government will be expanding the Insulin Pump Program.

While we continue to work with Eastern Health to complete a review of the program, we are immediately lifting the age cap for those currently enrolled.

This means individuals currently relying on the program are not at risk of losing their current coverage or having to take on a new financial burden.

This year, 15 new drug therapies will be added to the Newfoundland and Labrador Prescription Drug Program. Eight of those will be for oncology.

**Income Support Clawback**

Mr. Speaker, we have long heard stories of the unfairness of clawing back children's benefits from families on Income Support.

This year, we are making the changes necessary to put a stop to the unfair practice that disadvantaged some of our most vulnerable children and families.

Mr. Speaker, I am pleased to announce that we will amend the Income and Employment Support Regulations to exempt payments from child support of the Canada Pension Plan Disabled
Contributor’s Benefit, and Canada Pension Plan Surviving Child Benefit for the purposes of determining eligibility for Income Support.

Further amendments will be made to ensure that child maintenance payments will not be clawed back from Income Support.

**Parental Benefits**

Mr. Speaker, through Budget 2019, I am incredibly proud to confirm that our government is extending maternity, adoption and parental leave and select benefits from the current 52 weeks to 78 weeks for public service employees.

Employees who choose to take extended leave for these reasons will continue to accrue service toward salary step progression and their service will be recognized.

Employees will continue to have the option to purchase pensionable service and government will match their contributions. They will also continue group insurance coverage during their leave provided they maintain their premium payments.

With these moves, we are fully recognizing the challenges often faced by employees with young families, and are providing parents with an option that may best suit their family needs.

We also recognize that although social norms are changing, it is predominantly women who take such leave, and our government is committed to ensuring proper supports so that women have equal opportunity in the provincial workforce.

**Justice System**

Our government has been working hard to improve access to justice for all Newfoundlanders and Labradorians and to make sure it is inclusive and works for everyone. Central to this has been the spirit of cooperation among stakeholders to break down barriers.

The needs of inmates have become increasingly complex due to mental health concerns, addictions
issues, and a variety of other factors. We are long overdue for a new correctional facility in this province and the days of endless reports and inquiries into corrections are over.

Our government is pleased to allocate $600,000 to advance construction of a new adult correctional facility in St. John’s. This is the first step towards replacing an antiquated facility that no longer meets the needs of those incarcerated. It will ensure the safety of employees and correctional officers - providing them with a modern working environment.

We are also allocating $1 million to expand the Labrador Correctional Centre in Happy Valley-Goose Bay, which will increase capacity and the potential to allow for women to be housed at the facility, closer to children and family members.

As outlined by the Minister of Justice and Public Safety last month, Budget 2019 includes $354,000 for bail supervision and electronic monitoring programs to help lower levels of recidivism and improve safety for women.

Through the work of the Justice Minister’s Committee on Violence Against Women and Girls, electronic monitoring was discussed as a way to protect those exiting violent relationships. Enhancing supervision of offenders convicted of domestic related crimes would increase victim and public safety as well as keep offenders accountable to no-contact conditions.

Arts & Culture

The Way Forward commits to revitalizing the approach to supporting culture.

Newfoundland and Labrador’s cultural sector is a significant part of our communities and provincial economy.

I am pleased to announce that we are releasing the Cultural Action Plan, which highlights our continued support for arts and heritage. It also reflects our commitment to working closely with stakeholders to address the challenges and opportunities facing the cultural sector.

Over the next five years, government will continue its core support to the protection, development, promotion, and celebration of Newfoundland and Labrador’s vibrant culture.
This will include such things as:

- Support for non-profit cultural facilities and organizations through funding programs and advisory expertise;
- Funding support for community cultural activities and events;
- Funding support for Indigenous cultural heritage; and,
- Continuation of the Art Procurement Program.

Through this plan, there is a $1 million increase to the ArtsNL grant program in support of artists, bringing the total Provincial Government investment to over $2.9 million.

**Seniors, Children and Inclusive Communities**

Our government appreciates the impact of the rising cost of living on citizens that may be on lower or fixed incomes.

Mr. Speaker, our government’s Newfoundland and Labrador Income Supplement supports low income seniors, individuals, families, and persons with disabilities.

Through the Income Supplement, qualifying families would be eligible to receive upwards of $650 per year, with an additional $200 for each child.

Through the Newfoundland and Labrador Seniors’ Benefit, we provide up to $1,313 annually to adults aged 65 and older – approximately, 70 per cent of single beneficiaries are women.

The total investment this year is $123 million.
Our government, led by the Premier, has taken great steps to support seniors.

One of the more notable accomplishments was the creation of the Seniors Advocate. We have also worked closely with Seniors NL and other 50+ organizations throughout province.

These organizations play an important role, and this year we are allocating an additional $270,000 for our 50+ clubs. These seniors' organizations will be eligible for up to $2000 from our new seniors' social inclusion initiative. This initiative will support participation in community events, healthy aging, and mental health and well-being activities.

Currently, our seniors enjoy a discount when they register their vehicles.

Mr. Speaker, understanding that many seniors find themselves on fixed incomes we are increasing that discount.

Today, I am pleased to announce that when seniors renew their vehicle at the counter, the price will fall below $100. For seniors that renew online, the fee is now less than $90.

This year we are also introducing a discount for our veterans who served our country so bravely.

We are applying a 10 per cent discount on vehicle registration for veterans that have a veteran plate. This is a sign of respect of our veterans.

To help ensure seniors and older adults remain healthy, active, and engaged citizens, Budget 2019 is allocating $95,000 for the Age-Friendly Newfoundland and Labrador Community Grant Program. Through this program we are working with communities to plan for our province's aging population.

We have seen the benefits of accessible, affordable transportation in the Bay St. George Area, Twillingate and Clarenville and how it translates into older adults and seniors being independent and active in their communities.
Recognizing this importance, in Budget 2019 we are investing $300,000 for the Newfoundland and Labrador Community Transportation Program. This will further support our goal of supporting age-friendly, accessible and inclusive transportation projects.

**Supporting Children and Families**

There is perhaps no greater priority than the health and well-being of a child.

The Government of Newfoundland Labrador is committed to supporting youth in need of protection with an investment of $1.5 million to support legislative enhancements in the new Children, Youth and Families Act, which will be proclaimed in spring 2019.

The new act supports youth in need of protection by increasing the scope of the duty to report to include youth aged 16 and 17, as well as removing restrictions so that all youth in receipt of services can continue to do so up to age 21. Funding will be provided to hire additional social workers to support this expanded scope and to assist with the additional program costs to the Youth Services Program.

Mr. Speaker, unfortunately, there are times that a child may not be safe in the care of their parents.

To support adoption permanency planning, $233,100 has been allocated to further advance the development of profiles for children waiting to be adopted and the completion of the matching and approval process. It is paramount that children who are eligible for adoption are matched with loving and supportive families in a timely manner.

Budget 2019 also supports a number of initiatives outlined in The Way Forward to help support vulnerable families and children, such as the Triple P parenting program for families with children in care. In doing this we hope to support families in a holistic way to help prevent children from coming in need of protection and entering into the care system.

Mr. Speaker, we believe that safe, stable and affordable housing is fundamental to the social and economic well-being of individuals, families and our communities. Our government is working closely with our community partners to help improve access to affordable housing and make it easier for first-time home buyers to enter the market.
In 2018-19, approximately 1,150 public housing units were modernized or renovated and this year we are allocating $10.2 million to ensure safe and quality homes are available for tenants. To modernize and renovate public housing, $3.1 million has been allocated, which will help ensure we continue to provide affordable housing.

The Home Energy Savings Program will provide $4.4 million to assist low-income homeowners to help reduce energy costs. This year’s expanded program will assist homeowners using alternate heating sources such as oil, propane, diesel or wood biomass; in addition to those using electrical heat.

Our $7.39 million investment in the Supportive Living Program and the Provincial Homelessness Fund will allow us to support community agencies in places like Stephenville, Labrador West and Carbonar who are working directly with individuals experiencing or at risk of experiencing homelessness.

Government will also maintain its support for the Housing Hub emergency shelter in Happy Valley-Goose Bay and provide $500,000 in operational funding during 2019-20, enabling the Hub to continue offering shelter to those who are homeless.

Whether it is the Nain Transition House, Kirkina House in Rigolet or Grace Sparkes House in Marystown, there is incredibly important and valuable work being undertaken in transition houses and emergency shelters in our province. In this year’s budget, our government continues to support their work with $11.8 million in funding and an additional $500,000 will be allocated to assist Iris Kirby House.

**Education, Skills and Childhood Development**

**Childhood Development**

Mr. Speaker, our government is making transformative changes to early childhood development and the education system.

More affordable and accessible child care is important for families and the province as a whole. It
helps build our communities; and, it encourages parents – in particular women and single parents – to return to the workplace.

Mr. Speaker, in a report released by the Canadian Centre for Policy Alternatives that surveyed 28 major Canadian cities, it was noted that uptake on the Operating Grant Program in St. John's has resulted in a drop in child care fees. St. John's is the only city, of the 28 surveyed, that has shown an overall drop in fees since their first report in 2014.

Building on the additional 1,000 affordable child care spaces created since last year, Budget 2019 allocates approximately $60 million for early childhood development, which includes $7.4 million through an agreement with the Federal Government.

These investments will:

- Provide $17 million for the Child Care Services Subsidy Program to reduce costs for individual families
- Provide $11 million to continue the Operating Grant Program which improves accessibility of child care for low and middle income families; and,
- Provide an income enhancement to qualified Early Childhood Educators working in regulated child care services to help improve the quality of child care services.

K-12

In July 2018, we released the Education Action Plan to guide actions to improve the K-12 system. In less than one year, close to 40 per cent of the actions have been completed or substantially underway, reflecting the weight we have placed on readying the province's youth for the future.

Budget 2019 allocates $13 million, an increase of $6 million from last year, to continue implementation of the plan and support better outcomes for students. Through the plan, we are implementing over 80 actions to ensure students have access to the supports they need and hiring 350 teacher resources over a three year period.
This includes:

- Additional reading specialists, teacher librarians, and teaching learning assistants in K-12 education;
- Learning resources for teachers to support reading in the primary and elementary grades and for school libraries to support literacy development; and,
- A mathematics bursary program to support teachers wishing to enhance their qualifications in mathematics.

Recognizing the important contribution of Student Assistants to the K-12 school system, the budget for Student Assistant hours will be increased by $300,000 over last year.

The increase in funding will help improve a school’s ability to meet the needs and support the inclusion of all students with exceptionalities.

Social and emotional skills are necessary for positive mental health by achieving and maintaining personal well-being and positive relationships to succeed in the school environment and all aspects of life.

Through the Minister of Education and Early Childhood Development, as part of the Responsive Teaching and Learning Initiative, currently being phased-in across the province, Budget 2019 provides an additional $350,000 for Social and Emotional Learning curriculum into the school system.

**Post-secondary Education**

In Newfoundland and Labrador, we are fortunate to have internationally-recognized post-secondary institutions that are attracting students from countries that span the globe.

Year-in and year-out, Memorial University and College of the North Atlantic graduate young women and men who go on to be community, business and industry leaders. Many are on the front lines of developing cutting-edge technologies and business practices that are helping strengthen our provincial economy.
Our commitment to supporting accessible and affordable post-secondary education is reflected by our investment in Memorial University, which is the highest public investment as a percentage of a university’s general operating revenues in Canada.

This year, we are also investing:

- $87 million to fund College of the North Atlantic and its 17 campuses; and
- $78.2 million to maintain tuition levels for Newfoundland and Labrador students, including an additional $4 million to Memorial University and $1.1 million to College of the North Atlantic.

To support a new three-year Respiratory Therapy Program at College of the North Atlantic this fall, we are investing more than $1.6 million over four years.

Our government is working with the Federal Government, as well as leadership at Memorial and the College to improve infrastructure that supports greater learning, new discoveries, and entrepreneurship.

Budget 2019 allocates $12.2 million to the province’s public post-secondary institutions for infrastructure projects. This includes $1.8 million to complete the $18.5 million Heavy Equipment Centre of Excellence in Stephenville.

**Skill Development/Workforce Development**

Mr. Speaker, we are strengthening the province’s workforce to ensure it is positioned to take advantage of current and future opportunities.

Budget 2019 provides funding for programs and services to maintain the province’s skilled workforce and prepare for careers in these industries. These include:

- Approximately $13 million committed for employment and training programs;
- $6.1 million will support youth in employment and career related activities;
- Approximately $700,000 is allocated to build capacity and provide more flexible training in the province’s apprenticeship system by increasing offerings in an online format;
> And, $161 million is available for investment through the Labour Market Transfer Agreement, which will help people prepare for, find, and maintain employment.

Mr. Speaker, the base funding for programs supported by the Labour Market Development Agreement is increasing by more than $3 million.

Additional funding under the Labour Market Development Agreement will be used to fund initiatives under the Labour Market Partnership program to support government priorities such as the pilot new training approaches at College of the North Atlantic and support the Community Sector Action Plan.

Mr. Speaker, last year we launched the Student Mentorship Program – it is a program that provides up to 140 students with valuable on-the-job experiences. This year, we are allocating $339,000 to expand the program to include summer career development opportunities in the agriculture, aquaculture, technology, forestry, mining, community, and oil and gas sectors.

Through the Youth and Student Services Program, there is more than $6.1 million available for investment. This money will be used for such things as contributing to organizations that assist youth through a variety of services ranging from career fairs to youth employment initiatives focusing on career development and education.

Through our Workforce Development Agreement with the Federal Government, we will invest more than $13.2 million in 2019-20 to support skills development, provide apprenticeship wage subsidies, and assist people with disabilities find and prepare for employment.

As identified by McKinsey, it is important to take steps to improve workforce readiness to meet future labour market needs. Collectively, we know that workforce readiness can’t be isolated to a moment in time but we need to be working closely with industry to prepare people for new jobs.

In addition to the ongoing post-secondary review, we are allocating $2 million over four years to develop The Way Forward on Workforce Development.

This comprehensive human resource plan will include dedicated staffing resources who will work with the K-12 school system to provide relevant career-development supports. Specifically, this will include the provision of sector specific labour market information products for inclusion in the new career education curricula.
Immigration

We have been aggressively implementing the actions outlined in our Immigration Action Plan, which was also identified as being important in growing the provincial economy by McKinsey.

Mr. Speaker, in fact, we have reached almost 90 percent of our target of 1,700 newcomers annually by 2022 after less than two years into our plan’s implementation. Based on preliminary numbers for 2018, 1,525 permanent residents made Newfoundland and Labrador their new home.

Building on the success we have achieved to date, the Minister of Advanced Education, Skills and Labour recently announced the next wave of initiatives under the Immigration Action Plan.

To support the new initiatives and ongoing work, Budget 2019 allocates $2.4 million in provincial funding and $1.85 million in federal funding to support the implementation of the 2019-20 year three Immigration Action Plan initiatives.

Budget 2019 also includes a commitment of $150,000 to support newcomer women, through the introduction of an empowerment-focused employment and self-employment initiative.

Health and Healthy Living

Mental Health and Addictions

By working cooperatively with our colleagues in Ottawa, we secured $28.8 million for mental health and addictions. This investment is being put to great use and has supported a 68 percent reduction in the number of people waiting on counselling services. For example, we have eliminated wait lists in Happy Valley-Goose and on the Burin Peninsula.

Mr. Speaker, we are removing barriers to treatment, making it easier to access supports, changing how services are delivered, and working towards eliminating the stigma of mental illness.

Budget 2019 includes $914,000 to launch mobile crisis intervention teams on the west coast this spring and in central Newfoundland by the end of 2019. Mobile crisis intervention teams are
already in place in Labrador City and St. John's.

Working closely with our community partners and the regional health authorities, we are making sure people get appropriate treatment when and where they need it.

We know that work-related mental health conditions, such as PTSD, are impacting workplaces across Canada. That is why, as of July 1, 2019, a worker who experiences a traumatic event or multiple events at work will be presumed to have developed their diagnosed PTSD as a result of their work – making it easier to apply for benefits.

This progressive legislation simplifies the claim process and allows the workers' compensation system to help injured workers receive the assistance they need earlier. This will lead to better outcomes in improving the worker's overall health and well-being as well as options for returning to work when appropriate.

**Home and Community Care**

Our government is unwavering in our commitment that older adults and seniors are healthy, active, and able to live in their own homes and communities for as long as possible.

We have leveraged $43.25 million from the Federal Government to enhance home and community care services.

We have introduced a new and improved financial assessment process for long-term care and community support services that is easier, person-centred, client-friendly, open and transparent.

We have adopted a Home First philosophy.

Diverse teams of health professionals work together to provide timely access to home support, rehabilitation, nursing and social work services at home.

A $1.7 million investment in the Home Dementia Program supports individuals living with moderate or advanced dementia and their caregivers to receive support at home from a physician or nurse practitioner through remote monitoring technology.
Primary Health Care

Mr. Speaker, teamwork and community partnership are widely seen as being the future of a modern health care system.

Through Budget 2019, we will build on the creation of primary health care teams in Grand Bank and Bonavista to advance similar teams in Botwood, Gander, Bell Island, Sheshatshiu, and on the Connaigre Peninsula. Moving forward, we will help set up teams in Conception Bay North, St. Anthony and Deer Lake/White Bay.

Healthy Living

Through The Way Forward, we are working with our community partners to increase physical activity and healthier communities.

Budget 2019 sustains our $200,000 commitment in the Carrot Rewards program, which is a motivational online tool to encourage greater physical activity levels.

$1.8 million will be used to support a comprehensive approach to prevent and reduce tobacco and vaping use.

This approach includes public education, legislation, enforcement, cessation supports, and community-based initiatives through the Alliance for the Control of Tobacco.

We are also continuing to provide our annual investment of $220,000 to the Newfoundland and Labrador Lung Association Smokers' Helpline.

The Helpline provides free, confidential, one-on-one support by trained counselors through telephone, online and text messaging to individuals throughout the province. Through partnership with Health Canada, an additional $100,000 is provided by the Federal Government to support Newfoundland and Labrador’s smoker’s helpline services.
Safe and Sustainable Communities

Municipal Infrastructure

Through The Way Forward, our actions are helping communities better deliver municipal services, protect the environment, and encourage economic activity.

The good work that has been undertaken has resulted in more than 630 municipal infrastructure projects totaling more than a quarter of a billion dollars. These have been advanced by our ability to partner and work cooperatively with our municipal and federal counterparts.

Under our three-year municipal infrastructure program, we are investing in new infrastructure, providing better access to clean drinking water, protecting our environment, and advancing regional collaboration.

Projects like the upgrades to the Drake Wastewater Treatment Plant in Labrador City and construction of a new town hall in L'Anse au Clair will provide meaningful improvements to how municipalities deliver services to residents.

With the goal of sustaining these positive community-oriented initiatives, this year we are allocating $10 million in the Municipal Capital Works Program.

We have improved cost-share ratios so that communities are better able to initiate projects that improve transportation networks and provide places for residents to gather and work together.

Building on this progress, the Premier’s ability to secure $555.9 million in federal funding last fall under the Investing in Canada Plan will result in over $1.3 billion in investments in public transit, green infrastructure, culture and recreation, rural and northern communities.

Budget 2019 commits $42 in provincial funds for projects under the Investing in Canada Plan; And, a combined investment of $91 million in the Municipal Operating Grant Program, the gas tax program, Special Assistance Grants, and the Community Employment Enhancement Program.

In Budget 2019, we have allocated more than $1.85 million for the Newfoundland and Labrador – Disaster Financial Assistance program. This amount builds on over $12 million provided last year.

In 2019 we will continue to work on flood risk mapping on the Humber, Exploits, and Lower Churchill Rivers with an investment of $980,000 to help assist government, communities, and emergency management partners to better anticipate – and respond to – possible flooding events.
Supporting First Responders

Mr. Speaker, as reflected by the investments that we have made in new fire fighting vehicles in Burgeo, Heart’s Content, Leading Tickles, St. Lunaire-Griquet, and South Brook, it is important to our government that firefighters have access to the necessary equipment to protect families and communities.

In 2019, we are making our Fire Protection Vehicle Program work better for communities and fire departments.

Budget 2019 includes $2.88 million for the replacement of fire protection vehicles and firefighting equipment. This reflects a $1 million increase to include more options for communities to access funding for both used and new vehicles, as well as $101,000 for grants to the Newfoundland and Labrador Association of Fire Services to support operations and the Learn Not to Burn Program.

Our government is proud to continue the presumptive cancer coverage benefit that career and volunteer firefighters receive. Qualified firefighters can receive wage-loss benefits, medical aids, and certain other benefits through WorkplaceNL, while health care costs associated with firefighters’ cancer treatment are paid through the Medical Care Plan. Structuring benefits in this way reduces demand on the WorkplaceNL Injury Fund.

Justice

Illicit drug abuse has significant health, social and economic costs, as well as impacts on our communities.

With an investment of $242,000, offset by federal funding, the Drug Treatment Court in St. John’s addresses the underlying issues that contribute to crime by offering court-monitored treatment, random and frequent drug testing, incentives and sanctions, clinical case management and social services support.

It is crucial that people in Newfoundland and Labrador have faith in the administration of justice.

Our Serious Incident Response Team will be operational this year, providing an increased level of transparency for police and helping ensure people have trust in the system. SIRT will investigate
serious incidents involving the police and is not intended to replace other mechanisms currently in place. The establishment of a provincial SIRT was a recommendation from the Inquiry into the Death of Donald Dunphy.

To support improved police oversight, we have allocated an annual investment of $500,000 for a provincial stand-alone team.

This government has been working to improve operations at the Office of the Chief Medical Examiner, and by year’s end it is expected that the number of staff will be double that of what it was in 2017.

This year, there is $1.8 million allocated for the office to improve operations and add a new data management system.

This year, we are allocating approximately $1.5 million for an inquiry into ground search and rescue services for lost and missing people.

By working collaboratively with the Federal Government, we have been able to secure federal funding for:

- Youth Justice Services, which provides specialized services to young women and men giving them the skills to effectively re-integrate into the community. An additional $373,000 is being provided for the next four years; and,

- A Guns and Gang Violence Action Fund, which includes more than $1.7 million over four years to support officers better target offenders. Funding will also be allocated to public prosecutions, first responders and community organizations to focus efforts on the prevention of gun and gang violence by concentrating on the root causes.

**Violence Prevention**

Mr. Speaker, violence in any form cannot and will not be accepted. This is a serious issue among families and in communities.
This year, we have allocated $3.2 million in operational funding to a wide-range of organizations including the Multicultural Women's Organization of Newfoundland and Labrador, the Newfoundland Aboriginal Women's Network and the Newfoundland and Labrador Sexual Assault Crisis and Prevention Centre. We continue to support the great work of women's centres, including a new centre on the Northern Peninsula.

**Labrador**

As a distinct and integral part of our province's culture, history and identity, Labrador is part of our government's focused and innovative approach to delivering better services, achieving measurable outcomes and growing the economy.

We are proud of the investments we have made to support advances that result in better road, marine and communications infrastructure.

Mr. Speaker, over the last three years approximately 220 kilometres of the Trans Labrador Highway have been paved.

This year, we are allocating more than $40 million for the remaining contracts to complete the Trans Labrador Highway.

Mr. Speaker, with completion in sight, a fully paved Trans Labrador Highway will open-up opportunities for businesses and residents.

Through a combined investment of $361 million over the life the contracts, ferry service to the Strait of Belle Isle and the North Coast of Labrador will result in greater capacity, improved reliability and will invite economic opportunities.

This will significantly enhance ferry services for the communities of Rigolet, Makkovik, Postville, Hopedale, Natuashish, Nain and Black Tickle, where for the first time in the province's history, residents and visitors will be able to drive the vehicles onto the vessel and off again at another destination.

This year, $449,000 is allocated for the acquisition of grooming machines and equipment for the
Cartwright, Nain and Hopedale areas of the winter transportation link. Securing vital snowmobile trail equipment provides access to major service centres and enhances the safety of residents who depend on the winter highway.

The implementation of our plan to improve access to mental health and addictions services is having a profound effect in Labrador.

To date, we have expanded access to psychiatric services through telehealth, regular visits and the recruitment of two permanent psychiatrists for the Labrador-Grenfell Health region; And, construction of a new six-bed mental health unit at the Labrador Health Centre in Happy Valley-Goose Bay will begin this year.

The Department of Fisheries and Land Resources is also working with the Egg Farmers of Newfoundland and Labrador to explore how best to advance a commercial egg operation in Labrador. This will contribute to our goal of improving food security and build a sustainable economic industry.

Working in consultation with Indigenous Governments and Organizations and other partners, our government is seeking to explore opportunities in the Labrador forest sector.

Our government supports the view that youth from Labrador benefit from participating in provincial sport championships with their peers in other areas of the province. The Labrador Travel Subsidy program invests $730,000 in supporting athletes, coaches and teams to participate in provincial championships and training camps, and supports the development of Labrador coaches and officials.

**Indigenous People**

Our government is proud of the advances we have made toward supporting and enabling Indigenous people in their pursuit of achieving vibrant and healthy communities. We are striving to reflect the rights and values of Indigenous people with a focus on promoting reconciliation in a respectful and meaningful way.

We are extremely pleased with the discussions that occurred at the inaugural Indigenous Leaders Roundtable held in 2017 and 2018 in St. John’s and Corner Brook.
Looking ahead, our government is making plans to assemble representatives of Indigenous Governments and Organizations in Labrador this year to provide an opportunity for continued dialogue on issues of mutual importance.

The Provincial Government is committed to advancing the social, legal, cultural and economic status of Indigenous women and girls.

In 2019, we will increase funding for projects to help prevent violence against Indigenous women and children through the Indigenous Violence Prevention Grants Program to $241,500.

Our government recognizes the important services which friendship centres provide to Indigenous people.

For this reason, we are proud to be the first government in Newfoundland and Labrador to commit core funding in the amount of $30,000 each to the First Light Friendship Centre in St. John’s, People of the Dawn Indigenous Friendship Centre in Stephenville, and the Labrador Friendship Centre in Happy Valley-Goose Bay. This investment of $90,000 supports friendship centres to provide valuable programs and services and to promote and celebrate Indigenous cultures.

To support organizational capacity building, as well as training and preparing athletes from this province for the 2020 North American Indigenous Games, we are providing an additional $92,000 to the Aboriginal Sport and Recreation Circle of Newfoundland and Labrador. This provincial funding is federally matched for a total of $184,000.

We are pleased to say that we have been able to secure additional federal funding to cover increased operational and service delivery costs of providing child protection services in Innu communities. This additional funding allows us to continue to work towards improved service delivery for Indigenous children and youth in our province.

There are times when Innu children and youth in care require out of home placement and a family member or foster home may not be available or suitable.

Therefore, the Innu Round Table, Sheshatshiu Innu First Nation and Mushuau Innu First Nation worked collaboratively to ensure capacity was built in both Sheshatshiu and Natuashish for group home care options. The Department of Children, Seniors and Social Development has been fully supportive of the Innu efforts to secure federal funding totaling $5.1 million.
Infrastructure

Our rolling five year infrastructure plan from 2019-20 to 2023-24 totals $3 billion. This plan is helping to stimulate economic activity, create jobs, and provide access to modern facilities.

This year, our plan includes a total investment of $594.3 million for new and existing schools, healthcare facilities, post-secondary institutions, roads and bridges, justice facilities, affordable housing and municipal infrastructure. This investment will generate close to $580 million in economic activity and 5,100 person years of employment.

Some of the advancements in infrastructure that will be undertaken this year include:

Education

- $13 million for the construction of a new Paradise intermediate school;
- $10.1 million for the reconstruction of Gander Academy;
- $8.8 million to begin construction on a school to replace Coley’s Point Elementary; and,
- $7.3 million to build a new school in St. Alban’s to replace Bay d’Espoir Academy.

And, $12.2 million will advance post-secondary infrastructure, which includes the Animal Resource Centre at Memorial University and the Heavy Equipment Centre at the College of the North Atlantic.

Health Care

- $17.6 million for construction of long-term care homes in Corner Brook, Gander and Grand Falls-Windsor.
- $9.1 million to continue the construction of the Green Bay Health Centre in Springdale;
- $8.9 million has been allocated to advance construction of the new adult mental health and addictions facility;
$8.6 million to support ongoing development of the new electrical substation at the Health Sciences Centre;

$6.9 million for the construction of a new hospital in Corner Brook, which will begin this year; and,

$5.5 million to begin construction of the 20-bed expansion of the protective care unit at the Dr. Hugh Twomey Health Centre in Botwood.

**Transportation**

Two years after launching a five-year provincial roads plan, we have clear evidence the plan is working. By issuing tenders early in the year, road builders are able to take full advantage of our province's short construction season. Tenders began being issued in December.

Combined with our investments in the Trans-Labrador Highway, more than 1,400 lane kilometres have been paved over the last two years. This is equal to paving one lane of highway from St. John's to Port aux Basques AND from Labrador City to Happy Valley-Goose Bay.

This fiscal year, our government will match the roads plan budget of $77.2 million for each of the last two years.

Budget 2019 will allocate approximately $13.6 million, including funding from the Federal Government, for local and rural highways.

For the first time in our province's history, centre line rumble strips will be added to Veterans Memorial Highway and construction of climbing lanes at four locations of the highway will be completed to create a safer environment for all motorists.

These improvements not only mean safer roads and fewer accidents for residents of such communities as Bay Roberts, Carbonear and Spaniard's Bay, but they also support the continued economic growth of the region and efficient transportation of goods.

These investments in the roads program, along with work on the Team Gushue Highway and Trans-Labrador Highway will be supported by an investment of $131.4 million this year.
Safety on our highways remains a top priority for our government. Our government has increased the use of modern technology to provide tools to the travelling public to make informed decisions before travelling. This year, new highway cameras will be installed at well-travelled routes including the Argentia Access Road and Hearts Content Barrens with an investment of $145,000.

**Marine**

Our five-year marine infrastructure plan provides better services at ferry ports across the province.

In addition to the significant improvements to the Labrador ferry service, our new contracts for ferry services on the south coast of the island will deliver a more cost-efficient and sustainable service to communities of La Poile, Francois, Grey River, South East Bight, Petite Forte, Recontre East, Bay L'Argent, Pool's Cove, Hermitage, Gaultois and McCallum.

In Budget 2019, we will allocate $15 million for vessel refits and maintenance of ferries, terminals, and wharves.

**Industry Development**

**Tourism**

Mr. Speaker, whether it is hiking along the East Coast Trail, watching for whales and icebergs in Twillingate, experiencing the culture of Fogo Island, or touring any of the four UNESCO World Heritage sites, we are well-positioned to expand the province's tourism industry - an industry that employs approximately 20,000 people.

In the last year alone, we have worked collaboratively to make investments in projects that leverage these strengths and build industry capacity.

Examples of such projects include Theatre Newfoundland and Labrador's multi-functional theatre complex in Cow Head, as well as supporting the Discovery Aspiring Geopark on the Bonavista Peninsula that will assist it in securing UNESCO Global Geopark designation and advancing our geo-tourism industry.
To help create awareness of these wonderful experiences, our government will invest $13 million in tourism marketing again this year. We will also use funds from the $10 million Regional Development Fund to work with industry and community partners to support initiatives to advance economic development infrastructure, marketing, research and capability in areas such as tourism.

Building on our Tourism Product Development Plan, we will focus on enhancing tourism experiences. Further, we are committed to undertake an action plan on the maintenance and growth of airline routes and marketing.

**Film and Television**

Mr. Speaker, Newfoundland and Labrador is well-known for creativity, story-telling and captivating scenery.

These attributes, coupled with a highly-skilled workforce are supporting the exciting development of a film and television industry that employs more than 600 people, attracts investment, generates economic spin-offs and supports our tourism industry. We have seen growth of over 20 per cent in this industry in the last two years. It is also an industry that is creating employment opportunities for women with more than 70 per cent of the projects supported to date being led by female producers.

To leverage our strengths and continue to position Newfoundland and Labrador as an attractive location for investment in a very competitive global industry, we have:

- Allocated $4 million for the Film Equity Program, which we doubled in 2017; And,
- Renewed the Newfoundland and Labrador Film and Video Industry Tax Credit until 2021.

**Social enterprise**

Social enterprises play a leading role in rural and urban areas in delivering services, attracting investment and creating economic development.

Through the Social Enterprise Action Plan, we are leveraging those strengths through an investment of $250,000 that will support social enterprise research projects.
Youth

As a government, we will continue to create an environment that drives a strong and diversified economy, especially for young entrepreneurs.

In 2018-19, approximately 20 loans were provided to young entrepreneurs through the Drive Program, supporting 40 positions. This year, we are allocating $200,000 to continue to assist young entrepreneurs through loans up to $10,000.

Through the Green Jobs in Green Spaces for Youth, there is $138,000 for investment, which supports our ability to increase the number of student positions and enhanced customer service at parks.

Research and Development

The Newfoundland and Labrador technology sector includes almost 600 businesses, generating approximately 6,500 jobs. In an effort to increase technology sector business activity and grow the number of people employed a joint government-industry working plan entitled The Way Forward on Technology was released in February 2018.

Mr. Speaker, supporting greater research and development has proven outcomes and will help attract new researchers and investment to the province, as well as help expand key industries.

As a government, we view ourselves as a partner in creating a culture where such innovation and entrepreneurship can flourish.

To support access to much-needed capital investment and support a climate where such innovation can occur, we are allocating almost $14 million in Budget 2019.

Traditional Industries

Mr. Speaker, where the previous administration lost sight of the importance of traditional industries we see them as being a catalyst for even greater economic activity. We see their growth as key to food security, as well as driving new business opportunities and new jobs.
Considerable work has been undertaken over the last three years to energize these sectors, as they are a catalyst for strengthening local economies through business development and job creation.

In agriculture, our actions are ensuring new entrants can access the necessary tools to build modern, innovative operations.

In the last year, we made 6,700 hectares of Crown land available for farming. That’s equivalent to more than 12,000 football fields.

Through the work of the Department of Fisheries and Land Resources our investments over the last year have led to new entrants to the agriculture industry – everything from beef in Reidville and Glovertown to greenhouse vegetables on the Argentia Access Road.

Our engagement of McKinsey has also identified attractive investment opportunities for agricultural projects which our province has a competitive advantage. For example, partridgeberries, cranberries, saltwater lamb, and disease-free bees all hold the potential for new export businesses.

Our government is working closely with industry stakeholders, as well as supporting greater innovation to take full advantage of the opportunities that lie ahead.

As part of our Way Forward commitment to double food self-sufficiency and employment, as well as through the work of McKinsey, the need for cold storage has been identified.

The benefits of such a facility would allow local farmers to overcome barriers that constrain vegetable production, extend their market season, and ultimately expand their operations.

Our government is committed to working with the industry to increase the availability of cold storage.

We are investing more than $10 million to support this growing industry, including:

- $7.1 million under the Canadian Agricultural Partnership;
- $2.25 million under the Provincial Agrifoods Assistance Program, including $100,000 to launch the Community Gardens Support Program; and,
$1 million under the Provincial Agriculture Research and Development Program.

Mr. Speaker, progress is steadily being made to strengthen the provincial forestry industry and achieve the goals of increasing timber allocations and harvest levels as outlined in The Way Forward.

Guided by the sector work plan and supported by opportunities identified by McKinsey, we will work with industry to diversify the products produced by the forestry sector.

To support this work, Budget 2019 allocates:

- $3.66 million for silviculture and research into reforestation and forest improvement;
- $3.42 million for the Fire Suppression Program to protect forests from uncontrolled forest fires; and,
- $900,800 for the Insect Control Program to monitor and evaluate forest insect and disease conditions.

As part of The Way Forward on Forestry, we will be examining the feasibility of creating a Wood Products Innovation Centre dedicated to applied research, technology transfer and innovation to assist industry in developing new products, including non-timber forest products and value added wood products. This will be done in collaboration with College of the North Atlantic, Corner Brook Pulp and Paper, Newfoundland and Labrador Forestry Industry Association and Memorial University’s Grenfell Campus.

We are collectively optimistic for the potential of such a centre.

To assist fishing enterprises in the wild and farmed fisheries adopt innovative, modern fishing practices in a globally competitive sector, we are allocating $10 million under the Atlantic Fisheries Fund in Budget 2019. This fund enhances our ability to partner with the industry to meet growing market demands for sustainably sourced, high-quality fish and seafood products.

In the fund’s first year, we were able to support Torngat Fish Producers Co-operative Society develop innovative processing equipment for turbot and snow crab; And, Icewater Seafoods in Arnold’s Cove develop an ice management system.
Building on this collective activity, the newly-created Canadian Fish and Seafood Opportunities Fund, the marketing pillar of the Atlantic Fisheries Fund; will advance marketing initiatives and sharpen the industry's ability to target new markets and leverage benefits emerging from free trade agreements with Europe and Asia.

As we continue to explore opportunities to expand the fishery, the Fisheries Advisory Council is a valued resource for input and guidance. This year, we have allocated $100,000 for the council.

To support businesses in these industries, $500,000 has been allocated through the Employment Enhancement Program for wage subsidies and training allowances. This will help foster innovation, growth and diversity in these important sectors.

**Conclusion**

Mr. Speaker, as a province we are turning the corner towards a brighter future.

Through Budget 2019, the stage is set to continue to action The Way Forward, creating jobs and opportunities for Newfoundlanders and Labradorians, and improving service delivery.

We have accomplished a great deal in our first mandate. We will continue to implement our balanced approach and make Newfoundland and Labrador the best place to live, work and raise a family.

Thank you.
From: "Martin, Craig" <CMartin@gov.nl.ca>
Date: April 15, 2019 at 1:39:28 PM NDT
To: "March, Jill" <JMarch@gov.nl.ca>
Subject: Fwd: Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx

Please print

Sent from my iPhone

Begin forwarded message:

From: "Connors, Heather" <HConnors@gov.nl.ca>
Date: April 15, 2019 at 1:39:28 PM NDT
To: "Martin, Craig" <CMartin@gov.nl.ca>
Subject: RE: Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx

Thanks Craig I have it placed in his meeting file

From: Martin, Craig <CMartin@gov.nl.ca>
Sent: Monday, April 15, 2019 1:23 PM
To: Connors, Heather <HConnors@gov.nl.ca>; Elliott, Susan N. <LElliottS@gov.nl.ca>
Cc: Osborne, Tom <t Osborne@gov.nl.ca>; Hanrahan, Denise <DHanrahand@gov.nl.ca>
Subject: Fwd: Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx

Heather,

Introductory comments for the Ministers conference call with the Economists for 4:30pm.

Please print for him.

Thanks

Craig

Sent from my iPhone

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From: "Sharpe, Dennis" <DSharpe@gov.nl.ca>
Date: April 15, 2019 at 1:09:31 PM NDT
To: "Martin, Craig" <CMartin@gov.nl.ca>
Subject: FW: Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx

Craig,

Please see attached updated opening remarks with McKinsey and RM wording added.

Let me know if you need anything else on this.

Thanks

Dennis

From: Hicks, Ken <Khicks@gov.nl.ca>
Sent: Monday, April 15, 2019 1:08 PM
To: Sharpe, Dennis <DSharpe@gov.nl.ca>; Aucoin, Rosalita <RAucoin@gov.nl.ca>
Subject: RE: Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx

See attached.

Ken Hicks
Manager of Technical Analysis
Economic and Project Analysis Division
Department of Finance
(709) 729-2146

From: Sharpe, Dennis <DSharpe@gov.nl.ca>
Sent: Monday, April 15, 2019 12:12 PM
To: Hicks, Ken <Khicks@gov.nl.ca>; Aucoin, Rosalita <RAucoin@gov.nl.ca>
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29.(1)(a)

Thanks

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Craig,

Please see a draft Minister's Thank you and opening remarks document for the Syndicate Economists conference call.

If you want anything changed just let us know.

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Cc: Aucoin, Rosalita <raucoin@gov.nl.ca>
Subject: Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx

Revised version.

<Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx>
Can you resend?

From: Martin, Craig <CMartin@gov.nl.ca>
Sent: Monday, April 15, 2019 3:43 PM
To: March, Jill <jillMarch@gov.nl.ca>
Subject: Fwd: Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx

Jill,

I need the attachment, not the email. Copy of the Minister’s actual speaking Notes

Sent from my iPhone

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Craig

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Revised version.

< Syndicate Economists-Minister's Opening Remarks-Budget 2019.docx >
Minister’s Thank You and Opening Remarks
Conference call with Syndicate Economists – April 15, 2019
Budget 2019

Good afternoon everyone. Thank you for taking the time out of your busy schedules to talk to us today. We have asked for this session so we can give you an update on our latest economic outlook for the province which will be released with the budget tomorrow.

The NL economy is still going through a period of adjustment as the significant major project investment that has taken place over the past number of years winds down.

Despite this transition, the overall outlook is generally positive and 2019 is expected to see growth in most economic indicators.

Real GDP is expected to grow by 4.1% this year. The three main factors driving GDP growth are:
1. increased iron ore production due to a rebound in IOC production following the two month strike in 2018
2. higher oil output as Hebron continues to ramp up production and,
3. increased capital investment due to development activity on the West White Rose and the Voisey’s Bay underground mine projects.

The increasing construction activity in 2019 is also expected to drive growth in employment and household income. This should also boost retail sales and housing starts.

After 2019, we will see another adjustment period as first, Muskrat Falls construction ends, and then, the West White Rose and Voisey’s Bay underground mine projects are completed.

Despite the Economic challenges in the medium term, many positive developments continue in the provincial economy.
- Oil production is expected to rise significantly over the next several years, boosting GDP. The Hebron project and, eventually the West White Rose project, will both add to longer term oil production.
- First oil is expected from Husky’s $3.2 billion West White Rose project in 2022.
- In the mining sector, Tacora Resources is expected to begin production at the former Wabush Mines this year and the Beaver Brook antimony mine near Glenwood is re-opening.
- As well, Vale is currently developing its underground Mine expansion at Voisey’s Bay with significant capital expenditure occurring this year.
- There is significant interest in development opportunities in the aquaculture industry, including Greig’s project and output expansion by MOWI Canada East (formerly Marine Harvest Canada East), which have the potential to more than triple production and expand the industry into new areas of the province.
- Today we announced a rate mitigation plan designed to protect residents from increases to electricity rates and taxes resulting from the Muskrat Falls project. The plan will see residential electricity prices only increase to 13.5 cents per kWh instead of the 22.9 cents per kWh that would be required if Muskrat Falls had to be completely paid for by rate payers. Managing electricity rates will require:
  - Newfoundland and Labrador Investment
  - Reducing Expenses
  - Raising Revenue
  - Financial Management
- In addition, significant capacity enhancements in transportation infrastructure and the continued addition of new capacity in the accommodations sector should facilitate more growth in the tourism sector.

Long-term, we believe there is significant potential in the provincial economy, particularly in the energy sector. There are substantial oil and gas resources available in offshore Newfoundland and Labrador, as evidenced by three recent resource assessments (one in the Flemish Pass and two in the Orphan Basin). The 2018 call for bids on 17 parcels in the Orphan and East Jean d’Arc Basins resulted in bids of $1.6 billion on five parcels with a record single parcel bid of $621 million.

In addition, Equinor (formerly Statoil), Husky, ExxonMobil, CNOOC International (formerly Nexen Energy ULC) and BP Canada are each proposing long-term exploration programs for the various holdings in Jeanne d’Arc, Flemish Pass and
Orphan basins. These programs could result in upwards of 100 exploration and delineation wells over the next 12 years.

Government recently commissioned global economic growth experts, McKinsey, to identify both short-term and longer-term global trends and how we can accelerate our growth in global markets. Their report, released today, explores our province’s economic realities and identified 13 areas of focus to grow the economy. McKinsey identified priority sectors in three categories: high-potential sectors, targeted opportunities that advance key provincial priorities, and enabling industries that cut across industries to advance economic growth. The high priority areas are: Ocean technology, Offshore Oil, Mining, Aquaculture and Fisheries and Tourism. They also included specific examples of ways to generate the most from these areas. The full potential of all of the initiatives identified by McKinsey is an increase of between $5 billion and $12 billion to our province’s GDP.

I’ll turn it over to Ken now to walk you through some details of our forecast. Before I do, I would like to confidentially reassure you that our fiscal forecast for Budget 2019 retains our commitment to balance the budget by 2022/23.

April 12, 2019
Hi folks,

Thank you to Corey and Denis/the folks in Craig's shop for their feedback today on the QA. I've updated according to this feedback.

As mentioned, we need to include this document in our binder for the PO, so please let us know if there are any further edits required before 5 p.m. I will also share this as final with Minister Osborne at that time.

Best,

Marc

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**Top Issues**

1. **How has the McKinsey report influenced this Budget?**
   - As a government, we saw untapped potential in numerous industries that we know are primed to grow.
   - Since 2017 we have released and begun implementing work plans to grow the forestry, mining, agriculture, aquaculture, technology and oil and gas sectors.
   - We engaged McKinsey to help us build on this work and identify both short-term and longer-term global trends and how we can accelerate our growth in global markets.
   - McKinsey have global economic growth expertise, and provided a global scope review of our work to date under The Way Forward.
   - They provided a fresh and honest perspective on what we have done well, what we could be doing better and what we should start doing.
   - McKinsey identified priority sectors in three categories: high-potential sectors, targeted opportunities that advance key provincial priorities, and enabling industries that cut across industries to advance economic growth.

<table>
<thead>
<tr>
<th>High-potential priority sectors</th>
<th>Targeted opportunities</th>
<th>Cross-cutting enablers</th>
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<tr>
<td>Ocean technology</td>
<td>Agriculture</td>
<td>Investment attraction</td>
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<td>Offshore oil</td>
<td>Forestry</td>
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<td>Mining</td>
<td>International education</td>
<td>Skills and workforce development</td>
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<td>Aquaculture and fisheries</td>
<td>Aerospace</td>
<td>Digitalization</td>
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<td>Tourism</td>
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- Several of the announcements in today’s budget result from direct recommendations in the McKinsey report or decisions made based on insights McKinsey provided. These include:
  - The Digital Ocean Innovation Centre of Excellence
  - Investing in the Marine Institute’s Holyrood Marine Base
  - Introducing targeted programs in the aquaculture and mining industries at College of the North Atlantic campuses across the province.
  - Exploring opportunities to make the province a major player in the global aerospace industry, including opportunities for Aircraft MRO and expanding course offerings in non-destructive testing at CNA Gander.
  - Issuing an Ocean Technology Sector Innovation Challenge
  - Expanding the 2018 Student Mentorship Program to all priority sectors identified in the McKinsey report.
  - Investing in geoscience exploration.
2. Now that you have seen it, what makes this report worth $1 million?
- The report provides outside expertise, a fresh and honest perspective on what we have done, what we are doing and what we should be doing.
- Through their extensive experience and exploration of our province's economic realities, McKinsey have identified 13 areas of focus to grow the economy, and have included specific examples of ways to generate the most from these areas.
- The full potential of all of the initiatives identified by McKinsey is an increase of between $5 billion and $12 billion to our province’s GDP. This far outpaces the $1 million spent on the report.
- The full potential of the technology sector according to McKinsey is 3,000 jobs. It takes 94 year-round jobs in this sector to generate $1 million in income taxes.
- The full potential of the aquaculture sector according to McKinsey is nearly 8,000 jobs. It takes 550 year-round jobs in the aquaculture sector to generate $1 million in income taxes.
- It currently takes 1.5 days to generate $1 million in offshore oil royalties, on average, from an offshore project. If we are able to expand our offshore work as McKinsey believe we can, this timeframe will get even shorter.
- In 2018, it took the Iron Ore Industry six days to produce enough minerals to generate $1 million in mining royalties. Even one new mine in operation could recoup the cost of this report in approximately six days.

3. Are there any tax or fee increases in Budget 2019?
- There are no increases this year to existing taxes or fees.

4. Will any taxes be removed as part of this budget?
- Yes. The remaining 13 per cent Retail Sales Tax on auto insurance is being removed.
- This change will be implemented by early July and will be retroactive to April 16, 2019.
- Those who renew their insurance between now and July will receive a rebate for the provincial tax portion of their insurance.
- We charge RST at the point of the retail sales transaction, so residents will see this reduction when they renew their auto insurance this year.
- Those who renew their insurance between now and July will receive a rebate for the RST portion of their insurance.
- Furthermore, on December 31, 2019 the temporary deficit reduction levy will be removed as scheduled.
- Those who currently pay the levy will see an increase in their paychecks starting in 2020.
5. Will any fees be removed or reduced as part of this budget?
- We are reducing vehicle licensing fees for senior citizens and military veterans.
- For seniors, the current fees will be reduced to $99 for counter service and to $89 for online service.
- For veterans the current licensing fees will be further reduced by 10 per cent for counter service and online registration.

6. Of all the taxes and fees you introduced in 2016, why did you choose to eliminate the tax on auto insurance?
- Reducing the tax on automobile insurance will have an impact on the greatest number of people. Automobile insurance costs affect residents and numerous industries in our province.
- We felt that someone had to step up to the plate right now to do something about auto insurance costs, given it is especially high in our province.

7. Since the change only occurs when you renew your insurance, isn’t this unfair to those who have already renewed in 2019?
- As a government, we are only able to control the tax policy side of such changes.
- We wanted to make this change as soon as possible to start providing immediate relief, but we only charge retail sales tax at the "point of sale," i.e. when people renew their insurance.
- Those who have already renewed this year will have seen a two percentage point decrease when they renewed, and will see the remainder of their tax removed early in 2020 when they renew again.
- The same situation occurred when the RST on auto insurance was introduced in 2016 – only in reverse. In that year, those who had renewed early did not incur the RST until the following year when they renewed.

8. Can you really afford not to add any taxes or fees again this year?
- Government imposed taxes and fees must serve a public purpose, be set at appropriate levels and reviewed at regular intervals. Budget 2015 and Budget 2016 included comprehensive reviews of the provincial government's taxes and fees structure.
- The people of this province have paid and continue to pay their share through taxes, and we do not want to reach any further into the pockets of taxpayers in this province.

9. When will the temporary deficit reduction levy be removed?
- The temporary deficit reduction levy will be removed at the end of the 2019 taxation year, as previously scheduled.
10. The Independent Tax Review Committee suggested you should remove the levy early. Why not follow this recommendation?
- We made changes to the temporary deficit reduction levy in 2016 that exempted approximately 74 per cent of all tax filers.
- When looking at making a tax reduction, we wanted to make a reduction that would positively impact most people in this province.
- Reducing the tax on automobile insurance had an impact on the greatest number of people. Automobile insurance costs affect residents and numerous industries in our province.
- As the levy is already scheduled to be removed this year, we focused on removing the tax on automobile insurance.

11. Will the carbon tax increase this year?
- No – the provincial carbon tax was introduced on January 1, 2019, and is not scheduled to increase again this year.
- In future years, the provincial Gasoline Tax will be adjusted with a goal of Atlantic parity related to provincial taxation (including carbon tax) of fuel products.
- The carbon tax rates will only increase based on changes to Atlantic parity that allows for rate increases.

12. What is the current status of negotiations with the Newfoundland and Labrador Medical Association (NLMA)?
- We took time to finalize an amendment to the MOA on interest arbitration provisions.
- That is now complete and we are looking forward to beginning discussions on the MOA in the near future.
- This MOA will run from 2017 to 2021.

General

13. Are there any job cuts as a result of Budget 2019?
- There are no layoffs attached to Budget 2019.
- Government is focused on attrition to reduce the size of the workforce, a more gradual approach that will not shock the economy.
- We will not take such severe action as massive job reductions, as that would have far-reaching consequences on our economy and families throughout Newfoundland and Labrador.

14. What is in Budget 2019 to create jobs?
- McKinsey and Company have identified that at full potential, the province could add between 27,500 and 30,000 jobs, the majority of which are outside St. John’s. This includes potentially:
  - 7,800 jobs in aquaculture and fisheries;
o 3,100 in Ocean Technology;
o 6,300 jobs in tourism;
o 8,000 jobs in offshore oil;
o 2,900 jobs in mining; and
o 2,750 in other targeted opportunities.

- Our government has put significant efforts into advancing economic growth opportunities. In Budget 2019, these include:
  o $594.3 million on infrastructure for new and existing schools, healthcare facilities, post-secondary institutions, roads and bridges, justice facilities, affordable housing and municipal infrastructure. The five-year infrastructure plan will generate $577.9 million in economic activity and 5,100 person years of employment each year.
  o Investing $3 million to create a Digital Ocean Innovation Centre of Excellence to enhance the province’s digital capabilities in emerging technology sectors while supporting the goals of Advance 2030.
  o Accelerating growth in the ocean technology industry with an investment of $2.5 million in a new 36,000 square foot facility at the Marine Institute’s Holyrood Marine Base.
  o Taking advantage of growing opportunities in the global aerospace industry, including establishing a non-destructive testing training program at the Gander College of the North Atlantic campus, introducing an aircraft training facility in St. John’s and exploring opportunities to expand provincial maintenance, repair and overhaul operations.

- Throughout our mandate we have formed partnerships through our industry summits and direct investments in business to help create a positive environment for long-term economic activity.

- Examples of our work in previous years include:
  o **Husky Energy (West White Rose Extension):** Upwards of 5,000 person years of employment and royalties, equity and taxes will exceed $3 billion over the life of this 25-year project.
  o **Equinor (Bay du Nord):** In-province employment of 22.3 million person hours over the life of the project (approximately 11,000 person years).
  o **Vale/Voisey's Bay Underground Mine:** 16,000 person years of employment during the five-year construction period, peaking at 4,800 in 2020. Once operational, 1,700 in jobs at the underground mine and Long Harbour processing plant. 2,135 person years in indirect and induced employment annually.
  o **IOC’s Wabush 3:** Sustaining employment for roughly 1,800 employees.
  o **Grieg Aquaculture:** Approximately 800 new jobs with Grieg NL and in affiliated sectors.
  o **Canada Fluorspar:** 3,000 person years of employment in mining and milling will be created in the first 12 years of the mine’s operations. 525 spinoff jobs are anticipated to be created as a result of the mine reopening.
- **Canopy Growth Corporation and Biome**: will provide a safe supply of cannabis and create 265 sustainable new jobs;
- **PAL Aerospace**: 150 person years of employment over five years.
- **S&P Data**: Up to 500 jobs

15. How much have you got from zero based budgeting and where?
- $68.5 million in 2019-20 from government departments.

16. Where have you made cuts?
- There is annualization from past years of such cost-saving measures as attrition, operational efficiencies, zero-based budgeting and government renewal initiative.
- Our spending in 2017-18 was still $8.2 billion, with an increase of only 0.1 per cent.
- This is despite major increases to debt expenses, which have increased by 32.8 per cent between 2007-08 and 2017-18.

17. What impact will this Budget have on your net debt?
- There will be a decrease to net debt due to the surplus of $1.924 billion.
- Net debt will decrease from $15.4 billion to $13.8 billion this year.

18. Have you reflected your savings from the 25 collective agreements you’ve reached in this Budget?
- Yes. This includes the four-year wage freeze, savings for changes to post-employment benefit and the payout of severance, which includes the $253.5 million already paid out for both unionized and non-unionized employees.
- Overall, these collective agreements are projected to save tens of millions every year going forward.

19. How much has government paid out in severance to date?
- To-date government has paid out $253.5 million in severance payments, reducing long-term liability.
- Some 800 employees have deferred payment to a later date, which represents $14.8 million. While this severance liability remains on the books, it will not grow.
- We have projected a further $293 million in severance payments for groups such as the RNU and the NLTA, for whom payments have not yet begun.

20. If government is borrowing to pay off severance, is it really removing any liability?
- Yes. The severance liability will stop growing as a result of it coming “off the books.”
• Severance is an earned benefit that many other jurisdictions have attempted to eliminate, recognizing the benefits of doing so.

21. Have you reflected anticipated savings from the collective agreements that are not yet complete?
• No. At this point, we have only incorporated our assumptions regarding severance payouts for other unions into our borrowing projections.
• It would be premature to make any other assumptions regarding the outcome of ongoing collective bargaining.
• Our assumptions regarding severance are projections on the assumption that other unions will agree to severance payout, however this is in no way guaranteed.

22. How do you expect the public to respond to this Budget?
• I am hopeful that the public will recognize the theme of this budget, Working Towards a Brighter Future, and understand that we are making investments in areas that will support generations of Newfoundlanders and Labradors to come.
• We are investing in priority areas such as healthcare, education and economic growth.
• At the same time, we are taking measures within government to reduce administration costs, improve efficiency and put us on a more sustainable path going forward.
• All decisions we make recognize the importance of returning to surplus, but also the importance of providing high quality services.

23. What difficult decisions have you made in this Budget?
• There is nothing easy about budget decisions.
• Our focus has been on maintaining spending levels, eliminating liabilities, stimulating our economy and delivering fair and equitable services to residents.
• Departments have looked deep into their operations to work smarter.
• We cannot shock the economy. Our approach is a marathon, it isn’t a race. Taking a gradual approach amidst vocal pressure to make rash decisions is, in itself, a difficult decision.

Budget Forecasts

Deficit/Surplus

24. How has the 2018-19 deficit changed from the mid-year projection?
(Mid-Year Deficit $547 million, Budget 2019 Deficit $522 million)
• The deficit for 2018-19 has improved by $25 million since the mid-year projections, and is now $522 million.
25. How does your 2019-20 deficit compare to what was projected in Budget 2018?
   (Budget 2018 $507 million deficit, Budget 2019 $1.924 billion surplus)
   • Our forecast has improved from a deficit position to a surplus of $1.924 billion in 2019-20.

26. What caused this change in 2019-20 from a projected deficit to a surplus?
   • This change was a result of the guaranteed revenue stream our government secured through our Atlantic Accord agreement.
   • As our government does accrual accounting, we must include all of the Atlantic Accord revenues in this fiscal year.
   • This is obviously positive short-term news, but we recognize this is a unique event and are still projecting deficits in 2020-21 and 2021-22, as we have projected for several years.
   • We remain focused on our plan to return to an ongoing surplus in 2022-23 through our Way Forward Plan to put the province on stable financial footing.

27. What would the deficit have been without the Atlantic Accord?
   • Without the Atlantic Accord revenues, the deficit would have been $576 million, an increase of $69 million from the Budget 2018 forecast.
   • Given the challenges faced in our economy this year, it isn’t surprising to see this difference. These included:
     o The shutdown of the offshore from the November storm which led to approximately $82 million in deferred royalties; and
     o The continued volatility of oil prices.
   • We continue to work our plan, and we remain on track to return to surplus in 2022-23.

Revenue

28. What caused projected revenues to increase by $2.6 billion in 2019-20?
   • A major reason for this increase is the guaranteed revenue stream our government secured through our Atlantic Accord agreement, since on an accrual basis we are required to report all of these revenues in the 2019-20 fiscal year.
   • Personal income taxes, mining taxes and offshore oil royalties have also increased.

29. Why are revenues still so strongly tied to oil? Hasn’t government reduced its reliance on oil?
   • In 2019-20 oil revenue represents 11.4 per cent of total revenue, including the one-time Atlantic Accord revenue.
   • Even at this level, this still represents a significant part of our revenues, and can have significant impacts.
Government is working to diversify our economy. Diversification takes time. However, as you know diversification will ultimately reduce our dependency on oil.

Expenses

30. You have had four years to reduce spending and you haven’t done it. How are you on track to return to surplus by 2022-23 if you can’t reduce spending?

- We continue to focus on expenditure control and smart reductions that do not negatively impact service delivery in our province.
- We are finding ways of delivering services more efficiently and at lower cost, and we continue to find savings through attrition and collective bargaining.
- We have put in place several saving measures that grow over time, including:
  - The elimination of severance, which will save upwards of $25 million per year.
  - Consolidating government’s vehicle fleet.
  - Decreasing government’s footprint by 10 per cent.
  - Consolidating collections activities.
  - The Digital Government plan, which will save tens of millions each year once fully implemented.
  - Gradually reducing the size of the public service.
- We are continuously revisiting our plans to ensure we remain on track, and we are still on track to return to surplus.
- We have stabilized spending since taking office. Maintaining consistent spending is a significant achievement, especially in healthcare where costs continue to rise.
- Between 2007-08 and 2015-16 expenses grew by 43.1 per cent, from $5.7 billion to $8.2 billion.
- Our spending in 2017-18 was still $8.2 billion, with an increase of only 0.1 per cent.
- This is despite major increases to debt expenses, which have increased by 32.8 per cent between 2007-08 and 2017-18, and also despite annual inflationary pressures.

31. Your spending has increased this year. How can you justify that given our fiscal situation?

- One reason our spending increased we because of 100 per cent federally-funded programs, which count against our expenses despite the fact that all provincial costs are fully recovered.
- There are also several one-time expenses in Budget 2019, including:
  - $6 million for Election 2019.
  - $11 million for inquiries, including the Muskrat Falls Inquiry and Search and Rescue.
$10 million for the relocation of Little Bay Islands.

- When all of these costs are considered, expenses are $8.23 billion, lower than our Budget 2018 forecast for this year.

We continue to work our plan and we remain on track to return to surplus.

32. Will you ever make cuts and reduce spending?
- Spending is forecast to go down gradually as part of our fiscal plan. We have put in place several saving measures that grow over time, including:
  - The elimination of severance, which will save upwards of $25 million per year.
  - Consolidating government’s vehicle fleet.
  - Decreasing government’s footprint by 10 per cent.
  - Consolidating collections activities.
  - The Digital Government plan, which will save tens of millions each year once fully implemented.
  - Gradually reducing the size of the public service.
- We didn’t get into this problem overnight, and we won’t get out of it overnight.
- In our current economy, we can’t make decisions that will shock our economy. We must instead focus on delivering services in a more efficient and effective manner.

33. Before Budget your government made numerous high-profile spending announcements. Is this fiscally prudent?
- We have always used a balanced approach to fiscal management.
- These announcements were within forecast.
- We are focused on returning to surplus in 2022-23 while continuing to deliver services people rely on.
- We would not jeopardize that for the sake of making announcements.
- These spending announcements represent priorities of health care, education and job growth.
- These are areas where we should be spending money, as these areas benefit the people of this province.

Return to Surplus

34. How did you return to surplus this year?
- We will have a surplus in 2019-20 as a result of the new and guaranteed revenue stream the province secured through our Atlantic Accord agreement.
- This, combined with our commitment to staying a course towards returning to surplus in 2022-23 over the past three years put us in a position for an early surplus.

35. Did you make the Atlantic Accord deal front-end loaded so that you could return to surplus this year?
• As we follow accrual accounting standards, we must report all Atlantic Accord revenues this year.
• We aren’t popping the champagne on returning to surplus this year – our work isn’t done.
• We made the Atlantic Accord front-end loaded, with approximately 60 per cent of the revenues received by 2030.
• This helps us in the immediate term as we develop industry and work toward an ongoing return to surplus.
• This year’s surplus is good short-term news, but our focus remains on returning to ongoing surplus in 2022-23.

36. **Now that you’ve returned to surplus, what next?**
• We will continue working our plan to return to ongoing surplus in 2022-23.
• We aren’t popping the champagne on returning to surplus this year – our work isn’t done.

37. **Are you still on track to return to ongoing surplus by 2022-23?**
• Yes. We have a solid plan, driven by the goals of:
  - Managing our fiscal situation;
  - Delivering valuable programs and services;
  - Getting better outcomes from our investments;
  - Creating an environment which supports economic development and job creation; and,
  - Creating opportunities for residents to excel in their careers.
• Our financial plan is one of balance. We are addressing spending in a methodical, long-term way within government while maintaining spending on services and programs outside government.

Debt/Fiscal Outlook

38. **Is the province facing bankruptcy/default?**
• No, our province is not facing bankruptcy.
• In 2016, we were facing significant challenges with the start of the wind down of several major projects and the collapse in commodity prices. These events challenged our revenue streams and our economy.
• However, we are responded to these challenges by laying down plans to control expenditures, and by continuing to take measures to stimulate the economy.

39. **What measures are you taking to avoid bankruptcy/default?**
• Every fiscal measure we have taken since Budget 2016 has been for the purpose of moving the province forward through this challenging period.
• We established our fiscal targets and path to surplus in that budget. We remained on track in Budget 2017 and 2018 and we remain on track again in Budget 2019.
- As the Premier and I have said, we are taking a balanced and steady approach taking into account the financial and economic impacts our decisions have on this province and its people.

Oil forecasts/exchange rate

40. What is the oil price forecast for Budget 2019?
- The average oil price forecasted for fiscal year 2019-20 is US$65 per barrel.
- Our oil is priced on the market using Brent as the benchmark, which currently trades at a higher price than (WTI) West Texas Intermediate.

41. The oil price forecast for Budget 2018 was US$63 per barrel. Was that forecast accurate?
- Realizing the risk of oil price volatility, the oil price forecast was a prudent estimate and was based on 11 oil price forecasters. Average oil price for 2018-19 was higher than expected at Budget 2018, with the actual 2018-19 fiscal year average at US$70.40 per barrel.

42. At the mid-year update you updated the oil price forecast to be US$74 for 2018-19, but you didn’t reach that. Was it a mistake to not keep the oil price low?
- At Budget and Mid-Year updates we always rely on a survey of 11 forecasters to forecast the price of oil.
- The consensus of these forecasters were projecting oil price to be higher than what was projected at budget time. In fact, the actual average price for the year turned out to be US$70.40 or US$7.40 higher than the US$63 projected at Budget.
- We adjusted our forecast of oil at Mid-Year Update to better anticipate where we expected to be by March 31, 2019 with the price of oil. As I have indicated, at March 31 the average oil price had reached US$70.40 for 2018-19.
- Our goal in oil forecasting is to be as accurate as possible on what we expect from oil prices, so that we can (as accurately as possible) reflect our financial position.
- Keeping oil price forecasts arbitrarily low does not mean that we are getting more money – at the end of the day, revenues are what they are.

43. What is the Canada-US exchange rate forecast for Budget 2019?
- The Canadian dollar is forecast to average 76.5 cents U.S. for fiscal year 2019-20.

44. In Budget 2018, you expected the Canadian dollar to average 79 cents U.S. for the 2018-19. Was this accurate?
- Our Budget 2018 forecast for 2018-19 was based on a number of forecasters, and the exchange rate assumption reflected their views at that time.
The lower than expected exchange rate was due in part because the US economy performed better than expected, and the Canadian economy did not perform as well as expected.

**Economy performance**

45. **You speak about reasons for optimism in the economic forecast. What are these?**
   - There are many positive developments that bode well for the economic outlook.
   - Capital investment is expected to rise by 16.8 per cent, largely as a result of increased work on the West White Rose project and at Voisey’s Bay.
   - Real GDP is expected to grow by 4.1 per cent as a result of higher oil and mineral exports and capital investment.
   - Real exports are expected to increase by 11.3 per cent.
   - Employment is expected to average 228,100, up 1.2 per cent from 2018.
   - Unemployment is expected to fall to 13.1 per cent.
   - Household income is expected to increase by 3.3 per cent.
   - Retail sales are expected to increase by 0.9 per cent.
   - Tacora is expected to begin iron ore production at the former Wabush Mines.
   - Aquaculture production is expected to increase.

46. **Consumer prices are projected to increase by 1.5 per cent. Is it becoming too expensive to live in this province?**
   - Consumer prices are expected to increase across the country. We are not alone in this. Canada’s inflation rate is expected to be 2.3% in 2019.
   - The Independent Tax Review Committee found that our taxation is in line with the rest of the country.
   - We are continuously working to reduce costs for the people of this province.
   - This year we are providing consumer relief:
     - The removal of the tax on auto insurance.
     - The levy is also scheduled for removal at the end of the year; and
     - We continuing to put forward programs such as the Heat Pump Rebate Program to help homeowners keep costs low.

47. **The province’s population is continuing to decline. What is government doing to address this?**
   - We are working to diversify the economy to ensure that our younger generations have viable career paths in this province, and are working to encourage immigration through the Immigration Action Plan.
   - Our work in sectors such as aquaculture, technology, oil and gas and mining will generate significant jobs for future generations.

48. **The real estate sector appears to be in trouble. Is government doing anything to support the sector?**
• We are focused on diversifying and growing the economy. We know that the real estate sector grows with the economy, so that is our focus.
• The Federal Government imposed stress test had a detrimental effect on the real estate industry, and recent changes by the Federal Government should help that.

49. The McKinsey report put a lot of focus on aquaculture, but aquaculture production decreased in 2018. Is the industry meeting its full potential?
• Salmon production took a dip in 2018 due to Infectious Salmon Anemia (ISAv).
• Production is projected to increase over the next several years as Greig and Mowi (formerly Marine Harvest) Canada East advance their plans for increased production in this province.
• There is a great potential to develop the aquaculture industry to meet the growing global demand for seafood that cannot be met by the wild fishery alone.
• We will grow the aquaculture sector and be a world leader both in our development and in doing so in an environmentally responsible and sustainable manner.

Borrowing

50. Why does Nalcor require an additional $379.2 million in funding?
• This is simply the continuation of equity requirements for the completion of the Muskrat Falls project consistent with the project cost update announced in June 2017.

Taxes

Tax Review Committee

51. How is the Tax Review Committee’s report reflected in this Budget?
• The Tax Review Committee was advisory only, but government gave serious consideration to the recommendations they put forth.
• We made the decision to focus on the tax on automobile insurance as an area where the burden on taxpayers could be reduced.
• We did not move to eliminate the temporary deficit reduction levy early because it would not have had as big a positive impact compared with the tax on automobile insurance, and it is already set to expire at the end of this year.
• The tax on auto insurance impacts a far greater number of residents in this province, and we prioritized that.
• We continue to explore recommendations around expanding consumption taxes and greater regional cooperation, but those are longer-term studies that were not complete for Budget 2019.
52. The Independent Tax Review Committee (ITRC) suggested that the province was not in a position to reduce taxes. Should you have removed the tax on auto insurance?
- We make all taxation decisions based on careful consideration of our fiscal needs and the tax burden faced by the people of this province.
- We believe that we can remove the tax on auto insurance while staying on course with our fiscal plan, and so we are making that change.
- We have always said that as we are able to reduce taxes we will do so. This is one of those times.

Budget impacts for stakeholder groups

53. What is in this budget for young people?
- Approximately $13 million has been committed for employment and training programs.
- Approximately $700,000 is allocated to build capacity and provide more flexible training in the province's apprenticeship system by increasing offerings in an online format.
- $161 million is available for investment through the Labour Market Transfer Agreement, which will help people prepare for, find, and maintain employment.
- College of the North Atlantic programs that align with priority sectors such as aquaculture, mining and aerospace to support jobs of the future.
- More than $6.1 million available for investment through the Youth and Student Services Program. This money will be used for such things as contributing to organizations that assist youth through a variety of services ranging from career fairs to youth employment initiatives focusing on career development and education.
- $2 million over four years to develop The Way Forward on Workforce Development.
- Allocating $339,000 to expand the Student Mentorship Program to include summer career development opportunities in priority career paths in the agriculture, aquaculture, technology, forestry, mining, community, and oil and gas sectors.
- Through the Green Jobs in Green Spaces for Youth, there is $138,700 for investment, which supports our ability to increase the number of student positions and enhanced customer service at parks.
- $13 million for the Education Action Plan, an increase of $6 million from last year, to continue implementation of the plan and support better outcomes for students. Through the plan, we are implementing over 80 actions to ensure students have access to the supports they need and hiring 350 teacher resources over a three year period.

54. What is in this budget for seniors?
• Through the Newfoundland and Labrador Seniors’ Benefit, we provide up to $1,313 annually to adults aged 65 and older. Approximately 70 per cent of single beneficiaries of the Seniors Benefit are women.
• $270,000 for seniors organizations, which will provide additional funding up to $2,000 for 135 seniors groups to enhance their programming.
• When seniors renew their vehicle registration at the counter, the price will fall to $99. For seniors that renew online, the fee will be $89.
• We are applying a 10 per cent discount on vehicle registration for veterans that have a veteran plate. This is a sign of respect of our veterans.
• $95,000 for the Age-Friendly Newfoundland and Labrador Community Grant Program. Through this program we are working with communities to plan for our province’s aging population.
• Investing $300,000 for the Newfoundland and Labrador Community Transportation Program. This will further support our goal of supporting age-friendly, accessible and inclusive transportation projects.

55. What is in this budget for women?
• Extending parental benefits in the public service. While we recognize that social norms are changing, it is still predominantly women who take parental leave, and we want to ensure proper supports so that women have equal opportunity in the provincial workforce. As an employer, we want to lead by example.
• $3.2 million in operational funding to a wide-range of organizations including the Multicultural Women’s Organization of Newfoundland and Labrador, the Newfoundland Aboriginal Women’s Network and the Newfoundland and Labrador Sexual Assault Crisis and Prevention Centre.
• We continue support the great work of women’s centres and a new centre on the Northern Peninsula.
• $354,000 for bail supervision and electronic monitoring programs to help lower levels of recidivism and improve safety for women.

56. What is in this budget for low-income individuals?
• Budget 2019 has no tax or fee increases.
• We are eliminating the tax on automobile insurance in its entirety.
• The Newfoundland and Labrador Income Supplement supports low income seniors, individuals, families, and persons with disabilities.

Agencies, Boards and Commissions

57. What ABCs do you anticipate being able to make the major spending cuts you require?
• We do not require major spending cuts, we require cuts that are gradual and balanced, and which do not “shock” the economy.
• Health and education are our government’s biggest areas of expenditure, so we will need to work with ABCs in those areas.
• Through attrition and use of technology we will work to make these reductions in a gradual way that does not have an impact on services that people rely on.

**Attrition**

58. Are you assuming any further downsizing among non-bargaining unit employees?
• Our intent is to address any work force impacts through attrition.
• This may include bargaining and/or non-bargaining unit employees depending on the level of attrition, and the work force composition and impacts per department.

**Cannabis**

59. How much revenue did the province receive from cannabis in 2018-19?
• Provincial revenue from cannabis sales was $6.5 million in 2018-19.
• There has been $16.5 million in total sales to the end of February 2019.

60. How much revenue are you projecting from cannabis in 2019-20?
• In 2019-20 we are projecting cannabis revenue of $22.8 million.
Hi both,

Are you good with the below budget day messages?

Finance

Budget 2019

April 16, 2019

☐ The theme for Budget 2019 is "Working Towards a Brighter Future." It recognizes our forward looking approach after our first term in office.
☐ We have significantly improved the province's fiscal situation after years of mismanagement by the former administration.
☐ We have worked our balanced approach for four years, correcting course by reducing the deficit by over $2 billion while maintaining service delivery.
☐ We have achieved a surplus in 2019-20 thanks to the guaranteed revenue stream we secured through Atlantic Accord negotiations.
☐ Our work is not done. We continue to move towards returning to an ongoing surplus in 2022-23 through our Way Forward Plan to put the province on stable financial footing.
☐ Our plan is working, and our future is bright.

Secondary

☐ Budget 2019 reflects the priorities of Newfoundlanders and Labradorians with advancements in health care and education and a focus on job creation and economic growth.
☐ The budget includes no tax or fee increases.
☐ We are taking the additional step of eliminating the tax on automobile insurance.
☐ Spending has remained steady throughout our mandate while costs such as servicing our debt has increased. While spending has increased this year, it is largely the result of 100 per cent federally-funded programs (for which we get reimbursed) and one-time expenditures such as Election 2019, public inquiries and the relocation of Little Bay Islands.
☐ When these costs are considered, our spending is actually lower than our original projection.

Marc Budgell | Communications Director
Finance/Human Resource Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John's NL A1B 4J6
(t) 709 729-2477
Our Financial Plan

Budget 2019

Newfoundland Labrador
On track to return to surplus in 2022-23
Health and Healthy Living

Free eye exams for children in kindergarten

Budget 2019

Newfoundland Labrador
Health and Healthy Living

Lifting the age cap for those currently enrolled in the Insulin Pump Program

Budget 2019

Newfoundland Labrador
$594.3 million investment for new and existing infrastructure

Budget 2019
Eliminating tax on automobile insurance
Budget 2019

Working towards a brighter future

Newfoundland Labrador
Education, Skills and Childhood Development

$60 million to build on the 1,000 affordable childcare spaces that have been created

Budget 2019

Newfoundland and Labrador
Hi Minister,

Are you available to do CBC Radio tomorrow morning?

You would need to be there for 7:30 a.m.

Best,
Marc

From: JAMIE FITZPATRICK <jamie.fitzpatrick@cbc.ca>
Sent: Tuesday, April 16, 2019 9:36 AM
To: Budgell, Marc <MarcBudgell@gov.nl.ca>
Subject: Interview request-Wednesday

Hi Marc:

I'm writing from the St. John's Morning Show on CBC Radio. Is Minister Osborne available for a studio interview tomorrow morning (Wednesday) to talk about the budget? Our preference is to have him arrive at 7:30 for an interview beginning around 7:45. He'll be speaking with one of our hosts, Fred Hutton or Krisy Holmes. You can reach me at this email, or at 631-8664.

Regards,
Jamie Fitzpatrick
Thank you!

My apologies – I misread your email. We will see you both this afternoon.

From: Jewer, Michelle <MichelleJewer@gov.nl.ca>  
Sent: Tuesday, April 16, 2019 9:58 AM  
To: Kenny, Robin <RobinKenny@gov.nl.ca>  
Cc: Martin, Craig <CMartin@gov.nl.ca>; Robinson, Roma <robinson@gov.nl.ca>  
Subject: Re: ADM Budget Briefing - CLD 1:15-2:00

We will try our best to get there by 1pm.

Sent from my iPhone

On Apr 16, 2019, at 9:52 AM, Kenny, Robin <RobinKenny@gov.nl.ca> wrote:

Thank you, Michelle.

Craig – I will have everything setup and ready to go on this end. You can bring your presentation on a memory stick when you arrive. Are you able to be here for 1:00 to get your slides setup before the 1:15 start time?

Thank you,

Robin

Robin Kenny/Manager of Corporate Organizational Development

Centre for Learning and Development
Human Resource Secretariat
Government of Newfoundland and Labrador
Telephone: 729-7666

5th Floor, West Block
Confederation Building
P.O. Box 8700
St. John’s, NL
A1B 4J6
robinkenny@gov.nl.ca

From: Jewer, Michelle <MichelleJewer@gov.nl.ca>  
Sent: Tuesday, April 16, 2019 9:31 AM  
To: Kenny, Robin <RobinKenny@gov.nl.ca>  
Cc: Robinson, Roma <robinson@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>  
Subject: Re: ADM Budget Briefing - CLD 1:15-2:00

Robin,

Me and Craig Martin will attend and I will have a presentation but no hard copies.

Sent from my iPhone

On Apr 16, 2019, at 8:51 AM, Kenny, Robin <RobinKenny@gov.nl.ca> wrote:

Hi Michelle,

Are you presenting the Budget Briefing to the Assistant Deputy Ministers at 1:15, or will it be one of your Finance colleagues?

This session is in Training Room 1 at the Centre for Learning and Development. We will have the room set up in auditorium style to maximize the numbers we can accommodate seated. There are 29 ADM’s who have accepted the invitation for today, however we know this number can fluctuate. Can you please let me know if there will be handouts or an electronic presentation?

Thank you, Michelle.
Robin Kenny/Manager of Corporate Organizational Development

Centre for Learning and Development
Human Resource Secretariat
Government of Newfoundland and Labrador
Telephone: 729-7666

5th Floor, West Block
Confederation Building
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robinkenny@gov.nl.ca

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From: Penney, Jodi <jodipenney@gov.nl.ca>
Sent: Tuesday, April 16, 2019 4:28 PM
To: Norman, Katie <KatieNorman@gov.nl.ca>
Cc: Martin, Craig <CMartin@gov.nl.ca>
Subject: RE: Budget Documents

Thanks Jodi.

Katie

From: Penney, Jodi <jodipenney@gov.nl.ca>
Sent: Tuesday, April 16, 2019 3:06 PM
To: Martin, Craig <CMartin@gov.nl.ca>
Cc: Penney, Jodi <jodipenney@gov.nl.ca>
Subject: RE: Budget Documents

Thanks Craig!

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Martin, Craig
Sent: Tuesday, April 16, 2019 2:37 PM
To: Norman, Katie
Cc: Penney, Jodi
Subject: RE: Budget Documents

I've asked Dale to get a copy and drop up to Jodi so she can put in an envelope with her name on it.

Sent from my iPhone

On Apr 16, 2019, at 2:25 PM, Norman, Katie <KatieNorman@gov.nl.ca> wrote:

Thanks Jodi.

Katie

From: Penney, Jodi <jodipenney@gov.nl.ca>
Sent: Tuesday, April 16, 2019 2:17 PM
To: Norman, Katie <KatieNorman@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>
Subject: RE: Budget Documents

Hi Katie,

I don't have access to the speech. Perhaps Craig can advise when he is free later today.

Thanks,

Jodi

From: Norman, Katie <KatieNorman@gov.nl.ca>
Sent: Tuesday, April 16, 2019 2:13 PM
To: Penney, Jodi <jodipenney@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>
Subject: Budget Documents

Hi Jodi and Craig,

As you may be aware, the Government is launching the Community Sector Work Plan through the Budget today.

Thanks,

Katie

29.(1)(a)
Hi Marc,

I'm writing from the St. John's Morning Show on CBC Radio. Is Minister Osborne available for a studio interview tomorrow morning (Wednesday) to talk about the budget? Our preference is to have him arrive at 7:30 for an interview beginning around 7:45. He'll be speaking with one of our hosts, Fred Hutton or Krissy Holmes. You can reach me at this email, or at [redacted].

Regards,
Jamie Fitzpatrick
Hi Ramya,

I was hoping to attend the meeting yesterday, but some budget related work came up that I had to attend to. It's nice to hear from you, and I will certainly track down an answer to your question. I have copied a colleague of mine in government budgeting to get a precise answer for you. However, in the meantime,

Thanks,
Dennis

From: Muthukumar, Ramya <ramya.muthukumar@rbc.com>
Sent: Tuesday, April 16, 2019 4:06 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Subject: Regarding Budget 2019

Dear Mr. Sharpe,

My name is Ramya Muthukumar and I am an economist at RBC. I was on the call with the minister yesterday. I had a question regarding some of the numbers from today's budget.

Looking forward to your response,

Thanks,

Ramya Muthukumar | Economist | Royal Bank of Canada | T. 416-974-7577

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Janice asked me this morning to reschedule the Thursday morning call with TD Economics. Not a problem. Please let me know your preferred rescheduled date and time.

Regards,
Les

---

On April 9, 2019, at 9:15 AM, Peterdy, Les <Les.Peterdy@tdsecurities.com> wrote:

Thanks for the response Denise.

Here is another idea I wanted to run by you. After your budget is tabled next Tuesday, I suggest a 30 minute conference call between the Province’s Finance and Treasury staff and TD Economics and Commodity Strategy. I propose having the conference call on the morning of Thursday the 18th. I have checked with Derek Burleton, our Deputy Chief Economist and he is available for a call. I can also have someone from Bart Malek’s group on the line. For format, I was thinking the following:

1) a brief analysis/feedback on the NFLD budget - Derek
2) a brief analysis of the rest of the provincial landscape and expectations for the 2019/20 year to come – Derek
3) an update on the oil market and our forecasts – Bart
4) Question and Answer

Let me know your thoughts.

Thanks,
Les

---

On April 3, 2019, at 3:52 PM, Peterdy, Les <Les.Peterdy@tdsecurities.com> wrote:

Hi Denise. Hope all is well with you. Seems to be lots going on at the Province with the April 1 announcement and the expected rate mitigation discussions with the Fed this Friday. And still waiting on a budget date and an election date.

With all that in the background, I am not sure if you are planning to come to Toronto and/or Montreal for the annual BMO Government Finance Conference (week of May 6). If so, and if you have time, I would like to say hello and potentially get some investors and/or salespeople in front of you. Please let me know.

Thanks,
Les

Les Peterdy, CFA

TD Securities
Dela Capital Markets - Government Finance
222 Bay Street
Easte & Young Tower, 7th Floor
Toronto ON Canada M5K 1A2
t. 416 963-2841
t. 416 983-4154
c. 647 202-6860
Sent from my iPhone

Begin forwarded message:

From: Berner, David <David.Berner@nbc.ca>
Date: April 17, 2019 at 10:43:30 AM NDT
To: Undisclosed recipients;
Subject: Bond Market Comment

Asia and Europe
Stocks and US equity futures are mostly higher overnight on the back of a much-better-than-forecast China GDP (Q1) data print (rose 6.4%) in conjunction with strong industrial production and retail sales. Yield in European govt bonds and US Treasuries are higher (UST 10-yr yield up about 1 bp). Oil is stronger this morning on a reported drop in inventories (WTI $64.40, up 35 cents; Brent crude $72.05, also up about 35 cents).

Provincials
Rumors of long supply became reality yesterday – but the market wasn’t looking for longs, I guess. As our traders mentioned recently, long provincial flows have been balanced looking for no real interest for long supply. The province of British Columbia reopened their 2050 at 10 bps through Ontario 2049. The deal put some pressure on the 30yr/10yr credit curve moving it wider another basis point to +14 bps.

Lots of other news on the pro-econ front:
1) Alberta Election
No surprise here as the Province returns to its Conservative roots. Kenny (United Conservative Party) wins solid majority. In short, it’s:
   • pro pipelines (including tougher tactics with BC),
   • anti-Trudeau carbon tax,
   • lower corporate taxes and less regulations (similar to the Open for Business mantra in Ontario),
   • a crusade against seemingly “unfair” equalization / fed transfer system
   • UCP favours a quicker return to balance (ie more aggressive tackling of deficit vs NDP).

On balance: i) this is a political pivot that is bondholder friendly; ii) Premier-elect Kenney about to become a major pain-in-the-ass for Trudeau; iii) this Alberta vote continues a conservative uprising at the provincial level of government. ALTA spreads 1bp tighter on the open.

2) Newfoundland Budget
   • Deficit for the year ending March 31, 2018 is now pegged at $521 million; a $161 million improvement from Budget 2018, a $25 million improvement from the deficit forecasted in their Fall Update.
   • Budget 2019 anticipates a $1.9 billion surplus, largely resulting from the widely telegraphed Atlantic Accord agreement announced earlier this month (the accord is expected to bring in additional one-time revenue of $2.5 billion in 2019-20). Excluding this one-time extraordinary revenue, Budget 2019-20 would anticipate a $577 million deficit.
   • Gross borrowing requirements:
     • for 2019-20 are forecast to be $1.2 billion (of which $1.16 billion is net new borrowing).  
     • From 2020-21 to 2022-23, gross borrowing is projected at $3.6 billion (including $0.94 billion in net new borrowing).  

Importantly, note that borrowing over this period is lower by $400 million compared to Budget 2018 as a result of the Atlantic Accord cash proceeds.

NF spreads unchanged this morning

Regards

Dave Berner

David Berner | Managing Director, Fixed Income | National Bank Financial Inc. |
130 King St. W, 4th Floor Podium | Toronto, ON | M5X 1J9 | T: 416-869-8630 | david.berner@nbc.ca |

https://www.nbin.ca/disclosure_english.jhtml
From: Budgell, Marc <MarcBudgell@gov.nl.ca>
Sent: Tuesday, April 16, 2019 4:23 PM
To: Hanrahan, Denise <Hanrahand@gov.nl.ca>
Subject: Fwd: Budget 2019 Animation Video

Hi Denise, see below. We have funding available for this?

Best,
Marc

Sent from my iPhone

Begin forwarded message:

From: "Higdon, Geoff" <GeoffHigdon@gov.nl.ca>
Date: April 16, 2019 at 3:42:51 PM NDT
To: "Budgell, Marc" <MarcBudgell@gov.nl.ca>
Cc: "Bruce, Glenn" <GlennBruce@gov.nl.ca>, "Barfoot, Scott" <ScottBarfoot@gov.nl.ca>, "Joyce, Luke" <LukeJoyce@gov.nl.ca>
Subject: Budget 2019 Animation Video

Hi Marc,

As per our conversation today, if you would like to have the Budget animation video on Facebook boosted.

Thanks,

Geoff

Geoffrey G. Higdon
Director of Communications, Social Media
Communications & Public Engagement
Government of Newfoundland & Labrador
t. 709.729.3725 m. 709.631.8969
Confederation Building – 10th Floor, East Block
St. John’s, NL, A1B4J6
www.gov.nl.ca
Hi Michelle, are we able to provide this?

Best,
Marc

From: Newhook, Tina <TinaNewhook@gov.nl.ca>
Sent: Wednesday, April 17, 2019 9:40 AM
To: Budgell, Marc <MarcBudgell@gov.nl.ca>
Subject: Budget 2019 deck

My Deputy Minister has asked for a copy of the Budget 2019 deck delivered yesterday to Communications Directors and EAs.

Would you mind sharing with me?

Tina Newhook
Director, Communications
Health and Community Services
Government of Newfoundland and Labrador
709-729-1377
tinanewhook@gov.nl.ca
How does slide 21 look? Is that something like you were looking for?

If you want, I can squeeze the chart a little more and add 2018-19 to the table if you like?

Or, if you would rather something completely different, just let me know.

Thanks,

Dennis
Budget 2019

Technical Briefing
April 16, 2019
Working Towards a Brighter Future

- Health and Healthy Living
- Infrastructure
- Seniors, Children and Inclusive Communities
- Jobs and Industry Development
- Education, Skills and Childhood Development
- Safe and Sustainable Communities
Working Towards a Brighter Future

• Health and Healthy Living Initiatives, such as:
  • Mental Health Facility in St. John’s- $8.9M to start construction in 2019
  • Mental Health Unit in Happy Valley Goose Bay - $1.0M to start construction in 2019
  • Autism Action Plan - $2.5M (annualized to $5.0M)
  • 15 New Drug Therapies - $4.9M
  • Free Eye Exams to children starting kindergarten this Fall - $0.25M
Working Towards a Brighter Future

- Infrastructure Initiatives, such as:
  - Total infrastructure strategy $594.3M in 2019/20 including replacement of Her Majesty’s Penitentiary
  - $3 billion - 5 year rolling plan from 2019/20 to 2023/24
  - Average $580M in economic activity and 5,100 person years of employment
  - Maximizing federal cost shared arrangements for various infrastructure projects, reducing provincial requirement
Working Towards a Brighter Future

- Seniors, Children and Inclusive Communities Initiatives, such as:
  - Reducing passenger vehicle licensing fees for seniors & military veterans

- Jobs and Industry Development Initiatives, such as
  - Digital Ocean Innovation Centre of Excellence - $3.0M
  - Ocean Technology Competition Launch - $0.25M
  - Eliminating the remaining 13% retail sales tax on automobile insurance premiums
  - $1M increase to the ArtsNL grant program
Working Towards a Brighter Future

- Education, Skills and Childhood Development Initiatives, such as:
  - Maintain Post Secondary Tuition Freeze
  - $350K for Social and Emotional Learning curriculum in schools
  - $300K to increase Student Assistant hours
  - New Aquaculture Training Program at Burin Campus
  - New Non-Destructive Testing Program for Aerospace Sector at Gander Campus
  - New Geological Technician Program at Grand Falls Windsor
Working Towards a Brighter Future

- Safe and Sustainable Communities Initiatives, such as:
  - Electronic Monitoring Program - $254K
  - Bail Supervision Program - $100K
  - New Women’s Centre on Northern Peninsula - $142K
  - Fire Protection Vehicles and Firefighting Equipment Programs – $2.9M
  - Heat Pumps Rebate Program - $1.0M
  - Provincial Solid Waste Management Strategy - $347K
Our Fiscal Performance

 ✓ Deficit Target for 2018/19 surpassed

 ✓ 2019/20 reflects one-time $2.5 billion from Atlantic Accord Review

 ✓ Still on Track for Return to Surplus in 2022/23

 ✓ Still on Track for Total Expenses under $8 billion by 2022/23
Our Fiscal Performance (continued)

- Maintaining the commitment of $200M annually for energy rate management at a consumer rate of 13.5 cents per kWh (2021)
- Maintaining the scheduled expiry of the deficit reduction levy effective December 31, 2019
- Maintaining the approach regarding workforce reduction via attrition
- Maintaining the focus on efficiency and expense reductions
## Economic Forecast

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP ($ Millions)</td>
<td>34,362</td>
<td>35,242</td>
<td>35,802</td>
<td>37,203</td>
<td>37,636</td>
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<tr>
<td>Real GDP ($ Millions)</td>
<td>32,838</td>
<td>34,184</td>
<td>34,260</td>
<td>35,075</td>
<td>35,024</td>
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<td>Household Income ($ Millions)</td>
<td>25,957</td>
<td>26,802</td>
<td>26,944</td>
<td>27,459</td>
<td>28,075</td>
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<tr>
<td>Retail Sales ($ Millions)</td>
<td>9,006</td>
<td>9,090</td>
<td>9,221</td>
<td>9,358</td>
<td>9,514</td>
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<tr>
<td>Consumer Price Index (2002=100)</td>
<td>137.9</td>
<td>140.0</td>
<td>142.8</td>
<td>145.6</td>
<td>148.6</td>
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<tr>
<td>Housing Starts</td>
<td>1,096</td>
<td>1,117</td>
<td>1,060</td>
<td>1,140</td>
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<td>Employment (Thousands)</td>
<td>225.3</td>
<td>228.1</td>
<td>225.2</td>
<td>225.4</td>
<td>224.9</td>
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<tr>
<td>Unemployment Rate (%)</td>
<td>13.8</td>
<td>13.1</td>
<td>13.5</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>Capital Investment ($ Millions)</td>
<td>9,684</td>
<td>11,313</td>
<td>9,250</td>
<td>9,161</td>
<td>9,956</td>
</tr>
<tr>
<td>Economic Indicators - % Change</td>
<td></td>
<td></td>
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<td>-------------------------------</td>
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<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Nominal GDP (% Change)</td>
<td>3.9</td>
<td>2.6</td>
<td>1.6</td>
<td>3.9</td>
<td>1.2</td>
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<tr>
<td>Real GDP (% Change)</td>
<td>-2.9</td>
<td>4.1</td>
<td>0.2</td>
<td>2.4</td>
<td>-0.1</td>
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<tr>
<td>Household Income (% Change)</td>
<td>0.8</td>
<td>3.3</td>
<td>0.5</td>
<td>1.9</td>
<td>2.2</td>
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<td>Retail Sales (% Change)</td>
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<td>1.4</td>
<td>1.5</td>
<td>1.7</td>
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<tr>
<td>Consumer Price Index (% Change)</td>
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<td>Capital Investment (% Change)</td>
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Oil Price and Exchange Rate Forecast

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- Increase in revenue due to higher oil price and lower exchange rate partially offset by deferred royalties from the November storm shutdown (total variance is 1%)

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Total Revenue

- Government of Canada transfers increased
  - Atlantic Accord review $2.5B
  - 100% cost shared $125M

- Offset by all other revenue adjustments
Expense Variance ($M)

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- 100% federal cost shared $125M
  100% cost recoverable $5M

- One-time expenses: Election costs ($6.3M); Inquiries ($11.1M); Little Bay Island Relocation costs ($10M)

- Offset by other expense changes (including any new spending) - $5.7M savings
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<td>70</td>
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Expenditure Growth and Control ($B)

Note: 2015/16 to 2017/18 are actual expenses, 2018/19 is budget revised, and 2019/20 to 2022/23 is budget forecast.
### Borrowing and Net Debt Forecast ($B)

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<td>Gross Borrowing</td>
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<td>0.70</td>
<td>1.70</td>
<td>4.8</td>
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<tr>
<td>Net New Borrowing</td>
<td>1.16</td>
<td>0.43</td>
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<td>2.1</td>
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- Borrowing over this period is down $400 million when compared to Budget 2018 due to Atlantic Accord cash proceeds.
- Net Debt 2019/20 is $13.8 billion.
Net Debt as % of GDP

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
Budget 2019

THANK YOU
From: Martin, Craig
Sent: Wednesday, April 17, 2019 9:57 AM
To: Jewer, Michelle <Michelle.Jewer@gov.nl.ca>
Cc: Sharpe, Dennis <DSharpe@gov.nl.ca>
Subject: Budget Day Deck

Michelle,

Can you please send us a copy of the Powerpoint version of the Budget day deck as well as the Speaking Notes.

Thanks

Craig

Craig Martin, CPA, CMA
Assistant Deputy Minister of Finance
Economic, Fiscal and Statistics Branch

(709) 729-0864  (709) 729-2070
martin@gov.nl.ca
Budget 2019

Technical Briefing
April 16, 2019
Working Towards a Brighter Future

- Health and Healthy Living
- Infrastructure
- Seniors, Children and Inclusive Communities
- Jobs and Industry Development
- Education, Skills and Childhood Development
- Safe and Sustainable Communities
Working Towards a Brighter Future

• Health and Healthy Living Initiatives, such as:
  • Mental Health Facility in St. John’s- $8.9M to start construction in 2019
  • Mental Health Unit in Happy Valley Goose Bay - $1.0M to start construction in 2019
  • Autism Action Plan - $2.5M (annualized to $5.0M)
  • 15 New Drug Therapies - $4.9M
  • Free Eye Exams to children starting kindergarten this Fall - $0.25M
Working Towards a Brighter Future

• Infrastructure Initiatives, such as:
  • Total infrastructure strategy $594.3M in 2019/20 including replacement of Her Majesty’s Penitentiary
  • $3 billion - 5 year rolling plan from 2019/20 to 2023/24
  • Average $580M in economic activity and 5,100 person years of employment
  • Maximizing federal cost shared arrangements for various infrastructure projects, reducing provincial requirement
Working Towards a Brighter Future

- Seniors, Children and Inclusive Communities Initiatives, such as:
  - Reducing passenger vehicle licensing fees for seniors & military veterans

- Jobs and Industry Development Initiatives, such as
  - Digital Ocean Innovation Centre of Excellence - $3.0M
  - Ocean Technology Competition Launch - $0.25M
  - Eliminating the remaining 13% retail sales tax on automobile insurance premiums
  - $1M increase to the ArtsNL grant program
Working Towards a Brighter Future

- Education, Skills and Childhood Development Initiatives, such as:
  - Maintain Post Secondary Tuition Freeze
  - $350K for Social and Emotional Learning curriculum in schools
  - $300K to increase Student Assistant hours
  - New Aquaculture Training Program at Burin Campus
  - New Non-Destructive Testing Program for Aerospace Sector at Gander Campus
  - New Geological Technician Program at Grand Falls Windsor
Working Towards a Brighter Future

- Safe and Sustainable Communities Initiatives, such as:
  - Electronic Monitoring Program - $254K
  - Bail Supervision Program - $100K
  - New Women’s Centre on Northern Peninsula - $142K
  - Fire Protection Vehicles and Firefighting Equipment Programs – $2.9M
  - Heat Pumps Rebate Program - $1.0M
  - Provincial Solid Waste Management Strategy - $347K
Our Fiscal Performance

✓ Deficit Target for 2018/19 surpassed

✓ 2019/20 reflects one-time $2.5 billion from Atlantic Accord Review

✓ Still on Track for Return to Surplus in 2022/23

✓ Still on Track for Total Expenses under $8 billion by 2022/23
Our Fiscal Performance (continued)

✓ Maintaining the commitment of $200M annually for energy rate management at a consumer rate of 13.5 cents per kWh (2021)

✓ Maintaining the scheduled expiry of the deficit reduction levy effective December 31, 2019

✓ Maintaining the approach regarding workforce reduction via attrition

✓ Maintaining the focus on efficiency and expense reductions
# Economic Forecast

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP ($ Millions)</td>
<td>34,362</td>
<td>35,242</td>
<td>35,802</td>
<td>37,203</td>
<td>37,636</td>
</tr>
<tr>
<td>Real GDP ($ Millions)</td>
<td>32,838</td>
<td>34,184</td>
<td>34,260</td>
<td>35,075</td>
<td>35,024</td>
</tr>
<tr>
<td>Household Income ($ Millions)</td>
<td>25,957</td>
<td>26,802</td>
<td>26,944</td>
<td>27,459</td>
<td>28,075</td>
</tr>
<tr>
<td>Retail Sales ($ Millions)</td>
<td>9,006</td>
<td>9,090</td>
<td>9,221</td>
<td>9,358</td>
<td>9,514</td>
</tr>
<tr>
<td>Consumer Price Index (2002=100)</td>
<td>137.9</td>
<td>140.0</td>
<td>142.8</td>
<td>145.6</td>
<td>148.6</td>
</tr>
<tr>
<td>Housing Starts</td>
<td>1,096</td>
<td>1,117</td>
<td>1,060</td>
<td>1,140</td>
<td>1,200</td>
</tr>
<tr>
<td>Employment (Thousands)</td>
<td>225.3</td>
<td>228.1</td>
<td>225.2</td>
<td>225.4</td>
<td>224.9</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>13.8</td>
<td>13.1</td>
<td>13.5</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>Capital Investment ($ Millions)</td>
<td>9,684</td>
<td>11,313</td>
<td>9,250</td>
<td>9,161</td>
<td>9,956</td>
</tr>
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</table>
## Economic Indicators - % Change

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<tr>
<th></th>
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<tr>
<td>Nominal GDP (% Change)</td>
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<td>3.9</td>
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<tr>
<td>Real GDP (% Change)</td>
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- Increase in revenue due to higher oil price and lower exchange rate partially offset by deferred royalties from the November storm shutdown (total variance is 1%)

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- Government of Canada transfers increased
  - Atlantic Accord review $2.5B
  - 100% cost shared $125M

- Offset by all other revenue adjustments
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- Net Debt 2019/20 is $13.8 billion
Net Debt as % of GDP

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
Budget 2019

THANK YOU
Slide 1 – Cover

- Introduction

- Summary of various budget documents specifically budget speech financial statements, estimates, news releases and fact sheets

- Provide budget themes and announcements, economic forecast, financial performance, borrowing and net debt
Slide 2 – 7 Working Towards a Brighter Future

- Budget 2019 Theme is *Working Towards a Brighter Future*

- Six key communication documents in addition to the overall budget news release

- Slide 2-Slide 7
Slide 8 – Our Fiscal Performance

- Deficit target has been surpassed at $522M

- As you may now from the Atlantic Accord Review release, the province realized a $2.5 billion dollar stream of revenue

- Public Sector Accounting standards require us to record the $2.5 billion stream of revenue in 2019/20 resulting in a surplus in 2019/20

- As was developed in Budget 2016 the Province continues to report a surplus in 2022-23 with total expenses below $8 billion dollars
Slide 9 – Our Fiscal Performance continued

- The Province has released a rate management framework with respect to energy rates. Budget 2019 maintains the $200M contribution resulting in a consumer rate of 13.5 cents kWh by 2021.

- The budget forecast also sees the elimination of the deficit reduction levy before 2020.

- This budget reflects the continued approach of utilizing attrition to deal with workforce reductions as well as a focus on efficiencies in order to achieve expense reductions.

- Shared services and digital government are two examples of such initiatives utilizing this approach.
Slide 10 – Economic Forecast

The NL economy is still going through a period of adjustment as the significant major project investment that has taken place over the past number of year’s winds down.

Despite this transition, the overall outlook is generally positive and 2019 is expected to see growth in most economic indicators.

As we look to the out years GDP will continue to grow boosted by increases in oil, mineral and aquaculture production.

However, employment and capital investment both decline in line with major project construction activity.

Despite the Economic challenges in the medium term, many positive developments continue in the provincial economy.

- Oil production is expected to rise significantly over the next several years, boosting GDP. The Hebron project and, eventually
the West White Rose project, will both add to longer term oil production.

- First oil is expected from Husky’s $3.2 billion West White Rose project in 2022.
- Bay Du Nord, the province’s 5th oil project is expected to be sanctioned in 2020 with first oil in 2025.
- In the mining sector, Tacora Resources is expected to begin production at the former Wabush Mines this year and the Beaver Brook antimony mine near Glenwood is re-opening.
- As well, Vale is currently developing its underground Mine expansion at Voisey’s Bay with significant capital expenditure occurring this year.
- There is significant interest in development opportunities in the aquaculture industry, including Greig’s project and output expansion by MOWI Canada East (formerly Marine Harvest Canada East), which have the potential to more than triple production and expand the industry into new areas of the province.
- Moreover, significant capacity enhancements in transportation infrastructure and the continued addition of new capacity in the tourism sector.
Long-term, we believe there is significant potential in the provincial economy, particularly in the energy sector. There are substantial oil and gas resources available in offshore Newfoundland and Labrador, as evidenced by three recent resource assessments (one in the Flemish Pass and two in the Orphan Basin). The 2018 call for bids on 17 parcels in the Orphan and East Jean d’Arc Basins resulted in bids of $1.6 billion on five parcels with a record single parcel bid of $621 million.

In addition, Equinor (formerly Statoil), Husky, ExxonMobil, CNOOC International (formerly Nexen Energy ULC) and BP Canada are each proposing long-term exploration programs for the various holdings in Jeanne d’Arc, Flemish Pass and Orphan basins. These programs could result in upwards of 100 exploration and delineation wells over the next 12 years.
Real GDP is expected to grow by 4.1% this year. The three main factors driving GDP growth are:

- Increased iron ore production due to a rebound in IOC production following the two month strike in 2018.
- Higher oil output as Hebron continues to ramp up production and,
- Increased capital investment due to development activity on the West White Rose and the Voisey’s Bay underground mine projects.
- The increasing construction activity in 2019 is also expected to drive growth in employment and household income. This should also boost retail sales and housing starts.

Household and retail sales show growth over the period.

Consumer price index shows modest growth tending to hold around 2%.

Housing starts are still mixed but we generally see between 1,000 and 1,100 new builds annually.
As I previously noted, employment tends to trend in line with capital investment in major projects.

Capital investment itself is a moving target over the forecast period. We see investment declined in 2018 due to completion of Hebron in 2017 and significant reduction in Muskrat Falls project with significant completion with transmission lines:

- 2019 projects increase capital investment in white Rose wellhead platform and Voisey’s bay underground project
- 2020 shows a decline in capital investment due to significant portion of work on white Rose wellhead platform and completion of Muskrat Falls project.
- 2022 we see an increase in capital investment due to start of Bay D’Nord project.
Slide 12 – Oil Price and Exchange Rate

• Budget 2019 utilizes the same methodology for setting oil price and exchange rate as Budget 2018

• For oil price we use 11 forecasters we average the top 3 and bottom 3 and average those averages

• For 2019/20 we are forecasting $65 US Brent per barrel

• Subsequent years for oil price we reduce the budget for $1 per year to create the budget risk adjusted price

• Budget risk adjusted price for 2022/23 is $68 US Brent per barrel

• With respect to exchange rates we utilize the federal budget 2019 forecast survey exchange rate

• For 2019/20 offshore royalties are worth $1.1 billion dollars or 10.9% of revenues when Atlantic Accord is included or 14% without
Slide 13

- Notes on slide
Slide 14
Following two slides explain the variance
Slide 15 –

- Notes are on the slide
- All other revenue sources are negative $26 million
Notes are on the slide
• This statement compares what we thought Budget 2019 would be last Budget versus what it is today

• The variance is substantially the Atlantic Accord $2.5 billion

• The incremental expense variance relates to the new Oil and Gas Corporation whose expenses will show as expenses in Government rather than in Net Income of Nalcor
Slide 18 – Fiscal Forecast

• Government is still on a fiscal track to return to surplus by 2022/23

• There are adjustments to the deficits due to fluctuations in revenues and expense forecast adjustments

• For 2020/21 revenue is down slightly while expenses are slightly increased due to infrastructure and actuarial adjustments

• For 2022/23 expenses are 100 million last then the Budget 2018 forecast due to infrastructure and cash flow cash flow adjustments
Slide 19 – Expenditure Growth

- This graph illustrates the control that has been applied to expenses over the 7 year return to surplus plan

- If Budget 2015 expenses were extrapolated based on just population and inflation change without any new spending they would be worth $9.3 billion by 2022/23

- Due to multiple actions regarding gross expenditures the forecast is $1.5 billion dollars better
Slide 20 – Gross Borrowing

- Gross Borrowing is $4.8 billion over the period or $1.2 billion new borrowing (that is borrowing that excludes existing debt rollover)

- Both Gross and Net New Borrowing are lower by $400M due to Atlantic Accord proceeds

- This shows the money from Atlantic Accord is being utilized to reduce borrowing and not for new initiatives

- Due to Atlantic Accord the net debt of 2018/19 $15.4 billion will now drop to $13.8 billion
Slide 21 – Net Debt as % of GDP

- This slide demonstrates 4 years of consistent improvement in our Net Debt as a percentage of our GDP

- An 18 percentage point improvement since Budget 2016

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<tbody>
<tr>
<td>NET DEBT</td>
<td></td>
<td>NL - Budget 2016</td>
<td>12,633</td>
<td>14,662</td>
<td>15,234</td>
<td>15,528</td>
<td>15,414</td>
<td>13,768</td>
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<td>NL - Budget 2017</td>
<td>12,504</td>
<td>14,251</td>
<td>15,234</td>
<td>15,528</td>
<td>15,414</td>
<td>13,768</td>
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<td>NL - Budget 2018</td>
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<td>NL - Budget 2019</td>
<td>12,504</td>
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<tr>
<td>GDP</td>
<td></td>
<td>NL - Budget 2016</td>
<td>30,133</td>
<td>29,656</td>
<td>30,503</td>
<td>31,486</td>
<td>32,905</td>
<td>33,562</td>
<td>34,344</td>
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<td>NL - Budget 2017</td>
<td>30,297</td>
<td>30,503</td>
<td>31,486</td>
<td>32,905</td>
<td>33,562</td>
<td>34,344</td>
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<td></td>
<td></td>
<td>NL - Budget 2018</td>
<td>31,112</td>
<td>32,429</td>
<td>32,850</td>
<td>33,454</td>
<td>33,864</td>
<td>35,060</td>
<td>36,110</td>
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<td>NL - Budget 2019</td>
<td>33,074</td>
<td>34,362</td>
<td>35,242</td>
<td>35,802</td>
<td>37,203</td>
<td>37,636</td>
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<tr>
<td>NET DEBT to GDP (%)</td>
<td></td>
<td>NL - Budget 2016</td>
<td>49%</td>
<td>48%</td>
<td>50%</td>
<td>47%</td>
<td>39%</td>
<td>39%</td>
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<td>NL - Budget 2017</td>
<td>48%</td>
<td>50%</td>
<td>50%</td>
<td>47%</td>
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<td>NL - Budget 2018</td>
<td>44%</td>
<td>45%</td>
<td>47%</td>
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<td>NL - Budget 2019</td>
<td>44%</td>
<td>45%</td>
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35.(1)(d) 35.(1)(g)
We do not have any additional copies at this time. They should be available through the Queen’s printer if you call down.

Craig

Hi Aubrey,

I don’t have any copies myself. I’ve cc’d Craig Martin on your email as he may be able to advise.

Thanks,
Jodi

Jodi, can I get a paper copy of the Budget Speech, Estimates and any other tabled documents for the Budget please?

Aubrey Gover
Deputy Minister
Indigenous Affairs

T. 709-729-4776, F. 709-729-2129
PO Box 8700, St. John’s, NL
A1B4J6

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*******************************************************************************
Hi Aubrey,

I don't have any copies myself. I've cc'd Craig Martin on your email as he may be able to advise.

Thanks,
Jodi

From: Gover, Aubrey <aubreygover@gov.nl.ca>
Sent: Wednesday, April 17, 2019 9:03 AM
To: Penney, Jodi <jodi.penney@gov.nl.ca>
Subject: Budget Docs

Jodi, can I get a paper copy of the Budget Speech, Estimates and any other tabled documents for the Budget please?

Aubrey Gover
Deputy Minister
Indigenous Affairs

T. 709-729-4776, F. 709-729-2129
PO Box 8700, St. John's, NL
A1B4J6

*******************************************************************************
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*******************************************************************************
Date: 4/17/2019 2:14:28 PM
From: "Hunt, Deanne"
To: "Langor, Fiona", "Stone, Karen", "Hanrahan, Denise", "Mercer, Jennifer", "Gardiner, Bob B", "Simmons, Robert", "Ross, Linda", "Norman, Katie", "gagoss@nlhc.nl.ca"
Cc: "Timmins, Emily", "Reynolds, Sandy", "Power, Elaine", "Penney, Jodi", "Delaney, Kim G. (Justice)", "Manuel, Sue", "McCall, Melissa", "Hickeys, Barbara", "krhealey@nlhc.nl.ca", "Walsh, Susan"
Subject: 2019 Budget Initiatives Relevant to Poverty Reduction
Attachment: 2019 Budget Initiatives Relevant to Poverty Reduction.pdf

Good Afternoon,

Please see the attached memo from Susan Walsh, Deputy Minister, Children, Seniors and Social Development Re: 2019 Budget Initiatives Relevant to Poverty Reduction.

Please forward your response to Emily Timmins, Program and Policy Specialist at emilytimmins@gov.nl.ca by Friday, April 26, 2019.

Thank you.

Deanne Hunt
Administrative Assistant
Office of the Deputy Minister
Department of Children, Seniors and Social Development
6th Floor, Confederation Building, West Block
P.O. Box 8700
St. John's, NL
A1B 4J6
Tel: (709) 729-0958
Fax: (709) 729-1049
E-Mail: dhunt@gov.nl.ca
Memo

To: Relevant Deputy Ministers/Executive Leads

From: Susan Walsh, Deputy Minister

Date: April 17, 2019

Re: 2019 Budget Initiatives Relevant to Poverty Reduction

The Department of Children, Seniors and Social Development, as the lead for Poverty Reduction, is seeking your assistance to review and confirm the attached list of 2019 Poverty Reduction Budget Initiatives. This list was developed with support from the Department of Finance. In advance of making this document public, your confirmation and approval is required.

The Poverty Reduction Budget Initiatives list is compiled annually and posted online. Past versions of this document are available at http://www.cssd.gov.nl.ca/poverty/index.html under Documents and News Releases.

Please review the 2019 Poverty Reduction Budget Initiatives list to ensure that:

1. It contains all poverty reduction related initiatives within your department/agency included in Budget 2019.

2. The budgeted amounts shown for 2019-20 are accurate for all initiatives in your department/agency.

3. The description of each initiative in your department/agency is accurate and reflects language currently being used by Government.

Please have your response forwarded to Emily Timmins, Program and Policy Specialist, (emilytimmins@gov.nl.ca) by Friday, April 26, 2019.

If you have any concerns or questions, please do not hesitate to contact Emily or myself.

Sincerely,

Susan Walsh
Deputy Minister

Att.
<table>
<thead>
<tr>
<th>Poverty Reduction Initiatives - Budget 2018-19 (Note: New or Increased Initiatives Highlighted in green)</th>
<th>Budget 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advanced Education, Skills and Labour</strong></td>
<td></td>
</tr>
<tr>
<td>Expand eligibility for the Cost of Living Allowance to all Income Support clients who maintain a residence in coastal Labrador</td>
<td>200,000</td>
</tr>
<tr>
<td>Develop a better integrated service by government to meet the needs of individuals and groups who require social housing and supportive services</td>
<td>85,000</td>
</tr>
<tr>
<td>Increase the monthly fuel allowance for eligible Income Support clients</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Increase basic individual and family Income Support benefit rates by an additional five per cent</td>
<td>4,847,500</td>
</tr>
<tr>
<td>Eliminate the requirement for Income Support clients to apply for Canada Pension Plan benefits at age 60</td>
<td>500,000</td>
</tr>
<tr>
<td>Further increase to the Income Support additional assistance for shelter rate</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Increase the liquid asset level for Income Support clients</td>
<td>50,000</td>
</tr>
<tr>
<td>Enhance health benefits for Income Support clients</td>
<td>1,163,000</td>
</tr>
<tr>
<td>Remove an inequity in the Income Support program that provided lower rental rates to persons renting from relatives when compared to those who rent from non-relatives</td>
<td>444,000</td>
</tr>
<tr>
<td>Index Income Support rates for a six year period (2007-12)</td>
<td>18,430,000</td>
</tr>
<tr>
<td>Increase basic individual and family Income Support benefit rates by five per cent</td>
<td>7,312,000</td>
</tr>
<tr>
<td>Increase the additional assistance for shelter rate from $61 to $100</td>
<td>2,741,000</td>
</tr>
<tr>
<td>Enhance enforcement and compliance of court orders</td>
<td>Policy Change</td>
</tr>
<tr>
<td>Expand the earned income supplement project for working single parents receiving Income Support</td>
<td>260,000</td>
</tr>
<tr>
<td>Change the classification of income tax refunds from &quot;partially exempt&quot; to &quot;exempt&quot; for Income Support clients</td>
<td>350,000</td>
</tr>
<tr>
<td>Expansion of workplace incentives and open up opportunities for Income Support clients to go to work by building on program initiatives (increasing earnings exemptions and overlapping Income Support benefits)</td>
<td>1,630,000</td>
</tr>
<tr>
<td>Expansion of the Employment Transitions program for single parents</td>
<td>525,500</td>
</tr>
<tr>
<td>Funding for the Comprehensive Arts &amp; Science Transition Program at College of the North Atlantic</td>
<td>650,000</td>
</tr>
<tr>
<td>Improved the earnings exemption program for Income Support clients with disabilities</td>
<td>200,000</td>
</tr>
<tr>
<td>Funding of a community collaboration facilitator to increase access to career, employment and related services for Newfoundland and Labrador Housing Corporation clients</td>
<td>100,000</td>
</tr>
<tr>
<td>Funding for supports to increase the labour market participation and reduce barriers to employment for persons with disabilities, including: employment-related disability supports, internships to promote technology and school-to-work transition supports</td>
<td>700,000</td>
</tr>
<tr>
<td>Increased the private child care allowance by $75 per month for working Income Support clients</td>
<td>300,000</td>
</tr>
<tr>
<td>Offer women who are victims of family violence enhanced employment readiness services</td>
<td>294,000</td>
</tr>
<tr>
<td>Provide a Job Start Benefit to support clients who leave Income Support for work</td>
<td>570,000</td>
</tr>
<tr>
<td>Simplify the process for Income Support clients to report employment earnings</td>
<td>Policy Change</td>
</tr>
<tr>
<td>Increased the high school incentive allowance for families receiving Income Support whose child turns 18 while attending high school</td>
<td>60,000</td>
</tr>
<tr>
<td>Funding for Adult Basic Education Level I</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Increased the Mother Baby Nutrition Supplement rate by $15 per month to help with the cost of nutritious food during and after pregnancy (with the Department of Finance)</td>
<td>165,000</td>
</tr>
<tr>
<td><strong>Communications and Public Engagement Branch (Executive Council)</strong></td>
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<tr>
<td>Funding for the Community Youth Networks</td>
<td>1,560,000</td>
</tr>
<tr>
<td><strong>Children, Seniors and Social Development</strong></td>
<td></td>
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<tr>
<td>Funding for Choices for Youth to provide Youth Outreach services</td>
<td>1,780,400</td>
</tr>
<tr>
<td>Six front line positions in Labrador to enhance the child protection model for the Labrador region</td>
<td>585,400</td>
</tr>
<tr>
<td>Community Healthy Living Fund for initiatives, programs and projects focused on healthy living, recreation and wellness at the community level</td>
<td>1,790,000</td>
</tr>
<tr>
<td>Increased funding for the Kidsport initiative that allows youth in families with low incomes to participate in sports</td>
<td>85,000</td>
</tr>
<tr>
<td>Fund salaries and operations to lead the poverty reduction work and purchase data for the Newfoundland and Labrador Statistics Agency to produce the Newfoundland and Labrador Market Basket Measure</td>
<td>366,200</td>
</tr>
<tr>
<td>Fund the Supporting Youth with Transitions program that provides youth with hands-on interventions and supports to build necessary life skills in a variety of areas, including relationships and communication, housing and financial management, career and education planning</td>
<td>401,600</td>
</tr>
<tr>
<td>Funding for the Kids Eat Smart Foundation and expand the initiative to include more schools</td>
<td>1,093,700</td>
</tr>
<tr>
<td>Supporting enhancements to the new Children, Youth, and Families Act, including expanding the Youth Services Program</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Funding for partnership programs that promote increased physical activity among school-aged children</td>
<td>130,000</td>
</tr>
<tr>
<td>Poverty Reduction Initiatives - Budget 2018-19 (Note: New or Increased Initiatives highlighted in green)</td>
<td>Budget 2019-20</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>Education and Early Childhood Development</strong></td>
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</tr>
<tr>
<td>Funding to Healthy Baby Clubs to address wait lists and further supplement the provision of healthy and fresh foods (moved to HCS)</td>
<td>400,000</td>
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<tr>
<td>Provide funding for the high school Futures in Skilled Trades and Technology Program</td>
<td>240,000</td>
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<tr>
<td>Funding for the Operating Grant Program - Family and Child Care Centres to reduce or eliminate surcharges to parents</td>
<td>6,837,700</td>
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<tr>
<td>Provide funding for Early Childhood Learning Initiatives under Learning from the Start for children birth to age three years and their families</td>
<td>1,185,500</td>
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<tr>
<td>Funding for the Early Learning Child Care Supplement paid directly to qualified early childhood educators</td>
<td>6,243,800</td>
</tr>
<tr>
<td>Provide funding for the Child Care Services Subsidy to help families with low incomes with the costs of regulated child care</td>
<td>6,334,600</td>
</tr>
<tr>
<td>Funding for the Inclusion Program which provides support to assist in the accommodation of all children in regulated child care</td>
<td>672,100</td>
</tr>
<tr>
<td>Funding to strengthen existing Family Resource Centres throughout the province</td>
<td>2,496,000</td>
</tr>
<tr>
<td>Increased Funding for The Murphy Centre to implement a General Educational Development (GED) preparation program</td>
<td>75,000</td>
</tr>
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<td>Implementation of Full Day Kindergarten</td>
<td>13,385,400</td>
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<td>Increased funding for the Murphy Centre to enable 25 more individuals to access its academic programs</td>
<td>115,400</td>
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<td>Extend the provision of free textbooks in core courses for students in the K - 12 public system</td>
<td>1,200,000</td>
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<td>Increased the instructional grant to school boards and cover prescribed workbooks and other consumable materials that were charged to parents</td>
<td>6,300,000</td>
</tr>
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<td><strong>Finance</strong></td>
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<tr>
<td>Funding for the Newfoundland and Labrador Income Supplement (including funding for the child amount component)</td>
<td>64,000,000</td>
</tr>
<tr>
<td>Funding for the disability component of Newfoundland and Labrador Income Supplement</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Increased to the Low Income Seniors' Benefit</td>
<td>15,500,000</td>
</tr>
<tr>
<td>Low Income Tax Reduction program which reduces or eliminates provincial income tax for eligible individuals and families</td>
<td>14,400,000</td>
</tr>
<tr>
<td>Increase the Newfoundland and Labrador Child Benefit by $5 per month</td>
<td>750,000</td>
</tr>
<tr>
<td><strong>Health and Community Services</strong></td>
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<tr>
<td>Provincial system navigator position to assist patients and families access mental health and addictions treatment</td>
<td>88,600</td>
</tr>
<tr>
<td>Funding for the Provincial Smoking Cessation program for people with low income</td>
<td>1,068,000</td>
</tr>
<tr>
<td>Enhance the Medical Transportation Assistance Program to further benefit people with low income</td>
<td>430,000</td>
</tr>
<tr>
<td>Funding for Adult Dental Health Care Program to increase access to dental services for people who are in low income</td>
<td>2,251,000</td>
</tr>
<tr>
<td>Further improvements to the Access Prescription Plan (low-income prescription drug program)</td>
<td>3,642,900</td>
</tr>
<tr>
<td>Implement a new financial assessment process for home support</td>
<td>14,400,000</td>
</tr>
<tr>
<td>Funding for O'Shaughnessy House in Carbonear which not only provides safe and secure shelter for those leaving abusive environments, but also offers individual support and encouragement for women and their children</td>
<td>816,200</td>
</tr>
<tr>
<td>Establish a youth addiction, prevention and early intervention program</td>
<td>1,270,000</td>
</tr>
<tr>
<td>Increase the board and lodging supplement for adults with disabilities who reside with family members</td>
<td>6,500,000</td>
</tr>
<tr>
<td>Expansion of the Newfoundland and Labrador Dental Plan to include dental services for youth between the ages of 13 and 17 in low-income families and provide dental sealants for children</td>
<td>100,000</td>
</tr>
<tr>
<td>Expansion of eligibility for Newfoundland &amp; Labrador Prescription Drug Program to include low-income families and individuals</td>
<td>22,270,100</td>
</tr>
<tr>
<td>Increased access to the Special Child Welfare Allowance Program</td>
<td>100,000</td>
</tr>
<tr>
<td>Three youth outreach workers in the Labrador communities of Nain, Hopevale and Sheshatshiu to provide youth outreach programs and services to vulnerable and high-risk youth</td>
<td>202,000</td>
</tr>
<tr>
<td>Increase the extended drug card from six months to one year for people leaving income Support</td>
<td>700,000</td>
</tr>
<tr>
<td>Funding for early intervention services for pre-school children at risk of, or who have, a developmental disability</td>
<td>1,514,000</td>
</tr>
<tr>
<td><strong>Implementing MindWELF's 30-Day Mindfulness Challenge</strong></td>
<td>40,350</td>
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<tr>
<td>Develop an enhanced home visiting model for vulnerable children, youth and families to support parenting in the Protective Intervention Program (with the Department of Children, Seniors and Social Development)</td>
<td>1,656,000</td>
</tr>
<tr>
<td>Human Resource Secretariat</td>
<td>Budget 2019-20</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Offer the Provincial Government's Opening Doors program to Agencies, Boards, and Commissions</td>
<td>100,000</td>
</tr>
<tr>
<td>Justice and Public Safety</td>
<td>1,540,000</td>
</tr>
<tr>
<td>Funding for a specialized Family Violence Intervention Court</td>
<td>240,000</td>
</tr>
<tr>
<td>Establishment of a Child, Youth and Family Services team in Corner Brook to improve the quality and effectiveness of Legal Aid services for children and parents in child protection cases</td>
<td>125,000</td>
</tr>
<tr>
<td>Expand the coverage of the Mental Health Office to include Civil Legal Aid services to individuals with complex mental health issues</td>
<td>921,400</td>
</tr>
<tr>
<td>Expand Family Justice Services to provide more family law resources throughout the province</td>
<td>500,000</td>
</tr>
<tr>
<td>Funding for low-income earners to access family, and Civil Legal Aid services</td>
<td>47,000</td>
</tr>
<tr>
<td>Funding for offender employment skills training at correctional facilities across the province</td>
<td>7,387,100</td>
</tr>
<tr>
<td>Newfoundland and Labrador Housing Corporation</td>
<td>100,000</td>
</tr>
<tr>
<td>Funding for Newfoundland and Labrador Housing Corporation neighbourhood centres that are tailored to the needs of smaller neighbourhoods</td>
<td>200,000</td>
</tr>
<tr>
<td>Funding for the Supportive Living Program to support community-based initiatives that enable individuals with complex needs to overcome homelessness</td>
<td>500,000</td>
</tr>
<tr>
<td>Offer a Provincial Homelessness Fund to assist registered non-profit organizations provide space for on-site and outreach services to promote housing stability for those who are homeless or at risk of homelessness</td>
<td>250,000</td>
</tr>
<tr>
<td>Support community-based groups that provide support to clients with complex needs</td>
<td>792,000</td>
</tr>
<tr>
<td>Increased funding for the eight existing Newfoundland and Labrador Housing Corporation Community Centres</td>
<td>1,796,000</td>
</tr>
<tr>
<td>Home Energy Savings Program</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Home Energy Savings Program, Low Carbon Economy Leadership Fund</td>
<td>350,000</td>
</tr>
<tr>
<td>Lower the rental rate for Community Based Housing by adjusting the rent-geared-to-income scale from a sliding scale to a flat 25 per cent of household income and expand the Educational Incentive Allowance</td>
<td>5,519,900</td>
</tr>
<tr>
<td>Lower the rental rate for all Newfoundland and Labrador Housing Corporation tenants by adjusting the rent-geared-to-income scale from a sliding scale to a flat 25 per cent of household income</td>
<td>350,000</td>
</tr>
<tr>
<td>Expansion of Newfoundland and Labrador Housing Corporation's Rent Supplement Program to subsidize additional units for eligible low-income households</td>
<td>350,000</td>
</tr>
<tr>
<td>Lower the rental rate for all social housing tenants that are seniors aged 55 and older by adjusting the rent-geared-to-income scale from a sliding scale to a flat 25 per cent of income and for all social housing tenants with employment earnings by adjusting the scale to use net income instead of gross</td>
<td>350,000</td>
</tr>
<tr>
<td>Lower the rental rate for seniors living in Newfoundland and Labrador Housing Corporation units aged 55 and older by adjusting the rent-geared-to-income scale from a sliding scale to a flat 25 per cent of income</td>
<td>350,000</td>
</tr>
<tr>
<td>Lower the rental rate for Newfoundland and Labrador Housing Corporation tenants with employment earnings by adjusting the rent-geared-to-income scale to use net income instead of gross</td>
<td>750,000</td>
</tr>
<tr>
<td>Funding to support a summer student employment program at the eight NLHC community centres</td>
<td>100,000</td>
</tr>
<tr>
<td>Education Incentive Allowance for Newfoundland and Labrador Housing Corporation tenants to remain in school</td>
<td>500,000</td>
</tr>
<tr>
<td>Increased Funding for Transition Houses</td>
<td>781,600</td>
</tr>
<tr>
<td>Office for the Status of Women</td>
<td>142,700</td>
</tr>
<tr>
<td>New Women's Centres - Northern Peninsula</td>
<td>60,000</td>
</tr>
<tr>
<td>Coalition against Sexual Exploitation</td>
<td>50,000</td>
</tr>
<tr>
<td>Increased professional services - Violence Prevention, Gender Based Analysis &amp; Leadership Initiatives</td>
<td>125,000</td>
</tr>
<tr>
<td>Funding for the Newfoundland Aboriginal Women's Network to address issues in their communities such as poverty and violence, in ways that are culturally-sensitive</td>
<td>1,059,000</td>
</tr>
<tr>
<td>Increased funding for the province's eight Women's Centres</td>
<td>142,700</td>
</tr>
<tr>
<td>Funding for the Multi-Cultural Women's Organizations of Newfoundland and Labrador</td>
<td>142,700</td>
</tr>
<tr>
<td>Funding for Safe Harbour Outreach</td>
<td>285,592,150</td>
</tr>
</tbody>
</table>

---

4/16/2019
Date: 4/17/2019 8:39:12 PM
From: "Butt, Janice"
To: "Hanrahan, Denise"
Subject: RE: DBRS Commentary

Sorry for the late response. Travis called and I provided my two comments and in addition there was a sentence that was repeated that he acknowledged. All good. Did you have a chance to look at the spreadsheet? He was interested in that as well.

From: Hanrahan, Denise <Hanrahand@gov.nl.ca>
Sent: Wednesday, April 17, 2019 1:29 PM
To: Butt, Janice <jbutt@gov.nl.ca>
Subject: Re: DBRS Commentary

Do you have a response?

On Apr 17, 2019, at 11:53 AM, Butt, Janice <jbutt@gov.nl.ca> wrote:

Denise,

There are two comments noted electronically in the PDF. Please let me know if there is something else you would like added.

Janice

<Newfoundland and Labrador 2019 Budget Commentary DRAFT.pdf>
Denise,

There are two comments noted electronically in the PDF. Please let me know if there is something else you would like added.

Janice
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
From: "Butt, Janice"
To: "Heffernan, Theresa"
Cc: "Hanrahan, Denise"
Subject: FW: DBRS Draft Budget Commentary

Attachment: Newfoundland and Labrador 2019 Budget Commentary DRAFT.pdf;image001.jpg;

Theresa,
Michelle would normally be included on these emails as well. Thomas and I are reviewing and will let you know if we have comments.

Janice

From: Travis Shaw <tshaw@dbrs.com>
Sent: Wednesday, April 17, 2019 11:08 AM
To: Butt, Janice <butt@gov.nl.ca>
Cc: Hanrahan, Denise <hanrahand@gov.nl.ca>
Subject: DBRS Draft Budget Commentary

Good morning,

Attached is our draft budget commentary. If possible, would you be able to review and provide any feedback by 10:30 EDT (12:00 your time)?

We will then aim to release shortly after.

I'm currently jumping on another call so if you want to discuss, best to reach me on email first.

Thank you,
Travis

Vice President, Public Finance
Global Corporate

DBRS Limited
DBRS Tower 181 University Avenue, Suite 700
Toronto, ON M5H 3M7 Canada
TEL +1 (416) 597-5862
FAX +1 (416) 593-8432
CELL +1 (416) 926-8029
tshaw@dbrs.com
http://www.dbrs.com

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If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atipoffice@gov.nl.ca.
Hi folks,

All indications are that QP is going ahead this afternoon. Please find attached two sets of messages that we will need for the HOA today, for your feedback or approval. As always, I owe these by no later than 10:30 a.m. and Minister Osborne must also sign off.

Best,
Marc

Marc Budgell | Communications Director
Finance/Human Resource Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John’s NL A1B 4J6
(t) 709 729-2477

<QP - Spending - April 17.docx>
<QP - Surplus 2019-20 - April 17.docx>
ISSUE: Surplus 2019-20
In Budget 2019, government posted a surplus of $1.92 billion as a result of revenues from the Atlantic Accord. Due to accrual accounting rules, the entire Atlantic Accord was posted this year rather than over time. Questions have arisen as to why the entire Atlantic Accord funding is posted this year.

ANTICIPATED QUESTIONS:
• Why is the entire Atlantic Accord payment calculated in this year’s budget?
• Are you artificially creating a surplus?

KEY MESSAGES:
Due to accrual accounting rules, we are required to count the entire Atlantic Accord against this year’s budget.

I would have preferred to account the payments each year, but this is the accounting standard we are required to follow.

Our focus remains on returning to surplus in 2022-23.

It is never bad news to have a year where you have a surplus, but our work is not done.

SECONDARY MESSAGES:
• We have to account for it this way as there is no ambiguity with the contract with Canada - the terms are set, the cash flow is defined, and there are no conditions set on this money.
• The Atlantic Accord Treatment in 2019 is different from 2005 because that money had conditions set on it.
• These are reflective of actual financial transactions, just like we do with pension expenses, amortization and debt expenses.
QP Issue Note
Finance
April 17, 2019

ISSUE: Government Spending
In Budget 2019 spending increased as a result of cost-shared and cost-recoverable spending and one time expenses. Some have questioned why spending isn’t being reduced.

ANTICIPATED QUESTIONS:
- How can you justify increased spending given our fiscal situation?
- Will you ever make cuts to reduce spending?

KEY MESSAGES:

The main reason for spending increases in Budget 2019 is 100 per cent cost-recoverable expenses, which account for $130.8 million.

These expenses have a $0 impact on the deficit, as the costs are fully recoverable.

There were also several one-time expenses, including Election 2019, Inquiries and the relocation of Little Bay Islands.

Spending in Government Departments has decreased, and we have kept spending stable despite increasing cost pressures.

Spending is forecast to go down gradually as part of our fiscal plan. We have put in place several saving measures that grow over time.

SECONDARY MESSAGES:

- We have put in place several saving measures that grow over time, including:
  - The elimination of severance, which will save upwards of $25 million per year.
  - Consolidating government’s vehicle fleet.
  - Decreasing government’s footprint by 10 per cent.
  - Consolidating collections activities.
  - The Digital Government plan, which will save tens of millions each year once fully implemented.
  - Gradually reducing the size of the public service.
Denise / Craig. I just want to mention that the Budget Logistics Committee of Sharon Furlong, Jill March, Wanda Connolly, Dales Haynes, and Barb Jordan did an absolutely fantastic job in making the Budget Day a complete success. They worked very hard at this! Not to mention all the other people involved in the lockups, the ushers, etc, too many to mention. 😊

Wally
Date: 4/17/2019 8:53:35 AM
From: "Martin, Craig"
To: "Sharpe, Dennis" , "Hicks, Ken" , "Aucin, Rosalita"
Subject: Fwd: Newfoundland & Labrador Still On Track For Return to Balance by 2022/23
Attachment: image003.jpg;ATT00001.htm;Newfoundland & Labrador Still On Track For Return to Balance by 2022-23 (April 16, 2019).pdf;ATT00002.htm;NEWFOUNDLAND AND LABRADOR BUDGET 2019.pdf;ATT00003.htm

Sent from my iPhone

Begin forwarded message:

From: CIBC CM Macro Strategy &lt;Mailbox.CIBCCMMacroStrategy@cibc.com&gt;
Date: April 16, 2019 at 7:55:37 PM NDT
To: Undisclosed recipients;
Subject: Newfoundland & Labrador Still On Track For Return to Balance by 2022/23
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Date: 4/17/2019 5:15:12 PM
From: "Martin, Kevin E"
To: "Hanrahan, Denise", "Butt, Janice", "Skinner, Thomas"
Cc: "Vijay, Shaaj"
Subject: Newfoundland and Labrador Budget 2019
Attachment: nlbud2019.pdf

Team Newfoundland & Labrador:

Please see attached for the write-up on Budget 2019 from RBC Economics.

Janice, I presume the election call means we will not see you in Toronto for the BMO conference this May?

Thank you for arranging the syndicate call for the budget debrief yesterday, I found it very informative.

Regards, Kevin

Kevin Martin | Government Finance | RBC Capital Markets
416-842-7752 | cell: 647-535-6541 | kevin.e.martin@rbc.com | 200 Bay St. 2nd Floor, North Tower, Toronto, ON M5J 2W7

From: RBC Economic Research [mailto:rbceconomicresearch@rb.com]
Sent: April 17, 19 3:31 PM
To: Martin, Kevin E
Subject: **Corrected** Newfoundland and Labrador Budget 2019

This version contains corrected information pertaining to Newfoundland and Labrador’s expected election.


Overview:

The budget presented yesterday made a splash with an unexpected $1.9 billion surplus, courtesy of the one-time $2.5 billion transfer from the federal government that came with the renewed Atlantic Accord signed on April 1st 2019. Under the new terms of the Accord, the federal government will give the proceeds from its equity interest in the Hibernia project to the province over the next 38 years. Accrual accounting rules recognize this stream of income all at once. That one-time $2.5 billion windfall represents 24% of provincial revenues in FY 19/20 - a huge boost! However, only $135 million of that amount will actually be transferred this year, while the rest will trickle in through 2056.

Without the $2.5 billion, Newfoundland and Labrador would have posted a $575 million deficit in FY 19/20. The province will revert back to deficits in the next two years. The government remains committed to achieving surplus position as previously promised by FY 22/23.

Link to “Newfoundland and Labrador Budget 2019”
To view, print and download the new report, click on the following link:


Related document:


Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rb.com

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CIBC Economics

Provincial Budget Analysis - Newfoundland
April 16, 2019

NEWFOUNDLAND AND LABRADOR BUDGET 2019

An accounting item of $2.5bn pertaining to how revenue related to the renewed Atlantic Accord is recognized sees Newfoundland & Labrador briefly generating a large surplus in 2019/20. However, the actual cash flow impact is only $134.9m. Taking these items into account, the adjusted deficit is $442m, slightly smaller than the shortfall last year. The province is committed to balance the books by 2022/23 through spending cuts which, on average, will be deeper than the reduction seen a couple of years ago. The longer term projections (2020/21 - 2022/23) make use of a revenue risk adjustment to add a degree of prudence against lower than anticipated oil prices. Newfoundland & Labrador's borrowing requirements will decline again year-over-year from $1.9bn in 2018/19 to $1.66bn in 2019/20. The drop reflects shrinking deficits as well as smaller debt maturities and net investments; while slightly offset by higher spending on capital projects, as the province cautiously executes on its $3bn five-year rolling infrastructure plan. Planned borrowings also include an equity investment (and/or reduced dividend requirement) of around $500m for the Muskrat Falls project. The stock of net debt is projected to increase by about $1.17bn in 2019/20.

The full document is attached and is available here.

Maria Berlettano (Macro Strategy), Tom Bognar, CFA (Macro Strategy) & Andrew Grantham (Economics)
Janice

From: Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Sent: Wednesday, April 17, 2019 12:09 PM
To: Butt, Janice <butt@gov.nl.ca>
Subject: Fwd: NFL Budget GDP

Sent from my iPhone

Begin forwarded message:

From: "Hillier, Cayla (FIN)" <CHillier@gov.nl.ca>
Date: April 17, 2019 at 12:08:46 PM NDT
To: "Tucker, Corey (Finance)" <TuckerC@gov.nl.ca>
Subject: RE: NFL Budget GDP

See attached.

From: Tucker, Corey (Finance)
Sent: Wednesday, April 17, 2019 12:06 PM
To: Hillier, Cayla (FIN)
Subject: Fwd: NFL Budget GDP

Sent from my iPhone

Begin forwarded message:

From: "Sharpe, Dennis" <dsharpe@gov.nl.ca>
Date: April 17, 2019 at 11:43:13 AM NDT
To: "Hanrahon, Denise" <Hanrahond@gov.nl.ca>, "Martin, Craig" <CMartin@gov.nl.ca>
Cc: "Tucker, Corey (Finance)" <TuckerC@gov.nl.ca>
Subject: RE: NFL Budget GDP

29.(1)(a)

Thanks,
Dennis

From: Hanrahon, Denise <Hanrahond@gov.nl.ca>
Sent: Wednesday, April 17, 2019 11:34 AM
To: Martin, Craig <CMartin@gov.nl.ca>
Cc: Sharpe, Dennis <dsharpe@gov.nl.ca>; Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Subject: Re: NFL Budget GDP

The deck we did yesterday- last slide - 29.(1)(a)

On Apr 17, 2019, at 11:27 AM, Martin, Craig <CMartin@gov.nl.ca> wrote:

Dennis,
From: Sharpe, Dennis
to: Martin, Craig; Hanrahan, Denise
cc: Tucker, Corey (Finance); Hicks, Ken
subject: FW: NFL Budget

Denise / Craig,

A request came in from RBC, asking for the net debt forecast numbers.

As mentioned below.

Thanks,
Dennis

From: Sharpe, Dennis <dsharpe@gov.nl.ca>
to: Hicks, Ken <khicks@gov.nl.ca>
subject: Re: NFL Budget

Hi Ken,

Thanks
Dennis

Sent from my iPhone

On Apr 16, 2019, at 7:54 PM, Hicks, Ken <khicks@gov.nl.ca> wrote:

Dennis,
Do you have this data on net debt handy in an email that can be shared?

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Martin, Kevin E <kevin.e.martin@rbccm.com>
to: Tucker, Corey (Finance); Hicks, Ken
cc: Butt, Janice; Skinner, Thomas; Muthukumar, Ramya
subject: FW: NFL Budget

Corey and Ken,

Please see below inquiry from our economist Ramya who is preparing the bank's write-up on the budget. [redacted]

Regards, Kevin

Kevin Martin | Government Finance | RBC Capital Markets
416-842-7752 | cell: 647-503-6541 <kevin.e.martin@rbccm.com> 200 Bay St, 2nd Floor, North Tower, Toronto, ON M5J 2W7

From: Muthukumar, Ramya
to: April 16, 19 6:02 PM
Hey Kevin,

I am looking for the net debt numbers.

Thanks!

Ramya Muthukumaran | Economist | Royal Bank of Canada | T. 416-974-7577
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
On Apr 17, 2019, at 11:43 AM, Sharpe, Dennis <dsharpe@gov.nl.ca> wrote:

Corey,

Thanks,
Dennis

From: Hanrahan, Denise <Hanrahandi@gov.nl.ca>
Sent: Wednesday, April 17, 2019 11:34 AM
To: Martin, Craig <CMartin@gov.nl.ca>
Cc: Sharpe, Dennis <dsharpe@gov.nl.ca>; Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Subject: Re: NFL Budget GDP

The deck we did yesterday - last slide - 

On Apr 17, 2019, at 11:27 AM, Martin, Craig <CMartin@gov.nl.ca> wrote:

Dennis,

Craig

From: Sharpe, Dennis
Sent: Wednesday, April 17, 2019 11:07 AM
To: Martin, Craig; Hanrahan, Denise
Cc: Tucker, Corey (Finance); Hicks, Ken
Subject: FW: NFL Budget GDP

Denise / Craig,

A request came in from RBC, asking for the net debt forecast numbers so that they can recreate the net debt-to-GDP chart shown on slide 21 (Net Debt as % of GDP) of the budget technical briefing presentation.

As mentioned below, although one can reverse calculate approximate estimates of net debt with slide 21 and with the GDP forecast, but before we share the net debt forecast numbers I wanted to get your view as to whether we can share.

Thanks,
Dennis

From: Sharpe, Dennis <dsharpe@gov.nl.ca>
Sent: Tuesday, April 16, 2019 8:08 PM
To: Hicks, Ken <khicks@gov.nl.ca>
Subject: Re: NFL Budget

Hi Ken,
On Apr 16, 2019, at 7:54 PM, Hicks, Ken <k.hicks@gov.nl.ca> wrote:

Dennis,

Do you have this data on net debt handy in an email that can be shared?

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Martin, Kevin E <kevin.e.martin@rbccm.com>
Sent: Tuesday, April 16, 2019 7:49 PM
To: Tucker, Corey (Finance); Hicks, Ken
Cc: Butt, Janice; Shinner, Thomas; Muthukumarman, Ramya
Subject: FW: NFL Budget

Corey and Ken,

Please see below inquiry from our economist Ramya who is preparing the bank's write-up on the budget:

Regards, Kevin

Kevin Martin | Government Finance | RBCCapital Markets
416-842-7752 | ext: 647-533-6641 | kevin.e.martin@rbccm.com | 200 Bay St. 21st Floor, North Tower, Toronto, ON M5J 2W7

From: Muthukumarman, Ramya
Sent: April 16, 2019 6:02 PM
To: Martin, Kevin E
Subject: NFL Budget

Hey Kevin,

I am looking for the net debt numbers:

Thanks!

Ramya Muthukumarman | Economist | Royal Bank of Canada | T. 416-974-7577
Date: 4/17/2019 6:39:04 PM

From: "Peterdy, Les"

To: "Hanrahan, Denise", "Butt, Janice", "Edmonds, Koral", "Jewer, Michelle", "Skinner, Thomas"

Cc: "Peterdy, Les"

Subject: NFLD Budget Write-Up

Please find below a link to TD's Government Finance publications and the NFLD Budget 2019 write-up.

Regards,

Les

https://economics.td.com/GovernmentFinanceandPolicy

Les Peterdy, CFA
TD Securities
Debt Capital Markets - Government Finance
222 Bay Street
Ernst & Young Tower, 7th Floor
Toronto ON Canada M5K 1A2

T: 416 963-2841
F: 416 963-4164
C: 647 202-5660

les.peterdy@tdsecurities.com

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Budget Day presentation attached.

Thanks,
Dennis

From: Hillier, Cayla (FIN) <CHillier@gov.nl.ca>
Sent: Wednesday, April 17, 2019 12:10 PM
To: Sharpe Dennis <dsharpe@gov.nl.ca>
Cc: Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Subject: Presentation

Hi Dennis,

Attached is the Budget Day Presentation.

Thanks,
Cayla

Cayla Hillier, CPA, CMA | Manager of Consolidation
Department of Finance, Budgeting Division
Government of Newfoundland and Labrador
P.O. Box 8700
St. John’s, NL A1B 4J6
Email: chiller@gov.nl.ca
Telephone: (709) 729-2408
Budget 2019

Technical Briefing
April 16, 2019
Working Towards a Brighter Future

- Health and Healthy Living
- Infrastructure
- Seniors, Children and Inclusive Communities
- Jobs and Industry Development
- Education, Skills and Childhood Development
- Safe and Sustainable Communities
Working Towards a Brighter Future

- Health and Healthy Living Initiatives, such as:
  - Mental Health Facility in St. John’s- $8.9M to start construction in 2019
  - Mental Health Unit in Happy Valley Goose Bay - $1.0M to start construction in 2019
  - Autism Action Plan - $2.5M (annualized to $5.0M)
  - 15 New Drug Therapies - $4.9M
  - Free Eye Exams to children starting kindergarten this Fall - $0.25M
Working Towards a Brighter Future

- Infrastructure Initiatives, such as:
  - Total infrastructure strategy $594.3M in 2019/20 including replacement of Her Majesty’s Penitentiary
  - $3 billion - 5 year rolling plan from 2019/20 to 2023/24
  - Average $580M in economic activity and 5,100 person years of employment
  - Maximizing federal cost shared arrangements for various infrastructure projects, reducing provincial requirement
Working Towards a Brighter Future

- Seniors, Children and Inclusive Communities Initiatives, such as:
  - Reducing passenger vehicle licensing fees for seniors & military veterans
- Jobs and Industry Development Initiatives, such as
  - Digital Ocean Innovation Centre of Excellence - $3.0M
  - Ocean Technology Competition Launch - $0.25M
  - Eliminating the remaining 13% retail sales tax on automobile insurance premiums
  - $1M increase to the ArtsNL grant program
Working Towards a Brighter Future

- Education, Skills and Childhood Development Initiatives, such as:
  - Maintain Post Secondary Tuition Freeze
  - $350K for Social and Emotional Learning curriculum in schools
  - $300K to increase Student Assistant hours
  - New Aquaculture Training Program at Burin Campus
  - New Non-Destructive Testing Program for Aerospace Sector at Gander Campus
  - New Geological Technician Program at Grand Falls Windsor
Working Towards a Brighter Future

- Safe and Sustainable Communities Initiatives, such as:
  - Electronic Monitoring Program - $254K
  - Bail Supervision Program - $100K
  - New Women’s Centre on Northern Peninsula - $142K
  - Fire Protection Vehicles and Firefighting Equipment Programs – $2.9M
  - Heat Pumps Rebate Program - $1.0M
  - Provincial Solid Waste Management Strategy - $347K
Our Fiscal Performance

✓ Deficit Target for 2018/19 surpassed

✓ 2019/20 reflects one-time $2.5 billion from Atlantic Accord Review

✓ Still on Track for Return to Surplus in 2022/23

✓ Still on Track for Total Expenses under $8 billion by 2022/23
Our Fiscal Performance (continued)

- Maintaining the commitment of $200M annually for energy rate management at a consumer rate of 13.5 cents per kWh (2021)
- Maintaining the scheduled expiry of the deficit reduction levy effective December 31, 2019
- Maintaining the approach regarding workforce reduction via attrition
- Maintaining the focus on efficiency and expense reductions
## Economic Forecast

<table>
<thead>
<tr>
<th>Metric</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP ($ Millions)</td>
<td>34,362</td>
<td>35,242</td>
<td>35,802</td>
<td>37,203</td>
<td>37,636</td>
</tr>
<tr>
<td>Real GDP ($ Millions)</td>
<td>32,838</td>
<td>34,184</td>
<td>34,260</td>
<td>35,075</td>
<td>35,024</td>
</tr>
<tr>
<td>Household Income ($ Millions)</td>
<td>25,957</td>
<td>26,802</td>
<td>26,944</td>
<td>27,459</td>
<td>28,075</td>
</tr>
<tr>
<td>Retail Sales ($ Millions)</td>
<td>9,006</td>
<td>9,090</td>
<td>9,221</td>
<td>9,358</td>
<td>9,514</td>
</tr>
<tr>
<td>Consumer Price Index (2002=100)</td>
<td>137.9</td>
<td>140.0</td>
<td>142.8</td>
<td>145.6</td>
<td>148.6</td>
</tr>
<tr>
<td>Housing Starts</td>
<td>1,096</td>
<td>1,117</td>
<td>1,060</td>
<td>1,140</td>
<td>1,200</td>
</tr>
<tr>
<td>Employment (Thousands)</td>
<td>225.3</td>
<td>228.1</td>
<td>225.2</td>
<td>225.4</td>
<td>224.9</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>13.8</td>
<td>13.1</td>
<td>13.5</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>Capital Investment ($ Millions)</td>
<td>9,684</td>
<td>11,313</td>
<td>9,250</td>
<td>9,161</td>
<td>9,956</td>
</tr>
</tbody>
</table>

5/9/2019
# Economic Indicators - % Change

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP (% Change)</td>
<td>3.9</td>
<td>2.6</td>
<td>1.6</td>
<td>3.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Real GDP (% Change)</td>
<td>-2.9</td>
<td>4.1</td>
<td>0.2</td>
<td>2.4</td>
<td>-0.1</td>
</tr>
<tr>
<td>Household Income (% Change)</td>
<td>0.8</td>
<td>3.3</td>
<td>0.5</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Retail Sales (% Change)</td>
<td>-2.4</td>
<td>0.9</td>
<td>1.4</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Consumer Price Index (% Change)</td>
<td>1.6</td>
<td>1.5</td>
<td>2.0</td>
<td>2.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Housing Starts (% Change)</td>
<td>-21.7</td>
<td>1.9</td>
<td>-5.1</td>
<td>7.6</td>
<td>5.3</td>
</tr>
<tr>
<td>Employment (% Change)</td>
<td>0.5</td>
<td>1.2</td>
<td>-1.3</td>
<td>0.1</td>
<td>-0.2</td>
</tr>
<tr>
<td>Capital Investment (% Change)</td>
<td>-11.8</td>
<td>16.8</td>
<td>-18.2</td>
<td>-1.0</td>
<td>8.7</td>
</tr>
</tbody>
</table>
### Oil Price and Exchange Rate Forecast

**Average of 3 Highest Forecasts**

**Budget Price**

**Budget Risk Adjusted Price**

**Average of 3 Lowest Forecasts**

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada to US Exchange Rate</td>
<td>0.765</td>
<td>0.772</td>
<td>0.778</td>
<td>0.786</td>
</tr>
</tbody>
</table>
## Statement of Operations 2018/19 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Revised</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,673</td>
<td>7,751</td>
<td>78</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,356</td>
<td>8,273</td>
<td>83</td>
</tr>
<tr>
<td><strong>Deficit</strong></td>
<td>(683)</td>
<td>(522)</td>
<td>161</td>
</tr>
</tbody>
</table>

- Increase in revenue due to higher oil price and lower exchange rate partially offset by deferred royalties from the November storm shutdown (total variance is 1%)

- Decrease in expenses due to infrastructure and cost shared cash flow adjustments (total variance is 1%)
## Projected 2018/19 to Budget 2019/20 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>(522)</td>
<td>1,925</td>
<td>2,447</td>
</tr>
</tbody>
</table>
## Revenue Variance ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>7,751</td>
<td>10,350</td>
<td>2,599</td>
</tr>
</tbody>
</table>

- Government of Canada transfers increased
  - Atlantic Accord review $2.5B
  - 100% cost shared $125M

- Offset by all other revenue adjustments
### Expense Variance ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projected Revised 2018/19</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Gross Expenses</td>
<td>8,273</td>
<td>8,425</td>
<td>(152)</td>
</tr>
</tbody>
</table>

- 100% federal cost shared $125M
  100% cost recoverable $5M

- One-time expenses: Election costs ($6.3M); Inquiries ($11.1M); Little Bay Island Relocation costs ($10M)

- Offset by other expense changes (including any new spending) - $5.7M savings
## Statement of Operations 2019/20 ($M)

<table>
<thead>
<tr>
<th></th>
<th>Projection at Budget 2018/19 for 2019/20</th>
<th>Budget 2019/20</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,760</td>
<td>10,350</td>
<td>2,590</td>
</tr>
<tr>
<td>Less: Oil Risk Adjustment</td>
<td>(25)</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>7,735</td>
<td>10,350</td>
<td>2,615</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,242</td>
<td>8,425</td>
<td>(183)</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>(507)</td>
<td>1,925</td>
<td>2,432</td>
</tr>
</tbody>
</table>
## Fiscal Forecast – Return to Surplus ($M)

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>10,350</td>
<td>7,462</td>
<td>7,838</td>
<td>7,901</td>
</tr>
<tr>
<td>Less: Oil Risk Adjustments</td>
<td>-</td>
<td>20</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>10,350</td>
<td>7,442</td>
<td>7,788</td>
<td>7,831</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,425</td>
<td>8,238</td>
<td>8,088</td>
<td>7,808</td>
</tr>
<tr>
<td>Surplus (Deficit)</td>
<td>1,925</td>
<td>(796)</td>
<td>(300)</td>
<td>23</td>
</tr>
</tbody>
</table>
Expenditure Growth and Control ($B)

Note: 2015/16 to 2017/18 are actual expenses, 2018/19 is budget revised, and 2019/20 to 2022/23 is budget forecast.
### Borrowing and Net Debt Forecast ($B)

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Borrowing</td>
<td>1.20</td>
<td>1.20</td>
<td>0.70</td>
<td>1.70</td>
<td>4.8</td>
</tr>
<tr>
<td>Net New Borrowing</td>
<td>1.16</td>
<td>0.43</td>
<td>0.35</td>
<td>0.14</td>
<td>2.1</td>
</tr>
</tbody>
</table>

- Borrowing over this period is down $400 million when compared to Budget 2018 due to Atlantic Accord cash proceeds

- Net Debt 2019/20 is $13.8 billion
Net Debt as % of GDP

Source: Department of Finance, Public Accounts and Economic & Project Analysis Division; and Statistics Canada.
Budget 2019

THANK YOU
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Can you confirm re language.
ISSUE: Surplus 2019-20
In Budget 2019, government posted a surplus of $1.92 billion as a result of revenues from the Atlantic Accord. Due to accrual accounting rules, the entire Atlantic Accord was posted this year rather than over time. Questions have arisen as to why the entire Atlantic Accord funding is posted this year.

ANTICIPATED QUESTIONS:
- Why is the entire Atlantic Accord payment calculated in this year’s budget?
- Are you artificially creating a surplus?

KEY MESSAGES:
Due to accrual accounting rules, we are required to count the entire Atlantic Accord against this year’s budget.

I would have preferred to account the payments each year, but this is the accounting standard we are required to follow.

Our focus remains on returning to surplus in 2022-23.

It is never bad news to have a year where you have a surplus, but our work is not done.

SECONDARY MESSAGES:
- We have to account for it this way as there is no ambiguity with the contract with Canada - the terms are set, the cash flow is defined, and there are no conditions set on this money.
- The Atlantic Accord Treatment in 2019 is different from 2005 because that money had conditions set on it.
- These are reflective of actual financial transactions, just like we do with pension expenses, amortization and debt expenses.
Hi Ramya,

Hope this helps

Thanks,

Corey

---

From: Sharpe, Dennis
Sent: Tuesday, April 16, 2019 4:44 PM
To: 'Muthukumaran, Ramya'
Cc: Tucker, Corey (Finance)
Subject: RE: Regarding Budget 2019

Hi Ramya,

I was hoping to attend the meeting yesterday, but some budget related work came up that I had to attend to. It’s nice to hear from you, and I will certainly track down an answer to your question. I have copied a colleague of mine in government budgeting to get a precise answer for you.

Thanks,

Dennis

---

From: Muthukumaran, Ramya <ramya.muthukumaran@rbc.com>
Sent: Tuesday, April 16, 2019 4:06 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Subject: Regarding Budget 2019

Dear Mr. Sharpe,

My name is Ramya Muthukumaran and I’m an economist at RBC. I was on the call with the minister yesterday. I had a question regarding some of the numbers from today’s budget.

Looking forward to your response,

Thanks,
If you received this email in error, please advise the sender (by return email or otherwise) immediately. You have consented to receive the attached electronically at the above-noted email address; please retain a copy of this confirmation for future reference.

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Date: 4/17/2019 11:15:57 AM
From: "Muthukumaran, Ramya"
To: "Sharpe, Dennis"
Cc: "Tucker, Corey (Finance)" , "Martin, Craig"
Subject: RE: Regarding Budget 2019

Thanks Dennis! That definitely helps.

Regards,

Ramya

---

From: Sharpe, Dennis [mailto:dsharpe@gov.nl.ca]
Sent: 2019, April, 17 9:24 AM
To: Muthukumaran, Ramya <ramya.muthukumaran@rbc.com>
Cc: Tucker, Corey (Finance) <TuckerC@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>
Subject: RE: Regarding Budget 2019

Hi Ramya,

Not including an oil price risk adjustment for the current year has been our Budget practice for a number of years now.

I hope that answers your question.

Thanks,

Dennis

---

From: Muthukumaran, Ramya <ramya.muthukumaran@rbc.com>
Sent: Tuesday, April 16, 2019 4:51 PM
To: Sharpe, Dennis <dsharpe@gov.nl.ca>
Cc: Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Subject: RE: Regarding Budget 2019

Thanks Dennis. That would be super helpful! In the meantime,

Thanks,

Ramya

---

From: Sharpe, Dennis [mailto:dsharpe@gov.nl.ca]
Sent: 2019, April, 16 3:14 PM
To: Muthukumaran, Ramya <ramya.muthukumaran@rbc.com>
Cc: Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Subject: RE: Regarding Budget 2019

Hi Ramya,

I was hoping to attend the meeting yesterday, but some budget related work came up that I had to attend to. It's nice to hear from you, and I will certainly track down an answer to your question. I have copied a colleague of mine in government budgeting to get a precise answer for you.
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Begin forwarded message:

From: Marc Budgell | Communications Director
Finance/Human Resource Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John's NL A1B 4J6
(t) 709 729-2477
QP Issue Note
Finance
April 17, 2019

ISSUE: Government Spending
In Budget 2019 spending increased as a result of cost-shared and cost-recoverable spending and one-time expenses. Some have questioned why spending isn’t being reduced.

ANTICIPATED QUESTIONS:
• How can you justify increased spending given our fiscal situation?
• Will you ever make cuts to reduce spending?

KEY MESSAGES:
The main reason for spending increases in Budget 2019 is 100 per cent cost-recoverable expenses, which account for $130.8 million.

These expenses have a $0 impact on the deficit, as the costs are fully recoverable.

There were also several one-time expenses, including Election 2019, Inquiries and the relocation of Little Bay Islands.

Spending in Government Departments has decreased, and we have kept spending stable despite increasing cost pressures.

Spending is forecast to go down gradually as part of our fiscal plan. We have put in place several saving measures that grow over time.

SECONDARY MESSAGES:
• We have put in place several saving measures that grow over time, including:
  o Shared services.
  o The elimination of severance, which will save upwards of $25 million per year.
  o Consolidating government’s vehicle fleet.
  o Decreasing government’s footprint by 10 per cent.
  o Consolidating collections activities.
  o The Digital Government plan, which will save tens of millions each year once fully implemented.
  o Gradually reducing the size of the public service.
QP Issue Note  
Finance  
April 17, 2019

ISSUE: Surplus 2019-20
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ANTICIPATED QUESTIONS:
• Why is the entire Atlantic Accord payment calculated in this year’s budget?
• Are you artificially creating a surplus?

KEY MESSAGES:
Due to accrual accounting rules, we are required to count the entire Atlantic Accord against this year’s budget.

I would have preferred to account the payments each year, but this is the accounting standard we are required to follow.

This is because there are no conditions set on the money, unlike the 2005 agreement.

Our focus remains on returning to surplus in 2022-23.

It is never bad news to have a year where you have a surplus, but our work is not done.

SECONDARY MESSAGES:
• These financial statements are reflective of anticipated financial transactions, just like we do with pension expenses, amortization and debt expenses.
Marc Budgell | Communications Director
Finance/Human Resource Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John’s NL A1B 4J6.
(t) 709 729-2477
QP Issue Note
Finance
April 17, 2019

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SECONDARY MESSAGES:
- These financial statements are reflective of anticipated financial transactions, just like we do with pension expenses, amortization and debt expenses.
Hi Craig,

Please see below. Can we get a link set up?

Craig

Hi Craig, we are getting a lot of people both calling and emailing wondering where to find the Budget 2019 documents. Is there a way that we can place a link on the main page or our site? Maybe on that stands out as soon as you open the page.

Sharon Fushag
Finance
3168
The Department of Finance is responsible for supporting Government in the development of fiscal, financial, statistical and economic policy. These responsibilities are primarily achieved by providing timely analysis and advice to government departments and agencies; Cabinet; and the Committees of Cabinet, particularly Treasury Board for which the Minister of Finance serves as President. The Department is also responsible for providing government-wide comptrollership oversight to ensure the appropriate use of public funds.

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- Fiscal and Economic Update
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- Brent Crude Daily Closing
Scotiabank Spot Prices

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Quick Links
- Budget 2018
- Community Accounts
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- Road Distance Database

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- Community Accounts
- Pensions Contact Information
- Road Distance Database
Hi Sharon,

There were three officials in our budget lockup room the other day - could you please tell me who they were and their positions within the government system (we never formally introduced ourselves to one another).

Sincerely,

Bruce

Bruce C. Gilbert, PhD  
Chief of Staff  
NL NDP Caucus  
709.729.2330  
brucegilbert@gov.nl.ca

On Apr 9, 2019, at 11:20 AM, Leamon, Robert <RobertLeamon@gov.nl.ca> wrote:

Hi Sharon,

Following up on your call, I wanted to ensure you had my correct contact information regarding Budget Day lockup coordination for the NDP Caucus office.

I've also cc'd our Chief of Staff, Bruce Gilbert, so he is in the loop.

Thanks,

Robert

Robert Leamon  
Office Administrator, NDP Caucus  
O: 709.729.0270 C/T: 709.685.6762  
9th floor, Confederation Building  
PO Box 8700, St. John's, NL, A1B 4J6
Ontario and BC were the two active provinces this week with the former fetching AUD$40mm (10.5yr) and US$1.75bln (3yr) and the latter tapping domestic markets for a re-opening of its existing 30yr benchmark in the amount of $500mm.

This week’s activity left the provincial group with 13% of its financing needs funded with merely 5% of the fiscal year gone by.

On the fiscal front, Newfoundland tabled its budget earlier this week improving FY19’s deficit to $522mm from $683mm at Budget 2018. The province maintained its objective of balancing books by FY23 and reduced financing needs for FY20 to $1.2bln vs. $1.35bln projected in last year’s budget over the same period.

Alberta’s election resulted in a majority government for the UCP, preventing Rachel Notley’s NDP from obtaining a 2nd mandate. The government should be sworn in and a cabinet shall be formed within the next few weeks; a budget should ensue.

Finally, we note that New Brunswick’s outlook was changed to stable from negative by DBRS this morning as the agency recognizes the meaningful improvement in the Province’s fiscal and debt outlook.

Important notes on the figures below:
- Alberta: figure taken from 2018 budget tabled by the NDP government. Fiscal picture has evolved since and a majority UCP government was elected this week.
- PEI: $100M maturity in FY20. Fiscal picture also has evolved over the past year and election takes place April 23rd.
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If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Begin forwarded message:

From: "Hanrahan, Denise"<HanrahanD@gov.nl.ca>
Date: April 18, 2019 at 11:13:45 AM NDT
To: "Budgell, Marc"<Marc.Budgell@gov.nl.ca>
Cc: "Martin, Craig"<CMartin@gov.nl.ca>
Subject: Re: Lock-Ins

Budget lock-ins are early access to docs. They aren't technical briefings.

On Apr 18, 2019, at 9:43 AM, Budgell, Marc <Marc.Budgell@gov.nl.ca> wrote:

It is a routine business for communications staff to sit in on technical briefings. They sit in on legislative and policy discussions.

Communications officials regularly sit in on briefings to monitor questions asked, secure additional information that may be required.

Communications officials sat on media briefings, as well as briefings for third party briefings, the social, labour, and business sectors.

This practice is not new. In fact, it dates back to previous administrations.

Marc Budgell | Communications Director
Finance/Human Resource Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John's NL A1B 4J6
t 709 729-2477
Date: 4/18/2019 9:40:17 AM
From: "Martin, Craig"
To: "Hanrahan, Denise"
Cc: "Norman, Wally", "Penney, Jodi"
Subject: FW: NL Eliminates the RST on Automobile Insurance in Budget 2019
Attachment: SKM_C454e19041615330.pdf;News-Releases-2.pdf;

Denise,

Please see attached and below from Amanda Dean with the Insurance Bureau of Canada.

Two items we need to bring to your attention.

First her statement:

We will need clarification on concerns around the implementation very soon, otherwise the time to make any system changes could likely extend beyond July.

- This will impact the timing of our ability to refund any sales tax collected on renewals in process now, and adjustments to policies where refunds are allowed.

Second, her statement:

In 2008 when Newfoundland eliminated the sales tax the first time, it was announced April 22, 2008 and retroactive to January 1st 2008. As per the SKM attachment extract from Newfoundland Finance, for contracts that were entered into or renewed before Jan. 1, 2008, no refund was allowed on tax paid on cancellations, deletions or other reductions in premiums with an effective date of April 22, 2008 or later.

- For the Auto sales tax rate reduction on January 1st, 2019, Newfoundland indicated that if a purchaser cancelled their policy before it expired and entered into a new policy solely for the purposes of availing themselves of the reduced tax rate, the reduced tax rate would not apply for the period until when the original policy would have expired.

We did introduce anti avoidance legislation with the July 1, 2016 implementation.

I'm available to discuss.

Craig

From: Norman, Wally
Sent: Thursday, April 18, 2019 9:33 AM
To: Martin, Craig
Subject: FW: NL Eliminates the RST on Automobile Insurance in Budget 2019

As discussed Craig...

From: Dean, Amanda [mailto:adean@ibc.ca]
Sent: Wednesday, April 17, 2019 2:03 PM
To: Norman, Wally
Cc: Norwood, Erin
Subject: NL Eliminates the RST on Automobile Insurance in Budget 2019

Hi Wally,

Thank you for your correspondence earlier this morning, I have forwarded it along to members.

Below is an initial set of thoughts and questions from the Chair of the ISCTax Panel with respect to the RST removal. The Tax Panel has a previously scheduled meeting tomorrow morning.

Thank you.
Amanda

In 2008 when Newfoundland eliminated the sales tax the first time, it was announced April 22, 2008 and retroactive to January 1st 2008. As per the SKM attachment extract from Newfoundland Finance, for contracts that were entered into or renewed before Jan. 1, 2008, no refund was
allowed on tax paid on cancellations, deletions or other reductions in premiums with an effective date of April 22, 2008 or later.

We will need clarification on what Newfoundland expects for any similar adjustments (cancellations, deletions or other reductions) processed with an effective date of April 16th, 2019 or later with respect to auto policies entered into or renewed before April 16th, 2019.

- Will the sales tax still be due on installments collected subsequent to April 15th, 2019 for policies in effect prior to the announcement date? We remit the tax as we collect the premium. Prior to 2008, the tax was remitted upfront.
- For the Auto sales tax rate reduction on January 1st, 2019, Newfoundland indicated that if a purchaser cancelled their policy before it expired and entered into a new policy solely for the purposes of availing themselves of the reduced tax rate, the reduced tax rate would not apply for the period until when the original policy would have expired.

For endorsements and other further additions to premium effective April 16th, 2019 or later with respect to policies entered or renewed before April 16th, 2019, no sales tax should be applicable.

- Depending on Newfoundland’s expectation for the sales tax on the original policy where installments are collected after April 15th, 2019, companies may be collecting tax on the original installments and no tax on endorsements/ additions made subsequent to the date of announcement.

Passage of the legislation is not expected until at least early July. We will need clarification on concerns around the implementation very soon, otherwise the time to make any system changes could likely extend beyond July.

- This will impact the timing of our ability to refund any sales tax collected on renewals in process now, and adjustments to policies where refunds are allowed.

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Sales Tax on Insurance Premiums

Government announced on April 22, 2008, that the 15% provincial Retail Sales Tax (RST) on insurance premiums will be eliminated effective January 1, 2008.

RST had been applied to insurance premiums for property and casualty insurance policies (mainly vehicles, homes and businesses). It did not apply to life, accident and sickness, or health insurance premiums. The tax had applied to consumers, businesses, municipalities and the not for profit sector.

The tax was payable at the time of purchasing or renewing a contract of insurance. While it has been common practice among insurance companies, agents and brokers to extend payment terms to customers over a number of months, they were required to collect and remit the tax upon the full premium amount at the time of the purchase or renewal of insurance, regardless of the payment terms.

The following is an overview of the key administrative issues related to the elimination of sales tax on insurance premiums:

- Effective April 22, 2008, insurance companies, agents and brokers must no longer charge RST on insurance purchased or renewed on or after that date.
- For contracts of insurance that commenced or were renewed on or after January 1, 2008, a refund of tax will apply. The insurance company or the insurance agent or broker, as the case may be, who collected the tax from the client, is responsible to refund the tax.
- For contracts of insurance that were entered into or renewed before January 1, 2008:
  - No refund of tax shall be paid on cancellations, deletions or other reductions in premiums with an effective date of April 22, 2008, or later.
  - Where there was an increase effective January 1, 2008, or later, in the premium payable resulting from additions, endorsements or other changes in the contract of insurance, and tax was payable at that time, the tax may be refunded relative to the amount of the increased premium.
  - If prior to April 22, 2008, an insured person received a refund or credit of premium with respect to a cancellation, deletion or other reduction in premium, a refund of the tax applies. In most cases, the insured person would have already received a credit note/invoice and a refund or adjustment in installment payments.
  - Where the effective date of a transaction giving rise to a reduction in premium is prior to April 22, 2008, and a credit note/invoice is issued subsequently, a refund of tax shall apply.

- Refund Process
  - The registrant (the insurance company or insurance agent or broker that collected the tax) is responsible to ensure clients receive the appropriate refund.
  - The tax refund may be processed as a direct payment to the client, a reduction in monthly installments, or a credit against an account receivable.
  - A credit note or invoice shall be provided to the client that clearly shows the amount of the tax refund, and the disposition of the amount.
  - It is anticipated that most refunds will be paid within 60 to 90 days.

- Recovery of Taxes Refunded by Registrant
  - Registrants must file the April, 2008 tax return without payment.
  - Taxes collected by registrants for the period of January to March, 2008 shall be returned to the registrant, upon application, in 3 equal amounts.
  - The registrant may apply to the Department of Finance, for the first payment when taxes equal to the amount collected in April are credited to clients and refunds are provided or installment accounts are adjusted, as the case may be.
  - The registrant may apply to the Department of Finance, for the second payment once the first payment has been credited to clients and refunds are provided or installment accounts are adjusted, as the case may be.
  - The registrant may apply to the Department of Finance, for the third payment once the second payment has been credited to clients and refunds are provided or installment accounts are adjusted, as the case may be.

- The Department of Finance reserves the right to audit a refund claim or otherwise review the records of registrants.

For more information about corporate income taxes in Newfoundland and Labrador, please contact the Tax Administration Division.

http://www.fin.gov.nl.ca/tax_programs_incentives/business/insurancepremiums.html
Provincial Government Eliminates the Tax on Automobile Insurance and Supports Consumers Through Budget 2019

Through Budget 2019, the Provincial Government is providing tax relief and reducing costs for residents across the province. Budget 2019 includes no tax or fee increases, and government is taking the additional step of eliminating the Retail Sales Tax (RST) on automobile insurance. This change will be implemented by early July and will be retroactive to April 16, 2019. Those who renew their insurance between now and July will receive a rebate for the RST payment on their insurance.

Government will amend the Income and Employment Support Regulations to exempt payments from child support, Canada Pension Plan Disabled Contributor’s Benefit, and Canada Pension Plan Surviving Child Benefit for the purpose of determining eligibility for Income Support.

In partnership with Newfoundland and Labrador Hydro, government is introducing a one-year, $1 million Heat Pump Rebate Program in 2019-20 to assist homeowners in increasing the energy efficiency of their homes. Through this pilot program, up to 1,000 Homeowners can receive a grant of $1,000 toward the purchase and installation of an eligible heat pump.

The Newfoundland and Labrador Income Supplement and Seniors’ Benefit support low income seniors, individuals, families, and persons with disabilities. In 2018, approximately 155,000 families received the Income Supplement and approximately 47,000 seniors and their families received the Seniors’ Benefit. In 2019-20 government is continuing to provide these valuable programs with a total investment of $123 million.

This year government is also reducing passenger vehicle licensing fees for senior citizens and military veterans. For seniors, the current fees will be reduced to $99 for counter service and to $89 for online service. For veterans the current licensing fees will be further reduced by 10 per cent for counter service and online registration.
"Our government is committed to supporting consumers and residents of the province by continuously evaluating our taxes to find the balance between our revenue needs and the affordability of living here. We have committed to reducing taxes as we are able, and the removal of the tax on automobile insurance will have a positive impact on the majority of people in Newfoundland and Labrador."
Honourable Tom Osborne
Minister of Finance and President of Treasury Board

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Learn More
Budget 2019 - gov.nl.ca/budget2019

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Media contact
Marc Budgell
Finance
709-729-2477, 689-0430
marcbudgell@gov.nl.ca
Gary Anstey
Anstey and Associates
W: 613-562-8909
C: 416-720-1530

From: Martin, Craig <cmartin@gov.nl.ca>
Sent: Thursday, April 18, 2019 1:24 PM
To: gary@ansteyandassociates.com
Subject: Re: North Atlantic Budget 2019

Gary,

With the drop of the Writ, we're now in Caretaker mode.

Best to reconnect with the Government after the election.

Craig

Sent from my iPhone

On Apr 17, 2019, at 4:15 PM, gary@ansteyandassociates.com <gary@ansteyandassociates.com> wrote:

Gary Anstey
Anstey and Associates
W: 613-562-8909
C: 416-720-1530

From: Martin, Craig <cmartin@gov.nl.ca>
Sent: Wednesday, April 17, 2019 2:44 PM
To: gary@ansteyandassociates.com
Subject: Re: North Atlantic Budget 2019

Gary,

The Investment Tax Credit was not included in Budget 2019.

Craig

Sent from my iPhone

On Apr 16, 2019, at 5:44 PM, gary@ansteyandassociates.com <gary@ansteyandassociates.com> wrote:

Hi Craig,

Gary,
Hi Denise and Craig, here are our messages on this:

This practice is not new. Communications staff have sat in on opposition budget briefings for the past several years.

Communications officials also sat in on media briefings for the social, labour, and business sectors.

The staff monitor questions asked and secure additional information that may be required.

Best,
Marc

Marc Budgell | Communications Director
Finance/Human Resource Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John’s NL A1B 4J6
(t) 709 729-2477
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On Apr 10, 2019, at 11:41 AM, Butt, Janice <jbutt@gov.nl.ca> wrote:

Denise,
Would you like me to arrange a meeting with Fitch?

Thanks.

Janice

From: Gallant, Jamie <jamie.gallant@fitchratings.com>
Sent: Wednesday, April 10, 2019 11:24 AM
To: Butt, Janice <jbutt@gov.nl.ca>; Skinner, Thomas <thomasskinner@gov.nl.ca>
Cc: Smittich, Andrew <andrew.smittich@fitchratings.com>
Subject: RE: Introductory Meeting - April 25th or 26th?

Janice,

Alternatively, please provide some dates that work best for you (just remember schools are typically closed the week after Easter).

Thanks

Jamie

From: Gallant, Jamie
Sent: Tuesday, April 9, 2019 4:16 PM
To: 'Butt, Janice' <jbutt@gov.nl.ca>; Skinner, Thomas <thomasskinner@gov.nl.ca>
Cc: Smittich, Andrew <andrew.smittich@fitchratings.com>
Subject: Introductory Meeting - April 25th or 26th?

Janice,

Thanks for getting back to me and no worries at all. We have decided to delay our trip until the end of April. Would Thursday the 25th or Friday, April 26th work?

Regards,

Jamie

From: Butt, Janice [mailto:jbutt@gov.nl.ca]
Sent: Monday, April 8, 2019 7:34 PM
To: Gallant, Jamie <jamie.gallant@fitchratings.com>; Skinner, Thomas <thomasskinner@gov.nl.ca>
Cc: Smittich, Andrew <andrew.smittich@fitchratings.com>
Subject: RE: Introductory Meeting - Thursday, April 11th

Janice,

Unfortunately we will not be available to meet this week as we are quite busy with preparations for the budget next week. Perhaps we can meet the next time you are in St. John's. My apologies.

Janice

From: Gallant, Jamie <jamie.gallant@fitchratings.com>
Sent: Wednesday, April 3, 2019 11:45 AM
To: Skinner, Thomas <thomasskinner@gov.nl.ca>; Butt, Janice <jbutt@gov.nl.ca>
Cc: Smittich, Andrew <andrew.smittich@fitchratings.com>
Subject: Introductory Meeting - Thursday, April 11th

Janice and Thomas,

I recently joined Fitch after almost 20 years working in the Debt Capital Markets, including 17 years at Scotia. I will be responsible for Corporate, Banker and Investor coverage, and to my good fortune, my home province.
Andrew Smitluch and I will be in St. John’s next Thursday and were wondering if you were free for a meeting to explore whether we may be of assistance.

I look forward to hearing from you.

Regards,

Jamie

Jamie Gallant
Senior Director, Business & Relationship Management
2500 ▪ 120 Adelaide St. W, Toronto ON M5H 4L1
Direct: 1-416-548-6589
Mobile: 1-289-772-7031
jamie.gallant@fitchratings.com
www.fitchratings.com

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Denise,
Is this something we would provide to the bank? If so I can touch base with Dennis. Thanks.

Janice

From: Skinner, Thomas <thomasskinner@gov.nl.ca>
Sent: Monday, April 22, 2019 9:37 PM
To: Butt, Janice <jbutt@gov.nl.ca>
Subject: FW: GNL B2018 - Oil Price & Exchange Rate Sensitivities

Hi Janice,

Thomas

From: Lovely, Warren <warren.lovelv@nbc.ca>
Sent: Monday, April 22, 2019 3:40 PM
To: Skinner, Thomas <thomasskinner@gov.nl.ca>
Subject: FW: GNL B2018 - Oil Price & Exchange Rate Sensitivities

Hi Thomas

Curious if you have an updated version of this table that you circulated by email last year?

Warren
# Oil Price and Exchange Rate Sensitivities

## Fiscal Year 2018-19

<table>
<thead>
<tr>
<th></th>
<th>Budget 2017</th>
<th>Budget 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Royalties</td>
<td>$1208 Million</td>
<td>$999.9 Million</td>
</tr>
<tr>
<td>Average Oil Price ($US/bbl)</td>
<td>$62</td>
<td>$63</td>
</tr>
<tr>
<td>Exchange Rate ($US/$CA)</td>
<td>0.76</td>
<td>0.79</td>
</tr>
</tbody>
</table>

## Sensitivities

<table>
<thead>
<tr>
<th>Sensitivities</th>
<th>Fiscal Year Change in Royalties ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Price Budget Assumption ($US/bbl):</td>
<td></td>
</tr>
<tr>
<td>Minus $1.00 US Impact ($M):</td>
<td>-21.6</td>
</tr>
<tr>
<td>Plus $1.00 US Impact ($M):</td>
<td>22.7</td>
</tr>
<tr>
<td>Exchange Rate Budget Assumption:</td>
<td></td>
</tr>
<tr>
<td>Minus 1 Cent Impact ($M):</td>
<td>18.5</td>
</tr>
<tr>
<td>Plus 1 Cent Impact ($M):</td>
<td>-17</td>
</tr>
</tbody>
</table>

Section 29.1(a)
For your review, I have included the link to the IR website below. Please let me know if you have comments or if it is good to post. Thanks.

http://inform.stats.gov.nl.ca/investorrelations/default.aspx

Janice

From: Butt, Janice <butt@gov.nl.ca>
Sent: Thursday, April 18, 2019 2:33 PM
To: Jewer, Michelle <MichelleJewer@gov.nl.ca>; Heffernan, Theresa <theresah@gov.nl.ca>
Subject: FW: IR Website

I would get Denise to review as well.

M

Janice

Michelle, please see below. 29.1(a)

Janice

From: Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Sent: Thursday, April 18, 2019 2:33 PM
To: Butt, Janice <butt@gov.nl.ca>
Cc: Hillier, Cayla (FIN) <Chiller@gov.nl.ca>
Subject: Fwd: IR Website

Janice,

Please see below

Sent from my iPhone

Begin forwarded message:

From: "Hillier, Cayla (FIN)" <Chiller@gov.nl.ca>
Date: April 18, 2019 at 2:29:19 PM NDT
To: "Tucker, Corey (Finance)" <TuckerC@gov.nl.ca>
Subject: RE: IR Website

Hi Corey,

I was able to confirm the following in the Borrowing Program Section:

- 2019-20 and 2018-19 Borrowing Program Square (as per the Fall Update presentation and 2019 Budget Speech)
- Statement of Cash Flows numbers (per Statement II)

Thanks,

Cayla

29.1(a)

From: Tucker, Corey (Finance)
Sent: Thursday, April 18, 2019 1:19 PM
To: Hillier, Cayla (FIN)
Subject: FW: IR Website

From: Butt, Janice
Sent: Thursday, April 18, 2019 1:09 PM
To: Tucker, Corey (Finance)  
Subject: FW: IR Website

Corey,
Can you confirm as per Michelle?

Janice

From: Jewer, Michelle <michellejewer@gov.nl.ca>  
Sent: Thursday, April 18, 2019 12:15 PM  
To: Butt, Janice <jbutt@gov.nl.ca>; Heffernan, Theresa <theresah@gov.nl.ca>  
Subject: RE: IR Website

Janice – can you ask Corey to verify the numbers match what was released on Budget Day?

Theresa – FYI

Michelle

Michelle Jewer, CPA, CA  
Comptroller General  
Department of Finance  
Government of Newfoundland and Labrador  
709-729-5926  
michellejewer@gov.nl.ca

From: Butt, Janice  
Sent: Tuesday, April 16, 2019 3:34 PM  
To: Jewer, Michelle <michellejewer@gov.nl.ca>  
Subject: FW: IR Website

Michelle,
For your review. Please see the link below. Note that when I reviewed, the Budget 2019 links were not working but Thomas has requested they be updated. Hopefully the links will work once you have the opportunity to review. Please let me know once it is good to post. Thanks.

Janice

From: Skinner, Thomas <thomasskinner@gov.nl.ca>  
Sent: Tuesday, April 16, 2019 2:54 PM  
To: Butt, Janice <jbutt@gov.nl.ca>  
Subject: RE: IR Website

Janice,
IR website updated and ready for review:

http://inform.stats.gov.nl.ca/investorrelations/default.aspx

Please advise of any edits and/or when OK to go live.

Thomas

From: Butt, Janice <jbutt@gov.nl.ca>  
Sent: Monday, April 15, 2019 9:50 AM  
To: Skinner, Thomas <thomasskinner@gov.nl.ca>  
Subject: RE: IR Website

Nothing to be changed today. Please have all the changes including Budget 2019 ready to go for tomorrow. We will have to ensure it is posted after 2 tomorrow. Thanks.

Janice

From: Skinner, Thomas <thomasskinner@gov.nl.ca>  
Sent: Monday, April 15, 2019 9:19 AM  
To: Butt, Janice <jbutt@gov.nl.ca>  
Subject: FW: IR Website

Janice,
As discussed need borrowing requirements forecast and ‘Statement II’ from Statements and Exhibits to update.

Thomas

From: Skinner, Thomas  
Sent: Tuesday, January 22, 2019 9:14 AM  
To: Butt, Janice <jbut@gov.nl.ca>  
Subject: RE: IR Website

Janice,

Link below is only accessible internally.

Thomas

From: Butt, Janice <jbut@gov.nl.ca>  
Sent: Monday, January 21, 2019 4:51 PM  
To: Skinner, Thomas <thomasskinner@gov.nl.ca>  
Subject: RE: IR Website

Thomas,  
Should the link below still be accessible? I am getting an error. Thanks.

Janice

From: Skinner, Thomas <thomasskinner@gov.nl.ca>  
Sent: Tuesday, November 13, 2018 4:54 PM  
To: Butt, Janice <jbut@gov.nl.ca>  
Subject: RE: IR Website

Janice,  
IR website has been updated to reflect MY2018 as discussed. Minor changes to include revised borrowing requirement for 18/19 and links to MY2018 financial reports. Latest debt issue has also been added to ‘bond database’ as discussed.

Can be viewed here:

http://inform.stats.gov.nl.ca/investorrelations/default.aspx

Please let me know if OK to post live.

Thomas

From: Skinner, Thomas  
Sent: Tuesday, November 13, 2018 11:30 AM  
To: Butt, Janice <jbut@gov.nl.ca>  
Subject: RE: IR Website

Janice,  
Edits are in progress – will let you know when ready to review.

Thomas

From: Butt, Janice  
Sent: Monday, November 12, 2018 3:29 PM  
To: Skinner, Thomas <thomasskinner@gov.nl.ca>  
Subject: FW: IR Website

Thomas,  
Please see below and let me know when this is in the development environment and we can walk down through it. In addition, please add updating the website to your list of tasks when we issue debt. Ideally, we would update immediately after we issue. Thanks.

Janice

From: Jewer, Michelle
Janice – can we update the IR website with any material/links from midyear?

Thanks,
Michelle

Michelle Jewer, CPA
Assistant Deputy Minister
Financial Planning and Benefits Administration
Department of Finance
Government of Newfoundland and Labrador
709-729-4039
MichelleJewer@gov.nl.ca

From: Hanrahan, Denise
Sent: Sunday, November 4, 2018 10:15 AM
To: Jewer, Michelle <Michelle.Jewer@gov.nl.ca>
Cc: Penney, Jodi <jodi.penney@gov.nl.ca>
Subject: Re: IR Website

Looks ok.

On Nov 2, 2018, at 5:07 PM, Jewer, Michelle <Michelle.Jewer@gov.nl.ca> wrote:

See below. I am ok with the changes.

Michelle Jewer, CPA
Assistant Deputy Minister
Financial Planning and Benefits Administration
Department of Finance
Government of Newfoundland and Labrador
709-729-4039
MichelleJewer@gov.nl.ca

From: Butt, Janice
Sent: Friday, November 2, 2018 1:57 PM
To: Jewer, Michelle <Michelle.Jewer@gov.nl.ca>
Subject: FW: IR Website

Michelle,
Please see the link below and let me know if you have any issues. Only minor changes at this point.

Janice

From: Skinner, Thomas
Sent: Friday, October 5, 2018 11:02 AM
To: Butt, Janice <jbutt@gov.nl.ca>
Subject: IR Website

Janice,

The website has been updated to reflect most recent debt issue.

http://inform.stats.gov.nl.ca/investorrelations/default.aspx

Thomas

Thomas Skinner | Manager, Capital Markets and Financial Assistance
Department of Finance
Pensions and Debt Management
Government of Newfoundland and Labrador
P.O. Box 8700, St. John’s, NL A1B 4J6
thomas.skinner@gov.nl.ca
Tel.: (709) 729-2039
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Has DBRS said anything about the budget?

Tom Osborne MHA
Minister of Finance and President of Treasury Board
District of Waterford Valley
Good morning Denise and no problem at all for the delay. Thank you very much for taking the time to respond.

A call can work on our end, absolutely. Would you have a few dates & times in mind for this week?

Please let me know and we'll organize accordingly. Small preference for late mornings or early afternoons here but we will work around your schedule.

Sincerely,
Fred

Frederic Buruiana, MBA, CFA
Director | Government Origination & Derivatives
Scotia Capital | Global Banking and Markets
40 King Street West, 68th Floor
Toronto, ON M5H 3H1
Tel: 416.863.2892
Cell: 514.792.3151
Frederic.Buruiana@scotiabank.com

From: Hanrahan, Denise [mailto:Hanrahand@gov.nl.ca]
Sent: Tuesday, April 23, 2019 6:48 AM
To: Frederic Buruiana
Cc: Mark Hadden (Scotiabank GBM)
Subject: Re: Toronto Visit and Other Topics

Sorry for the delay in responding. Yes an update would be useful - would a call work?

On Apr 3, 2019, at 11:10 AM, Frederic Buruiana <Frederic.Buruiana@scotiabank.com> wrote:

Good morning Denise,

Trusting you are well.

We recently visited the team in St-John’s to discuss foreign financing opportunities. We know that you are extremely busy, but should you like to be updated on our conversations then, it would be a pleasure briefing you on the main takeaways.

During the meeting, Michelle mentioned that you would once again be attending the BMO conference in May. As you know, we’d be honoured to help arrange investor one-on-one meetings on your behalf whilst you are in town. Moreover, should you be visiting Montreal as well throughout this trip, we’d recommend considering a 1-day extension in Quebec City.

Last but not least, we know that elections could be in the cards for the province, but should a budget be tabled before then and should you be considering a street reception, we would be pleased to host a dinner with the syndicate.

Obviously a lot covered in the above, but happy to discuss further at your convenience. Looking forward to your thoughts.

Best regards,
Fred

Frederic Buruiana, MBA, CFA
Director | Government Origination & Derivatives
Scotia Capital | Global Banking and Markets
40 King Street West, 68th Floor
Toronto, ON M5H 3H1
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Cell: 514.792.3151
Frederic.Buruiana@scotiabank.com

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On Apr 23, 2019, at 4:33 PM, Budgell, Marc <MarcBudgell@gov.nl.ca> wrote:

Hi Denise,

Hi Peter,

Yes, zero-based budgeting was used this year. It was referenced in the Budget Speech.

Best,
Marc

Denise, as a reminder, here is what it says about ZBB in the Budget Speech:

Actions taken through this zero-based budgeting approach at the outset have netted $68 million in annualized savings over the last three years. This year, we have identified an additional $428,400 in savings.

Best,
Marc

---

From: Hanrahan, Denise <Hanrahand@gov.nl.ca>
Sent: Tuesday, April 23, 2019 4:15 PM
To: Budgell, Marc <MarcBudgell@gov.nl.ca>
Cc: Tucker, Corey (Finance) <TuckerC@gov.nl.ca>; Collins, Chrysta <ChrystaCollins@gov.nl.ca>
Subject: Re: Zero based budgetting

K

On Apr 23, 2019, at 3:46 PM, Budgell, Marc <MarcBudgell@gov.nl.ca> wrote:

After discussion with Corey, have amended as follows for your approval Denise:

Hi Peter,

Thank you for your inquiry.

In preparing for Budget 2017 government began implementing a zero-based budgeting approach, where departments had to build budget requests from zero and justify any continued investment in all areas of operation.

The introduction of zero-based budgeting in Budget 2017 resulted in savings of $65 million. This approach has continued to inform the Budget process. In Budget 2018 and Budget 2019 it resulted in $68.5 million in savings each year from government departments.

Best,
Marc

---

From: Budgell, Marc
Sent: Tuesday, April 23, 2019 3:30 PM
To: Hanrahan, Denise <Hanrahand@gov.nl.ca>; Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Cc: Collins, Chrysta <ChrystaCollins@gov.nl.ca>
Subject: FW: Zero based budgetting

Hi Denise and Corey,

See below an inquiry from Peter Cowan regarding ZBB. Is the following written response accurate and are you good with it?

Hi Peter,
In preparing for Budget 2017 government began implementing a zero-based budgeting approach, where departments had to build budget requests from zero and justify any continued investment in all areas of operation.

The introduction of zero-based budgeting in Budget 2017 resulted in one-time savings of $283 million, with ongoing savings of approximately $70 million each year thereafter. This approach has continued to inform the Budget process, and in Budget 2019 zero-based budgeting resulted in net-savings of $68.5 million in government departments.

Best,
Marc

From: Peter Cowan <peter.cowan@cbc.ca>
Sent: Tuesday, April 23, 2019 3:12 PM
To: Budgell, Marc <MarcBudgell@gov.nl.ca>
Subject: Zero based budgetting

Hi Marc,

There was no mention of zero based budgeting, which in the past we were told would be used every year, was it used this year?

Thanks,
-Peter
Date: 4/23/2019 4:03:52 PM
From: "Tucker, Corey (Finance)"
To: "Budgell, Marc" , "Hanrahan, Denise"
Cc: "Collins, Chrysta"
Subject: RE: Zero based budgetting

Looks good to me

From: Budgell, Marc
Sent: Tuesday, April 23, 2019 3:47 PM
To: Hanrahan, Denise; Tucker, Corey (Finance)
Cc: Collins, Chrysta
Subject: RE: Zero based budgetting

After discussion with Corey, have amended as follows for your approval Denise:

Hi Peter,

Thank you for your inquiry.

In preparing for Budget 2017 government began implementing a zero-based budgetting approach, where departments had to build budget requests from zero and justify any continued investment in all areas of operation.

The introduction of zero-based budgetting in Budget 2017 resulted in savings of $65 million. This approach has continued to inform the Budget process – in Budget 2018 and Budget 2019 it resulted in $68.5 million in savings each year from government departments.

Best,
Marc

From: Budgell, Marc
Sent: Tuesday, April 23, 2019 3:30 PM
To: Hanrahan, Denise <Hanrahand@gov.nl.ca>; Tucker, Corey (Finance) <TuckerC@gov.nl.ca>
Cc: Collins, Chrysta <ChrystaCollins@gov.nl.ca>
Subject: FW: Zero based budgetting

Hi Denise and Corey,

See below an inquiry from Peter Cowan regarding ZBB. Is the following written response accurate and are you good with it?

Hi Peter,

Thank you for your inquiry.

Best,
Marc

From: Peter Cowan <peter.cowan@cbc.ca>
Sent: Tuesday, April 23, 2019 3:12 PM
To: Budgell, Marc <MarcBudgell@gov.nl.ca>
Subject: Zero based budgetting

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-Peter